2023

Half-Year Financial Report at 30 June 2023

FINCANTIERI

2023

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FINCANTIERI

2023

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Parent Company Directors and Officers

Board of Directors

Board of Directors	Three-year period 2022-2024
Chairman	Claudio Graziano
Chief Executive Officer and Managing Director	Pierroberto Folgiero
Directors	Paolo Amato
	Barbara Debra Contini
	Alberto Dell’Acqua
	Massimo Di Carlo
	Paola Muratorio
	Cristina Scocchia
	Valter Trevisani
	Alice Vatta
Secretary	Alessandra Battaglia

Board of Statutory Auditors

Board of Statutory Auditors	Three-year period 2023-2025
Chairman	Gabriella Chersicla
Standing Auditor	Elena Cussigh
	Antonello Lillo
Alternate Auditor	Ottavio De Marco
	Arianna Pennacchio
	Marco Seracini

Manager responsible for preparing financial reports

Felice Bonavolontà

Supervisory Body

Supervisory Body	**Ex D-Lgs 231/01** Three-year period 2021-2023
Chairman	Attilio Befera
Member	Stefano Dentilli
	Fioranna Negri

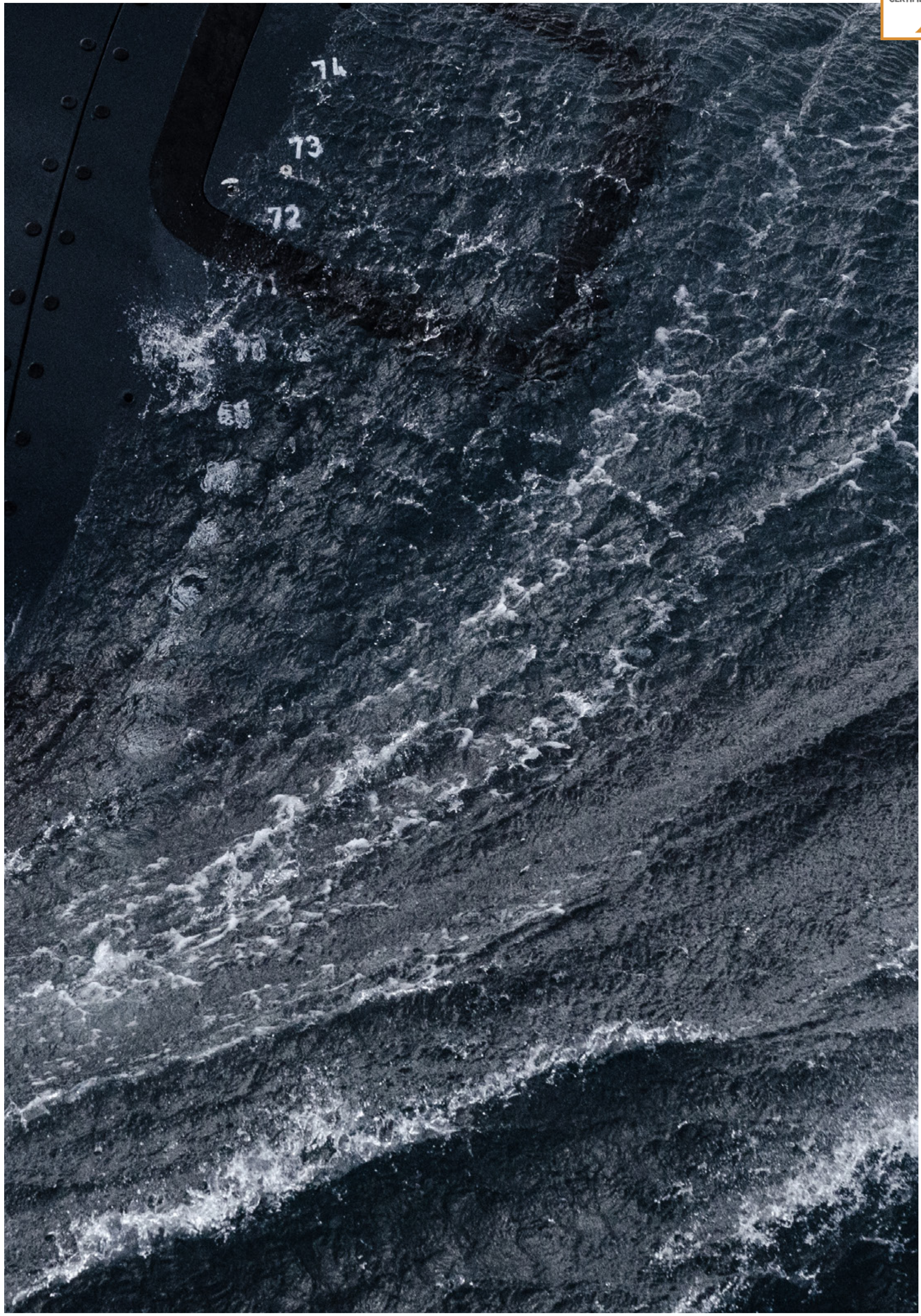
Independent auditors

Nine-year period 2020-2028

Deloitte & Touche S.p.A.

Information on the composition and functions of the sub-committees (the Internal Control and Risk Committee, which is also responsible for the functions of the committee responsible for transactions with related parties except for resolutions on remuneration, the Remuneration Committee, which is assigned the functions of the committee responsible for transactions with related parties in the case of resolutions on remuneration, the Appointments Committee and the Sustainability Committee) is provided in the “Ethics and Governance” section available on the Fincantieri website at www.fincantieri.com.

DISCLAIMER
Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; Fincantieri S.p.A. undertakes no obligation to revise, update or correct its forward-looking statements after such date, other than in the circumstances strictly required by applicable regulations. The forward-looking statements provided do not constitute and shall not be considered by users of the financial statements as advice for legal, accounting, tax or investment purposes nor is it the intention for such statements to create any type of reliance and/or induce such users to invest in the Company.



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Vision

Creating a sustainable, high-tech fleet of ships, where new technologies and innovation are integrated seamlessly in order to reduce environmental impact and improve naval system efficiency.

Purpose on Board

We move society forward by crafting, shaping and leading the green and digital future of the global shipbuilding industry.
Future on Board: is the Fincantieri brand signature. We bring a future on board that is built on our proven expertise, the credibility of our digital design authority, and our reputation as an integrator of complex solutions. A future in which the power of our workforce is integrated with technology, big data and artificial intelligence, and in which ships, powered by non-polluting fuels and next-generation engines, will have zero impact on the Planet.

Values

People

Everything we do focuses on enabling the growth, enhancement and training of people, based on the daily attention that we pay to the quality of our work and our relations with others.

Safety

We ensure high levels of health and safety at work to protect workers' well-being.

Integrity

We take responsibility for our actions and we put great care into our work, adhering to strict principles of ethics, loyalty and professional fairness.

Customer focus

We meet customer requirements and we rigorously honor our commitments.

Innovation

We aim at continuously improving our products and working methods through technological innovation.

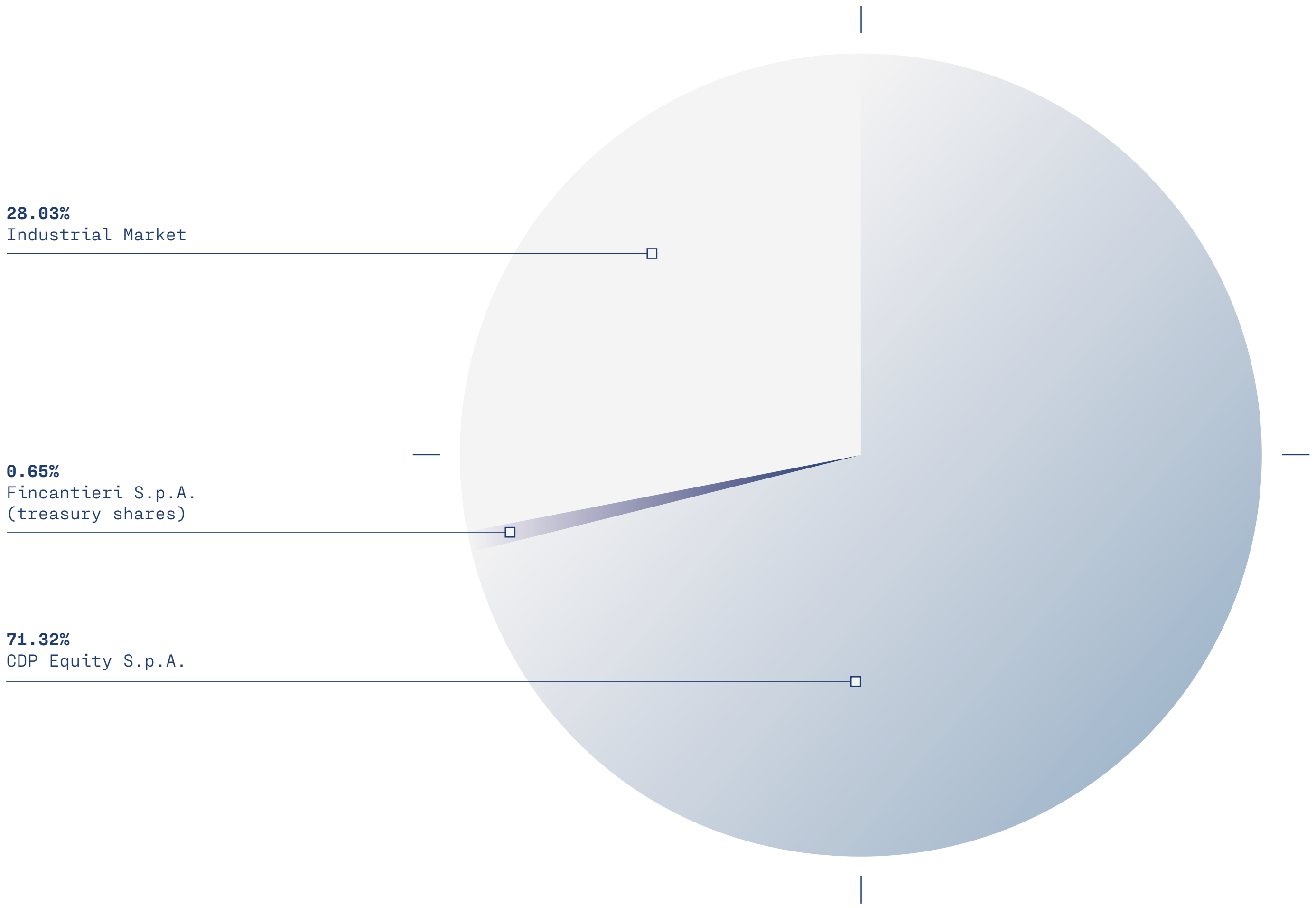
Mission on Board

Global Leadership in the development and lifecycle management of green and digital ships.
Our every action, project, initiative or decision is based on strict observance of the law, labour protection and protection of the environment, safeguarding the interests of our shareholders, employees, clients, trade and financial partners, local communities and groups, creating value for every stakeholder.

Who we are

Fincantieri is one of the world's leading shipbuilding groups, the only one active in all areas of high technology shipbuilding. It is a **leader in the construction and conversion of cruise vessels**, with a market share of over 40%, **and naval and offshore vessels**. It operates in the wind, oil & gas, fishing vessel and specialized vessel segments, as well as in the production of mechatronic and electronic marine systems, naval accommodation solutions and after-sales services such as logistical support and assistance to fleets in service.
In recent years, the **transition to the construction of green products** has continued, enabling the Group to become a market leader in the design and construction of SOVs (Service Operation Vessels) operating in offshore wind farms. This achievement testifies to the Company's commitment and ability to be a **player in the green transition**.
The Group also operates in digital and cybersecurity, engineering services, critical infrastructure monitoring systems, advanced energy management systems for land-based applications and facility management.
The Group stands out in terms of its industrial expertise and its capacity, developed over the years, to manage highly complex projects, enabling it to offer one of the most advanced **integrated platforms** in the world.
With over 230 years of history and more than 7,000 ships built, Fincantieri maintains its know-how and management centres in Italy, where it employs nearly 11,000 people and generates around 90,000 jobs, which double on a global scale thanks to a **production network of 18 shipyards on four continents** and almost 21,000 direct workers.
71.32% of Fincantieri S.p.A.'s Share Capital of 862,980,725.70 euros is held, through the subsidiary CDP Equity S.p.A., by Cassa Depositi e Prestiti S.p.A., a company controlled by the Ministry of Economy and Finance. The remainder of Share Capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and treasury shares (of around 0.65% of shares representing the Share Capital).

Shareholders

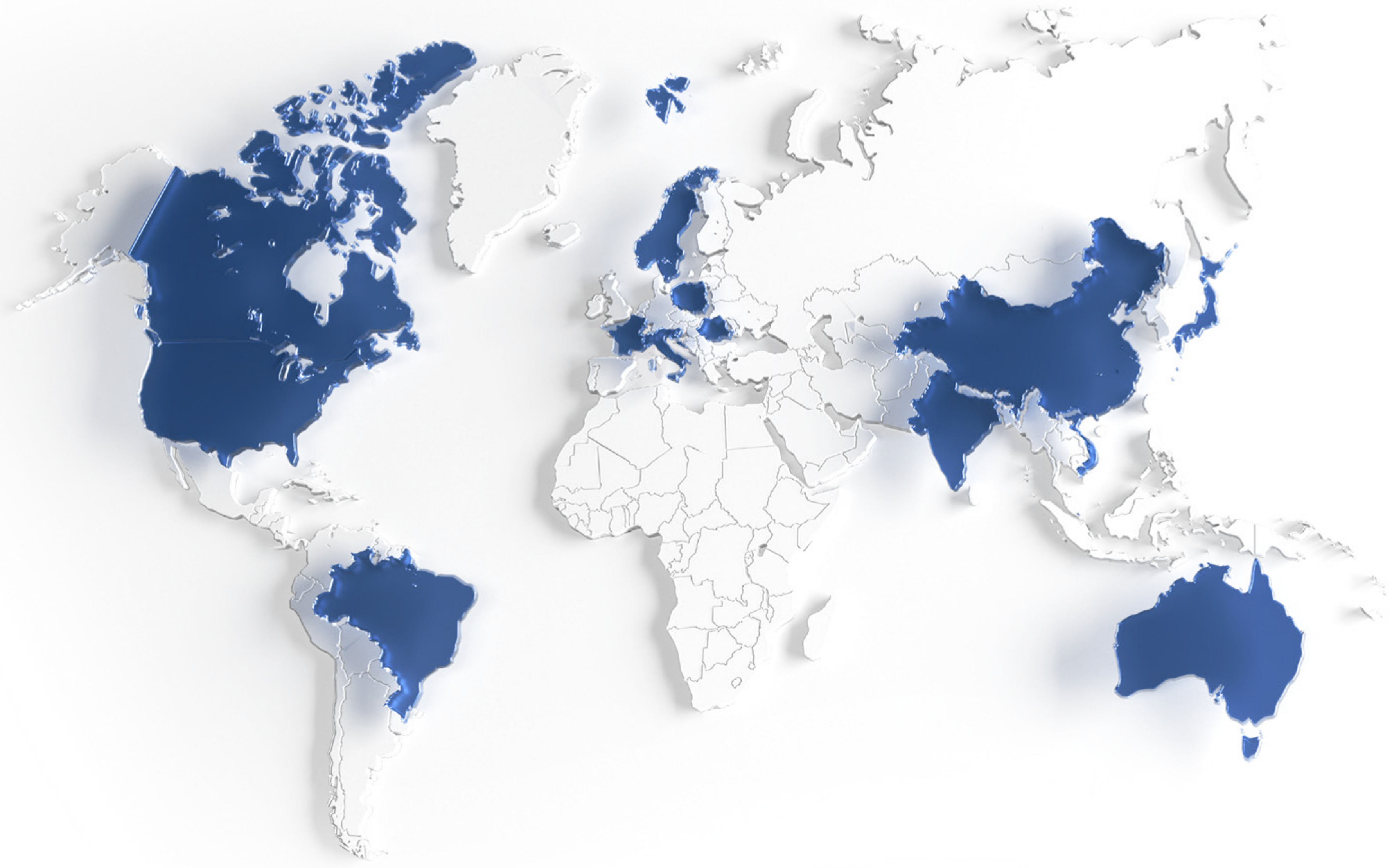


Shipyards and Docks

Europe
Italy
Trieste
Monfalcone
Marghera
Sestri Ponente
Genova
Riva Trigoso - Muggiano
Ancona
Castellammare di Stabia
Palermo
Norway
Brattwaag
Langsten
Søviknes
Romania
Braila
Tulcea

Asia
Vietnam
Vung Tau

Americas
USA
Marinette
Sturgeon Bay
Green Bay
Brazil
Suape



€ 7.5 bln Revenues 2022

+7,000 Ships designed and built

Principal Western **shipbuilder**

+230 Years of history

~21,000 Employees at 30.06.2023 — **47%** Other countries; **53%** Italy

18 Shipyards

1st Player in diversification and innovation

88 vessels in order book

Main Subsidiaries

Europe
Italy
Cetena
Isotta Fraschini Motori
Fincantieri Oil&Gas
Marine Interiors
Marine Interiors Cabins
Fincantieri NexTech
Seanergy - a Marine Interiors company
Fincantieri SI
Fincantieri Infrastructure Opere Marittime
Fincantieri Infrastrutture Sociali
IDS Ingegneria Dei Sistemi
SOF
Issel Nord
MI
E-Phors
BOP6
HMS IT
S.L.S. - Support Logistic Services
OPERAE - a Marine Interiors company
Norway
Vard Group
Vard Design
Vard Electro
Vard Accomodation
Seaonics
Romania
Vard Tulcea
Vard Braila
France
Team Turbo Machines
Croatia
Vard Design Liburna
Poland
Seaonics Polska

Asia
China
Fincantieri (Shanghai) Trading
India
Fincantieri India
Vard Electrical Installation and Engineering (India)
Qatar
Fincantieri Services Doha
Singapore
Vard Holdings
Vard Shipholdings
Singapore
Japan
FMSNA YK
Vietnam
Vard Vung Tau

Americas
USA
Fincantieri Marine Group
Fincantieri Marine System North America
Fincantieri Services USA
Fincantieri USA
Canada
Vard Marine
Brazil
Vard Promar

Oceania
Australia
Fincantieri Australia

Total backlog **€ 32.9 bln**

Suppliers in Italy alone **+7,000**

Continents **4**

Group Overview

The Group operates through the following three segments:

- **Shipbuilding:** encompassing cruise ship, naval vessel and Accommodation Cluster (renamed "Ship Interiors") business areas;
- **Offshore e Specialized vessels:** encompassing the design and construction of high-end offshore support vessels for offshore wind farms and the oil & gas industry, specialized ships such as cable-laying vessels and ferries, unmanned vessels, offering innovative products with reduced environmental impact;
- **Equipment, Systems and Infrastructure:** includes the following business areas i) Electronics Cluster, which focuses on advanced technological solutions, from the design and integration of complex systems (system integration) to telecommunications and critical infrastructure, ii) Mechatronics Cluster, i.e., integration of mechanical components and power electronics in naval and onshore applications and iii) Infrastructure Cluster, which includes the design, construction and installation of steel structures for large-scale projects as well as the production and construction of maritime works and the supply of technology and facility management for the health segment, industry and the service sector.

It should be noted that the Services and Accommodation Cluster business areas were moved from the Equipment, Systems and Services segment to the Shipbuilding segment because they provide more support to shipbuilding activities. After this reclassification, the Equipment, Systems and Services segment was renamed Equipment, Systems and Infrastructure. Comparison figures as at 30 June 2022 and 31 December 2022 have been restated accordingly. The activities of the Group's Romanian shipyards – previously included in Shipbuilding – were reallocated to Offshore and Specialized vessels as of the beginning of 2023 due to Vard's Cruise business being discontinued.
The structure of the Fincantieri Group and overview of the companies included in its consolidation will now be presented.

Segments	Shipbuilding			Offshore and Specialized vessels	Equipment, Systems and Infrastructure			Other
Business Areas	Cruise ships	Naval vessels	Ship Interiors	Offshore and Specialized vessels	Electronics Cluster	Mechatronics Cluster	Infrastructure Cluster	Corporate Functions
Product Portfolio	Contemporary Premium Upper Premium Luxury Exploration/Niche Expedition cruise vessels	Aircraft carriers Destroyers Frigates Corvettes Patrol vessels Amphibious ships Logistic support ships Multirole and research vessels Special vessels Submarines Product lifecycle management: - Integrated logistic support - In-service support Training and assi-stance	Cabins Wet units Public areas Catering Glazing Interior Design	Drilling units Offshore support vessels (AHTS-PSV-OSCV) Special vessels Fishery/Aquaculture Wind offshore	Design and integration of complex systems (system integration) with a focus on automation Cyber security Telecommunications Critical infrastructures	Energy generation/ storage systems: - Electrical, electronic and electromechanical integrated systems - Stabilization, propulsion, positioning and power generation systems - Steam turbines	Design, construction and assembly of steel structures on large projects such as: - Bridges - Viaducts - Airports - Ports - Maritime/ hydraulic works - Large commercial and industrial buildings	Strategic direction and coordination: - Governance, Legal and Corporate Affairs - Accounting and Finance - Human Resources - Information Systems - Research & Innovation - Purchasing
	Ship repairs	Refitting	Refurbishment	Conversions				

Main Subsidiaries/Associates/Joint Ventures	Shipbuilding		Offshore and Specialized vessels	Electronics Cluster	Mechatronics Cluster	Infrastructure Cluster	Other
	Fincantieri S.p.A. • Monfalcone • Marghera • Sestri Ponente • Cantiere Integrato Navale Riva Trigoso and Muggiano • Ancona • Castellammare di Stabia • Palermo • Arsenale Triestino San Marco • Bacino di Genova CSSC - Fincantieri Cruise Industry Development Ltd. FMSNA Inc. Fincantieri Services Doha LLC Fincantieri Services USA LLC Fincantieri Marine Group Holdings Inc. FMG LLC • Sturgeon Bay Marinette Marine Corporation LLC • Marinette ACE Marine LLC • Green Bay	Fincantieri India Pte Ltd. Fincantieri USA Inc. Fincantieri Australia PTY Ltd. Fincantieri (Shanghai) Trading Co. Ltd. Etihad Ship Building LLC Orizzonte Sistemi Navali S.p.A. Naviris S.p.A. Marine Interiors Cabins S.p.A. Marine Interiors S.p.A. Seanergy - a Marine Interiors company S.r.l. MI S.p.A. OPERAE - a Marine Interiors company S.r.l.	Fincantieri S.p.A. Fincantieri Oil&Gas S.p.A. Vard Group AS • Brattvaag • Langsten • Søviknes Vard Promar SA • Suape Vard Vung Tau Ltd. • Vung Tau Vard Tulcea SA • Tulcea Vard Braila SA • Braila Vard Accommodations AS Vard Design AS Vard Marine Inc.	Fincantieri NexTech S.p.A. Issel Nord S.r.l. Cetena S.p.A. E-PHORS S.p.A. IDS Ingegneria Dei Sistemi S.p.A. HMS IT S.p.A. S.L.S. - Support Logistic Services S.r.l.	Fincantieri S.p.A. • Riva Trigoso Isotta Fraschini Motori S.p.A. Fincantieri SI S.p.A. Power4Future S.p.A. FINMESA S.c.a.r.l. Vard Electro AS Seaonics AS Team Turbo Machines S.A.S. BOP6 S.c.a.r.l.	Fincantieri Infrastructure S.p.A. Fincantieri Infrastructure Opere Marittime S.p.A. Fincantieri Infrastructure Florida Inc. Fincantieri Infrastrutture Sociali S.p.A. SOF S.p.A.	Fincantieri S.p.A.

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Half-Year Overview

The first half of 2023 confirmed our expectations of **revenue consolidation** and a marked **improvement in financial performance** compared to 2022. This is the result of the Infrastructure business having a lower impact and the solid operating performance in the Shipbuilding segment, which also made it possible to recover part of the extra costs that were incurred in the second half of 2022. The Shipbuilding segment achieved a marginality of 6.0% compared to 5.3% in 2022.

Adjusted profit for the period was euro 3 million, while the net loss of euro 22 million was affected by the non-operating expenses related to litigation on asbestos exposure in past years of euro 33 million.

These results are even more significant given that the **market conditions continue a continues** by the price inflation of raw materials, high interest rates and difficulties in finding labour in the shipbuilding industry. The easing of inflationary pressures in recent months has not yet led to a downward reassessment of expectations on prices of raw materials and interest rate levels.

The positive signals seen at the end of 2022 have been confirmed by the performance of the main **markets in which the Group operates** in the first half of 2023. The **cruise sector** continues to recover: ship occupancy rates have reached 100% and booking levels have surpassed pre-pandemic levels. These dynamics prove once again that the cruise industry has weathered the effects of the pandemic and is back on track for long-term growth. In this context, new operators have entered the luxury segment and, based on commercial negotiations, there is renewed interest in new builds with an increased technological content and green solutions. At the same time, in the area of **defence**, the Russian-Ukrainian conflict and its geopolitical consequences are driving increased investment in the sector, including maritime, creating more business opportunities for the Group. Lastly, ambitious investments in **offshore wind** energy production continue to support orders for maintenance and support vessels.

The Group unveiled its new **2023-2027 Business Plan** in May. This Plan details its pillars and strategic projects and is a testament to the Group ambition to become a global leader in the development and lifecycle management of green and digital ships for the cruise tourism, defence and energy sectors. The set-up stage of the program for monitoring and advancing **strategic initiatives** was completed in the first half of the year, with the engagement and mobilization of people across the Group as a whole. Major milestones achieved during the period include:

- collaboration started with the main players in the ecosystem to enable the on-board application of new propulsion technologies and new “green” fuels;
- presentation of the Mobile Robot For Welding, the first mobile robot solution for shipbuilding and the result of collaboration with Comau;
- Vard delivered one vessel from the series of 14 Armada ships for Ocean Infinity and the acquisition of orders for 8 new vessels, featuring green technological solutions and a high degree of automation, were received;
- as part of the strengthening of the accommodation business, the incorporation of the company OPERAE - a Marine Interiors company to support the expansion into the interior design market.

The actions undertaken to increase production efficiency and modernize the shipyards and to contain procurement and structural costs will continue in the second half of the year. The Group is also committed to continuing the path it has mapped out for sustainability and energy transition targets.

Highlights

Economic and financial results

- **Half-year results in line with 2023 guidance**
- **Revenue and income** at euro **3,669** million, +4.5% compared to 1H 2022 (euro 3,510 million)
- **EBITDA**[1] of euro 185 million (euro 90 million in 1H 2022) and an **EBITDA margin** at 5.0% (vs. 2.6% in 1H 2022)
- **Adjusted net income for the period**[2] positive at euro **3** million (negative at 94 million in 1H 2022)
- **Net income for the period** was negative at euro **22** million (negative at euro 234 million in 1H 2022) after deducting extraordinary and non-recurring expenses (euro 33 million)
- **Net financial position**, negative at euro **2,813** million (euro 2,531 million as at 31 December 2022), consistent with first half production volumes developed by the Group and with the delivery schedule that has delivery of 4 cruise ships planned in the second half of the year.

Operational performance

- **Total backlog**[3], at euro **32.9** billion, 4,4 times 2022 revenues, excluding pass-through activities of which:
  - **Backlog:** euro **22.0** billion and **88** ships for delivery **until 2029**
  - **Soft backlog:** approximately euro **10.9** billion
- **Commercial pipeline** is increasing continuously for all businesses
- **11 ships delivered from 8 shipyards** in 1H 2023 and expected delivery of 4 cruise ships in 2H 2023, one of which was already delivered in July
- **Cruise:** 2 vessels were delivered in 1H 2023:
  - Viking Saturn, tenth vessel for Viking
  - Oceania Vista, the first of two next generation cruise ships for Oceania Cruises
- **Naval:**
  - New contracts for the fourth vessel of the Constellation program (FFG-62) for the US Navy, assigned to the US subsidiary FMM and, in July, for the third submarine of the U212NFS (Near Future Submarine) program for the Italian Navy
  - Delivery of the fourth and final “Semaisma” corvette to the Qatari Ministry of Defence and one vessel “USS Marinette” for the Littoral Combat Ship (LCS) program to the US Navy
- **Offshore:**
  - Orders signed for 8 CSOV vessels[4]: 4 for Edda Wind with an option for 4 more vessels, 2 for North Star with an option for 2 more vessels, 2 for Purus Wind with an option for 2 more vessels
  - 7 vessels delivered including 4 CSOV (2 for North Star Renewables, one for Rem Wind and one for Norwind Offshore), as well as a naval vessel for the Norwegian Coast Guard and a Marine Robotic vessel for Ocean Infinity

Sustainability

- **Sustainable finance:** an agreement was reached with Crédit Agricole Eurofactor, Ifitalia, SACE FCT and UniCredit to provide Fincantieri's suppliers with access to credit and incentives to improve their environmental and social impact
- **Isotta Fraschini Motori:** inauguration of the Innovation and Development Centre for the design and industrialization of engine technologies that, through the use of renewable energy sources and the reduction of emissions, contribute to energy transition
- **Fincantesimo:** work has begun on the second company nursery in Monfalcone, which will welcome 34 Fincantieri employees' and suppliers' children in October 2023

Sustainability ratings and awards

- **Brand Finance** assigned an AA rating to the Fincantieri brand, confirming it as one of the 50 strongest Italian brands and registering a 22% year-on-year increase in the trademark, with a value of euro 736 million
- **Top Employers Institute** awarded the ‘Top Employers Italy’ certification in 2023 to Fincantieri, which is confirmed, once again, as an organization possessing corporate excellence in HR policies and strategies aimed at improving well-being for people, the environment and the world of work
- **Integrated Governance Index (IGI):** Fincantieri is among the ‘Leader’ companies according to IGI, a quantitative index promoted by EticaNews that measures the degree of integration of ESG factors in corporate governance and identity

1 This figure does not include extraordinary and non-recurring income and expenses. See the description given in the section Alternative Performance Measures.
2 Profit/(loss) for the period before extraordinary and non-recurring income and expenses.
3 Sum of backlog and soft backlog.
4 Commissioning Service Operation Vessel.

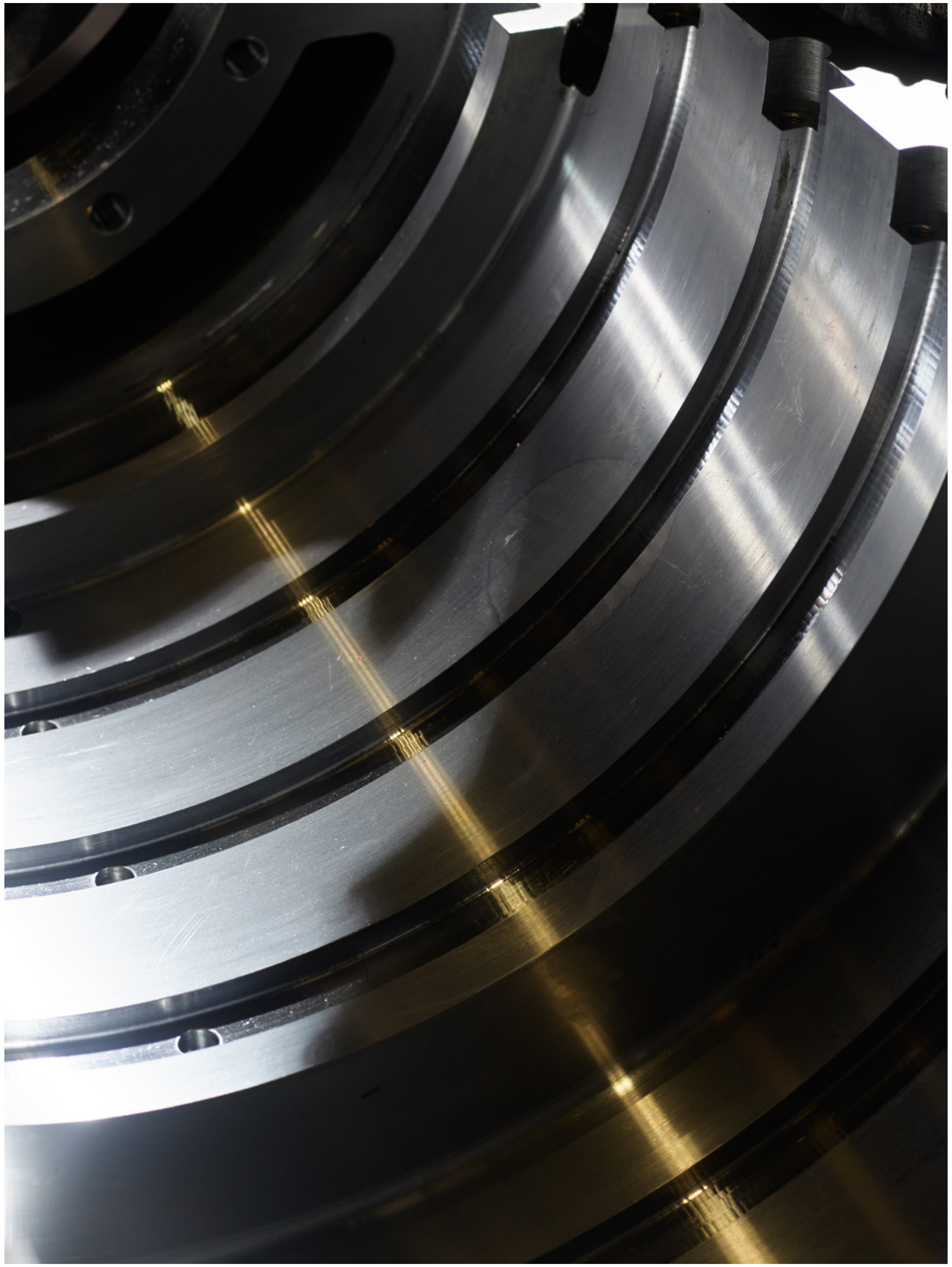
Key financials

(euro/million)

31.12.2022	Economic Data		30.06.2023	30.06.2022
7,440	Revenue and income[1]		3,669	3,510
221	EBITDA[2]		185	90
3.0%	*EBITDA margin**	%	*5.0%*	*2.6%*
(108)	Adjusted profit/(loss) for the period[3]		3	(94)
(324)	Profit/(loss) for the period		(22)	(234)
(309)	Group share of profit/(loss) for the period		(20)	(230)

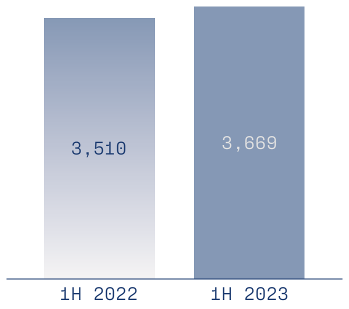
31.12.2022	Financial Data	30.06.2023	30.06.2022
3,118	Net invested capital	3,364	3,945
587	Equity	551	649
(2,531)	Net financial position	(2,813)	(3,296)

31.12.2022	Other Indicators		30.06.2023	30.06.2022
5,328	Order intake**		2,134	1,524
34,591	Order book**		34,199	35,719
34,326	Total backlog**/***		32,936	34,567
23,826	*- of which backlog***		*22,036*	*24,067*
295	Capital expenditure		98	108
20,792	Employees at the end of the period	number	20,874	21,062
88	Vessels in order book	number	88	93

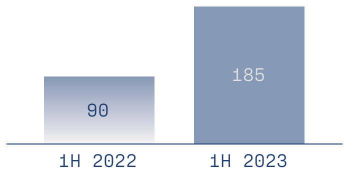


* Ratio between EBITDA and Revenue and income.
** Net of eliminations and consolidation adjustments.
*** Sum of backlog and soft backlog.
1 Note that Revenue and income as at 30.06.2022 and 31.12.2022 excluded pass-through revenues of euro 10 million and euro 42 million respectively. See the definition contained in the section Alternative Performance Measures.
2 This figure does not include extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.
3 Profit/(loss) for the period before extraordinary and non-recurring income and expenses.

Economic and financial results

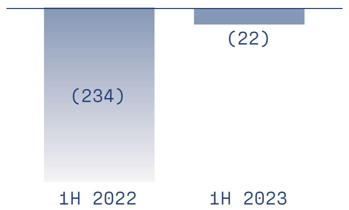


Revenues, amounting to **euro 3,669 million, increased by 4.5%** compared to the first half of 2022, confirming the consolidation of the volumes recorded last year, and in line with the forecasts for 2023.

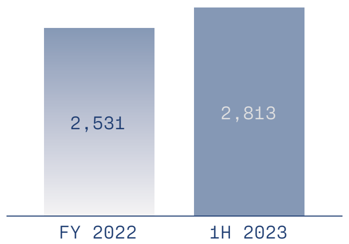


L'EBITDA[1], of **euro 185 million**, in line with forecasts and up compared to 30 June 2022, which was particularly affected by the worsening of marginality in the Infrastructure business. The **EBITDA margin**[2] increased from 2.6% as at 30 June 2022 to 5.0% as at 30 June 2023.

Adjusted profit/(loss) for the period is **positive at euro 3 million** (negative at euro 94 million as of 30 June 2022) after deducting amortization of euro 113 million, finance income and costs and income and expenses from investments of euro 74 million and taxes of euro 5 million.



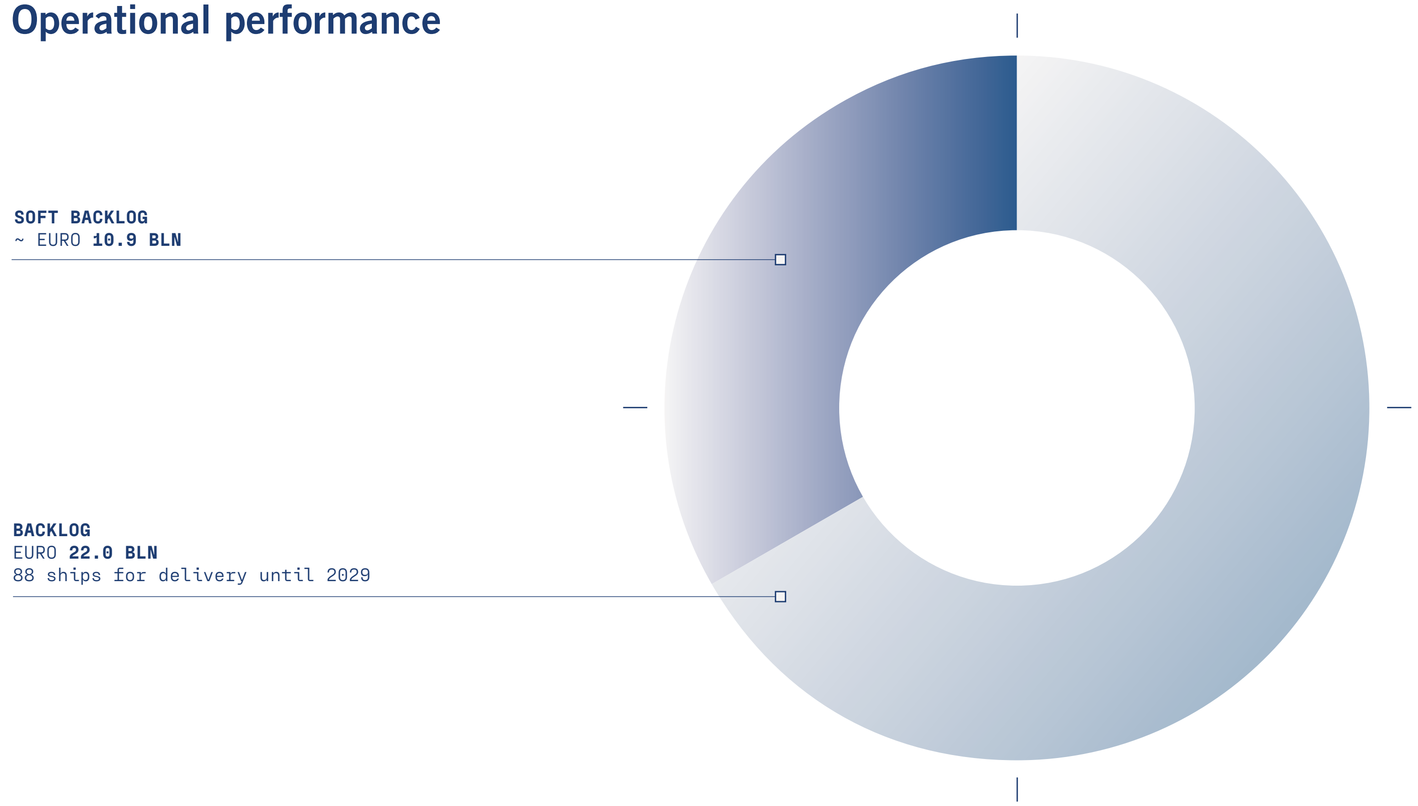
The **profit/(loss) for the period is negative for euro 22 million** (negative for euro 234 million as at 30 June 2022) after deducting litigation costs for damages caused by asbestos for euro 33 million, net of the related tax effect (euro 8 million).

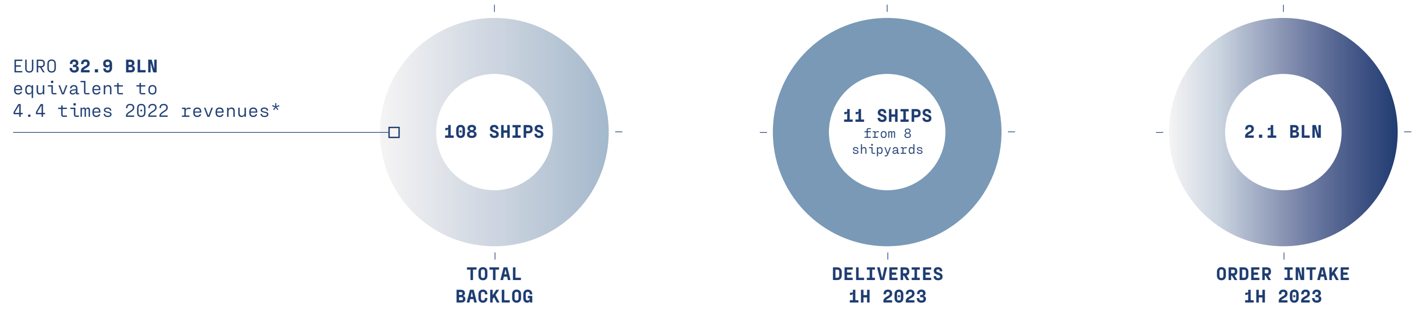


Net financial debt amounted to euro 2,813 million (euro 2,531 million as at 31 December 2022), increasing in relation to the typical dynamics of the cruise business, which envisages 4 deliveries in the second half of the year, one of which was delivered in July.

1 This figure does not include extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.
2 Excluding pass-through activities.

Operational performance





* Excluding pass-through activities of approximately euro 42 million.

In the first six months of the year, the Group successfully delivered **11 vessels** including 2 cruise ships, 2 naval vessels, 4 SOV.
The **backlog**, as at 30 June 2023, amounted to approximately euro 22.0 billion with 88 vessels and scheduled deliveries until 2029. This is down from 31 December 2022 (euro 22.7 billion) due to high production volumes achieved during the first half of the year compared to new order intake.
In the **Cruise** sector, a contract was signed – conditional on the shipowner obtaining financing as per market practice – for the construction of the second extra-luxury cruise ship for Four Seasons Yachts.
In the area of **Defence**, the US Navy exercised its fourth option for the construction of the new class of missile launching frigates in the **Constellation (FFG-62)** program. The contract for the design and construction of the first class-leading unit was awarded in 2020 to the Group's US subsidiary as prime contractor, which was followed by the order for the construction of the second unit in 2021 and the third unit in 2022. Furthermore, in July 2023, Fincantieri was awarded order to build the third next-generation submarine, part of the Italian Navy's **U212NFS** program. The program is managed by OCCAR (Organisation for Joint Armament Co-operation) and comprises four vessels (contracts were signed for two of them in 2021) and also includes the relevant In Service Support and the establishment of the Training Centre.
Also in the Defence sector, Naviris (the 50/50 joint venture of Fincantieri and Naval Group), and Eurosam, a consortium formed by MBDA and Thales, will be entrusted with a project to modernize four Horizon frigates of the Italian and French Navies, under the agreements defined in the Memorandum of Understanding on the Mid-Life Upgrade (MLU) signed by representatives of the respective governments.
In the **Offshore and Specialized vessels** segment, VARD once again confirmed its leadership in the construction of vessels for support operations in offshore wind farms in the first half of 2023. The subsidiary signed 8 orders in the first six months of the year for the design and construction of CSOV: 4 for the Norwegian company Edda Wind, with the option for 4 more vessels, 2 for the British company North Star, with the option for 2 more, and 2 for the British company Purus Wind, with the option for 2 more. VARD also signed an order for a cable-laying ship with scheduled delivery in 2024.

Headcount

The headcount increased from 20,792 on 31 December 2022 (of which 10,905 in Italy) to **20,874 on 30 June 2023**, of which 11,002 in Italy. The increase is attributable to Italy (+1%), mainly due to the recruitment carried out by the Parent Company in the first half of the year.

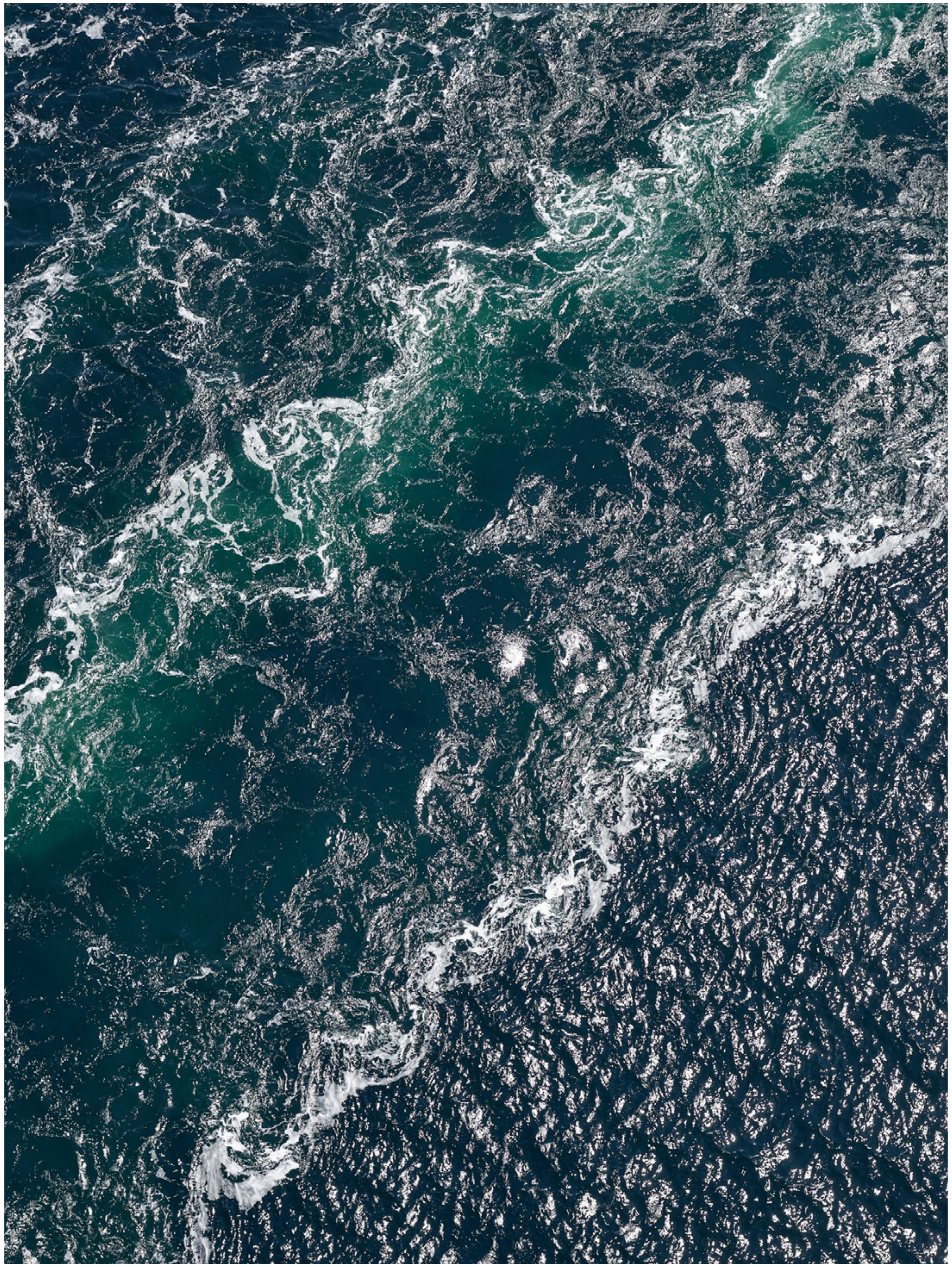
Sustainability

Initiatives were launched in the first half of the year to ensure that the targets in the 2023-2027 Sustainability Plan are achieved. In particular, under **Innovation**, which focuses on the development of technologies for energy and digital transition, energy efficiency initiatives continued at shipyards, as well as awareness-raising actions aimed at reducing greenhouse gas emissions. In research and innovation, project activities continued on new technologies and methodologies to reduce ship emissions and to carry out a circular economy analysis.

With regard to **Inclusion** that addresses the protection, inclusion and development of people and communities, the target of increasing the pool of young talent by over 30% in the Acceleration Program (+53%), including 25% women (+34%) compared to the 2022 total, was broadly achieved. Initiatives to promote inclusion and gender equality also continued. 27 sustainability audits were carried out on suppliers to monitor compliance with human rights, health and safety and the environment. The purpose and the new mission were defined after carefully analysing the scenario and competitors, and the Group's global communication strategy was prepared.

As part of **Integrity** – which aims to ensure industrial excellence and increase competitiveness through constant improvement of efficiency and safety, maintaining standards of excellence and promoting a professional culture and ethics – Fincantieri launched the **#safetyonboard** campaign, a communication project consisting of posters, digital signage and experience-oriented activities in shipyards. The aim of the campaign is to raise worker engagement, make them active players and make them safety-aware in order to minimize injuries and pursue the goal of achieving zero accidents.

In the first half of the year, the ESG assessment program on major suppliers (in terms of purchasing volume) was launched, already covering 50% of the suppliers to be assessed during 2023 and 15% of the 2025 target laid down by the new Sustainability Plan.
Lastly, as part of the variable remuneration system, a sustainability target was assigned to all personnel of Fincantieri S.p.A. and its Italian subsidiaries (executives and middle managers), far exceeding the target that was initially set at 25%.



Sustainability Ratings and Awards

In 2023, we consolidated our commitment to sustainability in our industry, as evidenced by the following ratings and awards obtained by Fincantieri.

Sustainability Ratings

CDP (ex Carbon Disclosure Project)	For the third year running, CDP (formerly the Carbon Disclosure Project) awarded Fincantieri the **A-** score (on a scale of measurement from D, minimum, to A, maximum) for 2022, in recognition of its commitment to combating climate change and affirming the Group's leadership on this issue as well. CDP also awarded Fincantieri an **A** rating in the Supplier Engagement Rating (SER), which assesses how effectively companies are engaging their suppliers on the issue of climate change.
S&P Global	Fincantieri, through the Corporate Sustainability Assessment (CSA) questionnaire, was assessed by S&P Global, within the IEQ Machinery and Electrical Equipment basket, obtaining a score of **61/100** on 16 December 2022 (58/100 in 2021).
Sustainalytics	For the second year, Fincantieri was assessed by Sustainalytics, a Morningstar subsidiary that specializes in evaluating how effectively companies manage Environmental, Social and Governance (ESG) risks. The score, updated to June 2023, is **17.4 points** in the **"Low Risk"** band (scale: 0 best, >40 worst), ranking 20th out of 572 companies evaluated in the Machinery basket.
Integrated Governance Index (IGI)	Fincantieri confirmed its place among the **"Leader"** companies assessed through the Integrated Governance Index (IGI) 2023, promoted by EticaNews. IGI is a quantitative index developed on the basis of a questionnaire given to leading Italian companies that aims to measure the degree of integration of ESG factors in corporate governance and identity. In 2023, 98 companies joined the project, which is now in its eighth year.

Sustainability Awards

Top Employer Italia 2023	Fincantieri has again this year received the **"Top Employers Italy 2023"** certification from the Top Employers Institute, official recognition of corporate excellence in HR policies and strategies and their implementation to contribute to people's well-being, improve the working environment and the world of work. Top Employers Certification is awarded to companies that achieve and meet the high standards required by the HR Best Practices Survey. The Survey covers 6 macro-areas in HR, examines and analyses in detail 20 different topics and respective Best Practices including People Strategy, Work Environment, Talent Acquisition, Learning, Diversity, Equity & Inclusion, Well-being and many others. According to Top Employers, Fincantieri has shown that it cares about the well-being of its people and is committed to improving working conditions, thus contributing to a collective improvement in the world of work.

Business Outlook

In the **Cruise** sector, ship occupancy rates (which have reached 100%) and bookings (which have surpassed pre-pandemic levels) confirm the positive signs that had been previously recorded at the end of 2022, highlighting how the cruise sector has weathered the effects of the pandemic, resuming its long-term growth path. These dynamics are driving interest in new builds, that are more technological and equipped with green solutions.

In the **Defence** sector, the geopolitical repercussions of the Russian-Ukrainian conflict bolster increased investment, including maritime, creating many potential new opportunities for Fincantieri.

With regard to the **Offshore** market, the current scenario and the increasing attention on creating renewable wind power energy is driving the sector's robust investment plan, supporting the expansion of the fleet of support and maintenance vessels.

The Group continues its activities to manage typical operating risks, with a continuous focus on ensuring the availability of resources and materials as for the production schedules, fuelling shipyards' continuity and operation at full capacity, pursuing operational excellence in the execution of the backlog.

Priority **strategic initiatives** were launched in the first half of 2023 to achieve the performance targets envisaged in the 2023-27 Business Plan and to start an evolution of the operating system and business model to support competitiveness and long-term value creation. The actions undertaken to **further increase operational efficiency, modernize the shipyards and contain the procurement costs for materials and services as well as production facility costs** will continue in the second half of the year. The Group is also committed to continuing the path it has mapped out for sustainability as well as energy and digital transition targets involving an evolution of products and services offered.

Net of the worsening of unstable conditions on the geopolitical and macroeconomic scenario and possible operational and financial repercussions, Fincantieri confirms it expects to maintain full production capacity in 2023, which will enable the **consolidation of revenues** and a **marginality** that will settle around **5%.**

The **Net financial position** for 2023 is expected to be substantially **in line with 2022 year-end**, and reflects the dynamics of the cruise sector and the cash absorption, in the second half of 2023, from the construction of certain contracts in the Offshore and Specialized vessels segment and in the Infrastructure business to be delivered in early 2024.

Group Performance

Order intake, order backlog and deliveries

During the first six months of 2023, the **Group recorded euro 2,134 million in new orders**, compared with euro 1,524 million in the corresponding period of 2022, with a book-to-bill ratio (order intake/revenue) of 0.6 (0.4 at 30 June 2022). Commercial opportunities in all businesses are constantly growing.

(euro/million)

31.12.2022*		Order intake analysis	30.06.2023		30.06.2022*	
amounts	%		amounts	%	amounts	%
3,004	56	Fincantieri S.p.A.	454	21	244	16
2,324	44	Rest of Group	1,680	79	1,280	84
5,328	**100**	**Total**	**2,134**	**100**	**1,524**	**100**
3,765	71	Shipbuilding	1,106	52	835	55
837	16	Offshore and Specialized vessels	817	38	445	29
926	17	Equipment, Systems and Infrastructure	382	18	385	25
(199)	(4)	Consolidation adjustments	(171)	(8)	(141)	(9)
5,328	**100**	**Total**	**2,134**	**100**	**1,524**	**100**

* The comparative figures have been restated following redefinition of the segments.

The **Group's total backlog** reached euro 32.9 billion at 30 June 2023, comprising euro 22.0 billion of backlog (euro 24.1 billion at 30 June 2022) and euro 10.9 billion of soft backlog (euro 10.5 billion at 30 June 2022) with development of the projects in the portfolio expected to continue up to 2029.
The backlog and total backlog guarantee about 3.0 years and 4.4 years of work respectively in relation to 2022 revenues.
The composition by segment is shown in the following table:

(euro/million)

31.12.2022*		Total backlog analysis	30.06.2023		30.06.2022*	
amounts	%	Total backlog	amounts	%	amounts	%
17,658	74	Fincantieri S.p.A.	15,569	71	17,611	73
6,168	26	Rest of Group	6,467	29	6,456	27
23,826	**100**	**Total**	**22,036**	**100**	**24,067**	**100**
20,425	86	Shipbuilding	18,589	84	20,908	87
1,160	5	Offshore and Specialized vessels	1,408	7	1,152	5
2,535	11	Equipment, Systems and Infrastructure	2,425	11	2,408	10
(294)	(2)	Consolidation adjustments	(386)	(2)	(401)	(2)
23,826	**100**	**Total**	**22,036**	**100**	**24,067**	**100**
10,500	**100**	**Soft backlog****	**10,900**	**100**	**10,500**	**100**
34,326	**100**	**Total backlog**	**32,936**	**100**	**34,567**	**100**

* The comparative figures have been restated following redefinition of the segments.
** Soft backlog represents the value of contract options, existing letters of intent and projects at an advanced stage of negotiation not yet reflected in the order backlog.

The analysis of the numbers of ships delivered and those in the order book is shown in the following table.

(number of vessels)

31.12.2022	Deliveries, Order intake and Order book	30.06.2023	30.06.2022
19	Ships delivered	11	8
17	Vessels ordered	11	10
88	Vessels in order book	88	93

The following table shows the scheduled deliveries for vessels currently in the order book, analysed by the main business areas and by year.

(number)

	Deliveries							
	Completed as at 30.06.2023	2023*	2024	2025	2026	2027	Beyond 2027	Total**
Cruise ships	2	4	5	5	4	3	3	24
Naval vessels	2	3	8	9	4	4	3	31
Offshore and Specialized vessels	7	9	8	14	2	-	-	33
Total	**11**	**16**	**21**	**28**	**10**	**7**	**6**	**88**

* Data do not include the vessels already delivered as at 30.06.2023.
** Number of vessels in the order book, analysed by the main business areas at 30.06.2023.

Capital expenditure

Capital expenditure amounted to euro 98 million in the first six months of 2023, a decrease of 9% compared to the same period of the previous year. Capital expenditure represented 2.7% of the Group's revenue in the first six months of 2023 compared to 3.1% in the first six months of 2022. Capital expenditure for the period accounted for 87% of depreciation and amortization, which amounted to euro 113 million (97% as at 30 June 2022).
Strengthening of its assets and the continuous improvement of technological standards are an essential prerequisite for Fincantieri's sustainable growth strategy. Constantly improving product quality and optimizing costs are fundamental conditions for the Group's growth.
In this context, approximately euro 960 million was invested in the three-year period 2020-2022 in the production sites, both Italian and foreign, to: i) adapt its facilities to the significant backlog acquired in recent years, ii) make the production process more efficient, iii) further strengthen the Group's positioning in the shipbuilding segment (civil, naval and offshore).
The main strategic macro-projects underway in 2023 are expected to continue, such as the upgrade of the Marghera and Riva Trigoso shipyards, the increase in efficiency of the Marinette Marine and Bay Shipbuilding facilities, and the expansion of the Vung Tau shipyard in Vietnam, which will lead to a lower volume of investments compared to previous years, though still significant. Over the next few years, as stated in the Business Plan projections, there will be a gradual normalization of the level of investments, which will be focused mainly on plant maintenance and constant monitoring of production site safety.
Finally, ongoing initiatives aimed at increasing efficiency continue to help improve project marginality, allowing partial absorption of any exogenous factors, such as the increase in the costs of energy and raw materials linked to the changed macroeconomic context.

(euro/million)

31.12.2022*		Capital expenditure analysis	30.06.2023		30.06.2022*	
amounts	%		amounts	%	amounts	%
150	51	Fincantieri S.p.A.	49	50	70	65
145	49	Rest of Group	49	50	38	35
295	**100**	**Total**	**98**	**100**	**108**	**100**
230	78	Shipbuilding	71	73	94	87
19	7	Offshore and Specialized vessels	5	5	1	1
28	9	Equipment, Systems and Infrastructure	13	13	9	8
18	6	Other activities	9	9	4	4
295	**100**	**Total**	**98**	**100**	**108**	**100**
71	24	Intangible assets	19	19	23	21
224	76	Property, plant and equipment	79	81	85	79
295	**100**	**Total**	**98**	**100**	**108**	**100**

* The comparative figures have been restated following redefinition of the segments.

Group economic and financial results

Presented below are the reclassified consolidated versions of the Income statement, Statement of financial position and Statement of cash flows, the breakdown of Consolidated net financial position and the principal economic and financial indicators used by management to monitor business performance. For a reconciliation between these reclassified financial statements and the statutory financial statements, please refer to the special section "Reconciliation of the reclassified financial statements used in the Report on Operations with the mandatory IFRS statements" (p. 76).

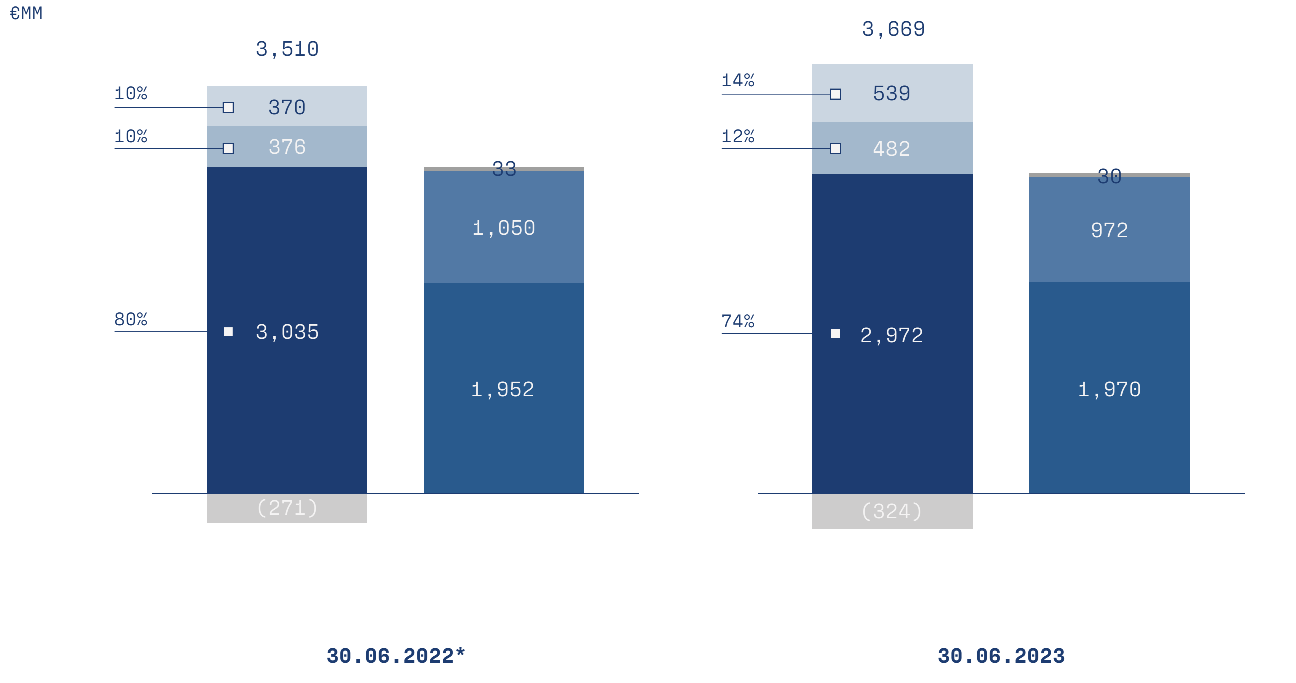
Reclassified consolidated income statement

(euro/million)

31.12.2022		30.06.2023	30.06.2022
7,440	**Revenue and income[1]**	**3,669**	**3,510**
(5,960)	Materials, services and other costs[2]	(2,863)	(2,802)
(1,186)	Personnel costs	(607)	(605)
(73)	Provisions	(14)	(13)
221	**EBITDA[3]**	**185**	**90**
3.0%	***EBITDA margin[1]***	***5.0%***	***2.6%***
(231)	Depreciation, amortization and impairment	(113)	(111)
(10)	**EBIT[4]**	**72**	**(21)**
-0.1%	***EBIT margin[1]***	***2.0%***	***-0.6%***
(80)	Financial income/(expenses)	(74)	(44)
(2)	Income/(expense) from investments	-	(7)
(16)	Income taxes	5	(22)
(108)	**Adjusted profit/(loss) for the period[1]**	**3**	**(94)**
(104)	*of which attributable to Group*	*5*	*(94)*
(238)	Extraordinary and non-recurring income and (expenses)	(33)	(156)
(52)	*- of which costs related to asbestos litigation*	*(33)*	*(29)*
(164)	*- of which impairment of intangible assets*	-	*(107)*
(22)	*- of which other costs linked to non-recurring activities*	-	*(20)*
22	Tax effect of extraordinary and non-recurring income and expenses	8	16
(324)	**Profit/(loss) for the period**	**(22)**	**(234)**
(309)	*of which attributable to Group*	*(20)*	*(230)*

1 Note that Revenue and income as at 30.06.2022 and 31.12.2022 excluded pass-through revenues of euro 10 million and euro 42 million respectively. See the definition contained in the section Alternative Performance Measures.
2 This item as at 30.06.2022 and 31.12.2022 excluded costs related to pass-through activities. See the definition contained in the section Alternative Performance Measures.
3 This figure does not include extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.
4 This figure as at 30.06.2022 and 31.12.2022 did not include impairment of goodwill, other intangible assets and property, plant and equipment recognized as a result of impairment tests or after specific considerations on the recoverability of individual assets.

Revenue Analysis



- Shipbuilding
- Offshore and Specialized vessels
- Equipment, Systems and Infrastructure
- Consolidation adjustments
- Cruise ships
- Naval vessels
- Ship Interiors
- % Total revenues

Revenue and income in the first half of 2023 amount to euro 3,669 million, an increase of 4.5% compared to the same period in 2022. Shipbuilding ended the half-year with revenues substantially in line with 1H 2022. Revenues from Offshore and Specialized vessels, up 27.9%, confirmed the growth trend that had started in the previous year, in line with the Group's strategy to focus on the construction of specialized vessels for the offshore wind sector, and also benefited from the contribution of the construction of sections for cruise ships by the Romanian shipyards to support the Group. Equipment, Systems and Infrastructure showed an increase in revenue of about 45.8%, mainly driven by the Infrastructure business area. Before consolidation adjustments and after the redefinition of the operating segments, Shipbuilding contributes for 74% (80% in 1H 2022), Offshore and Specialized vessels for 12% (10% in 1H 2022) and Equipment, Systems and Infrastructure for 14% (10% in 1H 2022) to the Group's total revenue and income.
The revenues' trend is also affected by the negative impact (euro 23 million) of the translation into Euros of revenues in Norwegian krone and US dollars generated by foreign subsidiaries.
As at 30 June 2023, the Group's revenues generated with foreign customers amounted to 83% (88% in 1H 2022).

* Excluding pass-through activities of euro 10 million. The comparative figures have been restated following redefinition of the segments.

EBITDA Analysis

- Shipbuilding
- Offshore and Specialized vessels
- Equipment, Systems and Infrastructure
- Other activities
- % of revenue**

Group **EBITDA** as at 30 June 2023 amounted to euro 185 million (euro 90 million as at 30 June 2022), with an **EBITDA margin** of 5.0%, a clear improvement over the figure recorded as at 30 June 2022 (2.6%), consolidating the positive results already recorded in the first quarter and the growth expectations outlined in the Business Plan, with a target for 2023 of about 5%. The EBITDA margin for 1H 2023 was impacted by the effects related to the increase in prices of raw materials, the reduced marginality of the Infrastructure business, as well as the impairment of work in progress resulting from the counterparty risk assessment of a cruise shipowner, which had also significantly impacted the 2022 results.

* The comparative figures have been restated following redefinition of the segments.
** As at 30 June 2022, revenues do not include pass-through activities of euro 10 million.

Details of income and expenses not included in EBITDA are shown in the following table.

(euro/million)

31.12.2022		30.06.2023	30.06.2022
(52)	Provisions for costs and legal expenses associated with asbestos-related lawsuits	(33)	(29)
(22)	Other extraordinary or non-recurring income and expenses		(20)
(74)	**Total**	**(33)**	**(49)**

EBIT for 1H 2023 is positive for euro 72 million compared to the negative results of 21 million euro recorded in the same period last year. The **EBIT margin** (as a percentage of Revenue and income) was positive for 2.0% (negative for 0.6% in 1H 2022). The improvement in EBIT is attributable to the reasons already explained with reference to Group EBITDA, with the value of depreciation and amortization for 1H 2023 (euro 113 million) substantially in line with 1H 2022.
Details of income and expenses not included under the item Depreciation, amortization and impairment are shown in the following table:

(euro/million)

31.12.2022		30.06.2023	30.06.2022
(140)	Impairment of goodwill		(84)
(24)	Impairment of other intangible assets		(23)
(164)	**Total**	-	**(107)**

Finance income/(expenses) report net expenses of euro 74 million (net expenses of euro 44 million at 30 June 2022). The worsening compared to 1H 2022 is mainly attributable to the decrease in interest income (euro 9 million) on financial receivables granted to third parties and on extensions granted to its customers following the payments of the same received at their natural due date, and to the increase in interest expenses and commissions to banks and other charges (euro 35 million), mainly attributable to the rise in interest rates net of existing financial hedges. These effects were partially offset by lower impairments on financial receivables (euro 9 million) carried out in accordance with IFRS 9 accounting standard due to lower exposure to customers, and lower expenses from derivative transactions related to hedges on contracts with revenues in currencies other than the functional currency and accounted for in cash flow hedges (euro 7 million).
Income and expenses from equity investments show a zero balance at 30 June 2023 (negative for euro 7 million at 30 June 2022) mainly due to the net effect of the recognition of profits (euro 3 million) and losses (euro 3 million) realised by certain associates and join ventures.
Income taxes record a positive balance of euro 5 million for the first half of 2023 (negative balance of euro 22 million for the same period in 2022), mainly due to the effect of tax consolidation.
The **Adjusted profit/(loss) for the period** shows a net profit of euro 3 million at 30 June 2023 (net loss of euro 94 million at 30 June 2022).
Extraordinary and non-recurring income and expenses are negative in the amount of euro 33 million (negative in the amount of euro 156 million at 30 June 2022) and refer to asbestos-related litigation costs. At 30 June 2022, the item included costs related to asbestos litigation for euro 29 million, impairment of intangible assets for euro 107 million and other costs linked to other non-recurring operations for euro 20 million.
The **Tax effect of extraordinary and non-recurring income and expenses** is positive for euro 8 million at 30 June 2023 (positive for euro 16 million at 30 June 2022).
Profit/(loss) for the period, reflecting the factors described above, is a net loss of euro 22 million (net loss of euro 234 million at 30 June 2022). The Group's share of the result is a loss of euro 20 million (loss of euro 230 million at 30 June 2022).

Reclassified consolidated statement of financial position

(euro/million)

30.06.2022		30.06.2023	31.12.2022
565	Intangible assets	471	509
131	Rights of use	123	127
1,579	Property, plant and equipment	1,644	1,636
123	Investments	113	118
245	Non-current financial assets	161	162
13	Other non-current assets and liabilities	13	1
(57)	Employee benefits	(53)	(54)
2,599	**Net fixed capital**	**2,472**	**2,499**
901	Inventories and advances	850	864
1,914	Construction contracts and client advances	1,973	1,669
1,175	Trade receivables	777	770
(2,562)	Trade payables	(2,707)	(2,694)
(123)	Provisions for risks and charges	(209)	(191)
41	Other current assets and liabilities	207	200
1,346	**Net working capital**	**891**	**618**
-	**Assets held for sale**	**1**	**1**
3,945	**Net invested capital**	**3,364**	**3,118**
863	Share Capital	863	863
(228)	Reserves and retained earnings attributable to the Group	(313)	(277)
14	Non-controlling interests in equity	1	1
649	**Equity**	**551**	**587**
3,296	**Net financial position**	**2,813**	**2,531**
3,945	**Sources of funding**	**3,364**	**3,118**

The **Reclassified consolidated statement of financial position** shows a positive change in Net invested capital at 30 June 2023 of euro 246 million compared to the end of the previous financial year, mainly due to the following factors:

- **Net fixed capital:** amounts to euro 2,472 million as at 30 June 2023, down euro 27 million compared to 31 December 2022 (euro 2,499 million). Among the most significant effects is the net decrease in Intangible assets and Property, plant and equipment of euro 30 million, where the investments for the period (euro 98 million) were more than offset by the depreciation and amortization of these items (euro 103 million) and the associated negative effect of the foreign currency translation of the financial statements (euro 27 million);
- **Net working capital:** reports a positive balance of euro 891 million (positive balance of euro 618 million as at 31 December 2022), with a rise of euro 273 million, related to the increase in contract work in progress and advances from customers (euro 304 million) as a result of the volumes generated in the period, particularly in the cruise segment, which has 4 scheduled deliveries in the second half of the year, one of which was delivered in July.

Equity amounts to euro 551 million, decreased by euro 36 million, mainly due to the profit/(loss) for the period (loss of euro 22 million), the negative change in the cash flow hedge reserve linked to cash flow hedging instruments (euro 5 million) and the currency translation reserve (euro 7 million).

Consolidated net financial position

(euro/million)

30.06.2022		30.06.2023	31.12.2022
(131)	Current financial payables	(282)	(96)
(156)	Debt instruments - current portion	(88)	(81)
(660)	Current portion of bank loans and credit facilities	(895)	(1,110)
(1,396)	Construction loans	(850)	(645)
(2,343)	**Current debt**	**(2,115)**	**(1,932)**
(1,882)	Non-current financial payables	(1,164)	(1,345)
(1,882)	**Non-current debt**	**(1,164)**	**(1,345)**
(4,225)	**Total financial debt**	**(3,279)**	**(3,277)**
709	**Cash and cash equivalents**	**333**	**565**
220	**Other current financial assets**	**133**	**181**
(3,296)	**Net financial position**	**(2,813)**	**(2,531)**

The **Consolidated net financial position**[1], reports a net debt balance of euro 2,813 million (euro 2,531 million in net debt at 31 December 2022). The increase was mainly due to the typical dynamics of working capital related to the cruise business, which has 4 deliveries scheduled for the second half of the year (one already delivered in July), and investments during the period. The cash absorption from the construction of the ships was only partially offset by the delivery of two units in the first six months of 2023. Furthermore, the Consolidated net financial position is still affected by the strategy to support shipowners implemented following the COVID-19 outbreak. As at 30 June 2023, the Group has non-current financial receivables of euro 92 million granted to its customers.
The Net financial position does not include payables to suppliers for reverse factoring, which amount to euro 719 million at 30 June 2023 (euro 622 million at 31 December 2022) and represent the value of invoices, formally liquid and collectable, assigned by suppliers to an agreed lending institution and which benefit from extensions granted by the suppliers themselves in favour of the Group. For further detail, please refer to Section 8.1 "Reverse Factoring" in Note 3 to the Consolidated Financial Statements as at 31 December 2022.

1 See the definition contained in the section Alternative Performance Measures.

Reclassified consolidated statement of cash flows

(euro/million)

31.12.2022		30.06.2023	30.06.2022
(58)	Net cash flows from operations	(99)	(882)
(225)	Net cash flows from investing activities	(66)	(178)
(389)	Net cash flows from financing activities	(57)	528
(672)	**Net cash flows for the period**	**(222)**	**(532)**
1,236	**Cash and cash equivalents at beginning of period**	**565**	**1,236**
1	Effects of currency translation difference on opening cash and cash equivalents	(10)	5
565	**Cash and cash equivalents at period end**	**333**	**709**

The **Reclassified consolidated statement of cash flows** shows negative **Net cash flows for the period** of euro 222 million (negative for euro 532 million in 1H 2022) due to cash flow absorbed by operations in the amount of euro 99 million (positive for euro 882 million as at 30 June 2022), which reflects the typical dynamics of working capital related to the cruise business, which has 4 deliveries scheduled in the second half of the year (one of which was delivered in July), the capital expenditure made during the period (euro 98 million) net of disposals and receipt of financial receivables (euro 32 million), which therefore absorbed resources for euro 66 million (euro 178 million as at 30 June 2022), along with the financing activities for the period, which absorbed resources for euro 57 million.

Economic and financial indicators

The following table presents additional economic and financial indicators used by the Group's management to monitor the performance of its main business indicators in the periods considered. The following table shows the trend in the main profitability ratios and the strength and efficiency of the capital structure in terms of the relative importance of sources of funding between net debt and equity for the period ended 30 June 2023 and 2022 and 31 December 2022.

31.12.2022		30.06.2023	30.06.2022
-0.3%	ROI*	2.2%	-0.6%
-45.6%	ROE*	-3.9%	-31.5%
5.6	Total financial debt/Total Equity	5.9	6.5
11.5	Net financial position/EBITDA[1]	15.2	36.5
4.3	Net financial position/Total Equity	5.1	5.1

* See the definition contained in the section Alternative Performance Measures.
1 This figure does not include Extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.

The performance of ROI and ROE, compared to 30 June 2022, reflects the improvement of the Operating result and Net result at 30 June 2023, while Net Invested Capital and Equity are substantially in line with the values of the first half of 2022.
The indicators of strength and efficiency of the capital structure reflect, compared to the previous half-year, the increase in both Total financial debt and Net financial position, with a significantly improved EBITDA compared to the final balance at 30 June 2022, as commented in the section on the Income Statement.

Operational review by segment

Shipbuilding

The Shipbuilding segment is engaged in the design and construction of ships for the cruise ship and naval vessel business areas. Production is carried out at the Group's shipyards in Italy, Europe and the United States.
It should be noted that, following the reallocation of the activities of the Service and Accommodation Cluster (renamed "Ship Interiors") business areas from the Equipment, Systems and Services segment (renamed "Equipment, Systems and Infrastructure") to the Shipbuilding segment in the first half of 2023, comparative data as at 30 June 2022 and 31 December 2022 have been prepared, appropriately reclassified, and are shown below as restated. The activities of the Group's Romanian shipyards – previously included in Shipbuilding – were reallocated to Offshore and Specialized vessels as of the beginning of 2023 due to Vard's Cruise business being discontinued.

(euro/million)

31.12.2022 reported	31.12.2022 restated			30.06.2023	30.06.2022 restated	30.06.2022 reported
5,911	6,373	Revenue and income*/1		2,972	3,035	2,812
272	340	EBITDA2/*		181	192	168
4.6%	*5.3%*	*EBITDA margin */**/1*		*6.1%*	*6.3%*	*6.0%*
3,398	3,765	Order intake*		1,106	835	691
28,159	29,338	Order book*		28,635	30,661	29,517
19,678	20,425	Order backlog*		18,589	20,908	20,223
218	230	Capital expenditure		71	94	77
14	14	Ships delivered	number	4	5	5

* Before adjustments between segments.
** Ratio between segment EBITDA and Revenue and income.
1 Note that Revenue and income as at 30.06.22 and 31.12.22 excluded pass-through revenues of euro 10 million and euro 42 million respectively. See the definition contained in the section Alternative Performance Measures.
2 This figure does not include Extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.

Revenue and income

Shipbuilding segment revenues as at 30 June 2023 come to euro 2,972 million, with a 2.1% decrease compared to the same period in 2022. Euro 1,970 million of the revenues for the period refer to the cruise ship business area (euro 1,952 million at 30 June 2022) with an increase of 1.0%, euro 972 million refer to the naval vessel business area (euro 1,050 million at 30 June 2022) with a decrease of 7.4% and euro 30 million refer to the Ship Interiors business area, in line with the same period in the previous year. The percentage of Group revenues of the cruise ship and naval vessel business areas account for 49% and 24% respectively (51% and 28% as at 30 June 2022).
The performance of revenues of the **cruise ship business area** in the first half of 2023 reflected the consolidation of production volumes at the Group's Italian shipyards, which made up for the loss of volumes of Vard's Cruise business. The decrease, during the period, in the value of production of the **naval vessels business area** is mainly attributable to the production activities in Italy, with the progress of orders for the Italian Navy and for the Qatari Ministry of Defence. In addition, US shipyards remain engaged in the development of the Constellation (FFG-62) and Foreign Military Sales programs between the US and Saudi Arabia for the supply of four Multi-Mission Surface Combatants and the Littoral Combat Ship (LCS).

EBITDA

EBITDA of the segment as at 30 June 2023 amounts to euro 181 million (euro 192 million as at 30 June 2022) with an EBITDA margin of 6.1%, down compared to the 1H 2022, though up compared to 31 December 2022. Marginality as at 30 June 2023 is still impacted by the effects highlighted in the second half of 2022, largely attributable to the critical geopolitical environment fuelled by the Russian-Ukrainian conflict, which led to a further increase in the prices of raw materials (particularly steel and energy), interest rates and inflation, which also affected the US labour market and supply chain. Marginality was also affected by lower volumes in the naval vessels business area (with the percentage in the Shipbuilding business area decreasing from 35% at 30 June 2022 to 33% at 30 June 2023).

Order intake

In the first six months of 2023, orders worth euro 1,106 million were acquired, mainly related to the construction by the US subsidiary Fincantieri Marinette Marine of the fourth missile launching frigate as part of the Constellation program (FFG-62), the construction of a SOV at the Bay Shipbuilding yard and additional work on cruise vessels already in the order book.

Capital expenditure

Capital expenditure in Property, plant and equipment in the first half of 2023 mainly involved:
- finalization of the macro-project to upgrade the operational areas and infrastructure of the Marghera shipyard to enable a more efficient development of the acquired backlog;
- progress, at the Riva Trigoso shipyard, of the significant interventions planned in order to increase the shipyard's production capacity and streamline shipbuilding activities for naval projects;
- the continuation of the important investment program in the US shipyards of Marinette Marine and Bay Shipbuilding shared with the US Navy, to increase their efficiency in order to develop the order backlog resulting from the Constellation program. The program is scheduled for completion in early 2024;
- the continuation of FMSNA's investment plan at the US shipyard in Jacksonville to equip the site with the facilities, plant and equipment needed to carry out maintenance activities for US Navy surface vessels and other vessels in the civil business;
- the process of gradually replacing obsolete assets with more technologically advanced, energy-efficient and environmentally friendly solutions;
- upgrading and improvement of the safety and energy saving standards of machinery, equipment and buildings.

Production

The number of ships delivered in the first six months of 2023 is analyzed as follows:

(number)

	Deliveries
Cruise ships	2
Naval vessels	2

The ships delivered are:

- "Viking Saturn", the tenth vessel of the class for the shipowner Viking, at the Ancona shipyard;
- "Oceania Vista", the first of two next generation cruise ships for Oceania Cruises, at the Sestri Ponente (Genoa) shipyard;
- "USS Marinette" as part of the Littoral Combat Ship program, commissioned by the US Navy, at the Marinette (Wisconsin) shipyard;
- "Semaisma", the fourth and last corvette for the Qatari Ministry of Defence at the Muggiano (La Spezia) shipyard.

Offshore and Specialized vessels

The Offshore and Specialized vessels operating segment includes the design and construction of high-end offshore support vessels, specialized vessels and vessels for offshore wind farms, as well as innovative products in the field of drillships and semi-submersible drilling rigs. Fincantieri operates in this market through the VARD group, Fincantieri S.p.A. and Fincantieri Oil & Gas S.p.A.
It should be noted that the activities of the Group's Romanian shipyards – previously included in Shipbuilding – were reallocated to Offshore and Specialized vessels as of the beginning of 2023 due to Vard's Cruise business being discontinued.

(euro/million)

31.12.2022			30.06.2023	30.06.2022
751	Revenue and income*		482	376
22	EBITDA[1/*]		19	9
2.9%	*EBITDA margin */***		*4.0%*	*2.5%*
837	Order intake*		817	445
2,002	Order book*		2,484	1,952
1,160	Order backlog*		1,408	1,152
19	Capital expenditure		5	1
5	Ships delivered	number	7	3

* Before adjustments between segments.
** Ratio between segment EBITDA and Revenue and income.
1 This figure does not include Extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.

Revenue and income

Revenues for the Offshore and Specialized vessels segment at 30 June 2023, amounting to euro 482 million, were up sharply (+27.9% compared to the same period of the previous year), this change includes the contribution of the construction of sections for cruise ships carried out in the Romanian shipyards to support the Group, which from the first half of 2023 is included among the segment's activities. The first half of 2023 also includes the negative effect (euro 28 million) of the exchange rate change related to the revenues of companies using Norwegian krone. Net of these factors, the progress of revenue mainly reflects the construction of three vessels for the Norwegian Coast Guard, the first of which was delivered in March, and the full-capacity production of vessels acquired in the offshore wind sector, with four deliveries made during the half year.

EBITDA

The EBITDA of the segment as at 30 June 2023 amounts to euro 19 million (euro 9 million as at 30 June 2022), with an EBITDA margin of 4.0% (2.5% as at 30 June 2022), with a trend that confirms the outlook of the Business Plan, which sees a growing marginality for Offshore and Specialized vessels, driven by the increase in demand in the offshore wind business, in which the Group, through Vard, represents one of the main players.

Order intake

New order intake by the VARD group in the first half of 2023 amounts to euro 817 million and mainly related to:

- four CSOVs for the Norwegian company Edda Wind;
- two CSOVs with hybrid-electric propulsion for the British company Purus Wind;
- two CSOVs prepared for methanol propulsion for the British company North Star;
- one cable-laying vessel.

Capital expenditure

Capital expenditure in the first six months of 2023 mainly relates to:

- the continuation, at the Vietnamese Vung Tau shipyard, of a significant investment program aimed at increasing the shipyard's production capacity, so as to consolidate the Group's leadership position in the construction of SOVs, particularly dedicated to the offshore wind market;
- standard interventions in shipyards to maintain production efficiency and safety of production facilities in order to ensure business operations.

Production

The following vessels were delivered during the period:

- "Jan Mayen", the first vessel for the Norwegian Coast Guard at the Langsten shipyard (Norway);
- four SOVs, including two for North Star Renewables at the Vung Tau shipyard (Vietnam) and the remaining two vessels for Rem Wind AS and Norwind Offshore AS at the Søviknes and Brattvåg shipyards (Norway);
- the third Marine Robotic vessel for Ocean Infinity Group Limited at the Vung Tau shipyard (Vietnam);
- one Fishery vessel for Luntos Co. Ltd at the Vung Tau shipyard (Vietnam).

Equipment, systems and infrastructure

The Equipment, Systems and Infrastructure segment includes the following business areas: Electronics, Mechatronics and Infrastructure. These activities are carried out by Fincantieri S.p.A. and by its Italian and foreign subsidiaries.
It should be noted that, following the reallocation of the activities of the Service and Accommodation Cluster (renamed "Ship Interiors") business areas from the Equipment, Systems and Services segment (renamed "Equipment, Systems and Infrastructure") to the Shipbuilding segment since 2023, comparative data as at 30 June 2022 and 31 December 2022 have been prepared, appropriately reclassified, and are shown below as restated.

(euro/million)

31.12.2022 reported	31.12.2022 restated		30.06.2023	30.06.2022 restated	30.06.2022 reported
		TOTAL SEGMENT			
1,659	916	Revenue and income*	539	370	729
(28)	(96)	EBITDA1/*	7	(90)	(66)
-1.7%	*-10.5%*	*EBITDA margin */***	*1.2%*	*-24.3%*	*-9.1%*
1,509	926	Order intake*	382	385	704
5,905	4,134	Order book*	4,125	4,160	6,039
3,826	2,535	Order backlog*	2,425	2,408	3,705
46	28	Capital expenditure	13	9	19

(euro/million)

31.12.2022 reported	31.12.2022 restated		30.06.2023	30.06.2022 restated	30.06.2022 reported
		ELECTRONICS CLUSTER			
199	199	Revenue and income*	78	71	71
87	*87*	*to other Group segments*	*26*	*33*	*33*
(12)	(12)	EBITDA1/*	1	2	2
-5.9%	*-5.9%*	*EBITDA margin */***	*1.8%*	*2.8%*	*2.8%*
215	215	Order intake*	53	136	136
573	573	Order book*	385	585	585
329	329	Order backlog*	227	286	286
10	10	Capital expenditure	2	3	3

(euro/million)

31.12.2022 reported	31.12.2022 restated		30.06.2023	30.06.2022 restated	30.06.2022 reported
		MECHATRONICS CLUSTER			
447	447	Revenue and income*	212	223	223
317	*317*	*to other Group segments*	*148*	*157*	*157*
41	41	EBITDA1/*	16	18	18
9.2%	*9.2%*	*EBITDA margin */***	*7.3%*	*8.0%*	*8.0%*
220	220	Order intake*	148	149	149
727	727	Order book*	821	818	818
246	246	Order backlog*	261	332	332
15	15	Capital expenditure	9	5	5

* Before adjustments between segments.
** Ratio between segment EBITDA and Revenue and income.
1 This figure does not include Extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.

(euro/million)

31.12.2022 reported	31.12.2022 restated		30.06.2023	30.06.2022 restated	30.06.2022 reported
		INFRASTRUCTURE CLUSTER			
262	262	Revenue and income*	250	72	72
30	*30*	*to other Group segments*	*7*	*7*	*7*
(126)	(126)	EBITDA1/*	(10)	(110)	(110)
-47.9%	*-47.9%*	*EBITDA margin */***	*-4.0%*	*-152.6%*	*-152.6%*
492	492	Order intake*	181	101	101
2,836	2,836	Order book*	2,920	2,751	2,751
2,004	2,004	Order backlog*	1,937	1,747	1,747
3	3	Capital expenditure	2	1	1

Revenue and income

Equipment, Systems and Infrastructure segment revenues amount to euro 539 million, an increase of 45.8% compared to the first half of 2022. Revenue for the period comprises euro 78 million from the Electronics Cluster, +9.8% compared to 30 June 2022 (euro 71 million), and euro 212 million from the Mechatronics Cluster, -5.1% compared to the same period in 2022 (euro 223 million), due to the negative effect of the exchange rate change related to the translation of revenues of companies using Norwegian krone. The Infrastructure Cluster contributes euro 250 million, more than tripling its revenues compared to the first half of 2022 (euro 72 million).

EBITDA

The EBITDA of the segment at 30 June 2023 is negative for euro 7 million (negative for euro 90 million at 30 June 2022), with a positive EBITDA margin of 1.2% (negative 24.3% at 30 June 2022). These results are affected by the lower impact of the marginality of the Infrastructure Cluster, which closed the first half of 2022 with a loss of euro 110 million, while in the first six months of 2023, it reported a loss of euro 10 million. However, the Electronics Cluster and the Mechatronics Cluster close the first half of 2023 with a positive marginality of 1.8% and 7.3%, respectively, substantially in line with 2022.

N.a. not applicable.
1 See the definition contained in the section Alternative Performance Measures.

Order intake

New order intake for the Equipment, Systems and Infrastructure segment amounts to euro 383 million in 2023 and for the business areas mostly comprises:

- Electronics Cluster: under the Infra Digital Solutions & Cyber Security contract from ANAS for infrastructure monitoring systems, from Leonardo for the Railways line and from the Ministry of Labour for the renewal of Nutanix services and licences. In the Maritime & Defence business, the SATCOM supplies to Leonardo, Teledife and Larimart, Platform Yacht supplies to the customers Azimut Benetti and Next Yacht, and Combat supplies for electro-optical systems to Leonardo. Within Specialized Engineering, the continuation of specialized engineering consultancy and research activities in the Maritime and Electromagnetism fields;
- Mechatronics Cluster: orders for 5 shipsets of compact packages for the T26 UK Royal Navy program, 3 condensing turbo alternators for France/Spain, 1 on-board turbine to be installed on a vessel for Royal Caribbean Cruises at the Meyer Turku shipyard, after-sales service and supply of spare parts on steam turbines, after-sales service and spare parts on engines for the Italian and French Navies and for the Coast Guard, and the manufacture of winches and 3D cranes;
- Infrastructure Cluster: construction of bridges for Lot 4 of the Ragusa-Catania line, the Arges bridge in Romania and floats for a French client; maintenance and additional works on projects already acquired.

Capital expenditure

Capital expenditure in the first six months of 2023 mainly relates to:

- the continuation of Isotta Fraschini Motori's capital expenditure as part of the IFuture project, a program launched in 2020 by the company with the aim of studying innovative solutions for the improvement and expansion of its product portfolio;
- interventions in facilities to maintain the efficiency and safety of production facilities in order to ensure their respective business operations.

Other activities

Other activities primarily refer to the costs incurred by corporate headquarters for directing, controlling and coordinating the business that are not allocated to other operating segments.

(euro/million)

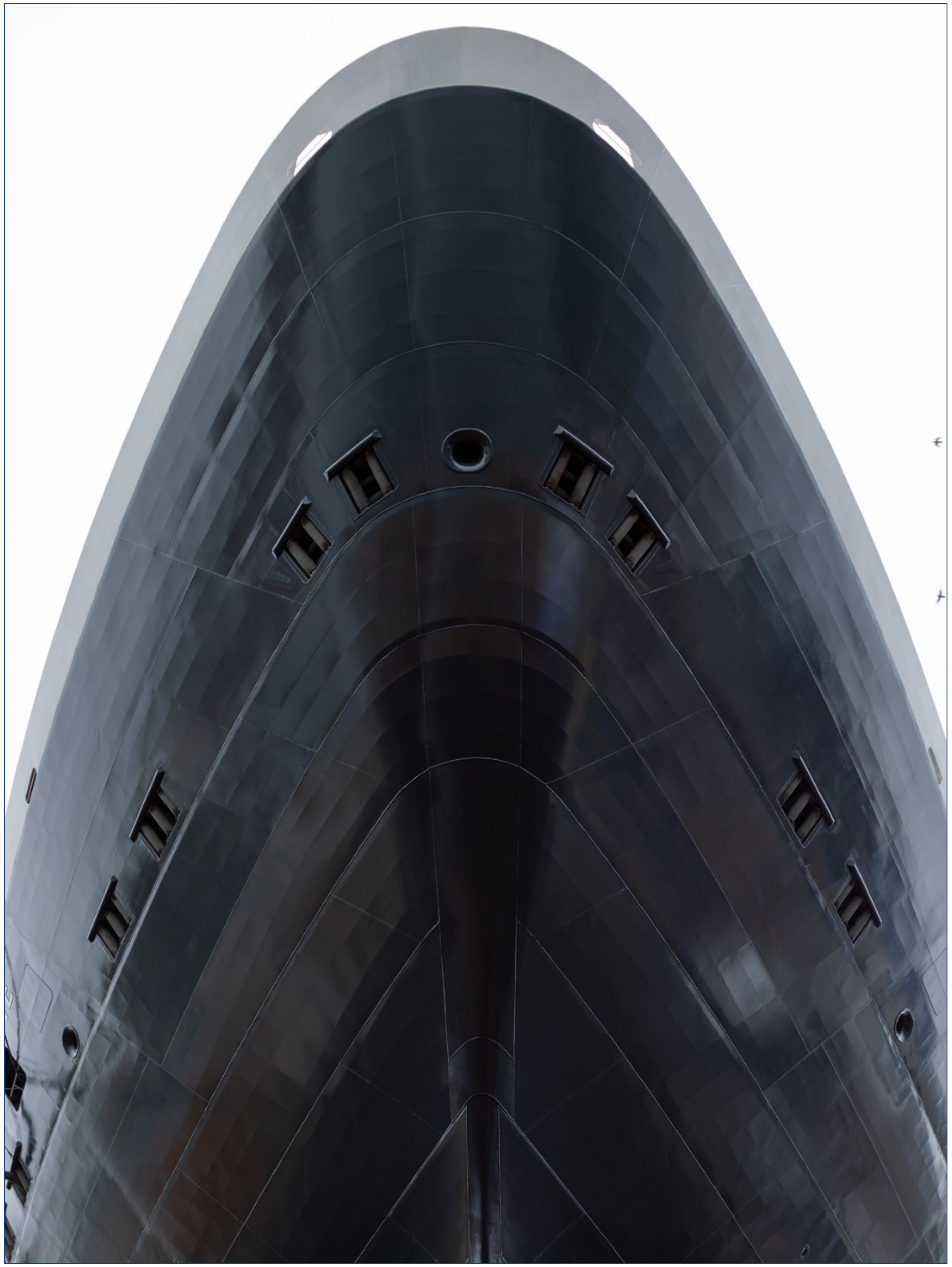
31.12.2022		30.06.2023	30.06.2022
2	Revenue and income	2	1
(45)	EBITDA[1]	(22)	(21)
n.a.	EBITDA *margin*	*n.a.*	*n.a.*
12	Capital expenditure	9	11

Capital expenditure

The main initiatives relate to capital expenditure on:

- the strengthening of the Group's digital transformation process mainly focused on: (i) the introduction of Industry 4.0 principles into shipbuilding, according to the strategic guidelines defined in the Business Plan (e.g. artificial intelligence, automation, IoT, virtual reality) and (ii) using advanced analysis/reporting tools;
- the completion of the project to upgrade the IT environment through the implementation of a high-tech multi-cloud infrastructure;
- the development of information systems to: (i) support the Group's growing activities with particular reference to the upgrading of management systems and the implementation of these instruments in the main subsidiaries and (ii) optimise process management with a focus on production (operational excellence).

As in previous years, capital expenditure in renewing the Group's network infrastructure and hardware continued.



Risk Management

Fincantieri's Internal Control and Risk Management System (ICRMS) consists of a set of tools, organizational structures, and corporate procedures which seek to contribute - through a process of identification, assessment, management and monitoring of the main risks - to a sound and correct management of the Company, in a way, that is consistent with the predetermined objectives defined by the Board of Directors.
The Group's catalogue of risks (Risk Universe) consists of **52 risks**, divided into **8 macro-categories**, including **29 ESG** (Environmental - Social - Governance) risks.

Risk Universe

Strategic

- Country Risk
- Evolution of laws and regulations (G)
- Innovation, research and development (E,G)
- Market cycles & demand
- Strategic positioning & competition (G)
- Customers (S)
- Business Portfolio
- Governance and Stakeholder expectation (G)
- Reputational risk & brand position (G/S)
- JVs & strategic alliances (G)
- M&A and integration
- Investor & public relations (G)
- Production capacity and industrial productivity (G)
- Management systems
- Change Management (S)

Human Resources

- Labour law and human rights (S)
- Health and safety (S)
- Staff attraction and retention (S)
- Staff management/training and equal opportunities protection (S)
- Performance management (S)
- Labour relations (S)

Operating and Supply Chain

- Budgeting
- Project management
- Sustainable supply chain (G)
- Outsourcing
- Logistic & warehouse management
- Organizational complexity of the shipyard
- Product conformity (S)
- Business interruption (G)

Environmental

- Environmental protection (E)
- Climate change (E)
- Environmental impact of products and services (E)

Compliance/Legal

- Corruption and fraud (G)
- Crime, common and organized, and terrorism (G)
- System of powers and authority
- Intellectual property rights
- General Data Protection Regulation – GDPR
- Taxation
- Litigation

ICT

- Cyber security (G)
- Computer data and information protection
- IT System & infrastructure
- IT development

Financial

- Interest rates
- Exchange rates
- Prices of raw materials and commodities (E)
- Liquidity
- Access to the credit market (G)
- Credit scoring & counterparty failure (G)

Planning e Reporting

- Disclosure
- Budgeting and planning
- Reporting (G)

(E) Environmental, (S) Social, (G) Governance

Each identified risk is assessed according to the parameters of probability of its occurrence over the plan horizon and its impact. Assessment scales are used to make the risks comparable. These are defined by the Chairman of the Board of Directors, with the support of the Risk Officer, based on the Risk Appetite and Risk Tolerance thresholds approved by the Board of Directors. The impact assessment is broken down into 8 types:

Economic and financial

Social (Community)

Human capital

Operational

Environmental

Intellectual capital

Assets

Reputational

On the basis of the assessment, with reference to 31 December 2022, the most relevant risks have been identified and analysed in detail, classified by category and accompanied by information on the relative potential impacts and the main existing controls. It should be noted that in the first half of 2023, the assessment of all Group risks was updated. The main risks identified as a result of this assessment are stated below.

Strategic Risks

Production capacity and industrial productivity

Risk that insufficient production capacity (either its own or that of its suppliers), excess capacity or incorrect distribution of workloads on the basis of available production capacity (plant, space and workforce) prevents the Group from meeting market demand and achieving optimum levels of efficiency and marginality. The risk may arise due to inadequate analysis of the production cycle (in terms of frequency and medium-term vision), force majeure events and inadequate maintenance or innovation of the equipment supporting the production process that fails to take into account energy efficiency and possible impacts on the environment.

Management methods

Production complexity is managed at different levels and in an integrated and cross-functional manner. Scenario analyses make it possible to optimize the distribution of workloads in the short/medium/long term on the basis of available production capacity and to monitor it over time thanks to the planning of activities, hours and resources by job, plant and production plant and to periodic monitoring of the progress of individual schedules (production, engineering, purchasing) and of the job as a whole. Periodic cross-functional committees analyse workloads and identify possible critical areas for action (resources, structural investments, logistical solutions) based on employment plans. Particular attention is paid to checking the supply chain, both in terms of capacity (e.g. lack of resources) and performance. The efficiency of suppliers is in fact constantly monitored through appropriate KPIs, with the timely identification and activation of recovery actions where critical issues are found. In order to create synergies and economies of use, the Group, in addition to certain common purchasing strategies, also acts through optimization of the production process. With the aim of optimizing production capacity and avoiding delays, inefficiencies and/or stoppages, the Group also pays particular attention to strategic investment planning, including the implementation of new projects in the areas of robotics, automation (e.g. real-time remote control systems on system operation status) and energy-efficient solutions. The systems, particularly the strategic systems, and their maintenance are periodically checked and prompt action is taken when necessary.

Country Risk

Risk that changing or unstable conditions, generated by the country in which the Group operates or in which its customers or strategic suppliers are located, may adversely affect investment variables, jeopardise operations and cash flows, create losses and put the safety of its employees at risk. This category includes Political Risk (e.g. new governments, uprisings, wars, terrorist threats), Location Risk (e.g. country surrounded by countries at war with each other), Sovereign Risk (country's reliability in repaying its debts), Economic Risk (e.g. restrictive economic policies, reduction of public expenditure allocated to defence, failure to provide contributions related to research, development and technological innovation, failure to allocate public resources to support export finance, which is crucial for the success of trade negotiations), Transfer Risk (e.g. rules that may regulate, and possibly restrict, the movement of capital, profits and dividends), Catastrophic Risks (e.g. emigration caused by acute weather phenomena and epidemics from other countries or within the company's country of operation).

Management methods

In order to mitigate risks related to potential socio-political, economic and environmental instability in foreign countries where the Group operates or has business interests, Fincantieri implements specific controls and preventive actions. In particular, given the frequent use of export finance by customers, there is continuous monitoring of the allocation of funds by the government and the status of negotiations between banks, customers and government organizations involved; there is also continuous dialogue with stakeholders to spread awareness of the need to maintain an agile, quick and efficient export credit mechanism. Other mitigating actions include: constant monitoring of the political-economic situation also with the support of local embassies, provision of e-learning courses on travel security, risk awareness and information actions aimed at travellers going to high-risk areas. In addition, with the aim of pre-emptively managing emergencies, Fincantieri has set up Crisis Management Committees and interdisciplinary Crisis Teams to conduct Security Assessments and draw up Contingency Plans dedicated to the countries abroad where personnel are seconded.

Reputational risk & brand position

Risk that image (brand) damage will expose the group to loss of customers, profits and competitive advantage. Such a risk may, for example, arise due to unethical or non-compliant activities and/or behaviour, which do not respect the protection of the environment, biodiversity, and the protection and enhancement of people, the territory and the community by both members within the organization and external parties with whom the Group has business relations, or by a lack of customer satisfaction.

Management methods

In order to mitigate this risk, Fincantieri continuously monitors its communication strategy, in line with management guidelines and market trends, and implements a process to guide and control communication initiatives, including those promoted by subsidiaries in Italy and abroad. The Group manages relations with the Italian and foreign (specialist and non-specialist) press to ensure that its external perception and image reflect management's direction, and has stepped up its social media and web monitoring to ensure that the company's image is not damaged. As part of the activities aimed at preparing the Sustainability Report, Fincantieri integrates the additional information required by rating companies in order to ensure transparency and completeness, and continuously updates its website for greater disclosure of information to stakeholders. The Group also carries out a careful selection of business partners and applies the relevant due diligence standards. Finally, in order to ensure its employees adopt ethical conduct consistent with corporate values, Fincantieri promotes initiatives aimed at disseminating knowledge of the Organization Model (Legislative Decree No. 231/2001), the Code of Conduct and the Anticorruption Management System through training programs.

Human Resources Risks

Health and safety

Risk that the Group does not invest enough in the protection of health and safety in the workplace with consequent damage to its own employees and any third parties involved in company activities. This risk may arise due to slow or inadequate adaptation of internal processes to satisfy the provisions of current and emerging regulations, an inadequate system for the management and control of health and safety risks related to company activities and related mitigation actions, incorrect or inadequate performance of ordinary and/or extraordinary maintenance, and/or the absence of adequate systems for identifying contamination risks, and/or catastrophic risks, or poor training, information and awareness of individuals.

Management methods

The Group constantly monitors regulatory and legislative developments, incorporating updates into its processes and procedures and verifying their correct implementation through internal and external audits. Internal procedures are in place for the identification, assessment and management of risks that could compromise people's health and safety, including the analysis of near misses with a view to early intervention and prevention. Particular attention is also paid to the dissemination and strengthening of the culture of prevention and protection and increasingly responsible individual behaviour, through the necessary training and information on accident prevention and emergency management and actions to raise awareness of compliance with the rules and procedures aimed at internal and external staff. The production sites and departments are ISO 45001 certified. In the area of health, safety and environment, regular meetings are held to review and promptly resolve any issues. The Strengthening Plan – Safety was launched in 2023. It covers all Italian shipyards and aims to raise the threshold of attention on health and safety, consolidating awareness actions, revising and harmonizing existing procedures and, lastly, developing innovative technological solutions.

Staff attraction and retention

Risk that the Group is unable to attract and retain highly qualified and competent management personnel with a high level of diversity in terms of age, nationality and gender, or to enhance the organizational structure with figures capable of managing the Group's growth and ensuring business transformation.

Management methods

Fincantieri extensively applies an Employer Branding strategy in order to promote internally and externally the quality of its brand as employer, together with an Employee Value Proposition strategy aimed at satisfying the needs and expectations of employees. The remuneration policy adopted includes all variables and there is an ongoing employee engagement program, based on evidence from the Employee Engagement Survey, to create a working environment that enables resources to fulfil their potential, perform at their best and be engaged.

Operating Risks and Supply Chain

Project Management

Risk that the project management activities are inadequate and do not allow continuous and timely monitoring of the correctness and efficiency of the entire contract development process, resulting in failure to meet contractual and quality requirements, delays and/or additional costs with a consequent negative impact on the expected contract margin.

Management methods

The Group manages its projects through dedicated structures that control all aspects (contractual, technical/design, scheduling, economic and qualitative) of the contract life cycle (design, procurement, construction and outfitting). The identification, assessment and management of project risks is carried out through continuous risk management processes structured according to the type of business concerned. Contracts with suppliers include the possibility of applying penalties for delays or hold-ups attributable to such suppliers. In order to monitor the progress of both individual orders and the order portfolio and to promptly identify any critical issues and share corrective actions to be taken, there are regular meetings and discussions at different levels. The contracts entered into with customers provide that, in the event of a "force majeure event" preventing the regular construction of the project, such as a government order, a pandemic or a war, the company would not be required to pay penalties to the shipowner for late delivery.

Organizational complexity of the shipyard

Risk that inefficient management of resources (internal and external personnel, production facilities, areas), due to inadequate medium/long-term planning, an ineffective control system, inefficient distribution of workloads or problems relating to the management of the complexities and risks associated with product diversification, generates slowdowns/interruptions in the production process, compromising the company's defined targets in terms of volumes, times, costs and quality.

Management methods

To manage processes of such complexity, the Group implements procedures and work plans designed to manage and monitor the implementation of each project throughout its duration. Constant dialogue channels are established between the Group entities in order to safeguard the integration processes; occasionally Parent Company resources are included. In addition, the Group has adopted a flexible production structure in order to respond efficiently to fluctuations in vessel demand in the various business areas. This flexible approach allows the Group to overcome capacity constraints at individual shipyards and to work on more than one contract at the same time while ensuring that delivery dates are met. The Group is implementing actions aimed at improving the production and design processes in order to strengthen competitiveness and increase productivity. The risk is closely related to the "Production capacity and industrial productivity" risk.

Logistic & warehouse management

Risk of inefficient or ineffective materials management, warehousing and transport activities resulting in a slowdown or stoppage of operations or an increase in overall costs and working capital.

Management methods

The Parent Company's processes provide for dedicated management of those supplies with the greatest impact on the project result, defined as "critical supplies". For these components, a delivery and supply schedule is defined with the supplier to ensure compliance with the contractual delivery date and the completeness of the supply. In the event of deviations, highlighted in periodic monitoring, recovery actions are agreed with the supplier, involving all the competent company functions. The Russian-Ukrainian conflict, which began in 2022 and is still ongoing, generated supply bottlenecks for some commodity categories whose production is partially located in these territories, such as ferrous products. The mitigation actions implemented concerned: i) issuing orders for larger quantities to suppliers not located in these areas, ii) issuing orders to support short-term needs to qualified suppliers not already part of the Parent Company's supplier base, iii) scouting for new sources to mitigate risks in the medium/long term, and iv) optimizing the use of existing inventories according to the priorities of the various shipyards. In addition, the service level of logistics operators and the tracking of transports are constantly and structurally monitored.

Sustainable supply chain

Risk of not conducting adequate due diligence on potential suppliers, not monitoring their performance over time and or not developing solid and long-lasting relationships for medium/long-term business development in line with current and emerging regulations and the Group's sustainability principles with consequent economic, legal and reputational impacts. This risk includes aspects of economic and financial soundness, compliance with business integrity (ethics and legality), compliance with environmental, social and human rights regulations, compliance with regulatory requirements relating to the awarding of contracts for the supply of ICT goods, systems and services falling within the scope of national cyber security, production capacity and quality. This risk also includes the inability to meet the Group's ESG requirements (e.g. efficiency, technological innovation, ability to provide the required information).

Management methods

In order to limit the damage associated with inadequate due diligence on suppliers, there is systematic monitoring of their performance by means of Scorecard evaluation. Management of exceptions and suppliers with an "insufficient" or "critical" Scorecard rating is carried out by the special cross-functional Supplier Observatory committee through the formalization and sharing of a recovery or phase-out plan and the subsequent monitoring of the actions taken. Preventive checks are carried out to verify that contracts are concluded with qualified suppliers and that there are clauses on environmental and safety policy and on regularity concerning remuneration, contributions, insurance and taxation. Within the framework of access management and controls on companies, each production site has procedures governing the verification of documentation provided by companies on personnel management and personnel presence at the shipyard. With the aim of ensuring the optimization of energy sources, the production sites have Energy Managers and Energy Teams who carry out monthly checks on correct energy consumption. The risk is closely related to the "Production capacity and industrial productivity" risk.

Budgeting

Risk of inaccurate evaluation of the costs of raw materials, machinery, components, tenders and all construction-related costs in pricing, particularly with regard to prototype orders. Unanticipated cost increases at the pre-contract stage may lead to a decrease in the expected order margin.

Management methods

There is constant monitoring of upward trends in the components of contract costs and the Group takes into consideration predictable increases when determining the offer price and evaluates the possibility of sharing risk with customers. At the time of signing the contract, fixed-price purchase options will already have been defined for some of the vessel's principal components. There are also processes in place for the continuous sharing of information with the responsible entities and for reviewing and budgeting, with full involvement of all company functions. Finally, best-practices are defined for the creation of a correct loop between estimated and actual costs that can improve future budgeting. The risk is closely related to the "Prices for raw materials" risk.

Environmental Risks

Climate Change

Risk that a catastrophic event resulting from acute weather phenomena (storms, floods, earthquakes, fires or heat waves) and/or chronic weather phenomena, i.e. long-term climate change (changes in temperature, rising sea levels, reduced water availability, loss of biodiversity, etc.), could damage assets or cause a production stoppage for the Group and/or its suppliers, and prevent the Group from carrying out its operations by interrupting the value chain or slowing down the supply chain.

Management methods

In order to prevent or limit potential damage to assets and/or production stoppages due to adverse weather events, each production plant has specific emergency plans, subject to periodic verification through internal and third-party audits, as well as procedures governing studies and checks on the positioning of ships, moorings, scaffolding, cranes and related safety and warning systems. Maintenance activities also contribute to limiting damage from extraordinary weather events. The entire system is geared towards identifying, assessing and managing site-specific risks and limiting the potential impacts on the company's assets, as well as in general terms the environmental and social impacts that could result. To date, the economic/financial and asset-related risks arising from acute weather events are covered by insurance policies that reduce the possible direct and indirect impact of business interruption. Crisis Management Teams are also in place to manage emergencies and evacuation plans from countries where Group personnel are permanently present.

Environmental protection

Risk that the Group does not invest adequately in environmental protection, with consequent harm to the community in both the short and medium/long term. This risk may arise due to a lack of timely or adequate adaptation of existing and emerging regulations into internal processes, a flawed system of management, control and mitigation of potential environmental impacts arising from its activities (e.g. pollution, energy consumption, environmental disaster, damage to biodiversity) or poor training, information and awareness raising given to individuals.

Management methods

In order to mitigate the damages related to the failure to invest or inadequate investment in environmental protection, production sites carry out the controls required by environmental authorizations (AIA, AUA) and internal safety and environment procedures that regulate the management of environmental impacts from activities in the dock, the management of information relating to contractors with the authorization to carry out work in confined spaces or environments suspected of pollution, the analysis of atmospheric emissions, noise and chemicals in the workplace and in the external environment. In addition, there are Energy Teams whose function is to monitor energy consumption and identify actions aimed at improving energy efficiency. In addition, Fincantieri implements specific controls to verify the absence of hidden asbestos on shipyard systems and machinery, and the proper performance of storage, collection, sorting and disposal of waste and processing residues in the shipyard. The continuous monitoring of legislative compliance and its timely adaptation into internal processes are fulfilled through the use of specific software. In order to verify the correct application of all provisions on Safety at Work, Fire Prevention, Environment/Ecology, coordination meetings and periodic internal audits are in place, which include inspecting work areas to see whether they comply with legislation. Finally, with the aim of raising the awareness of the entire company population and strengthening its culture on environmental issues, specific training courses are provided in compliance with national and European regulations.

ICT Risk

Cyber security

Risk that the Group suffers a cyber attack aimed at identity, data and information theft (e.g. confidential/privileged information, sensitive data, bank credentials, etc.), temporary suspension of company services or sabotage of computer systems, exploitation of the computing power of company computers for criminal purposes, resulting in reputational damage, loss of turnover, loss of customers and suppliers, sanctions and compensation claims, up to and including business interruption.

Management methods

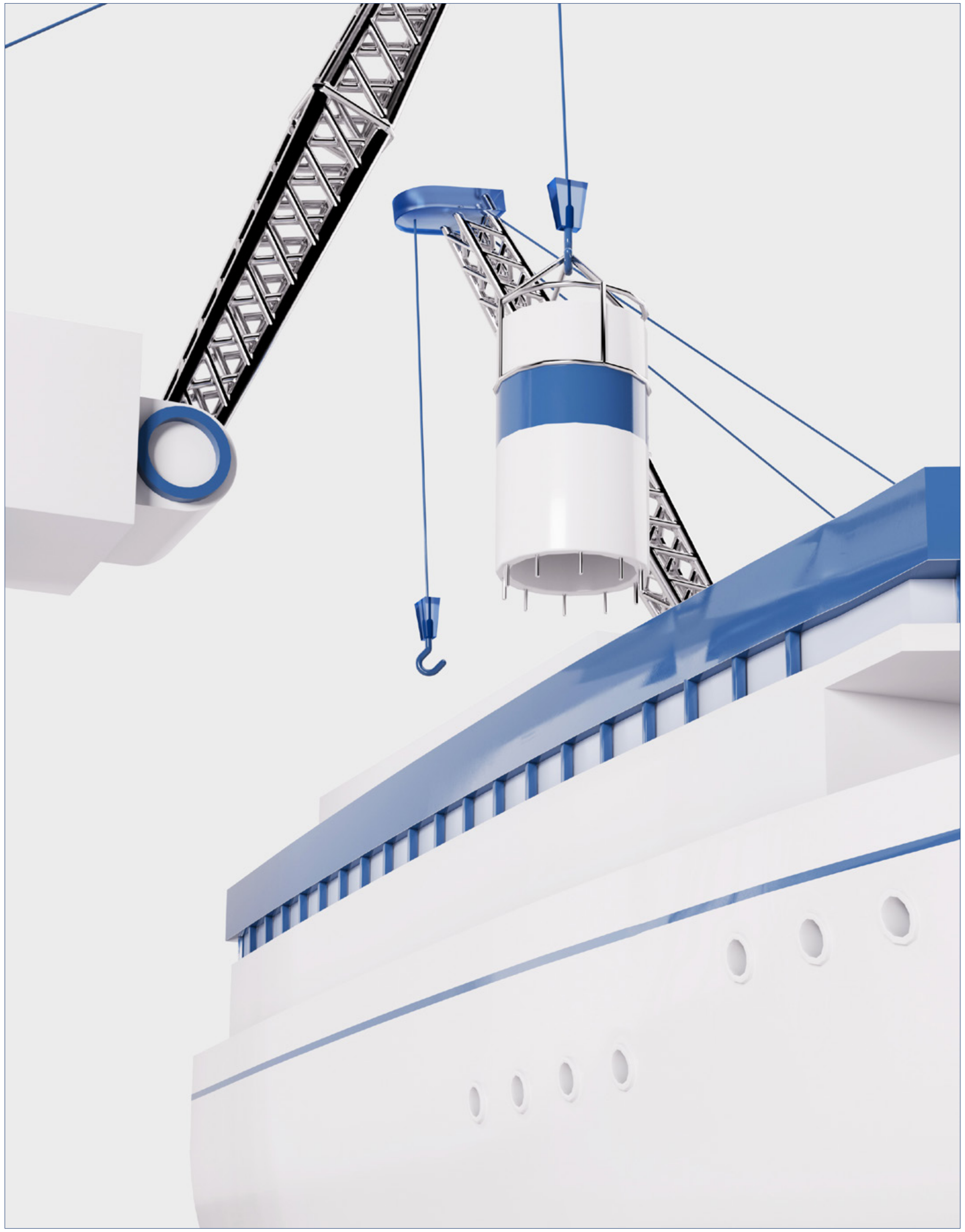
Fincantieri has equipped itself with a set of tools designed to prevent and/or intercept computer attacks, such as cyber security insurance, a platform for correlating computer-related events to detect computer attacks and review accesses by system administrators, a notification system to warn about suspicious emails (phishing) and awareness campaigns on assessing malicious emails. To enable a higher degree of security, a threat intelligence service, which promptly intercepts cyber attacks or attempts, and preventive security checks through vulnerability assessments and penetration tests are also in place. In addition, Fincantieri focuses on removing technological obsolescence on operating systems and any IT incidents are managed through structured processes that allow for prompt reactions.

Computer data and information protection

Risk that company information, especially sensitive and confidential information, may be accessed by unauthorized internal or third-party personnel, who may make unlawful use of it, modify it or delete it with serious prejudice to the Group and its stakeholders.

Management methods

As part of the Information Security Policy Architecture model, various policies, procedures and processes are in place to mitigate risk, together with the latest specific organizational and technological safeguards aimed at limiting access to services and information according to the “Least Privilege” and “Defence in Depth” principles and at protecting, through proactive, preventive (network segregation and creation of a Security Operation Center - SOC) and reactive controls, information systems and the information managed within them. Networks and systems are maintained in order to remove any obsolescence that might weaken the perimeter of defence against fraudulent or unauthorized access to data. Cyber security risk mitigation measures help mitigate the risk of integrity and confidentiality of company data managed through information systems.



Financial Risk

Interest rates

Risk that changes in interest rates may lead to uncertainty about the value of net financial expenses, prospective cash flows, and the fair value of assets and liabilities. Interest rates could rise mainly due to changes in monetary policies decided by the Central Banks in the areas where the Group operates.

Management methods

In order to contain the impact of interest rate fluctuations on medium to long term economic and financial results, the Group continuously monitors interest rate trends as well as current and projected risk exposure, diversifies sources of funding and implements, where appropriate, hedging policies through the trading of derivative financial instruments.

Prices of raw materials

Risk that changes in the price of raw materials will impact the Group's production costs. This risk may arise, for example, as a result of catastrophic events affecting the supply chain, as a result of changes in customs policies or international import/export agreements or as a result of momentary or structural imbalances between supply and demand.

Management methods

In order to prevent and protect against the impact of price changes of raw materials on production costs, there is continuous monitoring of risk exposure and a constant evaluation of possible strategies to mitigate its impact, through both commercial agreements with suppliers (steel) and, where possible, through financial hedges (copper and diesel). Monitoring, also carried out with the help of specialists in the field, is supported by monthly reports with historical and forecast data. In addition, there is internal coordination with the Commercial Departments of each business unit to reflect potential cost increases in new offers and to assess the possibility of risk sharing with customers. At the time of signing the contract, fixed-price purchase options will already have been defined for some of the vessel's principal components. As of April 2022, a permanent cross-functional working group is in place to achieve consumption efficiency gains and create energy "autonomy". In addition, the market and the Authority's resolutions on electricity and gas are actively monitored, in order to take advantage of the best conditions offered by the legislator in good time and to consider possible postponements of investments that can be delayed beyond the expected cycle of price increases.

Liquidity and access to the credit market

Risk associated with the Group's inability to repay its current financial liabilities, to meet unforeseen cash requirements (related to lower or higher than expected cash receipts or disbursements), to access the capital market and the banking system adequately to support its operations, or to access them on particularly burdensome terms and conditions. This category includes the risk that the Group may fail to comply with financial and legal clauses contained in existing loan agreements, resulting in the termination of those agreements and triggering immediate payment, thus jeopardizing the Company's operations.

Management methods

To mitigate liquidity and access to the credit market risk and to guarantee a sufficient level of financial flexibility, the Group constantly maintains a buffer of available funding sources that is more than adequate for its expected future needs, even in the event of unfavourable cash scenarios, diversifies its sources of funding in terms of duration, counterparty and technical form (e.g. short-term and medium/long-term committed credit facilities, commercial papers, uncommitted facilities) and constantly monitors the trend in its cash flows in order to anticipate and promptly manage any needs and/or critical issues. The nature and standing of the Group's commercial counterparties and its capital structure allow it to negotiate successfully with the banking market to obtain financing appropriate to its needs. The Group also proved able to negotiate the inclusion of financial covenants in financing contracts that permit an adequate level of flexibility.

Credit scoring & counterparty failure

Risk that the Group establishes business relations with a counterparty without having carefully assessed the counterparty's financial solvency and the adoption of appropriate ESG criteria and/or risk that one or more counterparties with which the Group has ongoing contracts are unable to meet their commitments (one or more customers fail to fulfil their contractual obligations and/or one or more suppliers fail to discharge their obligations) due to financial causes, with impacts on cash flows, operations and related costs, and legal disputes.

Management methods

When acquiring orders, and where deemed necessary, the Group performs checks on the financial strength of its counterparties, including by obtaining information from leading credit rating agencies, which is constantly monitored and any negative developments are reflected in the valuations used in the financial statements. Suppliers are subject to a qualification process, including evaluation of the potential risks associated with the counterparty concerned. With regard to financial counterparties, only those of proven strength are selected, maintaining an appropriate level of diversification of institutions. The Group works constantly with customers, financial institutions and government organizations involved in export finance to ensure the delivery of the orders in its order book. As regards the financial aspect, the Group offers its suppliers the opportunity to use instruments that facilitate their access to credit.

With reference to financial risks, see Note 1 of the Interim Financial Statements at 30 June 2023.

Other information

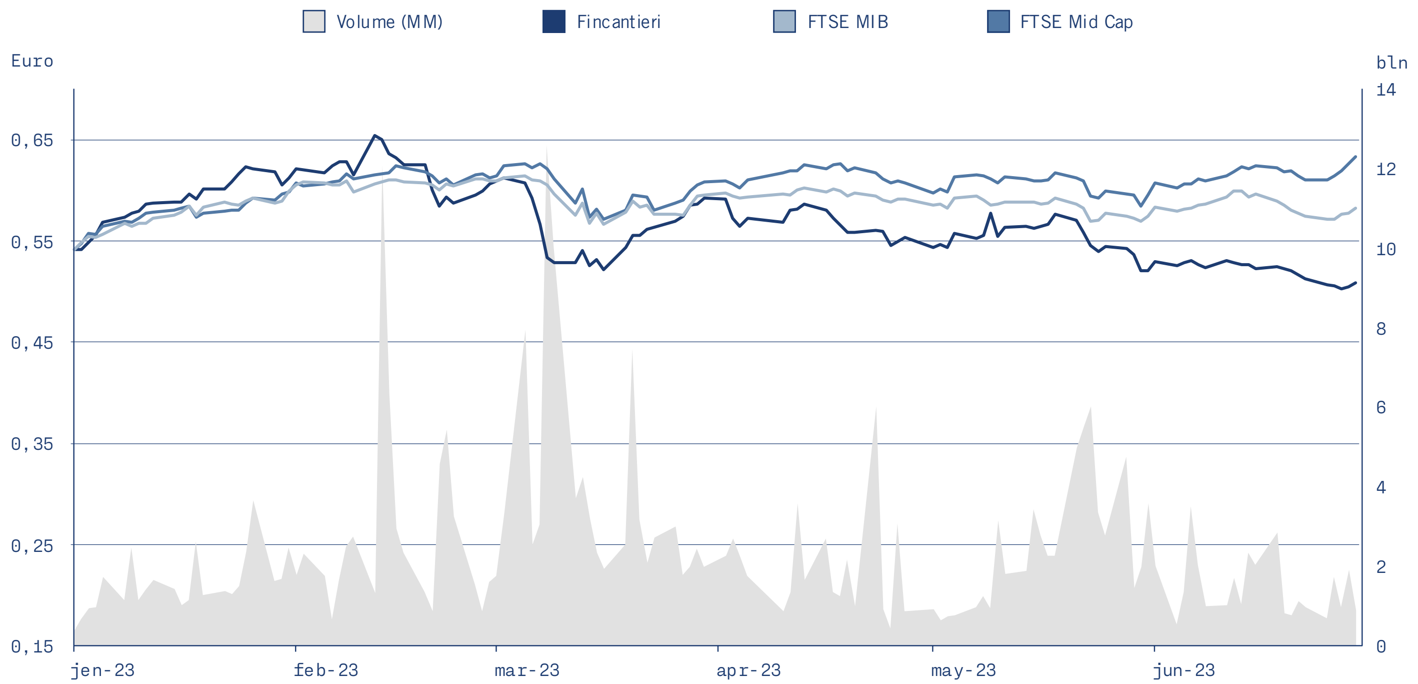
Market capitalization

The market capitalization of Fincantieri S.p.A., at the closing price on 30 June 2023, was approximately euro 865 million, above the carrying amount of Equity (euro 551 million). In terms of stock liquidity, around 306 million shares were traded from the start of the year to 30 June 2023, with a daily average trading volume in the period of around 2.4 million shares, a decrease from the 334 million shares traded in the first half of 2022 (with a daily average trading volume of 2.6 million).

(euro/million)

31.12.2022			30.06.2023	30.06.2022
0,55	Average share price in the period	euro	0,57	0,58
0,53	Share price at period end	euro	0,51	0,53
1,700	Number of shares issued	milion	1,700	1,700
1,699	Number of shares outstanding at period end	milion	1,689	1,695
902	Market capitalization*	euro/milion	865	901

* Number of shares issued multiplied by reference share price at period end.



Other significant events in the period

February

On **13 February 2023**, as part of the collaboration with the local industrial ecosystem and the strengthening of cooperation between Italy and Greece, Fincantieri and Leonardo signed a series of Memoranda of Understanding (MoUs) with potential new Greek suppliers, laying the foundations for the definition of possible business relations.
On **22 February 2023**, Abu Dhabi Ship Building (ADSB), a subsidiary of EDGE group, a leader in the design, construction, repair, maintenance, refitting and conversion of naval and commercial vessels, and Fincantieri signed a cooperation agreement at IDEX 2023, one of the most important international defence exhibitions. Under the terms of the agreement, EDGE and Fincantieri will join forces in the design, construction and fleet management for naval and commercial vessels, with the aim of creating new business opportunities in the local and international market with high value-added technological solutions.

May

On **9 May 2023**, during the Defence Exhibition Athens (DEFEA) 2023, Fincantieri and the Greek group ONEX Shipyards & Technologies Group presented the joint strategy for adoption should the Group, as prime contractor, be awarded the Hellenic Navy corvette program pursued by the Hellenic Ministry of Defence.
On **18 May 2023**, Fincantieri announced the start of a new chapter in its history by renewing its brand communication. The Group has launched an ambitious communication project with a new and evolved equity story at its heart, summarized by the new claim "Future on board", which is inspired by the pillars contained in the Business Plan: the gradual expansion of distinctive skills for the transition to digital and zero-emission ships, as well as the strengthening of the high value-added shipbuilding business in the cruise, defence and offshore sectors.
On **31 May 2023**, Fincantieri received parliamentary approval for the construction of the third next generation submarine, part of the Italian Navy's U212NFS program.

June

On **1 June 2023**, during CANSEC 2023, Canada's most important Defence exhibition, Fincantieri and its subsidiary Vard signed a Memorandum of Understanding with Heddle Shipyards, Thales Canada and SH Defence, to formalize the collaboration that will offer the Vigilance Class Offshore Patrol Vessel as part of the Canadian government's next ship acquisition strategy to replace the Kingston Class.
On the same date, Fincantieri set up a scholarship in memory of the historical CEO Dr. Bono, destined for the children of Group employees who, having graduated from high school in the 2022-2023 school year, want to enrol in a university to study naval, mechanical, electronic and computer engineering for the 2023-2024 academic year.
On **12 June 2023**, as part of the governmental and industrial co-operation program between Italy and Germany for the U-212A submarine class, Fincantieri signed a contract with the Naval Armaments Directorate of the General Secretariat of Defence and National Armaments Directorate for on-demand services to German Navy submarines.
On **20 June 2023**, as part of its promotion and improvement of workers' well-being and focus on people, in line with the provisions of the supplementary labour agreement of 27 October 2022 on health and supplementary healthcare, Fincantieri signed an agreement with the Italian national unions FIM, FIOM and UILM and the Executive of the National Trade Union Coordination, to establish special insurance coverage for its workers concerning: (i) permanent disability from illness; (ii) permanent disability from non-occupational accidents; (iii) loss of self-sufficiency (long-term care).
On **28 June 2023**, Comau and Fincantieri presented the first result of their joint co-operation at Automatica 2023: MR4Weld (Mobile Robot for Weld), an innovative outdoor automation solution designed to improve quality, performance and well-being of operators during labour-intensive welding activities.

Key events after the reporting period ended 30.06.2023

On **19 July 2023**, Orizzonte Sistemi Navali, the joint venture owned by Fincantieri and Leonardo (51% and 49% respectively), signed the Framework Agreement for Maintenance in Operational Condition for the Italian Navy's aircraft carrier Cavour and Orizzonte-class destroyers Andrea Doria and Caio Duilio with the Naval Armaments Directorate of the General Secretariat of Defence.
On the same day, Fincantieri signed an agreement with the national unions FIM, FIOM and UILM and the Executive of the National Trade Union Coordination; this is an important and innovative agreement on the new organizational model called "Work FOR Future" and, as part of its first important objective in this area, on the application of the smart working tool. The agreement continues in the vein of highly participative industrial relations which has characterized the last period and is aimed at improving work-life balance, welfare and the focus on people still further. Smart working will be made an integral part of the new organizational model, based on work by objectives and result orientation by monitoring specific KPIs.
On **20 July 2023** Explora I was delivered at the Monfalcone shipyard. The ship is the first of four and marks the official launch of Explora Journeys, the MSC group's new luxury travel brand. All ships will be equipped with the latest environmental and marine technologies, including selective catalytic reduction technology, connectivity to onshore power grid, underwater noise management systems to protect marine life, and a wide range of energy-efficient equipment on board to optimize engine use and continue to reduce emissions.
On **21 July 2023**, OCCAR exercised its option to build the third next-generation submarine, part of the Italian Navy's U212NFS program assigned to Fincantieri.
On **25 July 2023**, Fincantieri signed an agreement with newcleo, a clean and safe nuclear technology company engaged in the development of innovative Generation IV reactors using existing nuclear waste as fuel, and RINA, a multinational ship inspection, certification, classification and engineering consultancy company. The agreement includes a feasibility study for nuclear ship propulsion through the application of a closed mini-reactor for use on large ships, and therefore contributing to the decarbonization of the shipping industry.

Business outlook

In the **Cruise** sector, ship occupancy rates (which have reached 100%) and bookings (which have surpassed pre-pandemic levels) confirm the positive signs that had been previously recorded at the end of 2022, highlighting how the cruise sector has weathered the effects of the pandemic, resuming its long-term growth path. These dynamics are driving interest in new builds, that are more technological and equipped with green solutions.
In the **Defence** sector, the geopolitical repercussions of the Russian-Ukrainian conflict bolster increased investment, including maritime, creating many potential new opportunities for Fincantieri.
With regard to the **Offshore** market, the current scenario and the increasing attention on creating renewable wind power energy is driving the sector's robust investment plan, supporting the expansion of the fleet of support and maintenance vessels.
The Group continues its activities to manage typical operating risks, with a continuous focus on ensuring the availability of resources and materials as for the production schedules, fuelling shipyards' continuity and operation at full capacity, pursuing operational excellence in the execution of the backlog.
Priority **strategic initiatives** were launched in the first half of 2023 to achieve the performance targets envisaged in the 2023-27 Business Plan and to start an evolution of the operating system and business model to support competitiveness and long-term value creation. The actions undertaken to **further increase operational efficiency, modernize the shipyards and contain the procurement costs for materials and services as well as production facility costs** will continue in the second half of the year. The Group is also committed to continuing the path it has mapped out for sustainability as well as energy and digital transition targets involving an evolution of products and services offered.
Net of the worsening of unstable conditions on the geopolitical and macroeconomic scenario and possible operational and financial repercussions, Fincantieri confirms it expects to maintain full production capacity in 2023, which will enable the **consolidation of revenues** and a **marginality** that will settle around **5%**.
The **Net financial position** for 2023 is expected to be substantially **in line with 2022 year-end**, and reflects the dynamics of the Cruise sector and the cash absorption, in the second half of 2023, from the construction of certain contracts in the Offshore and Specialized vessels segment and in the Infrastructure business to be delivered in early 2024.

Transactions with the controlling company and other group companies

In compliance with the provisions of the Regulations concerning related party transactions adopted under Consob Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions (“CONSOB Regulation”), Fincantieri S.p.A. has adopted Rules for Related Party Transactions (“RPT Rules”) with effect from 3 July 2014. Subsequently, on 3 December 2015, the Parent Company also adopted the “Management of Related Party Transactions” Procedure (“RPT Procedure”) in order to describe and define the process, terms and operating procedures for the proper management of related party transactions. Both the RPT Rules and the RPT Procedure were revised, with effect from 1 July 2021, in order to incorporate the changes made by Consob with Resolution no. 21624 of 10 December 2020 to the CONSOB Regulation.
As far as related party transactions carried out in the six-month period are concerned, these do not qualify as either atypical or unusual, since they fall within the normal course of business by the Group's companies. Such transactions are conducted under market terms and conditions, taking into account the characteristics of the goods and services involved.
Information about related party transactions, including the disclosures required by the Consob Communication dated 28 July 2006, is presented in Note 30 of this Half-Year Financial Report.

Purchase of treasury shares

The Shareholders' Meeting held on 16 May 2022, revoking previous resolutions, authorized the Board of Directors to purchase, on one or more occasions, for a period of eighteen months from the date of the Shareholders' Meeting, ordinary shares of Fincantieri S.p.A., for a maximum amount of shares not exceeding one-fifth of the Share Capital. In execution and in compliance with this shareholders’ resolution, the Parent Company, on 20 March 2023, started the program for the purchase of treasury shares to service the incentive plan called "2019-2021 Performance Share Plan". This program ended on 6 April 2023 with the purchase on the market of 10,000,000 treasury shares, equal to about 0.59% of the Share Capital, at a weighted average net price of euro 0.5685 per share, for a total countervalue of euro 5,685 thousand. At 30 June 2023, treasury shares in portfolio amounted to 11,128,666 (equal to 0.65% of the Share Capital) for a total value of euro 6,626 thousand.

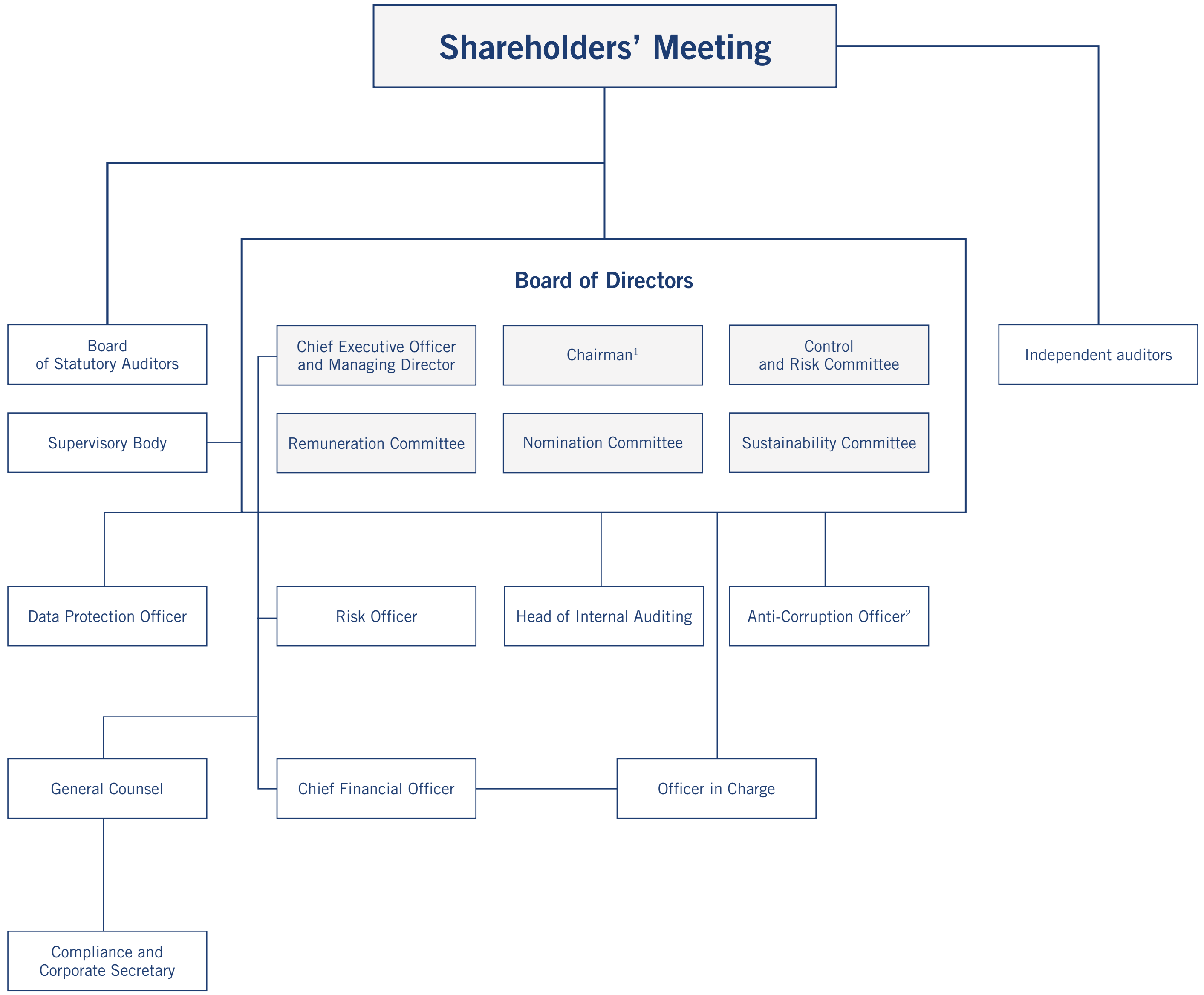
Italian stock market regulations

Art. 15 of the Italian Stock Market Regulations (adopted by Consob Resolution no. 20249 of 28 December 2017) sets out the listing conditions for companies that control companies incorporated in and governed by the laws of non-EU countries. On this point, it should be noted that as at 30 June 2023, the subsidiaries of Fincantieri S.p.A. falling under the scope of the aforementioned article are the VARD group and the FMG group. Suitable procedures have been adopted to ensure that these groups comply with these regulations.
In accordance with the disclosures required by Consob Communication no. DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions took place during the first half of 2023.

Information regarding Corporate Governance

The “Report on Corporate Governance and Ownership Structure” (the “Report”) required by art. 123-bis of the Italian Consolidated Law on Finance is a stand-alone document approved by the Board of Directors on 7 March 2023, and published in the “Ethics and Governance” section of the Company's website at www.fincantieri.com.
The Report has been prepared in accordance with the recommendations of the Corporate Governance Code and taking into account the recommendations for the format of the report on corporate governance and ownership structure drawn up by Borsa Italiana S.p.A. (IX Edition January 2022).
The Report contains a general and complete overview of the corporate governance system adopted by Fincantieri S.p.A. In particular, the Report presents the Company's profile and the principles underlying the way it conducts its business; it provides information about the ownership structure and adoption of the Corporate Governance Code, including the main governance practices applied and the main characteristics of the system of internal control and risk management; it contains a description of the operation and composition of the governing and supervisory bodies and board committees, roles, duties and responsibilities.
The criteria for determining the compensation of the directors are set out in the “Report on the policy regarding remuneration and fees paid” (“Remuneration Report”), prepared in compliance with the requirements of art. 123-ter of the Italian Consolidated Law on Finance and art. 84-quater of the Consob Issuer Regulations, approved by the Board of Directors on 7 March 2023, and published in the “Ethics and Governance" section of the Company's website. The Shareholders’ Meeting held on 31 May 2023 approved the first section of the Remuneration Report and voted in favour of the second section.

Below is the Corporate Governance structure of Fincantieri S.p.A.



1 On 10 May 2022, the Board of Directors delegated powers to the Chairman concerning the internal control and risk management system.
2 Head of the Compliance Department for the prevention of corruption pursuant to UNI ISO 37001:2016.

Alternative performance measures

Fincantieri's management reviews the performance of the Group and its business segments, also using certain measures not envisaged by IFRS. In particular, EBITDA, in the configuration monitored by the Group, is used as the main earnings indicator, as it enables the Group's underlying marginality to be assessed without the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business (see the reclassified consolidated income statement given in the section commenting on the Group's economic and financial results); the EBITDA configuration adopted by the Group might not be consistent with the configurations adopted by other companies.
As required by Consob Communication no. 0092543 of 3 December 2015 which implements the ESMA Guidelines on Alternative Performance Measures (document no. ESMA/2015/1415), the components of each of these measures are described below:

- EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation, amortization and impairment, as reported in the financial statements, adjusted to exclude the following items:
  - provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;
  - costs relating to reorganization plans and non-recurring other personnel costs;
  - other extraordinary income and expenses.
- EBIT: this is equal to EBITDA after deducting recurring depreciation, amortization and impairment of a recurring nature (excluding impairment of goodwill, other intangible assets and property, plant and equipment recognized as a result of impairment tests or after specific considerations on the recoverability of individual assets).
- Adjusted profit/(loss) for the period: this is equal to profit/(loss) for the year before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- Net fixed capital: this reports the fixed assets used in the business and includes the following items: Intangible assets, Rights of use, Property, plant and equipment, Investments, Non-current financial assets and Other non-current assets and liabilities (including the fair value of derivatives classified in Non-current financial assets) net of Employee benefits.
- Net working capital: this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and client advances, Trade receivables, Trade payables, Other provisions for risks and charges and Other current assets and liabilities (including Income tax assets, Income tax payables, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in Current financial assets).
- Net invested capital: this is calculated as the sum of Net fixed, Net working capital and Assets held for sale.
- Net financial position includes:
  - Net current cash/(debt): cash and cash equivalents, current financial assets, current financial payables and current portion of medium/long-term loans;
  - Net non-current cash/(debt): non-current financial debt and other non-current financial payables.
- ROI: Return on Investment is calculated as the ratio between EBIT and the arithmetic mean of Net invested capital at the beginning and end of the reporting period.
- ROE: Return on Equity is calculated as the ratio between Profit/(loss) for the period and the arithmetic mean of Total Equity at the beginning and end of the reporting period.
- Total financial debt/Total Equity: this is calculated as the ratio between Total financial debt and Total Equity.
- Net financial position/EBITDA: this is calculated by the Group as the ratio between the Net financial position and EBITDA in the configuration monitored by the Group and described above.
- Net financial position/Total Equity: this is calculated as the ratio between the Net financial position and Total Equity.
- Revenue and income excluding pass-through activities: Revenue and income excluding the portion relating to sale contracts with pass-through activities, whose value is exactly offset by the corresponding cost; pass-through activities are defined as contracts whole value is entirely invoiced by the Group to the final customer, but whose construction activities are not managed directly by the Group.
- Provisions: these refer to increases in the Provisions for risks and charges, and impairment of Trade recei-

Reconciliation of the reclassified financial statements used in the report on operations with the mandatory IFRS statements

Consolidated income statement

(euro/million)

	30.06.2023		30.06.2022	
	Mandatory scheme	Amounts in reclassified statement	Mandatory scheme	Amounts in reclassified statement
A - Revenue		**3,669**		**3,520**
Operating revenue	3,597		3,467	
Other revenue and income	72		53	
B - Materials, services and other costs		**(2,863)**		**(2,812)**
Materials, services and other costs	(2,865)		(2,815)	
Recl. to I - Extraordinary or non-recurring income and expenses	2		3	
C - Personnel costs		**(607)**		**(605)**
Personnel costs	(607)		(605)	
D - Provisions		**(14)**		**(13)**
Provisions	(45)		(59)	
Recl. to I - Extraordinary or non-recurring income and expenses	31		46	
E - Depreciation, amortization and impairment		**(113)**		**(111)**
Depreciation, amortization and impairment	(113)		(218)	
Recl. to I - Extraordinary or non-recurring income and expenses	-		107	
F - Financial income/(expenses)		**(74)**		**(44)**
Financial income/(expenses)	(74)		(44)	
G - Income/(expense) from investments		**-**		**(7)**
Income/(expense) from investments	-		(7)	
H - Income taxes		**5**		**(22)**
Income taxes	13		(6)	
Recl. to L - Tax effect of extraordinary or non-recurring income and expenses	(8)		(16)	
I - Extraordinary and non-recurring income and expenses		**(33)**		**(156)**
Recl. from B - Materials, services and other costs	(2)		(3)	
Recl. from C - Personnel costs	-		-	
Recl. from D - Provisions	(31)		(46)	
Recl. from E - Depreciation, amortization and impairment	-		(107)	
L - Tax effect of extraordinary and non-recurring income and expenses		**8**		**16**
Recl. from H - Income taxes	8		16	
Profit/(loss) for the period		**(22)**		**(234)**

Consolidated statement of financial position

(euro/million)

	30.06.2023		31.12.2022	
	Partial values mandatory scheme	Amounts in reclassified statement	Partial values mandatory scheme	Amounts in reclassified statement
A - Intangible assets		**471**		**565**
Intangible assets	471		565	
B - Rights of use		**123**		**131**
Rights of use	123		131	
C - Property, plant and equipment		**1,644**		**1,579**
Property, plant and equipment	1,644		1,579	
D - Investments		**113**		**123**
Investments	113		123	
E - Non-current financial assets		**161**		**245**
Non-current financial assets	173		256	
Recl. to F - Derivative assets	(12)		(11)	
F - Other non-current assets and liabilities		**13**		**13**
Other non-current assets	66		62	
Recl. from E - Derivative assets	12		11	
Other non-current liabilities	(65)		(60)	
G - Employee benefits		**(53)**		**(57)**
Employee benefits	(53)		(57)	
H - Inventories and advances		**850**		**901**
Inventories and advances	850		901	
I - Construction contracts and client advances		**1,973**		**1,914**
Construction contracts - assets	3,448		3,496	
Construction contracts - liabilities and client advances	(1,236)		(1,381)	
Onerous Contracts Provision	(239)		(201)	
L - Trade receivables		**777**		**1,175**
Trade receivables and other current assets	1,212		1,501	
Recl. to O - Other current assets	(435)		(326)	
M - Trade payables		**(2,707)**		**(2,562)**
Trade payables and other current liabilities	(3,088)		(2,955)	
Recl. to O - Other current liabilities	381		393	
N - Provisions for risks and charges		**(209)**		**(123)**
Provisions for risks and charges	(448)		(324)	
Onerous Contracts Provision	239		201	
O - Other current assets and liabilities		**207**		**41**
Deferred tax assets	192		141	
Income tax assets	27		16	
Derivative assets	26		36	
Recl. from L - Other current assets	435		326	
Deferred tax liabilities	(77)		(72)	
Income tax payables	(15)		(13)	
Recl. from M - Other current liabilities	(381)		(393)	
NET INVESTED CAPITAL		**3,364**		**3,945**
P - Equity	**551**		**649**	
Q - Net financial position	**2,813**		**3,296**	
SOURCES OF FUNDING		**3,364**		**3,945**

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Consolidated statement of financial position

(euro/thousand)

	Note	30.06.2023	*of which related parties Note 30*	31.12.2022	*of which related parties Note 30*
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	471,190		508,724	
Rights of use	6	122,693		127,115	
Property, plant and equipment	7	1,643,907		1,635,602	
Investments accounted for using the equity method	8	82,799		85,538	
Other investments	8	29,871		32,406	
Financial assets	9	174,116	*31,067*	171,166	*19,694*
Other assets	10	66,031	*724*	50,040	*723*
Deferred tax assets	11	193,535		182,917	
Total non-current assets		**2,784,142**		**2,793,508**	
CURRENT ASSETS					
Inventories and advances	12	850,398	*48,150*	863,517	*64,040*
Contract assets	13	3,447,533		3,085,159	
Trade receivables and other assets	14	1,211,338	*86,535*	1,176,661	*89,624*
Income tax assets	15	27,105		22,026	
Financial assets	16	158,186	*11,750*	204,273	*25,062*
Cash and cash equivalents	17	334,072		564,576	
Total current assets		**6,028,632**		**5,916,212**	
Assets classified as held for sale and discontinued operations	**33**	**703**		**703**	
TOTAL ASSETS		**8,813,477**		**8,710,423**	

	Note	30.06.2023	*of which related parties Note 30*	31.12.2022	*of which related parties Note 30*
EQUITY AND LIABILITIES					
EQUITY	18				
Attributable to owners of the Parent Company					
Share Capital		862,981		862,981	
Reserves and retained earnings		(313,026)		(277,486)	
Total Equity attributable to owners of the Parent Company		**549,955**		**585,495**	
Attributable to non-controlling interests		1,444		1,408	
Total Equity		**551,399**		**586,903**	
NON-CURRENT LIABILITIES					
Provisions for risks and charges	19	375,904		406,984	
Employee benefits	20	53,148		53,845	
Financial liabilities	21	1,163,491	*2,033*	1,344,554	*6,322*
Other liabilities	22	65,725		57,290	*98*
Deferred tax liabilities	11	77,289		82,699	
Total non-current liabilities		**1,735,557**		**1,945,372**	
CURRENT LIABILITIES					
Provisions for risks and charges	19	71,877		48,278	
Employee benefits	20	47		28	
Contract liabilities	13	1,235,630		1,151,502	
Trade payables and other current liabilities	23	3,088,563	*96,417*	3,021,203	*162,366*
Income tax payables		14,938		25,443	
Financial liabilities	24	2,115,466	*241,478*	1,931,694	*84,145*
Total current liabilities		**6,526,521**		**6,178,148**	
Liabilities directly associated with assets classified as held for sale and discontinued operations	33			-	
TOTAL EQUITY AND LIABILITIES		**8,813,477**		**8,710,423**	

Consolidated statement of comprehensive income

(euro/thousand)

	Note	30.06.2023	*of which related parties Note 30*	30.06.2022	*of which related parties Note 30*
Operating revenue	25	3,597,085	*73,168*	3,466,584	*87,301*
Other revenue and income	25	72,043	*7,466*	53,064	*6,866*
Materials, services and other costs	26	(2,865,368)	*(60,165)*	(2,814,403)	*(168,265)*
Personnel costs	26	(606,962)		(604,442)	
Depreciation, amortization and impairment	26	(113,538)		(218,384)	
Provisions	26	(44,856)		(59,307)	
Financial income	27	24,357	*904*	77,531	*397*
Financial expenses	27	(98,793)	*(759)*	(121,056)	*(1,043)*
Income/(expense) from investments	28	61		204	
Share of profit/(loss) of investments accounted for using the equity method	28	(520)		(7,546)	
PROFIT / (LOSS) FOR THE PERIOD BEFORE TAXES		**(36,491)**		**(227,755)**	
Income taxes	29	14,329		(5,770)	
NET PROFIT / (LOSS) FOR THE PERIOD (A)		**(22,162)**		**(233,525)**	
Attributable to owners of the Parent Company		*(20,332)*		*(229,871)*	
Attributable to non-controlling interests		*(1,830)*		*(3,654)*	
Net basic earnings/(loss) per share (Euro)	30	**(0,01201)**		**(0,13549)**	
Net diluted earnings/(loss) per share (Euro)	30	**(0,01183)**		**(0,13364)**	

	Note	30.06.2023	*of which related parties Note 30*	30.06.2022	*of which related parties Note 30*
Other comprehensive gains/(losses), net of tax (OCI)					
Gains/(losses) from remeasurement of employee defined benefit plans	18 20	3		3,991	
Total gains/(losses) that will not be reclassified to profit or loss for the period, net of tax	18	**3**		**3,991**	
attributable to non-controlling interests		***2***			
Effective portion of gains/(losses) on cash flow hedging instruments	18	(5,353)		24,124	
Gains/(losses) from fair value measurement of investments measured at FVTOCI	18	(86)		(700)	
Gains/(losses) arising from changes in other components of comprehensive income of investments accounted for using the equity method	18				
Exchange gains/(losses) arising on translation of foreign subsidiaries' financial statements	18	(6,711)		18,119	
Total gains/(losses) for the period that may be subsequently reclassified to profit or loss, net of tax	18	**(12,150)**		**41,543**	
attributable to non-controlling interests		***48***		***1,857***	
Total other comprehensive gains/(losses), net of tax (B)	18	**(12,147)**		**45,534**	
attributable to non-controlling interests		***50***		***1,857***	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (A) + (B)		**(34,309)**		**(187,991)**	
Attributable to owners of the Parent Company		*(32,529)*		*(186,195)*	
Attributable to non-controlling interests		*(1,780)*		*(1,796)*	

Consolidated statement of changes in equity

(euro/thousand)

	Note	Share Capital	Reserves, retained earnings and gains/(losses)	Equity attributable to owners of the Parent Company	Equity attributable to non-controlling interests	Total
01.01.2022	18	**862,981**	**(44,399)**	**818,582**	**15,655**	**834,237**
Business combinations						
Share Capital increase						
Share Capital increase - non-controlling interests						
Acquisition of non-controlling interests						
Dividend distribution						
Reserve for long-term incentive plan			3,366	3,366		3,366
Reserve for purchase of treasury shares			(1,143)	(1,143)		(1,143)
Put option on non-controlling interests						
Other changes/roundings			154	154	62	216
Total transactions with owners			***2,377***	***2,377***	***62***	***2,439***
Net profit/(loss) for the period			(229,871)	(229,871)	(3,654)	(233,525)
OCI for the period			43,677	43,677	1,857	45,534
Total comprehensive income for the period			***(186,195)***	***(186,195)***	***(1,796)***	***(187,991)***
30.06.2022	18	**862,981**	**(228,217)**	**634,764**	**13,921**	**648,685**

	Note	Share Capital	Reserves, retained earnings and gains/(losses)	Equity attributable to owners of the Parent Company	Equity attributable to non-controlling interests	Total
01.01.2023	18	**862,981**	**(277,486)**	**585,495**	**1,408**	**586,903**
Business combinations					1,430	1,430
Share Capital increase						
Share Capital increase - non-controlling interests			1,503	1,503		1,503
Acquisition of non-controlling interests						
Dividend distribution					(120)	(120)
Reserve for long-term incentive plan			1,514	1,514		1,514
Reserve for purchase of treasury shares			(5,700)	(5,700)		(5,700)
Put option agreed/exercised on non-controlling interests						
Other changes/roundings			(328)	(328)	506	178
Total transactions with owners			***(3,011)***	***(3,011)***	***1,816***	***(1,195)***
Net profit/(loss) for the period			(20,332)	(20,332)	(1,830)	(22,162)
OCI for the period			(12,197)	(12,197)	50	(12,147)
Total comprehensive income for the period			***(32,529)***	***(32,529)***	***(1,780)***	***(34,309)***
30.06.2023	18	**862,981**	**(313,026)**	**549,955**	**1,444**	**551,399**

Consolidated statement of cash flows

(euro/thousand)

	Note	30.06.2023	30.06.2022
GROSS CASH FLOWS FROM OPERATING ACTIVITIES	30	**217,461**	**82,918**
Changes to working capital			
- inventories		8,135	(20,313)
- contract assets and liabilities		(280,890)	(706,085)
- trade receivables		(5,698)	(233,093)
- other current assets and liabilities		53,718	75,106
- other non-current assets and liabilities		16,745	(5,015)
- trade payables		25,300	67,455
CASH FLOWS FROM WORKING CAPITAL		**34,771**	**(739,027)**
Dividends paid		(120)	
Interest income received		9,600	15,695
Interest expense paid		(84,891)	(34,591)
Income taxes (paid)/collected		(27,030)	(89,896)
Utilization of provisions for risks and charges and for employee benefits	19-20	(31,450)	(34,318)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(99,120)**	**(882,137)**
- of which related parties		*(44,925)*	*(39,973)*
Investments in:			
- intangible assets	5	(18,588)	(22,723)
- property, plant and equipment	7	(79,772)	(85,719)
- equity investments	8	(128)	(167)
- cash out for business combinations, net of cash acquired			
- cash acquired following change in scope of consolidation		765	
Disposals of:			
- intangible assets	5	321	20
- property, plant and equipment	7	1,515	843
- equity investments	8	631	
- change in other current financial receivables		28,302	(31,930)
Change in non-current financial receivables			
- disbursements		(360)	(39,257)
- repayments		1,251	571
CASH FLOWS FROM INVESTING ACTIVITIES		**(66,063)**	**(178,362)**
Change in non-current financial payables			
- disbursements		234,130	498,397
- repayments		(100,091)	(26,718)
Change in current bank loans and credit facilities			
- disbursements		1,652,604	1,916,095
- repayments		(1,875,284)	(1,769,451)
Change in current bonds/commercial papers			
- disbursements		247,000	276,700
- repayments		(239,700)	(341,400)
Repayment of financial liabilities for leasing		(12,189)	(12,101)
Change in other current financial payables		41,465	(12,366)
Change in receivables for trading financial instruments			
Change in payables for trading financial instruments			
Acquisition of non-controlling interests in subsidiaries			
Net capital contributions by non-controlling interests		1,503	
Purchase of treasury shares		(5,700)	(1,143)
CASH FLOWS FROM FINANCING ACTIVITIES		**(56,262)**	**528,013**
- of which related parties		*153,044*	*181,425*
NET CASH FLOWS FOR THE PERIOD		**(221,445)**	**(532,486)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**564,576**	**1,236,180**
Effect of exchange rate changes on cash and cash equivalents		(9,059)	4,675
CASH AND CASH EQUIVALENTS AT PERIOD END		**334,072**	**708,369**

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Note 1 - Form, contents and other general information

The Parent Company

Fincantieri S.p.A. (hereinafter "Fincantieri" or the "Company" or the "Parent Company" and, together with its subsidiaries, the "Group" or the "Fincantieri Group") is a public limited company with its registered offices in via Genova no. 1, Trieste (Italy), and is listed on the Euronext Milan market, organized and managed by Borsa Italiana S.p.A.
As at 30 June 2023, 71.32% of the Company's Share Capital of euro 862,980,725.70 is held by CDP Equity S.p.A.; the remainder of Share Capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and treasury shares (of around 0.65% of shares representing the Parent Company's Share Capital). It should be noted that 100% of the Share Capital of CDP Equity S.p.A. is owned by Cassa Depositi e Prestiti S.p.A. (hereinafter also referred to as "CDP"), 82.77% of whose Share Capital is in turn owned by Italy's Ministry of Economy and Finance.
Furthermore, CDP, with registered offices in Via Goito 4, Rome, prepares the Consolidated Financial Statements of the Group to which the Company belongs and which are available on the website www.cdp.it in the "CDP Group" section.

IFRS Condensed Consolidated Interim Financial Statements

The Consolidated Financial Statements of the Fincantieri Group have been prepared in compliance with IFRS, meaning all the "International Financial Reporting Standards", all the "International Accounting Standards" ("IAS"), and all the interpretations of the "International Financial Reporting Interpretations Committee" ("IFRIC"), previously known as the "Standing Interpretations Committee" ("SIC"), which, as at the reporting date of the Consolidated Financial Statements, had been endorsed by the European Union in accordance with the procedure laid down in Regulation (EC) no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.
The Condensed Consolidated Interim Financial Statements at 30 June 2023 were approved by the Company's Board of Directors on 26 July 2023.
Deloitte & Touche S.p.A., the firm appointed to perform the statutory audit of the separate financial statements of the Parent Company and of the main subsidiaries of the Group, has performed a limited review of the Condensed Consolidated Interim Financial Statements.
The Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis, since the Directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and particularly within the next 12 months.

Basis of preparation

The Half-Year Financial Report of the Fincantieri Group as at 30 June 2023 has been prepared in accordance with the provisions of art. 154-ter par. 2 of Legislative Decree no. 58/98 (known as the "Consolidated Law on Finance") and subsequent amendments and additions.
The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. IAS 34 allows the preparation of financial statements in a "condensed" format, in which the minimum level of disclosure is less than that required by the IFRSs, as long as the reporting entity has previously published a complete set of financial statements prepared in accordance with IFRS. Since the contents of the Condensed Consolidated Interim Financial Statements are presented in a condensed format, they must be read in conjunction with the Group's Consolidated Financial Statements for the year ended 31 December 2022, prepared in accordance with IFRS (the "Consolidated Financial Statements").

Financial Risk Management

The main financial risks to which the Group is exposed are credit risk, liquidity risk and market risk (in particular currency, interest rate and commodity price risk).
The management of these financial risks is coordinated by the Parent Company, which decides, in close collaboration with its operating units, whether and how to hedge these risks.
The Fincantieri Group's receivables essentially comprise amounts owed by private shipowners for shipbuilding projects, by the Italian government both for grants receivable and for supplies to the country's military services, by the US Navy and US Coast Guard and by the Qatari Armed Forced Navy, for shipbuilding contracts.
The Fincantieri Group carries out checks on the financial strength of its customers, including through information obtained from the main credit risk assessment agencies, and constantly monitors counterparty risk, also during the construction phase of orders, reporting any critical cases to top management and assessing the action to be taken depending on the specific case. The Group also maintains a constant dialogue with its customers, undertaking initiatives to support them where deemed essential for the maintenance or growth of the order book.
The Fincantieri Group's customers often make use of credit arrangements to finalize the placement of orders, which are guaranteed by the national Export Credit Agency. This method of financing allows the Fincantieri Group to be certain that the client will have the funds to meet its contractual obligations during construction and upon delivery of the ships. The package of measures launched to support cruise operators, following the COVID-19 pandemic, includes a debt holiday on export finance granted by export credit agencies to shipowners, which included the suspension of repayment of the capital instalments from 1 April 2020 to 31 March 2022 and the consequent reshaping of the repayment plan over the subsequent five years. This facility is granted on condition that existing orders are maintained at the reporting date.
With reference to the credit risk, it should also be noted that during the execution of the contract, the Group keeps the ship at its shipyards and the contracts provide for the possibility for Fincantieri, in the event of default by the shipowner, to retain the ship and the advances received. The ship under construction represents in fact a guarantee until the delivery date when payment is made, which is, moreover, often guaranteed, as mentioned, by export credit agencies.
The provision for onerous contracts is set aside when the contract is acquired or when the costs expected to be incurred are updated and it becomes apparent that the costs necessary to complete the contract exceed the contractual revenues of the contract. The financial statements include the provision for onerous contracts among the provisions for risks and charges.
Liquidity risk is associated with the Group's inability to repay its current financial and commercial liabilities or to meet unforeseen cash requirements, related to lower or higher than expected cash receipts or disbursements.
With regard to liquidity risk, it should be highlighted that at 30 June 2023, the Net financial position monitored by the Group, presented in accordance with ESMA guidelines, reports a net debt of euro 2,813 million (net debt of euro 2,531 million at 31 December 2022). The increase in debt during the half-year, in line with expectations, was mainly due to the typical dynamics of working capital related to the cruise business, which foresees 4 deliveries in the second half of the year (one already delivered in July), and investments during the period.
The Group has a solid financial capacity with sufficient liquidity and credit facilities that are adequately diversified in terms of duration, counterparty and technical form to meet its current financial requirements.
In relation to other forms of financing, at 30 June 2023 the Group had euro 1.3 billion of unused financial capacity, including euro 0.3 billion of cash and cash equivalents and euro 1.0 billion of unused credit facilities.
With reference to Payables to suppliers for reverse factoring, these refer to agreements aimed at guaranteeing easier access to credit for suppliers and are based on contractual structures in which the supplier has the discretionary option to sell receivables due from the Group to a finance company and receive the amount owed before the due date. In addition, the supplier also has the option to agree with the Group to extend the due date beyond that shown in the invoice. The additional extensions granted may be either onerous or non-onerous in nature and may fall within a range of 0 to 280 additional days. Payables to suppliers for reverse factoring at 30 June 2023 amount to euro 719 million and represent the value of invoices assigned by suppliers and formally recognised as liquid and collectable by the Group and in deferment at that date on the basis of further extensions granted by suppliers with respect to the normal contractual payment terms.
The liquidity risk associated with reverse factoring is considered to be low in view of: i) the contractual agreements, which provide that if one or more agreements are terminated, they must, by formal agreement between the parties, continue to operate for the existing contracts. Therefore, in addition to not being able to request immediate payment of the deferred amounts, the institutions will also have to keep the existing contractual relationships with the suppliers in force until natural expiry; ii) the diversification achieved with the involvement of 10 different operators and with a concentration not exceeding 31% of the value at a given date.
As regards market risks, it should be noted that the Group's production costs are affected by movements in the price of the principal raw materials used, such as steel, copper and fuel. The Parent Company monitors these risks and mitigates them using appropriate contractual arrangements and/or hedges where possible and deemed appropriated. In this regard, it should be noted that in the first half of 2023, price dynamics showed a stabilizing trend, but at levels higher than pre-pandemic levels, as explained below.
For further information on the risks described above and methods for managing them, reference should be made to the information contained in the report on operations and to the Consolidated Financial Statements at 31 December 2022.

The following table shows the financial assets and liabilities that are measured at fair value at 30 June 2023 and 31 December 2022 according to their level in the fair value hierarchy:

(euro/thousand)

	30.06.2023			31.12.2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial assets at fair value through profit or loss						
Equity instruments	4,316		6,433	4,316		6,453
Debt instruments			11,000			11,000
Financial assets at fair value through the statement of comprehensive income						
Equity instruments	943		20,649	913		20,724
Debt instruments						
Hedging derivatives		108,967			93,994	
Trading derivatives						
Total assets	**5,259**	**108,967**	**38,082**	**5,229**	**93,994**	**38,177**
Liabilities						
Financial liabilities at fair value through profit or loss			17,596			18,827
Hedging derivatives		96,955			33,363	
Trading derivatives						
Total liabilities	**-**	**96,955**	**17,596**	**-**	**33,363**	**18,827**

Financial assets and liabilities measured at fair value are classified in the three hierarchical levels given above, in order of the priority attributed to the inputs used to determine fair value. In particular:

- Level 1: financial assets and financial liabilities whose fair value is determined using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: financial assets and financial liabilities whose fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (primarily: market exchange rates at the reporting date, expected rate differentials between the currencies concerned and volatility of the relevant markets, interest rates and commodity prices);
- Level 3: financial assets and financial liabilities whose fair value is determined using inputs not based on observable market data.

Financial assets at fair value through profit or loss and the statement of comprehensive income classified as Level 3 relate to equity investments measured at fair value calculated using valuation techniques whose inputs are not observable on the market.
Financial liabilities at fair value through profit or loss classified as Level 3 include options to minority shareholders of the American group FMG for euro 6,994 thousand, the Fincantieri NexTech group for euro 8,075 thousand, the subsidiary Team Turbo Machines for euro 1,400 thousand, and the FINSO group for euro 1,115 thousand. The decrease in this item is due to the exercise of the option to the minority shareholders of the IDS group for euro 1,100 thousand and the exchange rate delta for euro 131 thousand.

Presentation of Financial Statements

There are no changes in the way that the financial statements are presented with respect to the Consolidated Financial Statements as at 31 December 2022. For the statement of financial position, the Group uses a “non-current/current” distinction, for the statement of comprehensive income it uses a classification that is based on the nature of expenses, and for the statement of cash flows the indirect method is used. It is also noted that the Group has applied Consob Resolution no. 15519 of 27 July 2006 concerning financial statement formats.

Note 2 - Scope and basis of consolidation

As previously stated, the accounting standards and basis of consolidation adopted for the preparation of the Condensed Consolidated Interim Financial Statements are in line with those used to prepare the Consolidated Financial Statements, except as reported in Note 3.
There were no changes in the scope of consolidation during the first half of 2023 that had a significant impact. Details on the composition of the scope of consolidation are given in Appendix 1.
There were no significant transactions or unusual events in the first half of 2023. It is also noted that the Group's business is not subject to seasonal trends.

Translation of the financial statements of foreign operations

The exchange rates used to translate the financial statements of Group companies with a "functional currency" other than the Euro are as follows:

(euro/thousand)

	30.06.2023		31.12.2022		30.06.2022	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Norwegian Krone (NOK)	11.3195	11.7040	10.1026	10.5138	9.9768	10.3485
Swedish Krona (SEK)	11.3329	11.8055	10.6296	11.1218	10.5043	10.7300
US Dollar (USD)	1.0807	1.0866	1.0530	1.0666	1.0934	1.0387
Australian Dollar (AUD)	1.5989	1.6398	1.5167	1.5693	1.5084	1.5099
Canadian Dollar (CAD)	1.4565	1.4415	1.3695	1.4440	1.3820	1.3425
UAE Dirham (AED)	3.9687	3.9905	3.8673	3.9171	4.0155	3.8146
Albanian Lek (ALL)	112.8250	106.4900	118.9326	114.4600	121.4355	120.5800
New Romanian Leu (RON)	4.9342	4.9635	4.9313	4.9495	4.9458	4.9464
Chilean Peso (CLP)	871.1113	872.5900	917.8319	913.8200	900.9193	966.7400
Brazilian Real (BRL)	5.4827	5.2788	5.4399	5.6386	5.4105	5.4229
Indian Rupee (INR)	88.8443	89.2065	82.6864	88.1710	83.1276	82.1130
Chinese Yuan (CNY)	7.4894	7.8983	7.0788	7.3582	7.0595	6.9624
Polish Zloty (PLN)	4.6244	4.4388	4.6861	4.6808	4.6526	4.6904

Note 3 - Accounting standards

The recording and measurement criteria adopted in preparing the Half-Year Financial Report at 30 June 2023 are the same as those adopted in preparing the Consolidated Financial Statements at 31 December 2022, to which reference is made. The accounting standards, amendments and interpretations, applicable as of 1 January 2023 and also disclosed in the last annual financial report, did not have a significant impact on the Condensed Consolidated Interim Financial Statements.
As regards accounting standards, amendments and interpretations not yet approved by the European Union, the following updates occurred during the half-year period:

- On 23 May 2023, the IASB published "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the recording and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules[1] and introduces specific disclosure requirements for entities affected by the relevant International Tax Reform. The temporary exception applies immediately, while the disclosure requirements will only be applicable to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending on or before 31 December 2023. The possible effects of the introduction of this amendment on the Group's Consolidated Financial Statements are currently being assessed by the Directors.
- On 25 May 2023, the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". This requires an entity to provide additional disclosures about reverse factoring arrangements so that users of financial statements are able to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand how the entity's exposure to liquidity risk are affected by such arrangements. The changes will apply from 1 January 2024, but earlier application is permitted. The possible effects of the introduction of this amendment on the Group's Consolidated Financial Statements are currently being assessed by the Directors.

1 In December 2021, the Organisation for Economic Cooperation and Development (OECD) published "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two Model Rules)". On 14 December 2022, the European Commission adopted EU Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. The individual Member States have to transpose the EU provisions into their national legislation by 31 December 2023 and start applying them for tax years beginning on or after that date. Pillar Two aims to ensure, through the introduction of common rules, that in every jurisdiction where a large multinational group is established, it is taxed at an effective tax rate of at least 15%.

Note 4 - Critical accounting estimates and assumptions

A full description of the use of accounting estimates can be found in the Consolidated Financial Statements at 31 December 2022 (Note 3, section 19 - Subjective accounting estimates and judgements).

Macroeconomic scenario and impacts of the Russian-Ukrainian conflict

During the first half of 2023, there was a gradual stabilization of the global macroeconomic environment despite the protracted Russian-Ukrainian conflict, rising interest rates and higher-than-average inflation in recent years. Volatility in raw material and energy markets has eased, with prices stabilizing substantially at higher average levels than pre-pandemic levels. Similarly, the rate of inflation has slowed down, mainly due to the measures introduced by the major central banks and the fall in the price of energy goods.
The Group continues to implement price risk mitigation policies on purchases of copper, gas and energy, as well as marine fuel, and supplier diversification, including scouting of new international partners, especially for strategic materials such as steel, in order to manage the economic effects arising from the Russian-Ukrainian conflict. Similarly, the effects of rising interest rates has been contained with the hedging and pre-hedging strategy pursued by the Group through the negotiation of interest rate swaps, with over 85% of medium/long-term loans currently in place benefiting from a fixed interest rate.
With reference to the effects of the Russian-Ukrainian conflict, as explained in the 2022 annual report, the Group has no current activities or investments in Russia or Ukraine, nor financing relationships with companies or financial institutions operating in these countries, nor employees based in those areas. Net of unexpected or currently unforeseeable developments or events, no further significant impact on the Group's activities is expected in relation to the effects of the conflict.

Impacts of climate risk

The possible impacts of climate risks, among others, have been considered when preparing these Condensed Consolidated Interim Financial Statements. These impacts are identified and described in the Risk Management section of the Report on Operations as of 30 June 2023.
In this regard, no additional elements, other than those already considered for the financial statements for the year ended 31 December 2022, have been identified in the six-month period that could have a significant impact on the main estimation processes related to the balance sheet items as at 30 June 2023.
The plans used for the financial statement valuations have taken into account the assumptions developed by management on the issue of climate change, consistent with the strategic initiatives included in the Group's approved Business Plan and Sustainability Plan.
Although no significant medium-term impacts on the Group's operations have been identified in these documents, Management closely monitors the development of climate risks and possible effects on estimation processes. Furthermore, the strategies outlined in the aforementioned forecast documents reflect the directions for development consistent with the expected developments in response to these risks, with the aim of seizing market opportunities. Finally, direct physical risks on the Group's production sites potentially resulting from climate change are included in the existing insurance coverage, the adequacy of which is also constantly monitored.

Note 5 - Intangible assets

Movements in this line item are as follows:

(euro/thousand)

	Goodwill	Client Relationships and Order Backlog	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Contractual costs	Other intangibles	Intangibles in progress and advances to suppliers	Total
- cost	261,064	252,786	224,324	235,287	53,935	108,887	24,603	85,563	1,246,449
- accumulated amortization and impairment	(137,762)	(123,547)	(180,543)	(167,437)	(25,428)	(69,454)	(14,307)	(19,247)	(737,725)
Net carrying amount at 01.01.2023	**123,302**	**129,239**	**43,781**	**67,850**	**28,507**	**39,433**	**10,296**	**66,316**	**508,724**
Movements in 2023									
- business combinations			3	57	12				72
- capital expenditure			1,237	2,792	3		1,100	13,456	18,588
- net disposals			(309)	(3)					(312)
- reclassifications/ other		(1)	11,211	196	(10)		(2)	(11,409)	(15)
- amortization		(6,678)	(8,293)	(11,360)	(1,456)	(7,676)	(1,103)		(36,566)
- impairment			(108)						(108)
- exchange rate differences	(11,308)	(6,544)	(237)	(257)	(484)		(307)	(56)	(19,193)
Closing net carrying amount	**111,994**	**116,016**	**47,285**	**59,275**	**26,572**	**31,757**	**9,984**	**68,307**	**471,190**
- cost	242,087	237,044	243,113	237,416	53,124	108,887	25,061	87,554	1,234,286
- accumulated amortization and impairment	(130,093)	(121,028)	(195,828)	(178,141)	(26,552)	(77,130)	(15,077)	(19,247)	(763,096)
Net carrying amount at 30.06.2023	**111,994**	**116,016**	**47,285**	**59,275**	**26,572**	**31,757**	**9,984**	**68,307**	**471,190**

"Concessions, licenses, trademarks and similar rights" include euro 16,170 thousand for trademarks with indefinite useful lives, reflecting the expectation for their use and deriving from the acquisition of the US shipyards (namely Marinette and Bay Shipbuilding).
"Capital expenditure" in the first half of 2023, amounted to euro 18,588 thousand (euro 22,723 thousand at 30 June 2022) and in particular related to:

- the strengthening of the Group's digital transformation process mainly focused on: (i) the introduction of Industry 4.0 principles into shipbuilding, according to the strategic guidelines defined in the Business Plan (e.g. artificial intelligence, automation, IoT, virtual reality) and (ii) using advanced analysis/reporting tools;
- the completion of the project to upgrade the IT environment through the implementation of a high-tech multi-cloud infrastructure;
- the development of information systems to: (i) support the Group's growing activities with particular reference to the upgrading of management systems and the implementation of these instruments in the main subsidiaries and (ii) optimise process management with a focus on production (operational excellence).

As in previous years, capital expenditure in renewing the Group's network infrastructure and hardware continued.
The exchange rate differences chiefly reflect movements in the period by the Norwegian krone against the euro.

"Goodwill" amounted to euro 111,994 thousand at 30 June 2023 (euro 123,302 thousand at 31.12.2022, this change is due to the euro/Norwegian krone exchange rate) and is detailed below by Cash Generating Unit (CGU):

(euro/thousand)

CGU	Goodwill 31.12.2022	Goodwill 30.06.2023	Recognition currency
VARD Offshore and Specialized vessels	55,319	49,726	NOK
VARD Systems and Components	56,516	50,801	NOK
Electronics Cluster	11,467	11,467	EUR
Total	**123,302**	**111,994**	

No impairment indicators were recognised in the first half of 2023; the reference risk-free interest rates and expected inflation in the countries where the CGUs (to which goodwill was allocated) operate did not change significantly compared to those used for the impairment tests conducted at 31 December 2022. At that date, the increase in inflation and, correlatively, in risk-free interest rates had been considered as impairment indicators and, therefore, impairment tests had been conducted on all of the Group's CGUs and, as a result of these tests, the goodwill allocated to the CGUs Vard Cruise and FMG group had to be fully impaired.
Furthermore, the CGUs to which the goodwill was allocated saw full confirmation of the order backlog and the securing of new contracts, and achieved results in the period in line with the forecasts contained in the 2023-2027 Business Plan.
Accordingly, no further checks were made on the recoverability of the values recorded for the purposes of preparing these interim financial statements, and the considerations regarding the structure and assumptions of the test already reported in the Consolidated Financial Statements as at 31 December 2022 (to which reference should be made) remain valid.

Note 6 - Rights of use

Movements in this line item are as follows:

(euro/thousand)

	Buildings ROU	State concessions ROU	Transport and lifting vehicles ROU	Passenger cars ROU	Computer equipment ROU	Other ROU	Total
- cost	129,259	29,874	5,208	5,049	379	7,942	177,711
- accumulated amortization and impairment	(38,719)	(4,778)	(3,307)	(3,038)	(263)	(491)	(50,596)
Net carrying amount at 01.01.2023	**90,540**	**25,096**	**1,901**	**2,011**	**116**	**7,451**	**127,115**
Movements in 2023							
- increases	3,728	2,430	695	452	26	1,071	8,402
- decreases	(985)			24		(1)	(962)
- reclassifications/other	86	2	2	6	5	2	103
- amortization	(7,675)	(989)	(733)	(608)	(48)	(225)	(10,278)
- exchange rate differences	(1,346)	(35)		(17)	(4)	(286)	(1,688)
Closing net carrying amount	**84,348**	**26,504**	**1,865**	**1,868**	**95**	**8,012**	**122,692**
- cost	126,304	32,265	5,832	5,247	319	8,360	178,327
- accumulated amortization and impairment	(41,956)	(5,761)	(3,967)	(3,379)	(224)	(348)	(55,635)
Net carrying amount at 30.06.2023	**84,348**	**26,504**	**1,865**	**1,868**	**95**	**8,012**	**122,692**

"Increases" in the first half of 2023 amounted to euro 8,402 thousand (euro 26,702 thousand in the first half of 2022) and mainly related to new contracts signed by the Parent Company.
For the value of non-current and current financial liabilities deriving from the application of IFRS 16, reference should be made to Notes 21 and 24.

Note 7 - Property, plant and equipment

Movements in this line item are as follows:

(euro/thousand)

	Land and buildings	Industrial plant, machinery and equipment	Assets under concession	Leasehold improvements	Other assets	Assets under construction and advances to suppliers	Total
- cost	975,101	1,661,201	224,146	35,355	341,348	197,652	3,434,803
- accumulated amortization and impairment	(329,585)	(1,093,197)	(156,747)	(25,005)	(194,667)		(1,799,201)
Net carrying amount at 01.01.2023	**645,516**	**568,004**	**67,399**	**10,350**	**146,681**	**197,652**	**1,635,602**
Movements in 2023							
- business combinations	1,684	2,773			30		4,487
- capital expenditure	1,881	3,010		14	473	74,047	79,425
- net disposals	(372)	(841)			(15)	(358)	(1,586)
- reclassifications/other	(28)	8,921	1,427	133	1,653	(11,759)	347
- amortization	(13,606)	(40,394)	(3,429)	(686)	(8,393)		(66,508)
- impairment	(17)						(17)
- exchange rate differences	(3,369)	(400)		(2)	(1,909)	(2,163)	(7,843)
Closing net carrying amount	**631,689**	**541,073**	**65,397**	**9,809**	**138,520**	**257,419**	**1,643,907**
- cost	971,145	1,663,877	225,573	35,493	338,828	257,419	3,492,335
- accumulated amortization and impairment	(339,456)	(1,122,804)	(160,176)	(25,684)	(200,308)		(1,848,428)
Net carrying amount at 30.06.2023	**631,689**	**541,073**	**65,397**	**9,809**	**138,520**	**257,419**	**1,643,907**

"Capital expenditure" in the first half of 2023 has resulted in additions of euro 79,425 thousand, mainly related to:

- finalization of the macro-project to upgrade the operational areas and infrastructure of the Marghera shipyard to enable a more efficient development of the acquired backlog;
- progress, at the Riva Trigoso shipyard, of the significant interventions planned in order to increase the shipyard's production capacity and streamline shipbuilding activities for naval projects;
- the continuation of the important investment program in the US shipyards of Fincantieri Marinette Marine and Bay Shipbuilding shared with the US Navy, to increase their efficiency in order to develop the order backlog resulting from the Constellation program. The program is scheduled for completion in early 2024;
- the continuation of FMSNA's investment plan at the US shipyard in Jacksonville to equip the site with the facilities, plant and equipment needed to carry out maintenance activities for US Navy surface vessels and other vessels in the civil business;
- the continuation, at the Vietnamese Vung Tau shipyard, of a significant investment program aimed at increasing the shipyard's production capacity, so as to consolidate the company's leadership position in the construction of SOVs, particularly dedicated to the offshore wind market;
- the continuation of Isotta Fraschini Motori's capital expenditure as part of the IFuture project, a program launched in 2020 by the company with the aim of studying innovative solutions for the improvement and expansion of its product portfolio;
- the process of gradually replacing obsolete assets with more technologically advanced, energy-efficient and environmentally friendly solutions;
- standard interventions in shipyards to maintain the efficiency and safety of production facilities in order to ensure business operations.

Other movements and reclassifications include the reduction of item "Assets under construction and advances", which were in place at the end of the previous year and were reclassified to the respective items when the assets were ready for use.
The "exchange rate differences" mainly reflect movements in the period by the US dollar and the Norwegian krone against the Euro.

Note 8 - Investments accounted for using the equity method and other investments

These are analyzed as follows:

(euro/thousand)

	Associates	Joint ventures	Total investments accounted for using the equity method	Other companies carried at fair value in the statement of comprehensive income	Other companies carried at fair value through profit and loss	Total other investments	Total
01.01.2023	**56,534**	**29,004**	**85,538**	**21,637**	**10,769**	**32,406**	**117,944**
Increases	73	3,000	**3,073**	42		**42**	**3,115**
Revaluations/(Impairment losses) through profit or loss	2,079	(2,599)	**(520)**		(5)	**(5)**	**(525)**
Revaluations/(Impairment losses) through equity				(87)		**(87)**	**(87)**
Disposals	(626)		**(626)**				**(626)**
Dividends from investments accounted for using the equity method							
Reclassifications/Other		(1,467)	**(1,467)**				**(1,467)**
Exchange rate differences	(5,669)		**(5,669)**		(15)	**(15)**	**(5,684)**
30.06.2023	**52,391**	**27,938**	**80,329**	**21,592**	**10,749**	**32,341**	**112,670**

"Increases" made during the first half of 2023 totalled euro 3,115 thousand and mainly related to the capital contribution by Fincantieri S.p.A. in the jointly controlled company Naviris S.p.A., by way of waiver of credit.
The item "Revaluations/(Impairments) through profit or loss", negative for euro 525 thousand, refers to the pro-rata Net Result for the period of the companies valued using the equity method.
The item "Reclassifications/Other" refers to the change in the scope of consolidation due to the line-by-line consolidation, as of 2023, of the investment, previously valued through equity, in the company Power4Future S.p.A. following changes in the company's governance.
The Other investments column includes investments measured at fair value, calculated either on the basis of the related prices if quoted in active markets (Level 1) or using valuation techniques whose inputs are not observable on the market (Level 3).

Note 9 - Non-current financial assets

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Receivables for loans to joint ventures	**13,600**	
Derivative assets	**35,463**	37,728
Other non-current financial receivables	**107,586**	113,744
Non-current financial receivables from associates	**17,467**	19,694
NON-CURRENT FINANCIAL ASSETS	**174,116**	**171,166**

"Receivables for loans to joint ventures" relates to the non-current portion of the shareholder loan made during the first half of the year to the joint venture CSSC – Fincantieri Cruise Industry Development Ltd. of approximately euro 14 million.
The item "Derivative assets" shows the fair value of derivatives contract in place at the reporting date with a maturity of more than 12 months. The fair value of derivative financial instruments has been calculated considering market parameters and using widely accepted measurement techniques (Level 2).
"Other non-current financial receivables" refer to loans to third parties and other related parties bearing market rates of interest. The item is substantially unchanged compared to 31 December 2022. For more information on the counterparties, refer to Note 30 and the analysis of related party transactions.
"Non-current financial receivables from associates" relate to receivables for market rate loans disbursed to Group companies that are not consolidated on a line-by-line basis. The amount refers mainly to loans granted to associates of Vard Group AS (approximately euro 16,794 million). For more information on the counterparties, refer to Note 30 and the analysis of related party transactions.

Note 10 - Other non-current assets

Other non-current assets are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Other receivables from investee companies	**724**	723
Government grants receivable	**29,998**	30,514
Firm commitments	**24,474**	7,385
Other receivables	**10,835**	11,418
OTHER NON-CURRENT ASSETS	**66,031**	**50,040**

Other non-current assets are all stated net of the related provision for impairment amounting to euro 9,691 thousand.
“Government grants receivable” report the non-current portion of state aid granted by governments in the form of tax credits.
“Firm commitments” of euro 24,474 thousand (euro 7,385 thousand at 31 December 2022) reflect the fair value of the hedged item, represented by the revenues relating to construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and is covered by a fair value hedge used by the VARD group. This change is related to the effects of the appreciation of the Euro against the Norwegian Krone during the period and to the conclusion of new contracts in Euro; this effect offsets the change in the fair value of currency derivatives associated with this hedge.
“Other receivables” of euro 10,835 thousand (euro 11,418 thousand at 31 December 2022) include the receivable from the Iraqi Ministry of Defence (euro 4,694 thousand), currently the subject of litigation. Please refer to the specific section on litigation in Note 30 for more details. The remaining balance of euro 6,141 thousand consists of security deposits, advances and other minor items.
The following table presents the amount of and movements in the provision for impairment of Other non-current receivables:

(euro/thousand)

	Provision for impairment of other receivables
01.01.2023	**9,462**
Increases/(Releases)	229
30.06.2023	**9,691**

Note 11 - Deferred tax assets and liabilities

Movements in deferred tax assets are analyzed as follows:

(euro/thousand)

	Total
01.01.2023	**182,917**
Changes in 2023	
- through profit or loss	11,298
- through other comprehensive income	1,070
- tax rate and other changes	50
- exchange rate differences	(1,800)
30.06.2023	**193,535**

Deferred tax assets have been recognised on items for which the tax is likely to be recovered against forecast future taxable income of Group companies.
No deferred tax assets have been recognised on euro 294 million (euro 278 million at 31 December 2022) in carry forward losses of subsidiaries which are thought unlikely to be recovered against future taxable income.
Movements in deferred tax liabilities are analyzed as follows:

(euro/thousand)

	Total
01.01.2023	**82,699**
Changes in 2023	
- through profit or loss	(2,011)
- through other comprehensive income	(3,399)
- tax rate and other changes	
- exchange rate differences	
30.06.2023	**77,289**

Note 12 - Inventories and advances

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Raw materials and consumables	471,523	458,534
Work in progress and semi-finished goods	12,013	23,698
Finished products	15,726	15,378
Total inventories	**499,262**	**497,610**
Advances to suppliers	351,136	365,907
TOTAL INVENTORIES AND ADVANCES	**850,398**	**863,517**

The amount recorded for “Raw materials and consumables” basically represents the volume of stock considered sufficient to ensure the normal conduct of production activities.
The items “Work in progress and semi-finished goods” and “Finished products” include the manufacture of engines and spare parts.
Inventories and advances are stated net of relevant provisions for impairment.
The following table presents the amount of and movements in such provisions for impairment:

(euro/thousand)

	Provision for impairment - raw materials	Provision for impairment - work in progress and semi-finished goods	Provision for impairment - finished products
01.01.2023	**18,376**	**1,326**	**4,690**
Provisions	1,381		
Utilizations	(613)		
Releases	(330)		
Exchange rate differences	(19)		(57)
30.06.2023	**18,795**	**1,326**	**4,633**

Note 13 - Contract assets and liabilities

“Contract assets” are analyzed as follows:

(euro/thousand)

	30.06.2023			31.12.2022		
	Construction contracts - gross	Invoices issued and provision for expected losses	Construction contracts - net assets	Construction contracts - gross	Invoices issued and provision for expected losses	Construction contracts - net assets
Shipbuilding contracts	10,180,591	(6,881,227)	3,299,364	8,553,130	(5,564,056)	2,989,074
Other contracts for third parties	728,757	(580,588)	148,169	543,427	(447,342)	96,085
Total	**10,909,348**	**(7,461,815)**	**3,447,533**	**9,096,557**	**(6,011,398)**	**3,085,159**

“Construction contracts - assets” report those contracts where the value of the contract’s stage of completion exceeds the amount invoiced to the client. The stage of completion is determined as the costs incurred to date plus recognised marginality less any impairment and expected advance losses.
The item is shown net of a provision for impairment, amounting to approximately euro 33 million, attributable to the impairment of work in progress (in accordance with standard IFRS9) to show the updated assessment of the counterparty risk of the cruise shipowners.
“Contract liabilities” are analyzed as follows:

(euro/thousand)

	30.06.2023			31.12.2022		
	Construction contracts - gross	Invoices issued	Construction contracts - net liabilities	Construction contracts - gross	Invoices issued	Construction contracts - net liabilities
Shipbuilding contracts	9,322,149	10,402,548	1,080,399	9,537,399	10,588,084	1,050,685
Other contracts for third parties						
Advances from customers		155,231	155,231		100,817	100,817
Total	**9,322,149**	**10,557,779**	**1,235,630**	**9,537,399**	**10,688,901**	**1,151,502**

“Construction contracts - liabilities” report those contracts where the value of the stage of completion of the contract is less than the amount invoiced to the client. The stage of completion is determined as the costs incurred compared to those expected for the completion of the contract.
During the first half of 2023, Contract liabilities at 31 December 2022 saw the development of production volumes and therefore of operating revenue amounting to euro 728 million.
“Advances from customers” refer to contracts on which work had not started at the year-end reporting date.
With reference to the performance obligations still to be met, please refer to the information provided in Note 25 on Revenue and income.

Note 14 - Trade receivables and other current assets

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Trade receivables	776,601	769,930
Receivables from controlling companies (tax consolidation)	28,232	15,559
Government grants receivable	53,985	52,944
Other receivables	181,393	175,340
Indirect tax receivables	69,750	76,430
Firm commitments	24,600	6,245
Accrued income	74,609	80,064
Prepayments	2,168	149
TOTAL TRADE RECEIVABLES AND OTHER CURRENT ASSETS	**1,211,338**	**1,176,661**

The above receivables are shown net of provisions for the impairment of receivables. These provisions relate to receivables that are no longer considered fully recoverable, including those involving legal action and judicial and out-of-court proceedings in cases of debtor default, also taking into account the estimate of any expected losses. In particular, it should be noted that Fincantieri has receivables, which originally arose from Astaldi, whose value amounted to euro 26.4 million, subsequently reduced to euro 26.1 million following invoicing. When Astaldi entered into a composition with creditors, Fincantieri requested, and obtained in July 2020, admission to the Fondo Salva Opere (Save Works Fund), intended to satisfy, to a maximum extent of 70%, unsatisfied creditors. After the assignment by the procedure of shares and equity instruments in favour of Fincantieri as unsecured creditor for a value of euro 5.5 million, the Company also collected from the Fund the first tranche of the admitted amount, equal to euro 6.4 million. Subsequently, the Ministry of Infrastructure and Transport requested the repayment of this tranche, on the assumption that Fincantieri's unsecured claim against Astaldi had been fully repaid with the assignment of the equity financial instruments and shares. An appeal against this request is currently pending before the ordinary courts. On the basis of the opinion of the appointed lawyers, Fincantieri is confident that its reasons will be upheld, and it considers the impairment recognised in the financial statements of euro 7.7 million (equal to 30% of the original receivable) to be appropriate. The risk to which the Company is exposed in the event that its claims are not recognised is therefore euro 12.9 million, in line with the amount at 31 December 2022.
A provision for interest charged on past due trade receivables has been recognised in a “Provision for past due interest”.
The balance of Trade receivables is substantially in line with the balance as at 31 December 2022.
“Government grants receivable” of euro 53,985 thousand mainly include grants receivable by the Parent Company and the subsidiary Cetena for research and innovation and the receivables recognized by the FMG group for operating and capital grants from the state of Wisconsin for the shipbuilding programs currently underway for the US Navy.
The balance of the item “Other receivables”, amounting to euro 181,393 thousand (euro 175,340 thousand at 31 December 2022), is mainly composed of receivables for shipowner's supplies, insurance compensation, other receivables from suppliers, miscellaneous receivables from personnel, receivables for research grants, receivables from Social Security and Welfare Institutions, and other sundry receivables, mainly referable to the Parent Company.
“Indirect tax receivables” of euro 69,750 thousand (euro 76,430 thousand at 31 December 2022) mainly refer to claims for VAT refunds or set-off, to indirect foreign taxes and claims for customs duty refunds from the Italian Customs Authority.
“Firm commitments” reflect the fair value of the hedged item, represented by the revenues relating to construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and it is the subject of fair value hedge used by the VARD group. This change is related to the effects of the appreciation of the Euro against the Norwegian Krone during the period and to the conclusion of new contracts in Euro; this effect offsets the change in the fair value of currency derivatives associated with this hedge.
The amount of and movements in the overall provisions for impairment of current receivables are as follows:

(euro/thousand)

	Provision for impairment of trade receivables	Provision for past due interest	Provision for impairment of other receivables	Total
01.01.2023	**67,304**	**1,429**	**14,018**	**82,751**
Utilizations	(161)			**(161)**
Provisions	736	527	255	**1,518**
Releases	(4,707)			**(4,707)**
Exchange rate differences	(173)			**(173)**
30.06.2023	**62,999**	**1,956**	**14,273**	**79,228**

For considerations regarding Credit risk, reference is made to the section “Basis of Preparation” of Note 1.

Note 15 - Income tax assets

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Italian corporate income taxation (IRES)	6,817	6,185
Italian regional tax on productive activities (IRAP)	1,177	2,304
Foreign tax	19,111	13,537
TOTAL INCOME TAX ASSETS	**27,105**	**22,026**

Note 16 - Current financial assets

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Derivative assets	73,504	56,266
Other receivables	64,053	114,772
Current financial receivables from associates and joint ventures	9,295	22,691
Accrued interest income	10,530	9,993
Prepaid interest and other financial expense	804	551
TOTAL CURRENT FINANCIAL ASSETS	**158,186**	**204,273**

The item "Derivative assets" shows the fair value of derivatives contract in place at the reporting date with a maturity of more than 12 months. The fair value of derivative financial instruments has been calculated considering market parameters and using widely accepted measurement techniques (Level 2). The increase is mainly attributable to the higher positive fair value of the Parent Company's interest rate swaps to hedge interest rate risk due to the upward movement in the notional amount and the rise in interest rates.
"Other receivables" refer to loans to third parties bearing market rates of interest and is decreased mainly by repayments received during the course of the first half of the year (see Note 9 for the non-current portion).
"Current financial receivables from associates and joint ventures" mainly refer to the current portion of the shareholder loan made to the joint venture CSSC – Fincantieri Cruise Industry Development Ltd for euro 8 million (see Note 9 for the non-current portion). The change is mainly due to part of the euro 22 million loan to the joint venture being reclassified to the non-current portion after the contract was amended.
It should be noted in the first half of 2023, receivables for loans granted to third parties did not change significantly. Likewise, the probabilities of default used when applying the expected credit loss model adopted by the Group did not change, so no impairment was recognised in the period.

Note 17 - Cash and cash equivalents

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Bank and postal deposits	333,903	564,378
Checks		
Cash on hand	169	198
TOTAL CASH AND CASH EQUIVALENTS	**334,072**	**564,576**

Cash and cash equivalents at the end of the year refer to the balance of on-demand bank deposits held with leading banks, as well as term deposits as collateral for euro 3 million.

Note 18 - Equity

The composition of equity is analyzed in the following table:

(euro/thousand)

	30.06.2023	31.12.2022
Attributable to owners of the Parent Company		
Share Capital	862,981	862,981
Reserve of treasury shares	(6,626)	(926)
Share premium reserve	110,499	110,499
Legal reserve	65,068	65,066
Cash flow hedge reserve	43,788	49,141
Financial asset fair value reserve through Other Comprehensive Income	(1,262)	(1,176)
Currency translation reserve	(118,446)	(111,772)
Other reserves and retained earnings	(385,714)	(79,447)
Profit/(loss) for the period	(20,332)	(308,870)
	549,955	**585,495**
Attributable to Non-Controlling Interests		
Capital and reserves	(6,640)	6,628
Financial asset fair value reserve through Other Comprehensive Income	(7)	(7)
Currency translation reserve	9,920	9,870
Profit/(loss) for the period	(1,830)	(15,083)
	1,444	**1,408**
TOTAL EQUITY	**551,399**	**586,903**

Share capital

The Share Capital of Fincantieri S.p.A. amounts to euro 862,980,725.70, fully paid-in, divided into 1,699,651,360 ordinary shares (including 11,128,666 treasury shares in portfolio), with no par value.
As at 30 June 2023, 71.32% of the Company's Share Capital, amounting to euro 862,980,725.70, was held by CDP Equity S.p.A.; the remainder was distributed on the indistinct market (except for 0.65% of shares owned by Fincantieri as treasury shares). None of the other private investors holds a significant stake equal to or greater than 3%. It should be noted that 100% of the Share Capital of CDP Equity S.p.A. is owned by Cassa Depositi e Prestiti S.p.A., 82.77% of whose Share Capital is in turn owned by Italy's Ministry of Economy and Finance.

Reserve of treasury shares

The reserve is negative for euro 6,626 thousand and comprises the value of the treasury shares for the Company's incentive plans called "Performance Share Plan" (described in more detail in Note 30).
The Shareholders' Meeting held on 16 May 2022, revoking previous resolutions, authorized the Board of Directors to purchase, on one or more occasions, for a period of eighteen months from the date of the Shareholders' Meeting, ordinary shares of Fincantieri S.p.A., for a maximum amount of shares not exceeding one-fifth of the Share Capital. In execution and in compliance with this shareholders' resolution, the Parent Company, on 20 March 2023, started the program for the purchase of treasury shares to service the incentive plan called "2019-2021 Performance Share Plan". This program ended on 6 April 2023 with the purchase on the market of 10,000,000 treasury shares, equal to about 0.59% of the Share Capital, at a weighted average net price of euro 0.5685 per share, for a total countervalue of euro 5,685 thousand.
At 30 June 2023, the treasury shares in portfolio amounted to 11,128,666, equal to 0.65% of the Share Capital.
For further information, refer to Note 30 – Other information, in the section "Medium/long-term incentive plan".
The number of shares issued is reconciled to the number of outstanding shares in the Parent Company at 30 June 2023.

	N° shares
Ordinary shares issued	1,699,651,360
less: treasury shares purchased	(1,128,666)
Ordinary shares outstanding at 31.12.2022	**1,698,522,694**
Changes in 2023	
plus: ordinary shares issued	
plus: treasury shares allocated	
less: treasury shares purchased	(10,000,000)
Ordinary shares outstanding at 30.06.2023	**1,688,522,694**
Ordinary shares issued	1,699.651,360
less: treasury shares purchased	(11,128,666)

Share premium reserve

This reserve has been recorded as a result of the Share Capital increase accompanying the Company's listing on the Mercato Telematico Azionario (MTA) of Borsa Italiana S.p.A. on 3 July 2014. Listing costs of euro 11,072 thousand (net of tax effects) referring to the capital increase have been accounted for in Equity as a deduction from the share premium reserve, in compliance with IAS 32.

Cash flow hedge reserve

The cash flow hedge reserve reports the change in the effective portion of derivative hedging instruments measured at fair value; movements in the cash flow hedge reserve are shown below.

Currency translation reserve

The currency translation reserve reflects exchange rate differences arising from the translation into Euro of financial statements of foreign operations prepared in currencies other than the Euro.

Other reserves and retained earnings

These mainly comprise: i) the extraordinary reserve, to which surplus earnings are allocated after making allocations to the legal reserve and distributions in the form of shareholder dividends; ii) the reserve to cover the issue of shares for the 1st cycle of the Long Term Incentive Plan (LTIP); iii) actuarial gains and losses on employee benefits in accordance with IAS 19 Revised; iv) the reserve for the share-based incentive plan for management.
The Reserve to cover the issue of shares amounts to euro 3,842 thousand and was set up by resolution of the Board of Directors on 27 June 2019 for the issue of shares to allocate to employees during the payout of the first cycle of the incentive plan "2016-2018 Performance Share Plan", through the reclassification from the reserves of available earnings and more specifically from the extraordinary reserve. For further information, refer to Note 30 – Other information, in the section "Medium/long-term incentive plan".
The reserve related to the management share incentive plan, amounting to euro 10,329 thousand, increased in the first half of 2023 by euro 1,514 thousand as a result of the portion recorded in the costs of personnel and directors of the Parent Company for beneficiaries of the plan. For further details on the incentive plan, please refer to Note 30 - Other information, in the section "Medium/long-term incentive plan".

Non-controlling interests

Non-controlling interests were substantially unchanged compared to 31 December 2022 since the overall result for the period was offset by changes in the scope of consolidation due to the line-by-line consolidation of the investment, previously valued at equity, in the subsidiary Power4Future S.p.A.

Other comprehensive income/losses

The amount of other comprehensive income/losses, presented in the statement of comprehensive income, is as follows:

(euro/thousand)

	30.06.2023			30.06.2022		
	Gross amount	Tax (expense)/ benefit	Net amount	Gross amount	Tax (expense)/ benefit	Net amount
Effective portion of gains/(losses) on cash flow hedging instruments	(6,424)	1,071	(5,353)	31,816	(7,692)	24,124
Gains/(losses) from remeasurement of employee defined benefit plans	4	(1)	3	5,252	(1,261)	3,991
Gains/(losses) from fair value measurement of investments measured at FVTOCI	(86)		(86)	(700)		(700)
Gains/(losses) arising on translation of financial statements of foreign operations	(6,711)		(6,711)	18,119		18,119
Total other comprehensive income/(losses)	**(13,217)**	**1,070**	**(12,147)**	**54,487**	**(8,953)**	**45,534**

	30.06.2023	30.06.2022
Effective portion of gains/(losses) arising in period on cash flow hedging instruments	57,961	26,625
Effective portion of gains/(losses) on cash flow hedging instruments reclassified to profit or loss	(64,385)	5,191
Effective portion of gains/(losses) on cash flow hedging instruments	**(6,424)**	**31,816**
Tax effect of other components of comprehensive income	**1,071**	**(7,692)**
TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX	**(5,353)**	**24,124**

Movements in the cash flow hedge reserve and impact of derivative instruments on profit or loss

The following table presents movements in the cash flow hedge reserve and the effect of derivative instruments on profit or loss:

(euro/thousand)

	Equity			Effect on profit or loss
	Gross	Income taxes	Net	
01.01.2022	**(5,240)**	**1,227**	**(4,013)**	**(23,357)**
Change in fair value	64,336	(15,195)	49,141	
Utilizations	5,240	(1,227)	4,013	(4,013)
Other income/(expenses) for risk hedging				18,878
Financial income/(expenses) relating to trading derivatives and time-value component of hedging derivatives				(15,089)
31.12.2022	**64,336**	**(15,195)**	**49,141**	**(224)**
Change in fair value	57,912	(14,124)	43,788	
Utilizations	(64,336)	15,195	(49,141)	49,141
Other income/(expenses) for risk hedging				(54,549)
Financial income/(expenses) relating to trading derivatives and time-value component of hedging derivatives				21,481
30.06.2023	**57,912**	**(14,124)**	**43,788**	**16,073**

Note 19 - Provisions for risks and charges

These are analyzed as follows:

(euro/thousand)

	Litigation	Product warranty	Onerous contracts	Risks for financial guarantees	Business reorganization	Other risks and charges	Total
Non-current portion	*25,606*	*60,121*	*228,653*	*38,106*		*54,498*	*406,984*
Current portion	*993*	*9,419*	*35,535*		*1,237*	*1,094*	*48,278*
01.01.2023	**26,599**	**69,540**	**264,188**	**38,106**	**1,237**	**55,592**	**455,262**
Business combinations							
Risk provisions	30,696	6,539				12,595	49,830
Provisions for onerous contracts			31,137				31,137
Utilizations	(16,990)	(9,049)				(3,636)	(29,675)
Utilization for onerous contracts			(48,863)				(48,863)
Releases		(1,199)	(3,453)			(8)	(4,660)
Other changes/reclassifications			(25)			(16)	(41)
Exchange rate differences		(884)	(3,787)		(126)	(412)	(5,209)
30.06.2023	**40,305**	**64,947**	**239,197**	**38,106**	**1,111**	**64,115**	**447,781**
Non-current portion	*39,312*	*55,096*	*180,736*	*38,106*		*62,654*	*375,904*
Current portion	*993*	*9,851*	*58,461*		*1,111*	*1,461*	*71,877*

Increases in the "Litigation" provision mainly refer to: i) precautionary provisions for claims brought by employees, authorities or third parties for damages arising from asbestos exposure; ii) other provisions for litigation with employees and suppliers and for other legal proceedings. Utilization of the provision for litigation refers mainly to compensation in the asbestos-related lawsuits brought by employees, authorities or third parties.
The "Product warranty" provision includes amounts set aside for the estimated cost of carrying out work under contractual guarantee after ship delivery. The warranty period normally lasts for 1 or 2 years after delivery.
The item "Provisions for onerous contracts" includes the amount of estimated losses to completion with respect to existing construction contracts. The decrease recorded in the first half of the year is due to the net effect of the reversal of the provision, in correlation with the progress of the construction contracts to which it refers, and the provision for the period due to worsening marginality and consequent expected losses recorded, both mainly related to orders of the Infrastructure Cluster.
"Provisions/Utilization for onerous contracts" are included in the item "Change in Contract assets and liabilities" included in operating revenue in Note 25.
"Risks for financial guarantees" refers to the liability for credit risk related to a financial guarantee issued in favour of a third party. The provision remained unchanged because the counterparty credit risk has not changed.
The "Business reorganization" provision has been set aside in previous financial years for the cost of the reorganization programs initiated by VARD in its Norwegian shipyards, which was not utilized during 2023.
The balance of "Other risks and charges" relates to provisions for risks related to various kinds of disputes, mostly of a contractual, technical or fiscal nature, which might be settled at the Group's expense either in or out of court. The item includes the provisions to cover the risks of environmental remediation (euro 4 million) and losses on investments in non-consolidated companies (euro 4 million). The increase in the provisions for Other risks and charges is attributable to the provision made to cover estimated future charges that the Group may incur in connection with certain ship orders.
More information can be found in Note 30.

Note 20 - Employee benefits

Movements in this line item are as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Opening balance	**53,878**	**63,688**
Business combinations	3	
Interest cost	1,045	591
Actuarial (gains)/losses	(4)	(8,112)
Utilizations for benefits and advances paid	(1,817)	(3,418)
Staff transfers and other movements	91	1,129
Closing balance	**53,196**	**53,878**
Plan assets	(1)	(5)
Closing balance	**53,195**	**53,873**

The balance at 30 June 2023 of euro 53,196 thousand is mainly comprised of the employee severance benefit pertaining to the Group's Italian companies (euro 53,012 thousand).
The amount of Italian employee severance benefit recognised in the financial statements is calculated on an actuarial basis using the projected unit credit method; the discount rate used by this method to calculate the present value of the defined benefit obligation reflects the market yield on bonds with the same maturity as that expected for the obligation. The assumptions adopted were adjusted to the values recorded as at 30 June 2023: discount rate of 3.67% (3.77% as at 31 December 2022), inflation rate of 2.30% (2.30% as at 31 December 2022) and rate of increase of the severance pay fund of 3.23% (3.23% as at 31 December 2022).

Note 21 - Non-current financial liabilities

These are analyzed as follows:

(euro/thousand)

	30,06,2023	31,12,2022
Bank loans - non-current portion	982,554	1,190,982
Other payables to other lenders	11,203	11,603
Financial payables to associates	162	
Financial payables for leasing IFRS 16 - non-current portion	110,298	114,245
Fair value of options on equity investments	10,602	10,602
Derivative liabilities	48,672	17,122
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**1,163,491**	**1,344,554**

At 30 June 2023, a non-current portion of euro 340 million of bank loans maturing in the next 12 months was reclassified to the current portion. It should be noted that during the first half of 2023, the Parent Company (i) finalised the negotiation of new medium/long-term loans in the amount of euro 200 million with a number of leading domestic and international banks and (ii) obtained the approval of an additional loan in the amount of euro 800 million that will be signed in the third quarter of this year. These loans are part of the Group's strategy to refinance early the portions of medium- and long-term loans maturing in the next 18 months.
It should be noted that there are no covenant clauses on the Parent Company's payables for "Bank loans" (current, non-current and construction loans), amounting to euro 2,652 million (or 98% of the Group's total). For the Group's existing loan agreements, no events occurred during the period that would trigger accelerated repayment clauses.
The item "Other payables to other lenders" includes euro 5,533 thousand for the payable to the extraordinary commissioners for the payment of the price for the acquisition of the business unit owned by INSO - Sistemi per le INfrastrutture SOciali S.p.A., and its subsidiary SOF by FINSO - Fincantieri INfrastrutture SOciali S.p.A.
"Financial payables for leasing IFRS 16 – non-current portion" refers to the non-current portion of the financial liabilities for lease payments falling within the scope of IFRS 16. Note 6 contains details on related rights of use.
"Fair value of options on equity investments" is due to the put options granted to the minority shareholders of Team Turbo Machines SAS and Fincantieri INfrastrutture SOciali S.p.A. upon acquisition of the subsidiaries.
"Derivative liabilities" represent the year-end reporting date fair value of derivatives with a maturity of more than 12 months (Level 2). The change in the period is related to the increase in the negative fair value of derivatives hedging the revenues from orders in Euro, following the appreciation of the Euro against the Norwegian Krone, as well as the increase in the notional amount of hedging derivatives on new contracts in Euro; this effect offsets the change in the fair value of Firm commitments associated with this hedge. The worsening was also due to the increase in the negative fair value of the interest rate swaps held by the Parent Company to hedge interest rate risk.

Note 22 - Other non-current liabilities

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Capital grants	49,102	48,674
Other liabilities	7,384	6,096
Firm commitments	9,239	2,520
TOTAL OTHER NON-CURRENT LIABILITIES	**65,725**	**57,290**

"Capital grants" mainly comprise deferred income associated with grants for property, plant and equipment and innovation grants which will be released to profit or loss in future years to match the related depreciation/amortization of these assets.
"Other liabilities" include euro 4,694 thousand in payables to other parties in respect of the amount owed by the Iraqi Ministry of Defense.
"Firm commitments" reflect the fair value of the hedged item, represented by the costs relating to the construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and it is the subject of fair value hedge used by the VARD group. This item increased due to the effects of the depreciation of the Norwegian Krone against the Euro during the period and the conclusion of new contracts with costs in foreign currencies.

Note 23 - Trade payables and other current liabilities

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Payables to suppliers	1,987,509	2,071,625
Payables to suppliers for reverse factoring	719,306	621,976
Social security payables	70,890	53,757
Other payables to employees for deferred wages and salaries	152,073	130,883
Other payables	127,373	121,116
Other payables to Parent Company	188	188
Indirect tax payables	10,039	11,532
Firm commitments	13,109	3,588
Accrued expenses	2,352	2,479
Deferred income	5,724	4,058
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	**3,088,563**	**3,021,203**

"Payables to suppliers for reverse factoring" report the payables sold to factoring companies by suppliers. These payables are classified among "Trade payables and other current liabilities" since they are related to obligations for the supply of goods and services used during the normal operating cycle. The sale is agreed with the supplier and envisages the possibility for the latter to give further extensions for consideration or not. With regard to the presentation in the Statement of Cash Flows, it should be noted that the cash flows related to these transactions are included in the Net cash flows from operating activities described in Note 31. For more details on the risks related to these payables, please refer to the section "Financial Risk Management" in Note 1. The increase compared to 31 December 2022, related to the corresponding decrease in "Trade payables", is attributable to the increased use of reverse factoring by suppliers during the first six months of 2023.
"Social security payables" mainly include amounts due to INPS (the Italian National Institute for Social Security) for employer and employee contributions on June's wages and salaries and contributions on end-of-period wage adjustments.
"Other payables to employees for deferred wages and salaries" reported at 30 June 2023 include the effects of allocations made for unused holidays and deferred pay.
"Other payables" include employee income tax withholdings payable to tax authorities, sundry payables for insurance premiums, advances received against research grants, amounts payable to employee supplementary pension funds, security deposits received and various liabilities for disputes in the process of being settled financially.
"Firm commitments" reflect the fair value of the hedged item, represented by the costs relating to the construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and it is the subject of fair value hedge used by the VARD group. This item increased due to the effects of the depreciation of the Norwegian Krone against the Euro during the period and the conclusion of new contracts with costs in foreign currencies.

Note 24 - Current financial liabilities

These are analyzed as follows:

(euro/thousand)

	30.06.2023	31.12.2022
Bonds issued and commercial papers	88,000	80,700
Bank loans – current portion	887,184	1,104,487
Loans from BIIS – current portion	428	405
Bank loans – Construction loans	850,000	645,000
Other short-term bank debt	149,848	20,878
Other financial payables to others – current portion	7,237	21,666
Bank credit facilities repayable on demand	13,024	1,784
Payables to associates	30,107	
Payables to joint ventures	2,757	2,671
Financial payables for leasing IFRS 16 – current portion	16,962	18,209
Fair value of options on equity investments	6,994	7,125
Derivative liabilities	48,282	16,241
Accrued and prepaid interest expense	14,643	12,528
TOTAL CURRENT FINANCIAL LIABILITIES	**2,115,466**	**1,931,694**

"Bank loans – current portion" refers to the portions of medium- and long-term loans due within the next 12 months. The change with respect to 31 December 2022 is due to the natural repayment of the portions of medium/long-term loans maturing in the first half of 2023, partially offset by the reclassification of maturing medium/long-term loans to current portion.
At 30 June 2023, "Bank loans – Construction loans", included the utilization of euro 850 million of construction loans by Fincantieri S.p.A. The change from 31 December 2022 is mainly attributable to the need to fund the growth in working capital related to the construction of cruise ships. As of 30 June 2023, the Group had construction financing facilities of about euro 1,200 million (euro 1,780 million at 31 December 2022).
At 30 June 2023, "Other short-term bank debt" referred entirely to the bank debt of the subsidiary Vard; the increase was due to the new financing contracts signed by the Norwegian subsidiary during the period and aimed at supporting the construction of orders in its portfolio. Moreover, euro 88 million of Commercial Papers issued under the Euro-Commercial Paper Step Label, structured at the end of 2017, for the issue of unsecured short-term debt securities, had been used on the same date. The maximum amount of debt securities that can be issued under this program is euro 500 million.
At 30 June 2023, Fincantieri S.p.A. also had a total of euro 230 million in committed credit facilities with leading Italian and international banks maturing in 2024. At 30 June 2023, these revolving credit facilities had not been drawn down. In addition to these committed credit facilities, the Company had uncommitted credit lines with leading national and international banks for euro 316 million. These credit lines were unused as at 30 June 2023.
"Fair value of options on equity investments" (Level 3) amounting to euro 6,994 thousand (euro 7,125 thousand at 31 December 2022) is related to the option held by minority shareholders of the American group FMG, the reduction in which, compared to 2022, is due to the negative effect of translating the balance expressed in foreign currency.
"Payables to associates" refer to the short-term loan granted by the Pergenova Breakwater Consortium to the subsidiary Fincantieri Infrastructure Opere Marittime for euro 29,866 thousand and falling due on 31 July 2023, in relation to works for the new breakwater in Genoa.
"Derivative liabilities" represent the reporting-date fair value of derivative financial instruments and has been calculated considering market parameters and using widely accepted measurement techniques (Level 2). The change in the period is related to the increase in the negative fair value of derivatives hedging the revenues from orders in Euro, following the appreciation of the Euro against the Norwegian Krone, and also due to the increase in the notional amount of hedging derivatives on new contracts in Euro; this effect offsets the change in the fair value of "Firm commitments" associated with this hedge.

Note 25 - Revenue and income

These are analyzed as follows:

(euro/thousand)

	30.06.2023	30.06.2022
Sales and service revenue	1,820,741	1,456,933
Change in Contract assets and liabilities	1,776,344	2,009,651
Operating revenue	**3,597,085**	**3,466,584**
Gains on disposal	564	493
Sundry revenue and income	55,762	42,459
Government grants	15,717	10,112
Other revenue and income	**72,043**	**53,064**
TOTAL REVENUE AND INCOME	**3,669,128**	**3,519,648**

"Operating revenue" mainly includes revenue arising from contractual obligations satisfied "over time", i.e. over the gradual progress of activities.
Revenue and income in the first half of 2023 amount to euro 3,669 million, an increase of 4.5% over the same period in 2022. These results confirm the consolidation of the volumes recorded last year, in line with the forecasts for 2023. For more details on the breakdown of revenues by business segment, please refer to Note 32.
The aggregate value of contracts acquired relating to performance obligations that have not been fulfilled or have been partially fulfilled at 30 June 2023 is the order backlog, i.e. the residual value of orders not yet completed. This is calculated as the difference between the total value of the order (including any order modifications and additions) and the accumulated value of work in progress ("Construction contracts – gross", both assets and liabilities) developed at the reporting date. The order backlog at 30 June 2023 stands at euro 22,036 million and guarantees about 3 years of work if related to 2022 revenue. For further information please refer to the Group Report On Operations.
Change in Contract assets and liabilities includes provisions for/utilization of the provision for onerous contracts included in the Provisions for risks and charges in Note 19.

Note 26 - Operating costs

Materials, services and other costs

Materials, services and other costs are analyzed as follows:

(euro/thousand)

	30,06,2023	30,06,2022
Raw materials and consumables	(1,706,673)	(1,756,370)
Services	(1,116,008)	(1,079,517)
Leases and rentals	(21,095)	(19,656)
Change in inventories of raw materials and consumables	16,514	46,772
Change in work in progress	(10,400)	11,126
Sundry operating costs	(32,075)	(19,982)
Cost of materials and services capitalized in fixed assets	4,369	3,224
TOTAL MATERIALS, SERVICES AND OTHER COSTS	**(2,865,368)**	**(2,814,403)**

Costs for purchasing "raw materials and consumables" consisted mainly of the costs of purchasing materials and for subcontracts and contracts predominantly for materials, incurred in connection with production in the period.
"Leases and rentals" mainly includes costs relating to short-term leasing contracts and the remainder to leasing contracts in which the underlying asset is of modest value.
"Sundry operating costs" also include euro 596 thousand in losses on the disposal of non-current assets (euro 183 thousand at 30 June 2022) and tax charges for euro 6,345 thousand (euro 6,357 thousand at 30 June 2022).

Personnel costs

(euro/thousand)

	30.06.2023	30.06.2022
Personnel costs		
- wages and salaries	(446,898)	(454,208)
- social security	(123,803)	(117,467)
- costs for defined contribution plans	(23,335)	(22,489)
- costs for defined benefit plans	(202)	(283)
- other personnel costs	(17,307)	(15,469)
Personnel costs capitalized in fixed assets	4,583	5,474
TOTAL PERSONNEL COSTS	**(606,962)**	**(604,442)**

"Personnel costs" represent the total cost incurred for employees, including wages and salaries, employer social security contributions payable by the Group, gifts and travel allowances.

Headcount

The Fincantieri Group's headcount at 30 June 2023 can be broken down as follows:

(number)

	30.06.2023	30.06.2022
Employees at period end		
Total at period end	20,874	21,062
- of whom in Italy	11,002	10,886
- of whom in Parent Company	8,989	8,912
Total average number of employees	20,704	20,802
- of whom in Italy	10,876	9,912
- of whom in Parent Company	8,894	8,809

Depreciation, amortization, impairment and provisions

(euro/thousand)

	30.06.2023	30.06.2022
Depreciation and amortization:		
- amortization of intangible assets	(36,563)	(40,167)
- depreciation of rights of use	(10,276)	(10,826)
- depreciation of property, plant and equipment	(66,509)	(60,405)
Impairment:		
- impairment of goodwill	(62)	(84,105)
- impairment of intangible assets	(108)	(22,861)
- impairment of property, plant and equipment	(20)	(20)
Total depreciation, amortization and impairment	**(113,538)**	**(218,384)**
Provisions:		
- impairment of receivables	(1,745)	(6,790)
- increases in provisions for risks and charges	(50,131)	(60,461)
- release of provisions for risk and impairment reversals	7,020	7,944
Total provisions	**(44,856)**	**(59,307)**

A breakdown of “Depreciation, amortization and impairment” is provided in Notes 5, 6 and 7.
Details of “Provisions” can be found in Notes 10, 14 and 19.

Note 27 - Financial income and expenses

These are analyzed as follows:

(euro/thousand)

	30.06.2023	30.06.2022
FINANCIAL INCOME		
Interest and fees from joint ventures and associates	921	692
Bank interest and fees and other income	8,053	15,581
Interest and other income from financial assets	2,387	2,591
Foreign exchange gains	12,996	58,667
Total financial income	**24,357**	**77,531**
FINANCIAL EXPENSES		
Interest and fees charged by joint ventures and associates	(243)	(72)
Interest and fees charged by controlling companies	(511)	8
Interest on employee benefit plans	(776)	(241)
Interest and fees on bonds and commercial papers	(2,878)	(1,760)
Interest and fees on construction loans	(13,663)	(4,027)
Bank interest and fees and other expense	(80,041)	(37,340)
Differentials on derivative financial instruments	16,609	(8,052)
Interest and fees from related parties		(1,386)
Interest paid on leases IFRS 16	(1,554)	(1,634)
Impairment of financial receivables IFRS 9		(8,626)
Foreign exchange losses	(15,736)	(57,926)
Total financial expenses	**(98,793)**	**(121,056)**
TOTAL FINANCIAL INCOME AND EXPENSES	**(74,436)**	**(43,525)**

“Bank interest and fees and other income” mainly refers to interest income received by the Group on financial loans granted to third parties at market rates.
The increase in the item “Bank interest and fees and other expense” is mainly attributable to the rise in interest rates in the Euro Zone. This phenomenon was partially mitigated by the income and costs generated by interest rate hedges, the recognition of which to profit or loss is included in the item “Differentials on derivative financial instruments”.
The increase in the item “Interest and fees on construction loans” is solely attributable to the increase in reference interest rates during the period. Foreign exchange gains and losses mainly include the effects on profit and loss of movements by the Brazilian real and the Euro against the Norwegian krone and the US dollar against the Euro.

Note 28 - Income and expense from investments

These are analyzed as follows:

(euro/thousand)

	30.06.2023	30.06.2022
INCOME		
Dividends from other companies		47
Income from acquisitions/disposals	61	
Fair value measurement gains	5	157
Total income	**66**	**204**
EXPENSE		
Fair value measurement losses	(5)	
Total expense	**(5)**	**-**
INCOME/(EXPENSE) FROM INVESTMENTS	**61**	**204**
PROFIT/(LOSS) OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Profit	2,313	251
Loss	(2,833)	(7,797)
PROFIT/(LOSS) OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**(520)**	**(7,546)**
TOTAL INCOME AND EXPENSE FROM INVESTMENTS	**(459)**	**(7,342)**

"Profit and losses from investments accounted for using the equity method", totalling euro 520 thousand, reflects the Group's share of the results for the year of certain joint ventures and associates.
For more details on the changes to investments, see Note 8.

Note 29 - Income taxes

Income taxes have been calculated on the basis of the result for the period. The balance at 30 June 2023 comprises euro 1,021 thousand for the positive balance of current taxes and euro 13,308 thousand for the positive balance related to deferred income taxes. The overall tax burden, in terms of tax rates, is influenced, on the one hand, by the positive effects of the national tax consolidation with the controlling company CDP and, on the other, by the losses incurred by certain subsidiaries for which no deferred tax assets were recognised.
Deferred income taxes are analyzed in Note 11.

Note 30 - Other information

Net financial position

For the purposes of complying with Consob Communication no. DEM/6064293/2006, the following table shows the Net financial position. The table and information provided below consider the updates in the document ESMA 32-382-1138 dated 4 March 2021.

(euro/thousand)

	30.06.2023	31.12.2022
A. Cash	334,072	564,576
B. Cash equivalents		
C. Other current financial assets	131,948	181,038
- of which related parties	*11,750*	*25,062*
D. Cash and cash equivalents (A)+(B)+(C)	**466,020**	**745,614**
E. Current financial payables *(including debt instruments, but excluding current portion of non-current financial payables)*	(1,219,569)	(811,058)
- of which related parties	*(241,478)*	*(84,145)*
- of which Construction loans	*(850,000)*	*(645,000)*
- of which Current portion of debt instruments	*(88,000)*	*(80,700)*
F. Current portion of non-current financial payables	(895,897)	(1,120,636)
- of which related parties	*(8,607)*	*(8,659)*
G. Current debt (E)+(F)	**(2,115,466)**	**(1,931,694)**
H. Net current debt (D)+(G)	**(1,649,446)**	**(1,186,080)**
I. Non-current financial payables *(excluding current portion of debt instruments)*	(1,163,491)	(1,344,554)
- of which related parties	*(2,033)*	*(6,322)*
J. Debt instruments		
K. Trade payables and other non-current liabilities		
L. Non-current debt (I)+(J)+(K)	**(1,163,491)**	**(1,344,554)**
M. Total net debt (H)+(L)	**(2,812,937)**	**(2,530,634)**

For indirect debt and/or conditional debt not reflected in the table, reference should be made: i) to Note 19 and Note 20 for the provisions recognized in the financial statements; ii) to Note 23 for payables for reverse factoring (amounting to euro 719 million at 30 June 2023). Lastly, commitments related to lease agreements not recognized as liabilities in the financial statements since they do not fall under IFRS 16 amount to euro 16 million at 30 June 2023. For more details see Notes 1, 9, 21 and 26.

Significant non-recurring events and transactions

With reference to the provisions of Consob Resolution no. 15519 of 27 July 2006, there were no significant non-recurring events and/or transactions at 30 June 2023.

Atypical and/or unusual transactions

In accordance with the disclosures required by Consob Communication no. DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first half of 2023.

Related party transactions

Intragroup transactions, transactions with CDP Equity S.p.A. and its subsidiaries, with Cassa Depositi e Prestiti S.p.A. and its subsidiaries, with companies controlled by Italy's Ministry of Economy and Finance and with other related parties in general, do not qualify as either atypical or unusual, since they fall within the normal course of business of the Fincantieri Group and are conducted on an arm's length basis. The figures for related party transactions and balances are reported in the following tables.

(euro/thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2023								
	Non-current financial assets	Current financial receivables	Advances*	Trade receivables and other non-current assets	Trade receivables and other current assets	Non-current financial payables	Current financial payables	Trade payables and other current liabilities	Trade payables and other non-current liabilities
CASSA DEPOSITI E PRESTITI S.p.A.					28,232	(2,033)	(208,607)	(228)	
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**28,232**	**(2,033)**	**(208,607)**	**(228)**	**-**
ORIZZONTE SISTEMI NAVALI S.p.A.					25,522		(2,241)	(3,512)	
ETIHAD SHIP BUILDING LLC					6,697			(339)	
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	13,600	11,095			938				
UNIFER NAVALE S.r.l.					1,491			(5)	
BUSBAR4F S.c.a.r.l.			816		576			(431)	
CONSORZIO F.S.B.									
FINCANTIERI CLEA BUILDINGS S.c.a.r.l. in liquidation					1,480			(41)	
PERGENOVA S.c.p.a.					1,700			(1,601)	
NAVIRIS S.p.A.		3			1,346		(506)		
ISSEL MIDDLE EAST INFORMATION TECNOLOGY CONSULTANCY LLC		4					(17)		
4TCC1 S.c.a.r.l.			(49)		370			(3,492)	
FINMESA S.c.a.r.l.					3			(3)	
VIMERCATE SAL. GESTIONE S.c.a.r.l.									
ENERGETIKA S.c.a.r.l.					(3)			(4)	
NSC HOSPITAL S.c.a.r.l.									
ERSMA 2026 S.c.a.r.l.					57			(101)	
4B3 S.c.a.r.l.			612		8			(469)	
4TB13 S.c.a.r.l.			413					(31)	
DARSENA EUROPA S.c.a.r.l.		299			(221)			(1,085)	
POWER4FUTURE S.p.A. **									
TOTAL JOINT VENTURES	**13,600**	**11,401**	**1,792**	**-**	**39,964**	**-**	**(2,764)**	**(11,114)**	**-**
PSC GROUP			458		277			(8,280)	
CASTOR DRILLING SOLUTION AS		349							
BREVIK TECHNOLOGY AS	163								
OLYMPIC GREEN ENERGY KS									
DOF ICEMAN AS									
CSS DESIGN				724					
ISLAND DILIGENCE AS	4,184				128				
CENTRO SERVIZI NAVALI S.p.A.					2,013			(1,339)	
DECOMAR S.p.A.					104				
ISLAND OFFSHORE XII SHIP AS	12,447								
CISAR MILANO S.p.A.	360				267				
CISAR COSTRUZIONI S.c.a.r.l.					83			(143)	
NORD OVEST TOSCANA ENERGIA S.r.l.	313				2,702			(79)	
S. ENE. CA GESTIONE S.c.a.r.l.					973			(3,241)	
BIOTECA S.c.a.r.l.					59			(8)	
N.O.T.E. GESTIONE S.c.a.r.l.					5,560			(5,658)	
HBT S.c.a.r.l.					3,035			(74)	
PERGENOVA BREAKWATER S.c.a.r.l.					(103)		(30,107)	(930)	
2F PER VADO S.c.a.r.l.					455			1,312	
TOTAL ASSOCIATES	**17,467**	**349**	**458**	**724**	**15,553**	**-**	**(30.107)**	**(18,440)**	**-**
SACE S.p.A.								(11)	
TERNA S.p.A.								8	
SACE FCT					35				
TERNA RETE ITALIA S.p.A.								2	
HORIZON S.a.S.								(1)	
SUPPLEMENTARY PENSION FUND FOR EXECUTIVES OF FINCANTIERI S.p.A.								(2,494)	
COMETA FUND					2			(4,367)	
SOLIDARIETÀ VENETO - PENSION FUND								(135)	
VALVITALIA S.p.A.			1,140		10			(1,697)	
WEBUILD S.p.A.									
AUTOSTRADE PER L'ITALIA S.p.A.								13	
TOTAL CDP GROUP	**-**	**-**	**1,140**	**-**	**47**	**-**	**-**	**(8,682)**	**-**
LEONARDO GROUP			44,760		2,251			(58,185)	
ENI GROUP					389			262	
ENEL GROUP					2			6	
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE					97			(36)	
TOTAL RELATED PARTIES	**31,067**	**11,750**	**48,150**	**724**	**86,535**	**(2,033)**	**(241,478)**	**(96,417)**	**-**
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**174,116**	**158,186**	**351,136**	**66,031**	**1,211,338**	**(1,163,491)**	**(2,115,466)**	**(3,088,561)**	**(65,725)**
% on Consolidated statement of financial position	*18%*	*7%*	*14%*	*1%*	*7%*	*0%*	*11%*	*3%*	*0%*

(euro/thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2022								
	Non-current financial assets	Current financial receivables	Advances*	Trade receivables and other non-current assets	Trade receivables and other current assets	Non-current financial payables	Current financial payables	Trade payables and other current liabilities	Trade payables and other non-current liabilities
CASSA DEPOSITI E PRESTITI S.p.A.					15,559	(6,322)	(80,326)	(233)	
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**15,559**	**(6,322)**	**(80,326)**	**(233)**	**-**
ORIZZONTE SISTEMI NAVALI S.p.A.					27,780		(2,200)	(57,288)	
ETIHAD SHIP BUILDING LLC					6,742			(324)	
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.		24,365			3,954			(383)	
UNIFER NAVALE S.r.l.					1,491			(5)	
BUSBAR4F S.c.a.r.l.			1,269		589			(524)	(28)
CONSORZIO F.S.B.					(120)				
FINCANTIERI CLEA BUILDINGS S.c.a.r.l. in liquidation					1,469			(41)	
PERGENOVA S.c.p.a.					1,700			(1,635)	
NAVIRIS S.p.A.		6			893		(502)		
ISSEL MIDDLE EAST INFORMATION TECNOLOGY CONSULTANCY LLC		4					(17)		
4TCC1 S.c.a.r.l.			3,357		490			(3,594)	(70)
FINMESA S.c.a.r.l.								(3)	
VIMERCATE SAL. GESTIONE S.c.a.r.l.					7,978			(5,842)	
ENERGETIKA S.c.a.r.l.								(9)	
NSC HOSPITAL S.c.a.r.l.					3,111			(3,300)	
ERSMA 2026 S.c.a.r.l.					57			(101)	
4B3 S.c.a.r.l.			799		1			(306)	
4TB13 S.c.a.r.l.			287					(163)	
DARSENA EUROPA S.c.a.r.l.		299			(299)			(886)	
POWER4FUTURE S.p.A. **			170		132			(2,453)	
TOTAL JOINT VENTURES	**-**	**24,674**	**5,882**	**-**	**55,968**	**-**	**(2,719)**	**(76,860)**	**(98)**
PSC GROUP			985		283			(10,572)	
CASTOR DRILLING SOLUTION AS		388							
BREVIK TECHNOLOGY AS	176								
OLYMPIC GREEN ENERGY KS					1				
DOF ICEMAN AS					2				
CSS DESIGN				723					
ISLAND DILIGENCE AS	4,612				143				
CENTRO SERVIZI NAVALI S.p.A.					2,301			(1,276)	
DECOMAR S.p.A.					104				
ISLAND OFFSHORE XII SHIP AS	13,342								
CISAR MILANO S.p.A.					295				
CISAR COSTRUZIONI S.c.a.r.l.								(171)	
NORD OVEST TOSCANA ENERGIA S.r.l.	1,564				2,741			(79)	
S. ENE. CA GESTIONE S.c.a.r.l.					1,854			(2,345)	
BIOTECA S.c.a.r.l.								11	
N.O.T.E. GESTIONE S.c.a.r.l.					4,015			(3,822)	
HBT S.c.a.r.l.					4,224			(73)	
PERGENOVA BREAKWATER S.c.a.r.l.					106			(91)	
2F PER VADO S.c.a.r.l.									
TOTAL ASSOCIATES	**19,694**	**388**	**985**	**723**	**16,069**	**-**	**-**	**(18,418)**	**-**
SACE S.p.A.								(11)	
TERNA S.p.A.					5				
SACE FCT					30				
TERNA RETE ITALIA S.p.A.									
HORIZON S.a.S.								(1)	
SUPPLEMENTARY PENSION FUND FOR EXECUTIVES OF FINCANTIERI S.p.A.								(1,643)	
COMETA FUND								(4,509)	
SOLIDARIETÀ VENETO - PENSION FUND								(133)	
VALVITALIA S.p.A.			1,255		4			(1,636)	
WEBUILD S.p.A.					117				
AUTOSTRADE PER L'ITALIA S.p.A.					21			(2)	
TOTAL CDP GROUP	**-**	**-**	**1,255**	**-**	**177**	**-**	**-**	**(7,935)**	**-**
LEONARDO GROUP			55,918		1,492			(58,837)	
ENI GROUP					247		(1,100)	(42)	
ENEL GROUP					40			1	
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE					72			(42)	
TOTAL RELATED PARTIES	**19,694**	**25,062**	**64,040**	**723**	**89,424**	**(6,322)**	**(84,145)**	**(162,366)**	**(98)**
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**171,166**	**204,273**	**365,907**	**50,040**	**1,176,661**	**(1,344,554)**	**(1,931,694)**	**(3,021,204)**	**(57,290)**
% on Consolidated statement of financial position	*12%*	*12%*	*18%*	*1%*	*8%*	*0%*	*4%*	*5%*	*0%*

* "Advances" are classified in "Inventories", as detailed in Note 12.

(euro/thousand)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2023				
	Operating revenue	Other revenue and income	Materials, services and other costs	Financial income	Financial expenses
CASSA DEPOSITI E PRESTITI S.p.A.					(510)
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**(510)**
ORIZZONTE SISTEMI NAVALI S.p.A.	67,569	461	53,725		(2)
ETIHAD SHIP BUILDING LLC		85	(5)		
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	419	1,813		330	
UNIFER NAVALE S.r.l.					
BUSBAR4F S.c.a.r.l.	114	38	(567)		
CONSORZIO F.S.B.	23	111	(209)		
PERGENOVA S.c.p.a.			34		
NAVIRIS S.p.A.	97	1,111		(3)	(6)
4TCC1 S.c.a.r.l.		90	(4,277)		
FINMESA S.c.a.r.l.	2				
4B3 S.c.a.r.l.		91	(452)		
4TB13 S.c.a.r.l.		37	(61)		
DARSENA EUROPA S.c.a.r.l.	200	14	(621)		
POWER4FUTURE S.p.A. (**)					
TOTAL JOINT VENTURES	**68,424**	**3,851**	**47,567**	**327**	**(8)**
PSC GROUP		156	(8,000)	39	
BREVIK TECHNOLOGY AS				5	
ISLAND DILIGENCE AS				43	
CENTRO SERVIZI NAVALI S.p.A.		863	(6,250)		
DECOMAR S.p.A.					
ISLAND OFFSHORE XII SHIP AS				477	
PERGENOVA BREAKWATER S.c.a.r.l.	1,204	504	(5,247)	13	(241)
2F PER VADO S.c.a.r.l.	900	256	(5,693)		
TOTAL ASSOCIATES	**2,104**	**1,779**	**(25,190)**	**577**	**(241)**
SNAM S.p.A.	6	10	(41)		
SACE S.p.A.					
SACE FCT		70			
TERNA RETE ITALIA S.p.A.		2			
COMETA FUND					
VALVITALIA S.p.A.		73	(3,823)		
AUTOSTRADE PER L'ITALIA S.p.A.			(37)		
TOTAL CDP GROUP	**6**	**155**	**(3,901)**	**-**	**-**
LEONARDO GROUP	1,825	1,648	(78,042)		
ENI GROUP	439		(572)		
ENEL GROUP	105		(23)		
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE	265	33	(4)		
TOTAL RELATED PARTIES	**73,168**	**7,466**	**(60,165)**	**904**	**(759)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3,597,085**	**72,043**	**(2,865,368)**	**24,357**	**(98,793)**
% on Consolidated statement of financial position	*2%*	*10%*	*2%*	*4%*	*1%*

(euro/thousand)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2022				
	Operating revenue	Other revenue and income	Materials, services and other costs	Financial income	Financial expenses
CASSA DEPOSITI E PRESTITI S.p.A.					(408)
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**(408)**
ORIZZONTE SISTEMI NAVALI S.p.A.	83,192	327	(8,223)		(72)
ETIHAD SHIP BUILDING LLC	21	92	(40)		
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	1,195	1,885		332	
UNIFER NAVALE S.r.l.					
BUSBAR4F S.c.a.r.l.		129	(748)		
CONSORZIO F.S.B.	23	109	(187)		
PERGENOVA S.c.p.a.			(91)		
NAVIRIS S.p.A.	124	1,027		1	
4TCC1 S.c.a.r.l.	96	100	(2,364)		
FINMESA S.c.a.r.l.					
4B3 S.c.a.r.l.					
4TB13 S.c.a.r.l.					
DARSENA EUROPA S.c.a.r.l.					
POWER4FUTURE S.p.A. (**)		70	(2,737)		
TOTAL JOINT VENTURES	**84,651**	**3,739**	**(14,390)**	**333**	**(72)**
PSC GROUP		286	(11,590)		
BREVIK TECHNOLOGY AS					
ISLAND DILIGENCE AS					
CENTRO SERVIZI NAVALI S.p.A.	7	1,095	(6,482)		
DECOMAR S.p.A.			(99)	64	
ISLAND OFFSHORE XII SHIP AS					
PERGENOVA BREAKWATER S.c.a.r.l.					
2F PER VADO S.c.a.r.l.					
TOTAL ASSOCIATES	**7**	**1,381**	**(18,171)**	**64**	**-**
SNAM S.p.A.		23			
SACE S.p.A.					(501)
SACE FCT		28			(62)
TERNA RETE ITALIA S.p.A.			(20)		
COMETA FUND			(8)		
VALVITALIA S.p.A.		101	(4,320)		
AUTOSTRADE PER L'ITALIA S.p.A.					
TOTAL CDP GROUP	**-**	**152**	**(4,348)**	**-**	**(563)**
LEONARDO GROUP	126	1,535	(128,837)		
ENI GROUP	2,517	29	(534)		
ENEL GROUP			(1,969)		
OTHER COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE		30	(44)		
TOTAL RELATED PARTIES	**87,301**	**6,866**	**(168,293)**	**397**	**(1,043)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3,466,521**	**53,064**	**(2,814,403)**	**77,531**	**(121,056)**
% on Consolidated statement of financial position	*3%*	*13%*	*6%*	*1%*	*1%*

** As of 01 January 2023, in accordance with the shareholders' agreements, the company is a subsidiary and no longer under joint control, and is therefore no longer a related party of the Group.

Costs for contributions incurred in the first half of 2023 and included in the item "Personnel costs" totalled euro 1,265 thousand for the Supplementary Pension Fund for Senior Managers of Fincantieri S.p.A. and euro 1,189 thousand for the Cometa National Supplementary Pension Fund.
The main related party relationships refer to:

- the Group's transactions with Orizzonte Sistemi Navali S.p.A., under the agreement signed in 2006 with the Italian Navy relating to the first phase of the "Renaissance" (or FREMM) program. This program involves the construction of 10 ships, with design and production activities performed by the Parent Company and its subsidiaries. The financial payables with Orizzonte Sistemi Navali S.p.A. at 30 June 2023 and 31 December 2022 relate to its current account with the Parent Company under a centralized treasury management arrangement. A contract was finalized during the fourth quarter of 2020 for the sale of two FREMM vessels, one of which was delivered in December 2020 and the other in 2021, to the Egyptian Navy. The sale, carried out by Fincantieri, involves the transfer of two vessels in the FREMM program that Orizzonte Sistemi Navali S.p.A. purchased as prime contractor for the Italian Navy under agreements with OCCAR (Organisation for Joint Armament Co-operation). As part of the operation, Orizzonte Sistemi Navali S.p.A. has ordered two more platforms for the construction of two new FREMM vessels for the Italian Navy under the above program;
- the Group's relations with the company PERGENOVA, a joint venture between Salini Impregilo and Fincantieri Infrastructure, are aimed at rebuilding the bridge over the Polcevera river in Genoa;
- the Group's relations with the company Naviris arose in the context of the study of the Middle Life upgrade for the Orizzonte class. The financial payables relate to the loan granted by the Parent Company;
- relations with the joint venture CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd., prime contractor for the construction of new cruise ships at the CSSC group's Chinese shipyard, refer to the supply of specialist services and components to support CSSC shipyards;
- the Fincantieri Infrastrutture Sociali (FINSO) group's relations with the joint venture NSCH - NUOVO SANTA CHIARA HOSPITAL S.c.a.r.l., arise chiefly from participation in the temporary grouping of enterprises, of which FINSO is a member with a share of 50%. The company was incorporated in order to carry out the construction works for the new hospital awarded by the Azienda Ospedaliera-Universitaria Pisana. It carries out the services and works on its own and/or by entrusting them to its members and/or by subcontracting them to third parties. NSCH S.c.a.r.l., while acting in its own name, operates in the interest of its members and, given its consortium nature and as laid down in its Articles of Association, it allocates costs to its members, in proportion to their interest held in the Share Capital;
- the FINSO group's relations with Vimercate Salute Gestioni S.c.a.r.l. (VSG) arise mainly from the contract awarded by Vimercate Salute S.p.A., in compliance with the concession to design, build and manage the new Vimercate hospital complex concluded between Vimercate Salute S.p.A. and Infrastrutture Lombarde S.p.A. The purpose of this agreement is to coordinate the activity of the members to provide non-medical support services, manage the retail spaces and all other technical economic and functional activities;
- the FINSO group's relations with its associates arise mainly from the contract awarded by the special purpose vehicle, in compliance with the Concession to design, build and manage the new hospital complex;
- relations with the subsidiary Centro Servizi Navali mainly relate to shipyard and prefabrication activities;
- the Group's relations with the PSC group refer mainly to the supply of turnkey models of air conditioning systems (engineering, supply of ventilation machines, accessories and ducts, their installation on board, start-up and commissioning);
- the Group's relations with the Leonardo group, in connection with agreements to supply and install combat systems for naval vessels under construction;
- as regards relations with the ENI group, the framework agreement was finalized in 2018 under which studies were launched for new technologies related to gas utilization and exploitation, some of which were completed during the year. The rest refers chiefly to the sale of products and services and purchases of fuel with ENI S.p.A.;
- costs and revenue or receivables and payables with other related parties at 30 June 2023 refer chiefly to the supply of goods or services used in the production process.

There are no transactions to be reported in accordance with art. 13, par. 3(C) of the Consob Related Parties Regulation.
Furthermore, during the period, Directors, Statutory Auditors, Managing Directors and other Key Management Personnel were paid a total of euro 5,210 thousand in remuneration by the Parent Company, of which euro 3,716 thousand classified in personnel costs and euro 1,494 thousand in the cost of services.
A detailed description of the medium/long-term share-based incentive plan for management, called the Performance Share Plan is given below.

Basic and diluted earnings/(loss) per share

The basic assumptions for calculating basic and diluted Earnings/(Loss) Per Share are as follows:

Basic/Diluted Earnings/(Loss) Per Share		**30.06.2023**	**30.06.2022**
Earnings/(loss) attributable to owners of the Parent Company	euro/thousand	(20,332)	(229,871)
Weighted average number of shares outstanding to calculate the basic earnings/(loss) per share	number	1,693,206,233	1,696,561,598
Weighted average number of shares outstanding to calculate the diluted earnings/(loss) per share	number	1,719,244,254	1,720,021,004
Basic earnings/(loss) per share	**euro**	**(0.01201)**	**(0.13549)**
Diluted earnings/(loss) per share	**euro**	**(0.01183)**	**(0.13364)**

Basic earnings per share have been calculated by dividing the profit for the period attributable to the Group by the weighted average number of Fincantieri S.p.A. shares outstanding during the period, excluding treasury shares. Diluted earnings per share have been calculated by dividing the profit for the period attributable to the Group by the weighted average number of Fincantieri S.p.A. shares in circulation during the period, excluding treasury shares, plus the number of shares that could potentially be issued. At 30 June 2023, the shares that could potentially be issued concerned only the shares assigned under the Performance Share Plan described below.

Medium/long-term incentive plan

2016-2018 Performance Share Plan

On 19 May 2017, the Shareholders' Meeting of Fincantieri S.p.A. approved the medium/long-term share-based incentive plan for management, called the Performance Share Plan 2016-2018 (the "Plan") and related Terms and Conditions. The Plan, structured in 3-year cycles, ended on 2 July 2021 with the allocation of shares to the beneficiaries of the third cycle.

2019-2021 Performance Share Plan

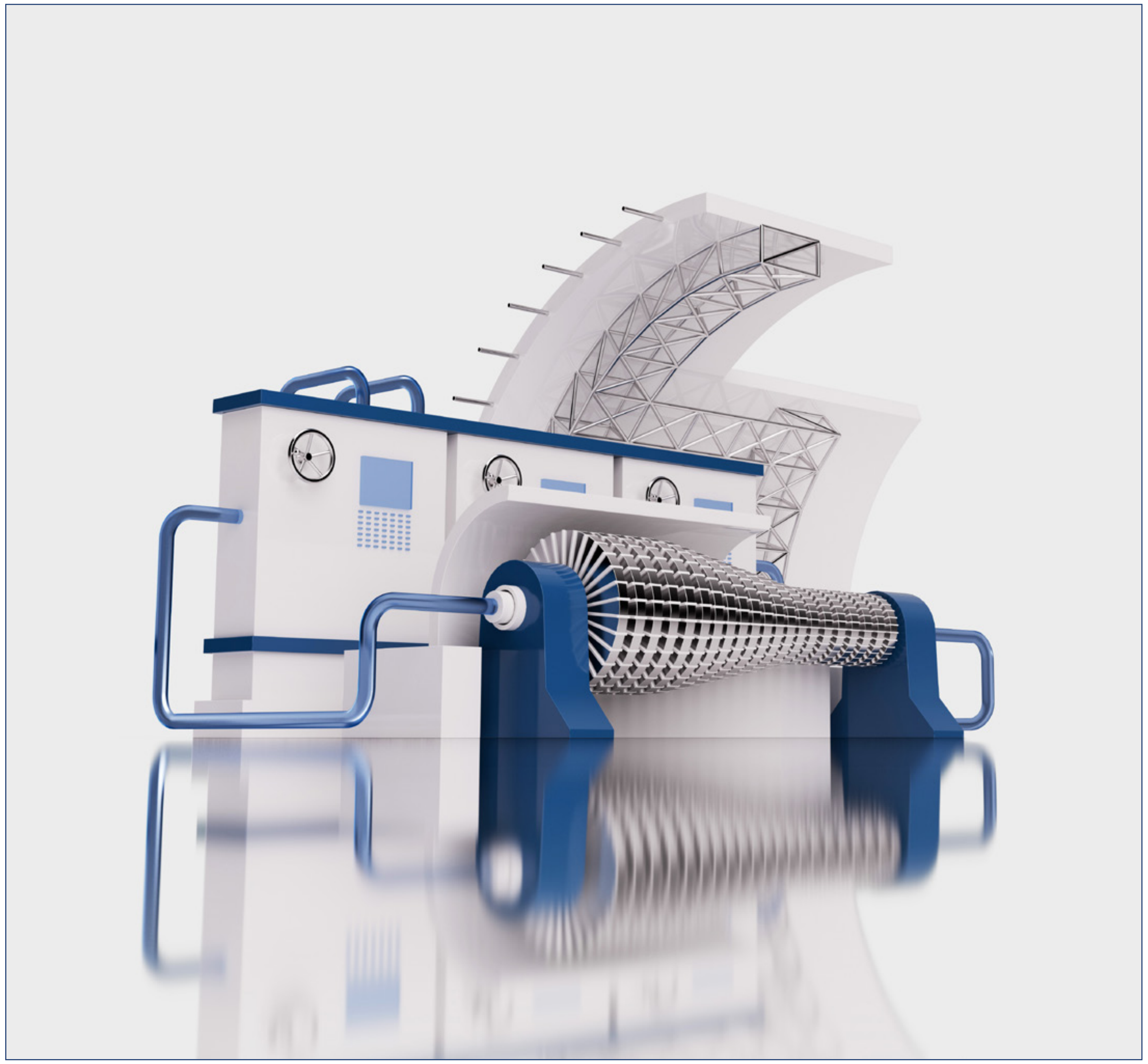
On 11 May 2018, the Shareholders' Meeting of Fincantieri S.p.A. approved the medium/long-term share-based incentive plan for management, the 2019-2021 Performance Share Plan (the "Plan"), and the related Terms and Conditions, the structure of which was defined by the Board of Directors at the meeting held on 27 March 2018.
The Plan, structured in three-year cycles, provides for the free grant, to the beneficiaries identified by the Board of Directors, of entitlements to receive a maximum of 25,000,000 ordinary shares in Fincantieri S.p.A. without nominal value, based on the achievement of specific performance targets for the three-year periods 2019-2021 (first cycle), 2020-2022 (second cycle) and 2021-2023 (third cycle).
The Plan provides for a three-year vesting period for all beneficiaries from the date the entitlements are awarded to the date the shares are allotted to the beneficiaries. Therefore, if the performance targets are achieved and the other conditions of the Plan's Terms & Conditions satisfied, the shares vesting for the first cycle will be allotted and delivered to beneficiaries by 31 July 2022, while those vesting for the second and third cycles will be allotted and delivered by 31 July 2023 and 31 July 2024 respectively.
The Plan also provides for a lock-up period for part of the shares given to members of the Board of Directors or Key Management Personnel of the Company. The free award of a number of rights is left to the Board of Directors, which also has the power to identify the number and names of the beneficiaries.
With reference to the Plan's first cycle, 6,842,940 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 24 July 2019; while, for the second cycle, 11,133,829 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 30 July 2020; and lastly, for the third and last cycle, 9,796,047 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 10 June 2021.
Among the Plan's targets, in addition to the EBITDA and TRS already included in the 2016-2018 Performance Share Plan, the Group introduced another parameter, the sustainability index, to measure achievement of the sustainability targets set by the Group in order to align with European best practices and the financial community's increased expectations for sustainable development.
The references used to test achievement of the sustainability targets are market parameters such as the "CDP" (Carbon Disclosure Project) and a second rating by another agency which evaluates the entire basket of sustainability aspects.
The fair value amount determined on the grant date for each cycle of the Plan is illustrated below.

(euro)

	Grant date	**No. shares awarded**	**Fair value**
First cycle of the Plan	24 July 2019	6,842,940	6,668,616
Second cycle of the Plan	30 July 2020	11,133,829	5,958,937
Third cycle of the Plan	10 June 2021	9,796,047	7,416,783

With reference to the 2019-2021 Performance Share Plan, it should be noted that on 30 June 2022, the Board of Directors approved the closure of the 1st cycle of the "2019-2021 Performance Share Plan" incentive plan, allocating free of charge to the recipients 6,818,769 ordinary Fincantieri shares. The net shares actually allocated amounted to 3,883,748 shares (net of those withheld to meet the tax obligations of the assignees). The allocation of shares took place, using solely treasury share in portfolio, on 18 July 2022.

The Plan's features, outlined above, are described in detail in the special document prepared by the Parent Company under art. 84-bis of Consob Regulation No. 11971 of 14 May 1999, made available to the public on the website www.fincantieri.com in the section "Governance and Ethics – Shareholders' Meeting – Shareholders' Meeting 2018".



2022-2024 Performance Share Plan

On 8 April 2021, the Shareholders' Meeting of Fincantieri S.p.A. approved the medium/long-term share-based incentive plan for management, the 2022-2024 Performance Share Plan (the "Plan"), and the related Terms and Conditions, the structure of which was defined and approved by the Board of Directors on 25 February 2021.
The Plan, consistent with the previous plan 2019-2021, is structured in three-year cycles and provides for the free grant, to the beneficiaries identified by the Board of Directors, of entitlements to receive a maximum of 64,000,000 ordinary shares in Fincantieri S.p.A. without nominal value, based on the achievement of specific performance targets for the three-year periods 2022-2024 (first cycle), 2023-2025 (second cycle) and 2024-2026 (third cycle).
The Plan provides for a three-year vesting period for all beneficiaries from the date the entitlements are awarded to the date the shares are allotted to the beneficiaries. Therefore, if the performance targets are achieved and the other conditions of the Plan's Terms & Conditions satisfied, the shares vesting for the first cycle will be allotted and delivered to beneficiaries by 31 July 2025, while those vesting for the second and third cycles will be allotted and delivered by 31 July 2026 and 31 July 2027 respectively.
The Plan also provides for a lock-up period for part of the shares given to members of the Board of Directors or Key Management Personnel of the Company.
With reference to the Plan's first cycle, 12,282,025 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 26 July 2022. In particular, the beneficiaries for the second cycle will be identified by the grant date for the second cycle, namely by 31 July 2023; and the beneficiaries for the third cycle will be identified by the grant date for the third cycle, namely by 31 July 2024.
Among the Plan's targets and in particular as regards the first cycle, as already included in the 2019-2021 Performance Share Plan, in addition to the EBITDA and TRS, the Group defined another parameter, the sustainability index, to measure achievement of the sustainability targets set by the Group in order to align with European best practices and the financial community's increased expectations for sustainable development.
The references used to test achievement of the sustainability targets are based on the percentage of achievement of the Sustainability Plan targets that the Company has set itself during the reference period. In addition, an access gate has been included which has to be achieved in order to receive the bonus. This gate is linked to the rating targets that the Company has set itself and are: obtaining at least a B rating in the "Carbon Disclosure Project" (CDP) and inclusion in the Advanced band of the "Vigeo Eiris" ranking.
The fair value amount determined on the grant date for each cycle of the Plan is illustrated below.

(euro)

	Grant date	No. shares awarded	Fair value
First cycle of the Plan	June 2025	12,282,025	5,738,776

The Plan's features, outlined above, are described in detail in the special document prepared by the Parent Company under art. 84-bis of Consob Regulation No. 11971 of 14 May 1999, made available to the public on the website www.fincantieri.com in the section "Governance and Ethics – Shareholders' Meeting – Shareholders' Meeting 2021".

Litigation

The following is an update on the status of litigation described in the Notes to the 2022 Consolidated Financial Statements.

Foreign litigation

With reference to the "Iraq" dispute, described in detail in the Notes to the Consolidated Financial Statements at 31 December 2014 and the subject of various subsequent updates, it is recalled that following the failure to agree the operating contracts (Refurbishment Contract and Combat System Contract) required for the Settlement Agreement, the Iraqi Government stepped up the proceedings pending before the Appeals Court of Paris against the arbitration awarded to Fincantieri. On 18 January 2018, the Appeals Court of Paris rejected the counterparty's claims. On 20 June 2018 the Iraqi Government notified Fincantieri of its appeal before the French Supreme Court against the decision of the Appeals Court of Paris. In a ruling issued on 15 January 2020, the French Supreme Court finally rejected the Iraqi Government's appeal in its entirety. Before the Italian courts, Fincantieri's recovery of its credit from the Iraqi state continued.
With reference to the claim brought by the Brazilian subsidiary Vard Promar S.A. against Petrobas Transpetro S.A.,

after the losses incurred on eight shipbuilding contracts, on 22 June 2021 the Court of the State of Rio de Janeiro ordered Transpetro to pay BRL 240,340,782.02 (approximately euro 40 million) to Vard Promar in compensation for damages and related interest. In addition, the same Court ordered Transpetro to pay back BRL 29,392,427.72 (approximately EUR 4.9 million) to Vard Promar in relation to the penalties applied by Transpetro for an amount above that agreed in the contract. As a result of a calculation error in the quantification of the interest, the Brazilian court adjusted the amount of the compensation to BRL 310,039,577.36 (approximately EUR 48.5 million). Transpetro appealed against the first instance judgment.

Italian litigation

Client credit recovery

With reference to legal action against customers that are insolvent, bankrupt or the subject of other reorganization measures, with whom disputes have arisen, it is reported that legal actions are continuing against Tirrenia and Siremar, both under special administration.
It should also be noted that Fincantieri has receivables which originally arose with Astaldi under Composition with Creditors, a company operating in the infrastructure sector, which subsequently became subject to a composition with creditors, now concluded. Fincantieri's claim is disputed and the Company has undertaken legal action to protect it. Based on the opinion of the legal counsel engaged, the Company is confident that its claims will be accepted by the relevant courts.
In any case, the Company's credits have been appropriately impaired in cases where the expectation of recovery is less than the amount of the credit.

Litigation with suppliers

These are disputes involving claims by suppliers and contractors that the Company considers unjustified (alleged contractual liability, alleged receivables for invoices not due or for extra items not due), or concerning the recovery of extra costs and/or losses incurred by the Company due to supplier or contractor breaches of contract. In some cases, it has been considered appropriate to bring negative assessment actions against such alleged claims. A provision for risks and charges has been recognised for those disputes not thought to be settled in the Group's favour.

Employment litigation

This refers to cases brought by employees and former employees of contractors and subcontractors, which involve the Company under the "customer co-liability" principle (art. 1676 of the Italian Civil Code and art. 29 of Legislative Decree 276/2003).
Litigation relating to asbestos continues to be settled both in and out of court in 2023. The provision set aside for this has been estimated in relation to litigation pending at the reference date for the estimate. The total liability relating to cases that have not yet emerged or are not yet known cannot be reliably estimated based on the information currently available and therefore is not reported in the Notes to the Financial Statements.

Other litigation

Other litigation includes: i) appeals against claims by social security authorities, including litigation against INPS for claims arising from the non-payment of contributions by contractors and subcontractors under the customer co-liability principle; ii) compensation for direct and indirect damages arising from the production process; iii) civil actions for injury compensation claims.
Whenever the outcome of such litigation is thought to result in a possible outflow of economic resources, suitable provisions for risks and charges have been recognised.

Criminal prosecutions under Legislative Decree 231/2001
The Group is currently involved in six criminal prosecutions brought under Legislative Decree no. 231/2001 in the Court of Gorizia, one in the Court of Agrigento and one in the Court of Venice. With respect to these proceedings, there are no significant updates to report with respect to what is disclosed in the Notes to the 2022 Consolidated Financial Statements, with the exception of the following:

- With regard to the proceedings relating to the fatal accident that occurred at the Monfalcone Yard on 2 March 2017 to an employee of a subcontractor company and involving both the Company and the subsidiary Fincantieri SI for the alleged offence referred to in Article 25 septies, par. 2, of Legislative Decree no. 231 of 2001 (Manslaughter and grievous or very grievous bodily harm committed in violation of occupational health and safety rules) together with, among others, the manager of the Monfalcone shipyard, the Project Manager in charge of the project on behalf of the Company and the legal representative of the subsidiary at the time of the events for the alleged offence of "Manslaughter" under art. 589, paragraphs 1 and 2 of the Italian Criminal Code, during the last hearing, the Public Prosecutor, replying to the objections raised by the defence, joined, inter alia, the plea of nullity of the notifications pursuant to art. 415 bis proposed by the defence of Fincantieri SI. The judge again reserved their decision.
- With reference to the proceedings in relation to the alleged offences of bribery among private individuals pursuant to art. 2635, paragraph 2, of the Italian Civil Code and unlawful intermediation and exploitation of labour pursuant to art. 603 bis of the Italian Criminal Code for acts committed in Marghera between 2015 and 2019, and which saw the involvement of, among others, the Company for the alleged offence under art. 25-quinquies, paragraph 1, letter a) of Legislative Decree no. 231/2001 (Crimes against the individual) with reference to the offence under art. 603-bis of the Italian Criminal Code and some employees and former employees for the alleged criminal offences of bribery among private individuals and unlawful intermediation and exploitation of labour, the Preliminary Hearing was concluded. The Judge, insofar as relevant, ordered the committal for trial of the Company pursuant to Legislative Decree no. 231/01 in relation to the alleged offence of unlawful intermediation and exploitation of labour, as well as, for some Fincantieri representatives (employees and former employees), the committal for trial for all the charges ascribed to them (bribery among private individuals and/or unlawful intermediation and exploitation of labour).

Tax position

National tax consolidation

Fincantieri S.p.A., Fincantieri Oil & Gas S.p.A., Isotta Fraschini Motori S.p.A. and Fincantieri INfrastrutture SOciali S.p.A. take part in the national tax consolidation of Cassa Depositi e Prestiti S.p.A.

Audits, assessments and litigation

Fincantieri S.p.A.
The Indian Tax Authority has notified Fincantieri S.p.A. of a measure relating to the tax period 1.4.2019 – 31.3.2020 that reclassifies the role of the local Project Office set up to support the P17 project with the MDSL shipyard, attributing to it, on a lump-sum basis inspired mainly by financial rather than economic aspects, a higher income than that determined and taxed on an analytical basis. An administrative appeal was filed before the Dispute Resolution Panel, which rejected the defence arguments and upheld the official's measure; and the defence will continue in the next level of the proceedings.

Marine Interiors Cabins S.p.A.
During the first half of 2023 there were no significant developments relating to the tax disputes in Italy and Norway.

Isotta Fraschini Motori S.p.A.
The subsidiary was subjected to a tax audit of fiscal year 2017; the tax audit report was notified on 30 June 2023 and contained findings whose impact is marginal.

Note 31 - Cash flows from operating activities

These are analyzed as follows:

(euro/thousand)

	30.06.2023	30.06.2022
Profit/(loss) for the period	(22,162)	(233,525)
Depreciation and amortization	113,352	111,446
(Gains)/losses from disposal of property, plant and equipment	32	(310)
(Revaluation)/impairment of property, plant and equipment, intangible assets and equity investments	712	114,387
(Revaluation)/impairment of financial assets		8,625
Increases/(Releases) of Other provisions for risks and charges	48,784	55,534
Interest on employee benefits	1,080	678
Interest income	(11,202)	(18,768)
Interest expense	98,890	46,211
Income taxes	(14,329)	5,770
Long-term share-based incentive plan	1,513	3,366
Non-monetary operating income and expenses		(1,433)
Impact of unrealized exchange rate changes	791	(9,063)
Income from acquisition		
GROSS CASH FLOWS FROM OPERATING ACTIVITIES	**217,461**	**82,918**

Note 32 - Segment information

Management has identified the following operating segments which reflect the model used to manage and control the business sectors in which the Group operates: Shipbuilding, Offshore and Specialized vessels, Equipment, Systems and Infrastructure and Other Activities.
Shipbuilding encompasses the cruise ship, naval vessel and Accommodation Cluster (renamed "Ship Interiors") business areas.
Offshore and Specialized vessels encompasses the design and construction of high-end offshore support vessels for offshore wind farms and the oil & gas industry, specialized ships such as cable-laying vessels and ferries, unmanned vessels, offering innovative products with reduced environmental impact.
Equipment, Systems and Infrastructure includes the following business areas: i) Electronics Cluster, which focuses on advanced technological solutions, from the design and integration of complex systems (system integration) to telecommunications and critical infrastructure, ii) Mechatronics Cluster, i.e., integration of mechanical components and power electronics in naval and onshore applications and iii) Infrastructure Cluster, which includes the design, construction and installation of steel structures for large-scale projects as well as the production and construction of maritime works and the supply of technology and facility management for the health segment, industry and the service sector.
Other Activities primarily refer to the cost of corporate activities which have not been allocated to other operating segments.
It should be noted that the Services and Accommodation Cluster business areas were moved from the Equipment, Systems and Services segment to the Shipbuilding segment because they provide more support to shipbuilding activities. After this reclassification, the Equipment, Systems and Services segment was renamed Equipment, Systems and Infrastructure. Comparison figures as at 30 June 2022 and 31 December 2022 have been restated accordingly. The activities of the Group's Romanian shipyards – previously included in Shipbuilding – were reallocated to Offshore and Specialized Vessels as of the beginning of 2023 due to Vard's Cruise business being discontinued.
The Group evaluates the performance of its operating segments and the allocation of financial resources on the basis of revenue and EBITDA, in the configuration monitored by the Group, defined as Profit/(loss) for the period adjusted for the following items: i) Income taxes, ii) Share of profit/(loss) of investments accounted for using the equity method, iii) Income/(expense) from investments, iv) Financial expenses, v) Financial income, vi) Depreciation, amortization and impairment, vii) Provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages, viii) Other extraordinary income and expenses.

The results of the operating segments at 30 June 2023 and 30 June 2022 are reported in the following pages.

(euro/thousand)

	30.06.2023				
	Shipbuilding	Offshore and Specialized vessels	Equipment, Systems and Infrastructure	Other Activities	Group
Segment revenue	**2,972,017**	**481,679**	**539,367**	**1,735**	**3,994,798**
Intersegment elimination	(13,811)	(129,440)	(180,855)	(1,564)	(325,670)
Revenue*	**2,958,206**	**352,239**	**358,512**	**171**	**3,669,128**
EBITDA	**181,266**	**19,264**	**6,728**	**(22,090)**	**185,168**
EBITDA margin	***6,1%***	***4,0%***	***1,2%***		***4,6%***
Depreciation, amortization and impairment					(113,538)
Financial income					24,357
Financial expenses					(98,793)
Income/(expense) from investments					61
Share of profit/(loss) of investments accounted for using the equity method					(520)
Income taxes					(14,329)
Costs not included in EBITDA					(33,226)
Profit/(loss) for the period					**(22,162)**

* Revenue: Sum of "Operating revenue" and "Other revenue and income" reported in the Consolidated statement of comprehensive income.

Details of "Costs not included in EBITDA" gross of the tax effect (euro 7,974 thousand) are given in the following table.

(euro/thousand)

	30.06.2023
Provisions for costs and legal expenses associated with asbestos-related lawsuits[1]	(33,226)
Other extraordinary income and expenses	
Costs not included in EBITDA	**(33,226)**

1 Of which euro 2.6 million included in "Materials, services and other costs" and euro 30.6 million in "Provisions".

(euro/thousand)

	30.06.2022*				
	Shipbuilding	Offshore and Specialized vessels	Equipment, Systems and Infrastructure	Other Activities	Group
Segment revenue	**3,043,993**	**376,469**	**370,051**	**867**	**3,791,380**
Intersegment elimination	(71,802)	(4,532)	(194,748)	(650)	(271,732)
Revenue**	**2,972,191**	**371,937**	**175,303**	**217**	**3,519,648**
EBITDA	**197,719**	**9,422**	**(89,884)**	**(20,964)**	**90,293**
EBITDA margin	***6,3%***	***2,5%***	***-24,3%***		***2,6%***
Depreciation, amortization and impairment					(218,384)
Financial income					77,531
Financial expenses					(121,056)
Income/(expense) from investments					204
Share of profit/(loss) of investments accounted for using the equity method					(7,546)
Income taxes					(5,770)
Costs not included in EBITDA					(48,796)
Profit/(loss) for the period					**(233,524)**

* The comparative figures have been restated following redefinition of the segments.
** Revenue: sum of "Operating revenue" and "Other revenue and income" reported in the Consolidated statement of comprehensive income.
It should also be noted that the impact of the impairment of goodwill and development costs, for which the recoverability has been impaired, impacted the item "Depreciation, amortization and impairment" in the amount of euro 84.1 million and euro 22.9 million, respectively.

Details of "Costs not included in EBITDA" gross of the tax effect (euro 11,709 thousand) are given in the following table.

(euro/thousand)

	30.06.2022
Provisions for costs and legal expenses associated with asbestos-related lawsuits[1]	(28,784)
Other extraordinary income and expenses[2]	(20,012)
Costs not included in EBITDA	**(48,796)**

1 Of which euro 2.5 million included in "Materials, services and other costs" and euro 26.3 million in "Provisions".
2 Amount included in "Materials, services and other costs".

The following table shows a breakdown of "Property, plant and equipment" in Italy and other countries:

(euro/million)

	30.06.2023	31.12.2022
Italy	993	1,001
Other countries	586	635
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,579**	**1,636**

(euro/million)

Capital expenditure	30.06.2023	31.12.2022
Shipbuilding	71	218
Offshore and Specialized vessels	5	19
Equipment, Systems and Infrastructure	13	46
Other activities	9	12
Total	**98**	**295**

Capital expenditure in the first half of 2023 on Intangible assets and Property, plant and equipment amounted to euro 98 million, of which euro 61 million relating to Italy and the remainder to other countries.

The following table shows a breakdown of Revenue and income between Italy and other countries, according to client country of residence:

(euro/milion)

	30.06.2023		30.06.2022	
	Revenue and income	%	Revenue and income	%
Italy	634	17%	414	12%
Other countries	3,035	83%	3,106	88%
TOTAL REVENUE AND INCOME	**3,669**		**3,520**	

The following table shows those clients whose revenue (defined as turnover plus change in inventories) accounted for more than 10% of the Group's Revenue and income in each reporting period:

(euro/milion)

	30.06.2023		30.06.2022	
	Ricavi e proventi	%	Ricavi e proventi	%
Client 1	711	19%	626	18%
Client 2	415	11%		
Client 3	379	10%		
TOTAL REVENUE AND INCOME	**3,669**		**3,520**	

Note 33 - Events after 30 June 2023

On 19 July 2023, Orizzonte Sistemi Navali, the joint venture owned by Fincantieri and Leonardo (51% and 49% respectively), signed the Framework Agreement for Maintenance in Operational Condition for the Italian Navy's aircraft carrier Cavour and Orizzonte-class destroyers Andrea Doria and Caio Duilio with the Naval Armaments Directorate of the General Secretariat of Defence.

On the same day, Fincantieri signed an agreement with the national unions FIM, FIOM and UILM and the Executive of the National Trade Union Coordination; this is an important and innovative agreement on the new organizational model called "Work FOR Future" and, as part of its first important objective in this area, on the application of the smart working tool. The agreement continues in the vein of highly participative industrial relations which has characterized the last period and is aimed at improving work-life balance, welfare and the focus on people still further. Smart working will be made an integral part of the new organizational model, based on work by objectives and result orientation by monitoring specific KPIs.

On 20 July 2023 Explora I was delivered at the Monfalcone shipyard. The ship is the first of four and marks the official launch of Explora Journeys, the MSC group's new luxury travel brand. All ships will be equipped with the latest environmental and marine technologies, including selective catalytic reduction technology, connectivity to onshore power grid, underwater noise management systems to protect marine life, and a wide range of energy-efficient equipment on board to optimize engine use and continue to reduce emissions.

On 21 July 2023, OCCAR exercised its option to build the third next-generation submarine, part of the Italian Navy's U212NFS program assigned to Fincantieri.

On 25 July 2023, Fincantieri signed an agreement with newcleo, a clean and safe nuclear technology company engaged in the development of innovative Generation IV reactors using existing nuclear waste as fuel, and RINA, a multinational ship inspection, certification, classification and engineering consultancy company. The agreement includes a feasibility study for nuclear ship propulsion through the application of a closed mini-reactor for use on large ships, and therefore contributing to the decarbonization of the shipping industry.

Companies included in the scope of consolidation

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
SUBSIDIARIES CONSOLIDATED LINE-BY-LINE							
BACINI DI PALERMO S.p.A. Dry-dock management	Palermo	Italy	EUR	1,032,000	100	Fincantieri S.p.A.	100
GESTIONE BACINI LA SPEZIA S.p.A. Dry-dock management	La Spezia	Italy	EUR	260,000	99.89	Fincantieri S.p.A.	99.89
ISOTTA FRASCHINI MOTORI S.p.A. Design, construction and sale of fast medium-duty diesel engines	Bari	Italy	EUR	3,300,000	100	Fincantieri S.p.A.	100
FINCANTIERI HOLDING B.V. Holding company for foreign investments	Netherlands	Netherlands	EUR	9,529,385	100	Fincantieri S.p.A.	100
FINCANTIERI INDIA Pte. Ltd. Design, technical support and marketing	India	India	INR	10,500,000	99 1	Fincantieri Holding B.V. Fincantieri S.p.A.	100
SOCIETÀ PER L'ESERCIZIO DI ATTIVITÀ FINANZIARIE - S.E.A.F. S.p.A. Financial support for Group companies	Trieste	Italy	EUR	6,562,000	100	Fincantieri S.p.A.	100
FINCANTIERI SI S.p.A. Electric, electronic and electromechanical industrial solutions	Trieste	Italy France	EUR	500,000	100	Società per l'Esercizio di Attività Finanziarie - S.E.A.F. S.p.A.	100
FINCANTIERI SI IMPIANTI S.c.a.r.l. Electric, electronic and electromechanical industrial solutions	Milano	Italy	EUR	20,000	60	Fincantieri SI S.p.A.	60
POWER4FUTURE S.p.A. Design, production and installation of electricity storage products	Calderara di Reno (BO)	Italy	EUR	3,200,000	52	Fincantieri SI S.p.A.	52
BOP6 S.c.a.r.l. Complete execution of contract ITER BOP6	Trieste	Italy France	EUR	40,000	5 95	Fincantieri S.p.A. Fincantieri SI S.p.A.	100
FINCANTIERI AUSTRALIA Pty Ltd. Trade activities	Australia	Australia	AUD	2,400,100	100	Fincantieri S.p.A.	100
FINCANTIERI SERVICES MIDDLE EAST LLC Project management services	Qàtar	Qàtar	EUR	200,000	100	Fincantieri S.p.A.	100
FINCANTIERI (SHANGHAI) TRADING Co. Ltd. Engineering design, consulting and development	China	China	CNY	35,250,000	100	Fincantieri S.p.A.	100
FINCANTIERI DRAGAGGI ECOLOGICI S.p.A. Eco-dredging, construction and maintenance of river, lake and maritime works	Rome	Italy	EUR	500,000	55	Fincantieri S.p.A.	55
MTM S.c.a.r.l. *Dormant*	Venice	Italy	EUR	100,000	41	Fincantieri S.p.A.	41
FINCANTIERI SERVICES DOHA LLC Maintenance of waterborne transport vessels	Qatar	Qatar	QAR	2,400,000	100	Fincantieri S.p.A.	100
TEAM TURBO MACHINES SAS Repair, maintenance and installation of gas turbines	France	France	EUR	250,000	85	Fincantieri S.p.A.	100
MARINE INTERIORS S.p.A. Ship interiors	Trieste	Italy Romania Norway	EUR	1,000,000	100	Fincantieri S.p.A.	100
MARINE INTERIORS CABINS S.p.A. Ship interiors	Trieste	Italy Romania Norway	EUR	5,120,000	100	Marine Interiors S.p.A.	100
MI S.p.A. Ship interiors	Trieste	Italy France	EUR	50,000	100	Marine Interiors S.p.A.	100
SEANERGY - A MARINE INTERIORS COMPANY S.r.l. Research, development, design and production of equipment for catering areas	Pordenone	Italy Romania Norway	EUR	50,000	80	Marine Interiors S.p.A.	80
OPERAE - A MARINE INTERIORS COMPANY S.r.l. Ship interiors	Trieste	Italy	EUR	50,000	85	Marine Interiors S.p.A.	85
FINCANTIERI INFRASTRUCTURE S.p.A. Production, marketing and installation of metal products and carpentry	Trieste	Italy Romania	EUR	500,000	100	Fincantieri S.p.A.	100
FINCANTIERI INFRASTRUCTURE USA Inc. Holding company	USA	USA	USD	100	100	Fincantieri Infrastructure S.p.A.	100
FINCANTIERI INFRASTRUCUTRE FLORIDA Inc. Legal activities	USA	USA	USD	100	100	Fincantieri Infrastructure USA Inc.	100
FINCANTIERI INFRASTRUCTURE OPERE MARITTIME S.p.A. Design, construction and maintenance of civil, maritime and hydraulic infrastructures	Trieste	Italy	EUR	100,000	100	Fincantieri Infrastructure S.p.A.	100

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
FINCANTIERI INFRASTRUTTURE SOCIALI S.p.A. Construction of buildings and supply of technological systems	Florence	Italy Chile France Serbia S. Marteen Greece Qatar	EUR	20,000,000	90	Fincantieri Infrastructure S.p.A.	90
SOF S.p.A. Installation of plumbing, heating and air conditioning systems	Florence	Italy	EUR	5,000,000	100	Fincantieri INfrastrutture SOciali S.p.A.	90
ERGON PROJECTS Ltd. Design, construction and management of healthcare facilities and infrastructure	Malta	Malta	EUR	896,000	99 1	Fincantieri INfrastrutture SOciali S.p.A. SOF S.p.A.	90
FINSO ALBANIA S.h.p.k. Design, construction and management of healthcare facilities and infrastructure	Albania	Albania	LEK	4,000,000	100	Fincantieri INfrastrutture SOciali S.p.A	90
CONSTRUCTORA FINSO CHILE S.p.A Administrative and management activities for civil and healthcare infrastructure	Chile	Chile	CLP	10,000,000	100	Fincantieri INfrastrutture SOciali S.p.A	90
EMPOLI SALUTE GESTIONE S.c.a.r.l. Non-medical support services, management of retail space and other activities	Firenze	Italy	EUR	50,000	95 4.5	Fincantieri INfrastrutture SOciali S.p.A. SOF S.p.A.	89.55
FINCANTIERI NEXTECH S.p.A. Automation systems	Milan	Italy Switzerland	EUR	12,000,000	100	Fincantieri S.p.A.	100
E-PHORS S.p.A. Design, production of products or services in the field of IT security	Milan	Italy	EUR	500,000	100	Fincantieri NexTech S.p.A.	100
REICOM S.r.l. Design, development, supply, installation and maintenance for on-board systems	Milan	Italy	EUR	600,000	100	Fincantieri NexTech S.p.A.	100
C.S.I. Consorzio Stabile Impianti S.r.l. in liquidation *In liquidation*	Milan	Italy	EUR	40,000	75.65	Fincantieri NexTech S.p.A.	75.65
HMS IT S.p.A. Design, supply and integration of IT technology infrastructures	Rome	Italy	EUR	1,500,000	60	Fincantieri NexTech S.p.A.	60
MARINA BAY S.A. Industrial, commercial, financial, property and real estate transactions	Luxembourg	Luxembourg	EUR	31,000	100	Fincantieri NexTech S.p.A.	100
S.L.S. – SUPPORT LOGISTIC SERVICES S.r.l. Design and construction of electronic and telecommunication systems	Guidonia Montecelio (RM)	Italy	EUR	131,519	100	Fincantieri NexTech S.p.A.	100
ISSEL NORD S.r.l. Production and supply of means and services related to integrated logistic support	Follo (SP)	Italy	EUR	400,000	100	Fincantieri NexTech S.p.A.	100
CENTRO PER GLI STUDI DI TECNICA NAVALE - CETENA S.p.A. Ship research and experimentation	Genoa	Italy	EUR	1,000,000	86.10	Fincantieri NexTech S.p.A.	86.10
IDS INGEGNERIA DEI SISTEMI S.p.A. Design, production and maintenance of systems for both civil and military applications	Pisa	Italy	EUR	13,171,240	100	Fincantieri NexTech S.p.A.	100
IDS INGEGNERIA DEI SISTEMI (UK) Ltd. Installation, repair and maintenance of gas turbines	United Kingdom	United Kingdom	GBP	180,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
IDS AUSTRALASIA PTY Ltd. Installation, repair, maintenance and gas turbine installation	Australia	Australia	AUD	100,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
IDS NORTH AMERICA Ltd. Installation, repair, maintenance and gas turbine installation	Canada	Canada	CAD	5,305,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
IDS KOREA Co. Ltd. Installation, repair, maintenance and gas turbine installation	Asia	Asia	KRW	434,022,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
IDS TECHNOLOGIES US Inc. Installation, repair, maintenance and gas turbine installation	USA	USA	USD	-	100	IDS Ingegneria Dei Sistemi S.p.A.	100
ROB INT S.r.l. Manufacture of air and spacecraft and related devices n.e.c.	Pisa	Italy	EUR	100,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
TRS SISTEMI S.r.l. Manufacture of computers and peripheral equipment	Rome	Italy	EUR	90,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
SKYTECH ITALIA S.r.l. Information technology consultancy	Rome	Italy	EUR	90,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
FLYTOP S.r.l. in liquidation *In liquidation*	Rome	Italy	EUR	50,000	100	IDS Ingegneria Dei Sistemi S.p.A.	100
FINCANTIERI USA HOLDING LLC Holding company	USA	USA	USD	-	100	Fincantieri S.p.A.	100
FINCANTIERI USA Inc. Holding company	USA	USA	USD	1,030	65 35	Fincantieri S.p.A. FINCANTIERI USA HOLDING LLC	100
FINCANTIERI Services USA LLC After-sales services	USA	USA	USD	300,001	100	Fincantieri USA Inc.	100
FINCANTIERI MARINE GROUP HOLDINGS Inc. Holding company	USA	USA	USD	1,028	87.44	Fincantieri USA Inc.	87.44
FINCANTIERI MARINE GROUP LLC Shipbuilding and ship repairs	USA	USA	USD	1,000	100	Fincantieri Marine Group Holdings Inc.	87.44
MARINETTE MARINE CORPORATION Shipbuilding and ship repairs	USA	USA	USD	146,706	100	Fincantieri Marine Group LLC	87.44
ACE MARINE LLC Building of small aluminium ships	USA	USA	USD	1,000	100	Fincantieri Marine Group LLC	87.44
FINCANTIERI MARINE SYSTEMS NORTH AMERICA Inc. Sale and after-sale services relating to mechanical products	USA	USA Bahrain	USD	501,000	100	Fincantieri USA Inc.	100
FINCANTIERI MARINE REPAIR LLC Sale and after-sale services relating to mechanical products	USA	USA	USD	-	100	Fincantieri Marine Systems North America Inc.	100
FINCANTIERI MARINE SYSTEMS LLC Sale and after-sale services relating to mechanical products	USA	USA	USD	-	100	Fincantieri Marine Systems North America Inc.	100
FMSNA YK Marine diesel engine maintenance service	Japan	Japan	JPY	3,000,000	100	Fincantieri Marine Systems North America Inc.	100
FINCANTIERI OIL & GAS S.p.A. Holding company	Trieste	Italy	EUR	21,000,000	100	Fincantieri S.p.A.	100
ARSENAL S.r.l. IT consulting	Trieste	Italy	EUR	10,000	100	Fincantieri Oil & Gas S.p.A.	100
VARD HOLDINGS Ltd. Holding company	Singapore	Singapore	SGD	932,200,000	98.37	Fincantieri Oil & Gas S.p.A.	98.37
VARD SHIPHOLDING SINGAPORE Pte. Ltd. Charter of boats, ships and barges	Singapore	Singapore	USD	1	100	Vard Holdings Ltd.	98.37
VARD GROUP AS Shipbuilding	Norway	Norway	NOK	26,795,600	100	Vard Holdings Ltd.	98.37
SEAONICS AS Offshore handling systems	Norway	Norway	NOK	46,639,721	100	Vard Group AS	98.37
SEAONICS POLSKA SP. Z O.O. Engineering services	Poland	Poland	PLN	400,000	100	Seaonics AS	98.37
CDP TECHNOLOGIES AS Technological research and development	Norway	Norway	NOK	500,000	100	Seaonics AS	98.37
CDP TECHNOLOGIES ESTONIA OÜ Automation and control systems	Estonia	Estonia	EUR	5,200	100	CDP Technologies AS	98.37
VARD ELECTRO AS Electrical/automation installation	Norway	Norway UK	NOK	1,000,000	100	Vard Group AS	98.37
VARD ELECTRO ITALY S.r.l. Design and installation of naval electrical systems	Trieste	Italy	EUR	200,000	100	Vard Electro AS	98.37
VARD ELECTRO ROMANIA S.r.l. ***(formerly VARD ELECTRO TULCEA S.r.l.)*** Electrical installation	Romania	Romania	RON	6,333,834	100	Vard Electro AS	98.37
VARD ELECTRICAL INSTALLATION AND ENGINEERING (INDIA) Pvt. Ltd. Electrical installation	India	India	INR	14,000,000	99.50 0.50	Vard Electro AS Vard Electro Romania S.r.l.	98.37
VARD ELECTRO BRAZIL (INSTALAÇÕES ELETRICAS) Ltda. Electrical installation	Brazil	Brazil	BRL	3,000,000	99 1	Vard Electro AS Vard Group AS	98.37
VARD PROMAR SA Shipbuilding	Brazil	Brazil	BRL	1,109,108,180	99.999 0.001	Vard Group AS Vard Electro Brazil Ltda.	98.37
Vard Niteroi RJ S.A. *(formerly FINCANTIERI DO BRASIL PARTICIPAÇÕES SA)* *Dormant*	Brazil	Brazil	BRL	354,887,790	99.99 0.01	Vard Group AS Vard Electro Brazil (Instalacoes Eletricas) Ltda.	98.37

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
VARD INFRAESTRUTURA Ltda. *Dormant*	Brazil	Brazil	BRL	10,000	99.99 0.01	Vard Promar SA Vard Group AS	98.37
ESTALEIRO QUISSAMÃ Ltda. *Dormant*	Brazil	Brazil	BRL	400,000	50.50 49.50	Vard Group AS Vard Promar SA	98.37
VARD ELECTRO CANADA Inc. Installation and integration of electrical systems	Canada	Canada	CAD	100,000	100	Vard Electro AS	98.37
VARD ELECTRO US Inc. Installation and integration of electrical systems	USA	USA	USD	10	100	Vard Electro Canada Inc.	98.37
VARD RO HOLDING S.r.l. Holding company	Romania	Romania	RON	82,573,830	99.995 0.000126	Vard Group AS Vard Electro AS	98.37
VARD TULCEA SA Shipbuilding	Romania	Romania	RON	151,606,459	99.996 0.004	Vard RO Holding S.r.l. Vard Group AS	98.37
VARD BRAILA SA Shipbuildingi	Romania	Romania Italy	RON	165,862,178	94.12 5.88	Vard RO Holding S.r.l. Vard Group AS	98.37
VARD INTERNATIONAL SERVICES S.r.l. *Dormant*	Romania	Romania	RON	100,000	100	Vard Braila S.A.	98.37
VARD ENGINEERING CONSTANTA S.r.l. Engineering	Romania	Romania	RON	1,408,000	70 30	Vard RO Holding S.r.l. Vard Braila S.A.	98.37
VARD SINGAPORE Pte. Ltd. Sales and holding company	Singapore	Singapore	USD	6,000,000	100	Vard Group AS	98.37
VARD VUNG TAU Ltd. Shipbuilding	Vietnam	Vietnam	USD	9,240,000	100	Vard Singapore Pte. Ltd.	98.37
VARD ACCOMMODATION AS Ship accommodation installation	Norway	Norway	NOK	500,000	100	Vard Group AS	98.37
VARD ACCOMMODATION TULCEA S.r.l. Ship accommodation installation	Romania	Romania Italy	RON	436,000	99.77 0.23	Vard Accommodation AS Vard Electro Romania S.r.l.	98.37
VARD DESIGN AS Design and engineering	Norway	Norway	NOK	4,000,000	100	Vard Group AS	98.37
VARD DESIGN LIBURNA Ltd. Design and engineering	Croatia	Croatia	EUR	20,000	51	Vard Design AS	50.17
VARD ENGINEERING BREVIK AS Design and engineering	Norway	Norway	NOK	105,000	100	Vard Group AS	98.37
VARD MARINE GDANSK Sp. Z.o.o. Offshore design and engineering activities	Poland	Poland	PLN	50,000	100	Vard Engineering Brevik AS	98.37
VARD MARINE Inc. Design and engineering	Canada	Canada	CAD	9,783,700	100	Vard Group AS	98.37
VARD MARINE US Inc. Design and engineering	USA	USA	USD	1,010,000	100	Vard Marine Inc.	98.37

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
JOINT VENTURES CONSOLIDATED USING THE EQUITY METHOD							
ORIZZONTE SISTEMI NAVALI S.p.A. Provision of naval surface vessels equipped with weapons systems	Genoa	Italy Algeria	EUR	20,000,000	51	Fincantieri S.p.A.	51
ETIHAD SHIP BUILDING LLC Design, production and sale of civilian and naval ships	Arab Emirates	Arab Emirates	AED	2,500,000	35	Fincantieri S.p.A.	35
NAVIRIS S.p.A. Design, manufacture, maintenance and conversion of ships for naval or government use	Genoa	Italy	EUR	5,000,000	50	Fincantieri S.p.A.	50
NAVIRIS FRANCE SAS Shipbuilding	France	France	EUR	100,000	100	Naviris S.p.A.	50
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT LIMITED Design and marketing of cruise ships	China	China	EUR	140,000,000	40	Fincantieri S.p.A.	40
CSSC - FINCANTIERI (SHANGHAI) CRUISE DESIGN LIMITED Engineering, Project Management and Supply Chain Management	China	China	RMB	1,000,000	100	CSSC - Fincantieri Cruise Industry Development Limited	40
CONSORZIO F.S.B. Construction	Marghera (VE)	Italy	EUR	15,000	58.36	Fincantieri S.p.A	58.36
BUSBAR4F S.c.a.r.l. Installation of electrical systems	Trieste	Italy France	EUR	40,000	10 50	Fincantieri S.p.A. Fincantieri SI S.p.A.	60
4TCC1 S.c.a.r.l. ITER project	Trieste	Italy France	EUR	100,000	5 75	Fincantieri S.p.A. Fincantieri SI S.p.A.	80
4B3 S.c.a.r.l. Complete execution of contract BOP3	Trieste	Italy France	EUR	50,000	2.50 52.50	Fincantieri S.p.A. Fincantieri SI S.p.A.	55
4TB13 S.c.a.r.l. *Dormant*	Trieste	Italy France	EUR	50,000	55	Fincantieri SI S.p.A.	55
FINMESA S.c.a.r.l. Design and realization of power generation plants from photovoltaic renewable sources	Milan	Italy	EUR	20,000	50	Fincantieri SI S.p.A.	50
ERSMA 2026 S.c.a.r.l. Demolition and dismantling of buildings and other structures	Piacenza	Italy	EUR	10,000	20	Fincantieri SI S.p.A.	20
FINCANTIERI CLEA BUILDINGS S.c.a.r.l. in liquidation *In liquidation*	Milan	Italy	EUR	10,000	51	Fincantieri Infrastructure S.p.A.	51
PERGENOVA S.c.p.a. Realization of works related to the reconstruction of the new viaduct over the Polcevera river	Genoa	Italy	EUR	1,000,000	50	Fincantieri Infrastructure S.p.A.	50
DARSENA EUROPA S.c.a.r.l. Execution of the Europa Platform of the Port of Livorno	Rome	Italy	EUR	10,000	26	Fincantieri Infrastructure Opere Marittime S.p.A.	26
NUOVO SANTA CHIARA HOSPITAL S.c.a r.l. Construction of hospital buildings	Florence	Italy	EUR	300,000	50	Fincantieri INfrastrutture SOciali S.p.A.	45
VIMERCATE SALUTE GESTIONI S.c.a.r.l. Other business support service activities n.e.c.	Milan	Italy	EUR	10,000	49.10 3.65	Fincantieri INfrastrutture SOciali S.p.A. SOF S.p.A.	47.48
ISSEL MIDDLE EAST INFORMATION TECHNOLOGY CONSULTANCY LLC IT consultancy and Oil & Gas services	Arab Emirates	Arab Emirates	AED	150,000	49	Issel Nord S.r.l.	49

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD							
CENTRO SERVIZI NAVALI S.p.A. Steelworking	San Giorgio di Nogaro (UD)	Italy	EUR	5,620,618	10.93	Fincantieri S.p.A.	10.93
GRUPPO PSC S.p.A. Design and installation of systems	Maratea (PZ)	Italy Qatar Romania Colombia Spain	EUR	1,431,112	10	Fincantieri S.p.A.	10
DECOMAR S.p.A. Eco-dredging	Massa	Italy	EUR	2,500,000	20	Fincantieri S.p.A.	20
DIDO S.r.l. Support for the design and development of advanced computer applications	Milan	Italy	EUR	142,801	30	Fincantieri S.p.A.	30
PRELIOS SOLUTIONS & TECHNOLOGIES S.r.l. Realization and management of technological installations in the industrial, civil and defence sectors	Milan	Italy	EUR	50,000	49	Fincantieri NexTech S.p.A	49
STARS Railway Systems Design and marketing of radar products for railway safety	Rome	Italy	EUR	300,000	48 2	IDS Ingegneria Dei Sistemi S.p.A. TRS Sistemi S.r.l.	50
ITS Integrated Tech System S.r.l. *Dormant*	La Spezia	Italy	EUR	10,000	51	Rob.Int S.r.l.	51
MC4COM - MISSION CRITICAL FOR COMMUNICATIONS SOCIETÀ CONSORTILE S.r.l. Engineering	Milan	Italy	EUR	10,000	50	HMS IT S.p.A.	30
UNIFER NAVALE S.r.l. in liquidation *In liquidation*	Finale Emilia (MO)	Italy	EUR	150,000	20	Società per l'Esercizio di Attività Finanziarie - S.E.A.F. S.p.A.	20
2F PER VADO S.c.a.r.l. Execution of works for the construction of the "New Vado Ligure Breakwater"	Genoa	Italy	EUR	10,000	49	Fincantieri Infrastructure Opere Marittime S.p.A.	49
CITTÀ SALUTE RICERCA MILANO S.p.A. Execution of construction activities and other civil engineering works n.e.c.	Milan	Italy	EUR	5,000,000	30	Fincantieri INfrastrutture SOciali S.p.A.	27
CISAR COSTRUZIONI S.c.a.r.l. Execution of works for the construction of the City of Health and research	Milan	Italy	EUR	100,000	30	Fincantieri INfrastrutture SOciali S.p.A.	27
NOTE GESTIONE S.c.a.r.l. Installation of plumbing, heating and air conditioning systems	Reggio Emilia	Italy	EUR	20,000	34	SOF S.p.A.	30.60
S.ENE.CA GESTIONI S.c.a.r.l. Other business support service activities n.e.c.	Florence	Italy	EUR	10,000	49	SOF S.p.A.	44.10
HOSPITAL BUILDING TECHNOLOGIES S.c.a.r.l. Sale and purchase of real estate on own properties	Florence	Italy	EUR	10,000	20	SOF S.p.A.	18
BIOTECA S.c.a.r.l. Performance of contracts for the supply and installation of furniture and furnishings	Carpi (MO)	Italy	EUR	100,000	33.33	SOF S.p.A.	30
ENERGETIKA S.c.a.r.l. *Dormant*	Florence	Italy	EUR	10,000	40	SOF S.p.A.	36
PERGENOVA BREAKWATER Construction of the new breakwater for the port of Genoa in the Sampierdarena dock	Genoa	Italy	EUR	10,000	25	Fincantieri Infrastructure Opere Marittime S.p.A.	25
BREVIK TECHNOLOGY AS Technology licences and patents	Norway	Norway	NOK	1,050,000	34	Vard Group AS	33.45
SOLSTAD SUPPLY AS *(formerly REM SUPPLY AS)* Shipowner	Norway	Norway	NOK	345,003,000	26.66	Vard Group AS	26.23
ISLAND OFFSHORE XII SHIP AS Shipowner	Norway	Norway	NOK	404,097,000	46.90	Vard Group AS	46.14
ISLAND DILIGENCE AS Shipowner	Norway	Norway	NOK	17,012,500	39.38	Vard Group AS	38.74
CASTOR DRILLING SOLUTION AS Offshore drilling technology	Norway	Norway	NOK	229,710	34.13	Seaonics AS	33.57
CSS DESIGN LIMITED Design and engineering	United Kingdom	United Kingdom	GBP	100	31	Vard Marine Inc.	30.49

Management representation on the Consolidated Financial Statements

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Management representation on the Consolidated Financial Statements

Management representation on the Condensed Consolidated Interim Financial Statements pursuant to art. 81-ter of CONSOB regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. 1. The undersigned Pierroberto Folgiero, in his capacity as Chief Executive Officer, and Felice Bonavolontà, as Manager Responsible for Preparing Financial Reports of FINCANTIERI S.p.A. (“Fincantieri”), with reference to the requirements of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998, hereby represent:

- the suitability in relation to the business’s organization and,
- the effective application

of the administrative and accounting processes for the preparation of the Condensed Consolidated Interim Financial Statements at 30 June 2023, during the first half of 2023.

2. The adequacy of the administrative and accounting processes for preparing the Condensed Consolidated Interim Financial Statements at 30 June 2023 has been evaluated on the basis of a procedure established by Fincantieri in compliance with the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which is the generally accepted standard model internationally.

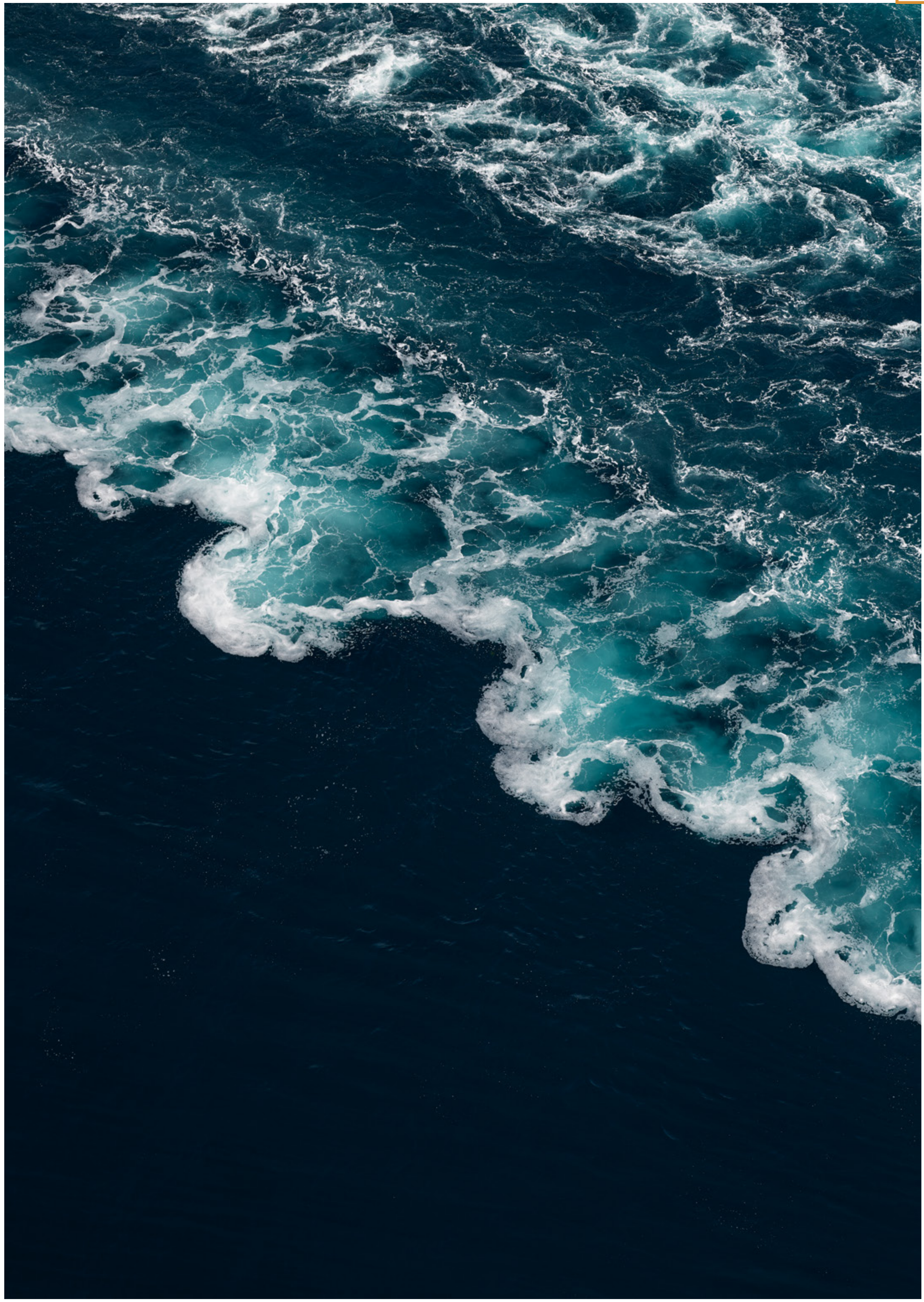
3. The undersigned also represent that:

3.1 the Condensed Consolidated Interim Financial Statements at 30 June 2023:

a. have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
b. correspond to the underlying accounting records and books of account;
c. are able to give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer and the group of companies included in the consolidation.

3.2 the Report on operations performance includes a fair review of the important events taking place in the first six months of the year and their impact on the Condensed Consolidated Interim Financial Statements, together with a description of the principal risks and uncertainties to which they are exposed. The Report on operations also includes a reliable analysis of the information on significant related party transactions.

26 July 2023	CHIEF EXECUTIVE OFFICER	MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS
	Pierroberto Folgiero	Felice Bonavolontà



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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Fincantieri S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Fincantieri S.p.A. and subsidiaries (the "Fincantieri Group"), which comprise the consolidated statement of financial position as of June 30, 2023, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Fincantieri Group as at June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Udine, Italy
August 1, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

FINCANTIERI