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FINCANTIERI

Rome, March 7, 2024

Press release

APPROVAL OF 2023 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS OF THE PARENT COMPANY

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EBITDA GROWS 80%, NFP/EBITDA HALVED AND 200 MILLION EURO CASH GENERATION

- **Revenues** at euro 7,651 million, **up** by **2.8%** (euro 7,440 million in 2022)
- **EBITDA** at **euro 397 million**, up by 80% year-on-year (euro 221 million in 2022)
- **EBITDA margin at 5.2%**, improving significantly over 2022 (3.0%)
- **EBIT** at **euro 162 million** in strong recovery vs 2022 (negative by euro 10 million)
- **Net financial position** negative by **euro 2,271 million**, with a significant improvement of 10.3% vs 2022 (euro 2,531 million)
- **Leverage ratio** (Net financial position/EBITDA) at **5.7x**, with deleveraging well ahead of Business Plan
- **Net cash flows** positive, with **euro 201 million** cash generation (negative by euro 672 million in 2022)
- **Group net income** negative at euro 53 million, with a considerable recovery from 2022 result (negative at euro 324 million); Adjusted net income, net of extraordinary and non-recurring items, stands at negative euro 7 million, considerably up when compared to euro 108 million net loss in 2022

SOLID COMMERCIAL DEVELOPMENT IN ALL BUSINESSES

- **Total backlog at euro 34.8 billion**, approximately 4.5 times 2023 revenues
- **Order intake** at **euro 6.6 billion**, growing by 23.9% vs 2022 (euro 5.3 billion), with a significant acceleration in the Offshore business in December
- **Book to bill at 0.9**, highlighting a solid commercial pipeline across all businesses
- Consolidation of the **Cruise** business, positive performance of the **Defence sector** and sharp increase in volumes and margins of the **Offshore** segment
- **26 ships delivered** from 12 shipyards and 85 ships in backlog with strong visibility up to 2030

APPROVAL OF EMPLOYEE STOCK OWNERSHIP PLAN

2024 GUIDANCE

- 2024 targets confirmed:
  - **Revenues** at approximately 8 billion euro, up by around **4.5% YoY**
  - **EBITDA margin at around 6%**, up by 1 percentage point vs 2023

- **Leverage ratio** (Net financial position/EBITDA) expected **to improve** compared to the guidance provided at the Capital Markets Day on May 10, 2023 (6.0-7.0x), to a value **between 5.5x and 6.5x** in 2024, accelerating the already expected deleveraging over the plan horizon.

* * *

Rome, March 7th, 2024 – The Board of Directors of **Fincantieri S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by General Claudio Graziano, has approved the **draft financial statements of the parent company at December 31, 2023**, the **Consolidated financial statements at December 31, 2023**[1] and the **Consolidated Non-financial statement at December 31, 2023**[2].

Pierroberto Folgiero, Fincantieri Chief Executive Officer and General Manager, commented: "In the first year of the new Business Plan, we built and delivered a significant increase in profitability: EBITDA grew by 80% compared to 2022, reaching nearly euro 400 million. The EBITDA margin jumped to 5.2% from 3.0%. Cash generation exceeded expectations, leading to an improving Net financial position.

These achievements were driven by our sound financial discipline, the solid business performance of Shipbuilding, both defence and civil, as well as a strong rebound in the Offshore and Specialized Vessels business. In particular, the latter marked an acceleration in new orders in December. 2023 order intake stood at 6.6 billion, compared to 5.3 billion in 2022. I would like to thank all the people at Fincantieri for these results; they have delivered 26 ships during the year despite the challenging industrial scenario while pursuing the strategic targets of the new Industrial Plan with professionalism and determination.

In 2023, we also set promising strategic landmarks in LNG, methanol and hydrogen engines; in the proprietary data platforms for digital twin, simulation systems and predictive maintenance; in the first applications of artificial intelligence and remote control solutions, in the automation and digitalisation of shipyards, capturing the attention of Italians back to the heavy industry, and, in the new frontier of the underwater domain, where we aim to play a leading role in the industry and the Country".

Folgiero concluded: "Our 2024 guidance envisages revenues at approximately 8 billion euro, up by 4.5% and in line with Business Plan targets released in May 2023, an EBITDA margin of about 6%, steadily increasing as per the plan, and a NFP accelerating the deleveraging path compared to our initial targets".

[1] Prepared in accordance with international financial reporting and accounting standards (IFRS)
[2] Pursuant to Legislative Decree No. 254/2016

Highlights

(euro/million)	31.12.2023	31.12.2022	% change
Revenues and income[(1)]	7,651	7,440	2.8%
EBITDA[(2)]	397	221	79.9%
EBITDA margin[(*)]	5.2%	3.0%	2.2 p.p.
Adjusted profit/(loss) for the period[(3)]	(7)	(108)	93.7%
Profit/(loss) for the period	(53)	(324)	83.6%
Net financial position[(4)]	2,271	2,531	-10.3%
Order intake[(**)]	6,600	5,328	23.9%
Backlog[(**)]	23,072	23,826	-3.2%

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

At the end of the first year of the new 2023-2027 Business Plan, the Group reports a sharp **increase** in profitability, with **EBITDA** at **euro 397 million** (+80% vs 2022) and **EBITDA margin** at **5.2%** (3.0% in 2022), halving the NFP/EBITDA ratio (5.7x vs 11.5x in 2022) and generating euro 201 million in cash.

These achievements come from the solid business performance of Shipbuilding, stabilized margins in Infrastructure and a strong commercial rebound in the Offshore and Specialized Vessels business.

Thanks to this performance, the Group **EBIT** reaches euro 162 million in 2023, significantly rebounding from 2022 (negative by euro 10 million).

Net financial debt, standing at **euro 2,271 million** as of December 31, 2023, improves materially by 10.3% compared to 2022 (euro 2,531 million), thanks to a firm focus on financial discipline and working capital dynamics.

This trend together with the EBITDA growth leads to an acceleration in the deleveraging path foreseen in the Business Plan, with a **leverage ratio** (Net financial position/EBITDA) at **5.7x**, well below the 2023 target of 7.0-7.5x.

Furthermore, thanks to a thorough business management Fincantieri generates positive operating cash flows at **euro 637 million** during the year (negative by euro 58 million in 2022), with positive **net cash flow** of **euro 201 million** in 2023 (negative by euro 672 million in 2022).

Revenues also increases to **euro 7,651 million** as of December 31, 2023 (+2.8% vs 2022), and **adjusted net income** is almost at **breakeven** (negative euro 7 million).

The Group business performance relies on a **backlog** of about **euro 23.1 billion** at the end of 2023, with 85 ships to be delivered up to 2030.

2023 **order intake** stands at **euro 6.6 billion**, up by 23.9% from 2022 (euro 5.3 billion), with a strong contribution from Defense and Offshore, the latter driven by an accelerated demand in December, and a **book to bill equal to 0.9**.

Opportunities and strategic developments

- **Ready to capture opportunities in Underwater**: the participation in the National Center for the Underwater Domain (Polo Nazionale della Dimensione Subacquea) places the Group at the core of the Underwater programs, with extremely promising business opportunities, also due to Fincantieri's unique ability to steer the integration between the defense and civil businesses. In 2023, within the framework of the Navy's **Near Future Submarine** program, the option for the third next generation U212NFS submarine was exercised, with Fincantieri as prime contractor and design authority. The Group also signed a Memorandum of Understanding (MoU) with **Leonardo** to define initiatives for the submarine critical infrastructure protection systems, and with **C.A.B.I. Cattaneo**, a leading Italian company in the design, development and supply of underwater vehicles for Naval Special Forces. Regarding the civil domain, the Group signed an MoU with **WSense**, a deep tech company specializing in underwater monitoring and communication systems, and **finalized a strategic agreement** for the acquisition of **Remazel**, global leader specialized in the design and supply of highly customized and complex topside equipment.

- **2024 new developments**: in February, the Group signed a term sheet for the creation of a **Joint Venture** (JV) with **EDGE**, one of the world's leading advanced technology and defense groups, to capitalise on global shipbuilding opportunities with a focus on the manufacturing of a broad range of sophisticated naval vessels in the United Arab Emirates with an estimated potential of euro 30 billion. In addition, the Group finalized the acquisition of Remazel, to be consolidated during the first quarter 2024.

Sustainable growth: thanks to its know-how, the Group aims to consolidate its leadership in the maritime green transition domain, further strengthening its presence in the Offshore sector and pursuing the target of a zero-emission ship in port in 2035. Within this framework, Fincantieri signed a **green construction loan** for euro 415 million with Intesa Sanpaolo to cover the financial needs for the construction of the first of the two dual-fuel cruise ships (Liquified Natural Gas and Marine Gas Oil) for TUI Cruises. The vessel will contribute substantially to the objective of mitigating climate change. Fincantieri also signed a 800 million euro **"sustainability linked**" loan, with a 5-year tenor and 70% **guaranteed by SACE**, linked to the achievement of Sustainability Plan goals.

- **Investments in digital and technology**: the process of strengthening the Group's assets and technology standards is ongoing as key to access the high added value market segments, leveraging on margin growth, cost optimization and high quality products and services offering. It is worth mentioning the introduction of the Mobile Robot for Welding, the first mobile robot solution for shipbuilding resulting from the collaboration with **Comau**, as well as the cooperation with the **Italian Institute of Technology**, focused on the development of high-tech solutions to improve work safety and streamline the production processes.

Consolidated financial and economic results for 2023

Revenue (euro/million)	31.12.2023	31.12.2022(*)	% Change
Shipbuilding	6,129	6,373	-3.8%
Offshore and Specialized Vessels	1,070	751	42.5%
Equipment, Systems and Infrastructure	1,100	916	20.1%
Consolidation adjustments	(648)	(600)	-8.0%
Total	**7,651**	**7,440**	**2.8%**

(*) 2022 figures have been restated

Revenues reach euro 7,651 million in 2023, increasing by 2.8% compared to 2022, in line with 2023 estimates and the growth target of the Business Plan. The Offshore and Specialized Vessels and Equipment, Systems and Infrastructure segments respectively close 2023 with revenues up by 42.5% and 20.1% compared to previous year, offsetting the expected slight decrease in Shipbuilding revenues. Before consolidation adjustments, Shipbuilding accounts for 74% (79% in 2022), Offshore and Specialized Vessels for 13% (9% in 2022), and Equipment, Systems and Infrastructure for 13% (11% in 2022) of total Group revenues.

The fourth quarter confirms the extraordinary growth of margins in 2023, with **EBITDA** at euro 397 million (euro 221 million in 2022) and **EBITDA margin** at 5.2% (3.0% as of December 31, 2022). As previously mentioned, 2022 was impacted by rising raw material and energy costs, along with deteriorating margins in the Infrastructure business due to the portfolio derisking, and the write-down of work in progress reflecting the re-assessment of a client credit rating. Notwithstanding the current challenging market scenario, 2023 results exceeded Business Plan expectations.

Please find below further details on extraordinary or non-recurring income and expenses not included in EBITDA:

(euro/million)	31.12.2023	31.12.2022	% Change
Asbestos related litigations	(61)	(52)	-9.2%
Other extraordinary or non-recurring income and expenses	-	(22)	100%
Total	**(61)**	**(74)**	**16.2%**

2023 **EBIT** is positive at euro 162 million, significantly rebounding from 2022 (negative by euro 10 million). **EBIT margin** (as percentage of Revenues and income) is positive at 2.1% (negative at 0.1% in 2022). The improvement in EBIT reflects the growth in Group EBITDA, as depreciation and amortization in 2023 (euro 234 million) were substantially in line with 2022.

The details of extraordinary or non-recurring income and expenses not included in Depreciation and Amortization are shown in the following table:

(euro/million)	31.12.2023	31.12.2022	% Change
Goodwill impairment	-	(140)	100%
Impairment of other intangible assets	-	(24)	100%
Total	**-**	**(164)**	**100%**

Financial income and expenses are negative by euro 169 million (negative by euro 80 million as of December 31, 2022). The increase is mainly due to higher interest cost and fees to banks and other expenses (euro 69 million), related to rising interest rates, partially mitigated by the effects of financial hedges and income accrued on cash and cash equivalents, as well as the reduction in interest income (euro 20 million) on financial receivables and trade deferrals granted to third parties following their partial payment. The change is also affected by the reduction of interest and other income from financial assets, which in 2022 included euro 20 million related to the fair value adjustment of the American FMG group minority shareholder's option. These effects are partially offset by lower financial credits write-down in line with IFRS 9 (euro 13 million), and lower expenses from derivative finance transactions linked to the hedging of contracts in foreign currencies and reported in cash flow hedge (euro 7 million).

Income and expenses on investments are positive at euro 4 million (negative by euro 2 million in 2022) mainly due to profit recorded by subsidiaries and joint ventures.

Taxes for the year stand at negative euro 4 million (negative by euro 16 million in 2022) mainly reflecting income from tax consolidation.

Adjusted net result is negative by euro 7 million as of December 31, 2023, considerably up when compared to euro 108 million adjected net loss in 2022.

Other extraordinary or non-recurring income and expenses contributes negatively by euro 61 million (negative by euro 238 million in 2022) and are exclusively due to asbestos-related litigations costs.

Tax effect on Other extraordinary or non-recurring income and expenses is positive at euro 15 million (euro 22 million in 2022).

Net result for the period stands at negative euro 53 million (negative by euro 324 million in 2022), entirely allocated to the Group share of the result (negative by euro 309 million in 2022).

The **consolidated Net debt** at euro 2,271 million, improves significantly by 10.3% when compared to December 31, 2022 (negative by euro 2,531 million). Such reduction, which accelerates the deleveraging path envisaged in the Business Plan, is the result of a strong focus on financial discipline and improved net working capital. The Consolidated Net financial position is still affected by the strategy of the deferrals granted to clients after the COVID-19 pandemic outbreak. As of December 31, 2022 the Group non-current financial receivables granted to its clients amounted to euro 630 million, increasing when compared to December 31, 2022 (euro 94 million) due to the granting of a loan, backed by collateral, to a shipowner.

The Net financial position does not include reverse factoring trade payables, which, as of December 31, 2023, amounted to euro 472 million (euro 622 million as of December 31, 2022) and represent the value of suppliers' invoices to commercial banks, formally recognized as liquid and collectable by the Group, granting additional deferrals to the contractual payment terms. The mentioned deferrals are agreed between the Group and suppliers.

In terms of cash generation, the business operations, benefitting from the above-mentioned favorable working capital dynamics, generate a positive cash flow of **euro 637 million** (negative by euro 58 million in 2022), thus generating a positive **net cash flow** of **euro 201 million** at the end of 2023 (negative by euro 672 million in 2022).

Group operational results for 2023

Order intake, Backlog and Deliveries

During 2023, **the Group recorded euro 6,600 million in new orders**, a significant increase when compared to euro 5,328 million in 2022. Noteworthy are the strong contribution from Offshore, with a robust acceleration in orders for cable-laying vessels in December, and Defense, expected to grow also in 2024 mainly driven by potential opportunities arising from the international geopolitical scenario.

Book-to-bill ratio (orders intake/revenues) landed at 0.9 at the end of 2023 (0.7 in 2022).

Order intake (euro/million)	31.12.2023		31.12.2022(*)	
	Amount	%	Amount	%
Fincantieri S.p.A.	3,336	51	3,004	56
Rest of Group	3,264	49	2,324	44
Total	**6,600**	**100**	**5,328**	**100**
Shipbuilding	4,148	63	3,765	71
Offshore and Specialized Vessels	1,801	27	837	16
Equipment, Systems and Infrastructure	1,050	16	926	17
Consolidation adjustments	(399)	(6)	(199)	-4
Total	**6,600**	**100**	**5,328**	**100**

(*) The comparative data were restated following the redefinition of the operational segments

The table below shows the deliveries occurred in 2023 and those expected in the coming years.

(units)	2023	2024	2025	2026	2027	2028	Beyond	Total(*)
Cruise ships	6	5	5	5	4	4	-	23
Defense	5	8	7	5	4	3	5	32
Offshore and Specialized Vessels	15	9	15	6	-	-	-	30
Total	**26**	**22**	**27**	**16**	**8**	**7**	**5**	**85**

(*) Number of units in portfolio for the main business areas as of December 31, 2023

As of December 31, 2023, the Group's **total backlog** reached euro 34.8 billion, including euro 23.1 billion backlog (euro 23.8 billion as of December 31, 2022) and euro 11.7 billion soft backlog (euro 10.5 billion as of December 31, 2022) with a portfolio visibility up to 2030.

Backlog and total backlog guarantee respectively about 3.0 and 4.5 work years in relation to 2023 revenues.

Backlog breakdown by business here below.

Total backlog breakdown (euro/million)	31.12.2023		31.12.2022(*)	
	Amount	%	Amount	%
Fincantieri S.p.A.	15,883	69	17,658	74
Rest of Group	7,189	31	6,168	26
Total	**23,072**	**100**	**23,826**	**100**
Shipbuilding	18,908	82	20,425	86
Offshore and Specialized Vessels	1,866	8	1,160	5
Equipment, Systems and Infrastructure	2,688	12	2,535	11
Consolidation adjustments	(390)	(2)	(294)	(1)
Total	**23,072**	**100**	**23,826**	**100**
Soft backlog (**)	**11,700**	**100**	**10,500**	**100**
Total backlog	**34,772**	**100**	**34,326**	**100**

(*) The comparative data were restated following the redefinition of the operational segments
(**) Soft backlog stands for the value of existing contract options and letters of intent as well as of contracts at an advanced stage of negotiation, none of which yet reflected in the order backlog

The table below show the number of vessels delivered, ordered and currently in the order book.

Deliveries, Order intake and Order book (number of vessels)	31.12.2023	31.12.2022	% change
Vessels delivered	26	19	36.8%
Vessels ordered	23	17	35.3%
Vessels in order book	85	88	-3.4%

Capital Expenditure

Capital expenditures amounts to euro 258 million in 2023, down by 12.3% compared to the previous year and is mainly related to Italian and foreign production sites in order to: i) increase the efficiency of the production process; ii) further strengthen the Group's positioning in Shipbuilding, both civil and defense; iii) adapt its operating infrastructure to the sizeable backlog acquired in recent years; iv) achieve Group's sustainability goals.

It is also worth noting that the current process efficiency enhancing initiatives enable the Company to absorb, even if partially, the effects of exogenous factors, such as, for example, the increase in energy and raw material costs related to the evolving macroeconomic scenario.

Headcount

Headcount increased from 20,792 as of December 31, 2022 (of which 10,905 in Italy) to 21,125 as of December 31, 2023, of which 11,112 in Italy. The increase is attributable to both Italy (+1.9%), mainly due to new hirings in the Parent Company (+143 employees), and abroad (+2.2%) mainly in the subsidiaries Vard and FINSO.

Operational review by segment

SHIPBUILDING

(euro/million)	31.12.2023	31.12.2022(*)	% Change
Revenue and income(1) (**)	6,129	6,373	-3.8%
EBITDA(2)(**)	367	340	7.9%
EBITDA margin(**)(***)	6.0%	5.3%	0.7 p.p.
Order intake(**)	4,148	3,765	10.2%
Order book(**)	28,471	29,338	-3.0%
Backlog(**)	18,908	20,425	-7.4%
Capital expenditures	162	230	-29.6%
Vessels delivered (number)	11	14	(3)

(*) 2022 figures have been restated
(**) Before adjustments between operating segments
(***) Ratio between segment EBITDA and Revenue and income
(1) Revenues and income as at 31.12.2022 excluded pass-through revenues of euro 42 million. See definition contained in the paragraph Alternative Performance Measures
(2) This figure does not include Extraordinary or non-recurring income and expenses. See definition contained in the paragraph Alternative Performance Measures

Revenue

In 2023, as expected, the Shipbuilding business reports slightly lower **revenues** at euro 6,129 million, including euro 4,014 million related to **Cruise Ship** (euro 4,139 million as of December 31, 2022), euro 2,060 million to Defense (euro 2,162 million as of December 31, 2022) and euro 55 million to Ship Interiors (euro 71 million as of December 31, 2022). The Cruise and Defense businesses contribute for 48% and 25% (respectively 51% and 27% as of December 31, 2022) to total revenues before consolidation adjustments.

Cruise segment revenues in 2023 are 3.0% lower than in 2022, mainly as a result of the termination of Vard's Cruise business (approximately euro 280 million in 2022), partially offset by the positive effect related to the consolidation of production volumes of the Groups' Italian shipyards.

The 4.7% decrease in the **Defense** segment, when compared with 2022 revenues, is in line with the development of the backlog in Italy, with the delivery, in May 2023, of the fourth and last corvette for the Qatari Ministry of Defense and, in September, of the third Multipurpose Offshore Patrol Vessel (PPA) for the Italian Navy. Furthermore, the second bow section for the FLOTLOG ('Flotte logistique') program for Chantiers de l'Atlantique was delivered in the last quarter. U.S. shipyards' activities continue, with overall increasing volumes, underpinned by the development of the Constellation (FFG-X) and Littoral Combat Ship (LCS) programs, as well as of the Foreign Military Sales program between the United States and Saudi Arabia.

EBITDA

The segment's **EBITDA**, as of December 31, 2023, reaches euro 367 million, up by 8% compared to euro 340 million as of December 31, 2022. The **EBITDA margin** at 6.0% confirms the improvement in efficiency compared to December 31, 2022 (5.3% EBITDA margin), exceeding 2023 growth estimates. EBITDA margin is still affected by the cruise ships' whole life costs adjustment carried out in 2022, challenges in finding qualified personnel, and, although to a lesser extent than in 2022, the write down of work in progress reflecting the re-assessment of a client credit rating. Moreover, the 2023 marginality is impacted by the lower production volumes in the Defense business, with a consequent higher incidence of overhead costs. Lastly, there is a positive effect generated by the Ship Repair and Conversion business, mainly related to a two-unit refitting project for an international shipowner, completed in 2023.

Operational results

Shipbuilding's **order intake** in 2023 at euro 4,148 million, increasing by 10.2% when compared to 2022.

Regarding **Cruise**, it is worth mentioning the signing of the contract for the second extra-luxury cruise ship for Four Seasons Yachts, subject to financing as per market practice; orders for two hydrogen-powered ships for MSC's luxury brand Explora Journeys and a new hybrid-powered (diesel and liquefied natural gas) Ropax ferry for the Region of Sicily were also finalized.

As for **Defense**, the U.S. Navy has exercised its fourth option for the new class of guided-missile frigates as part of the **Constellation** program **(FFG-X)**. The Group's U.S. subsidiary was already awarded a contract in 2020 for the design and construction of the first class-leading unit, which was followed by the order for the second unit in 2021 and the third one in 2022. Furthermore, in July 2023, Fincantieri was awarded an order for the third new generation submarine, related to the Italian Navy's **U212 NFS** program. The program, managed by OCCAR (Joint Organization for Armament Cooperation), includes four vessels, two of which have already closed in 2021, the related Integrated Logistic Support and the construction of the Training Center.

In addition, Naviris (the 50/50 joint venture between 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, according to agreements defined in the Memorandum of Understanding on the Mid-Life Upgrade (MLU) signed by representatives of the respective governments.

As part of the Italian Navy's Offshore Patrol Vessel (OPV) acquisition program, Orizzonte Sistemi Navali (OSN), the joint venture in which Fincantieri and Leonardo, with respective shareholding of 51% and 49%, has signed a contract to build three new generation patrol vessels, with three further options.

Lastly, it is worth mentioning the contract for the design and construction of a Service Operation Vessel (SOV) for Crest Wind concluded by the Group through its U.S. subsidiary Fincantieri Marine Group (FMG).

Deliveries

Vessels delivered during the year were:

- Viking Saturn, 10th unit for Viking
- Oceania Vista, first of two new generation cruise ships for Oceania Cruises
- Norwegian Viva, second of six new generation Prima-class cruise ships for Norwegian Cruise Line (NCL)
- Explora I, Explora Journeys' first luxury ship

- Seven Seas Grandeur, third luxury cruise ship for Regent Seven Seas Cruises and the latest in the Explorer Class series
- Brilliant Lady, last one of a series of four cruise ships commissioned by Virgin Voyages
- LCS 25 “USS Marinette”, Littoral Combat Ship unit for the US Navy
- Semaisma, fourth and last corvette commissioned by Qatar's Ministry of Defense
- Raimondo Montecuccuoli, third Multipurpose Offshore Patrol vessel (PPA) for the Italian Navy
- The second of four Logistic Support Ship (LSS) ordered by Chantiers de l'Atlantique and committed to the French Navy under the FLOTLOG program
- Clean Everglades, an LNG bunker barge for Polaris New Energy, built by Fincantieri Bay Shipbuilding

OFFSHORE AND SPECIALIZED VESSELS

(euro/million)	31.12.2023	31.12.2022	Change %
Revenue and income(*)	1,070	751	42.5%
EBITDA(1)(*)	52	22	136.4%
EBITDA margin(*)(**)	4.9%	2.9%	2.0 p.p.
Order intake(*)	1,801	837	115.2%
Order book(*)	2,715	2,002	35.6%
Backlog(*)	1,866	1,160	60.9%
Capital expenditures	24	19	26.32%
Vessels delivered (number)	15	5	10

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

Revenues

The Offshore and Specialized Vessels segment, as of December 31, 2023, posts revenues at euro 1,070 million, increasing by 42.5% compared to 2022. This result confirms the Group positioning as market leader in the offshore wind sector in terms of order book and customer diversification, with 30 units in its portfolio as of December 31, 2023, allocated to the construction and maintenance of offshore windfarms. The sector's growth trend is also supported by demand for cable-laying vessels, with an acceleration in orders recorded in the last part of 2023. Lastly, the variation also reflects the contribution of the cruise activities carried out in Romanian shipyards and supporting the Group (euros 214 million as of December 31, 2023), previously included in Shipbuilding and then reallocated to Offshore and Specialized Vessels in 2023.

EBITDA

EBITDA, as of December 31, 2023, is positive at euro 52 million (euro 22 million at the end of 2022), with **EBITDA margin** strongly increasing to 4.9% (2.9% at the end of 2022) in line with Vard's marginality recovery path (returned to profit in 2023), which is expected to further improve in the Plan horizon as a result of high demand in the offshore wind market.

Operational results

Offshore and Specialized Vessels segment's **order intake** grows versus 2022 to euro 1,801 million, also due to the reallocation of Vard's Cruise business within the segment, providing a significant contribution to the Group's overall order intake increase.

Thanks to these excellent results, VARD consolidated its leadership in the construction of Service Operation Vessels and Construction Service Operation Vessels in the offshore wind market in 2023. During the year, the subsidiary signed 10 orders for the design and construction of CSOV units: 4 for the Norwegian company Edda Wind, 2 for the British company North Star, with the option for an additional one, 2 for the British company Purus Wind, 2 for Windward Offshore with an option for a further 2. VARD has also signed four orders for the construction of cable-laying vessels, including a unit for Prysmian Group and a new generation highly customized hybrid unit in Japan.

Deliveries

Units delivered during the year were:

- 3 SOV units for North Star Renewables
- 1 SOV unit for REM Wind
- 1 SOV unit for Norwind Offshore
- 2 coast guard vessels for the Norwegian Coast Guard
- 1 fishery unit for Luntos
- 1 fishery unit for Nergård Havfiske
- 5 marine robotic vessels for Ocean Infinity
- 1 cable laying unit for Van Oord Ship Management BV

EQUIPMENT, SYSTEMS AND INFRASTRUCTURE

(euro/million)	31.12.2023	31.12.2022(*)	% Change
Sector			
Revenue and income (**)	1,100	916	20.1%
EBITDA (1) (**)	24	(96)	125.0%
EBITDA margin (**) (***)	2.2%	-10.5%	12.7 p.p.
Order intake	1,050	926	13.4%
Electronics			
Revenue and income (**)	180	199	-9.5%
towards other Group businesses	67	87	-23.0%
EBITDA (1) (**)	(1)	(12)	91.7%
EBITDA margin (**) (***)	-0.5%	-5.9%	5.4 p.p.
Mechatronics			
Revenue and income (**)	426	447	-4.7%
towards other Group businesses	298	317	-6.0%
EBITDA (1) (**)	36	41	-12.2%
EBITDA margin (**) (***)	8.3%	9.2%	-0.8 p.p.
Infrastructure			
Revenue and income (**)	495	262	88.9%
towards other Group businesses	17	30	-43.3%
EBITDA (1) (**)	(11)	(126)	92.2%
EBITDA margin (**) (***)	-2.2%	-47.9%	45.7 p.p.

(*) 2022 figures have been restated
(*) Gross of eliminations between operating segments
(***) Ratio between EBITDA and revenue and income of the sector
(1) This value does not include non-recurring income and expenses from ordinary operations. See definition in the paragraph Alternative Performance Measures

Revenue

Revenues from **Equipment, Systems and Infrastructure** segment as of December 31, 2023, accounts for euro 1,100 million, increasing by 20.1% when compared to 2022. The growth is driven by the Infrastructure business, up by 88.7% compared to 2022 (euro 262 million), mainly due to further development of the production activities of the Miami terminal for MSC, to be completed in 2024. The Electronics Cluster recorded a revenue decrease of 9.4%, reflecting a volume contraction due to the product portfolio review, resulting in a refocussing on activities related to the Group's core business. Revenues for the Mechatronics Cluster are mainly affected by the foreign exchange effects related to the conversion of foreign subsidiaries' financial statements, negative by euro 27 million, with a reduction of approximately 4.7% compared to December 31, 2022.

EBITDA

The segment's EBITDA as of December 31, 2023, is positive for euro 24 million, a significant improvement over the negative result reported in 2022, with an EBITDA margin of 2.2% (negative EBITDA margin by 10.5% in 2022), improving materially compared to the result reported as of December 31, 2022, which was affected by the review of the Infrastructure production activities, particularly those related to the Miami terminal. Electronics closed substantially at breakeven, improving compared to December 31, 2022 (negative EBITDA margin of 5.9%), but affected by a slowdown in growth expectations due to the product portfolio review begun in the last quarter. Mechatronics reports a positive margin of 8.3%, with a slightly lower trend compared to December 31, 2022, mainly due to exchange rate effects mentioned above.

OTHER ACTIVITIES

(euro/million)	**31.12.2023**	31.12.2022	**Change %**
Revenue and income	4	2	100.0%
EBITDA[1]	(46)	(45)	-2.2%
EBITDA margin	*n.a.*	*n.a.*	-
Capital expenditures	37	19	94.7%

n.a. non applicable
(1) See definition contained in the paragraph Alternative Performance Measures

Other activities mainly include Corporate costs for management, control and coordination activities which are not allocated to other segments.

Business Outlook

In 2023, the Cruise industry continues to consolidate its recovery path begun the previous year, with all key industry indicators reporting positive trends. Cruise passengers are expected to reach 39 million by 2027 and about 46 million by 2030, with a 5.5% CAGR during the period 2023-2030, while the gap in the value proposition between cruises and land-based vacations will continue to shift further toward cruise with a recovery in orders led by the luxury segment, in line with the trend already experienced in the period 2022-2023.

These dynamics, in combination with the energy transition and increasingly technological products, which are expected to have an impact in all markets, including shipbuilding, ensure additional opportunities and rising new business models.

With regard to Defense, the current geopolitical scenario, particularly in the Southeast Asian and Middle Eastern regions, is driving a significant increase in investments in the maritime sector, opening up further potential business opportunities for the Group. Over the next few years, the global Defense budget is expected to increase (CAGR 2023-27 at 2.6%), together with a continued support for Defence budget allocated to the naval domain, a growing demand for all naval classes and the integration of increasingly advanced technological requirements.

The strategic sector of submarines also offers significant opportunities, demonstrating the growing focus on the underwater domain, which is gaining traction due to the presence of critical infrastructures, resources, and activities. Particularly in the Mediterranean Sea, where intelligence, surveillance, defense, and deterrence activities take place, the underwater domain constitutes a strategically relevant area.

In the Offshore market, unprecedented institutional support for green transition, simplification of authorization processes for new parks and a slowdown in inflation foster an acceleration of investments in offshore wind starting from 2028. Total average GW installed per year is expected to double, resulting in the need for strengthening the supply network, leading to a growth in demand for specialized vessels including CSOVs, SOVs and cable layers.

The positive trend is also reflected in the floating offshore wind (FOW) and Oil & Gas sectors, where an increase in activity is expected to reabsorb the Oil & Gas units (Tier 2/3) operating in wind projects, thus favoring investments in specialized vessels for the wind sector (Tier 1), characterized by greater efficiency and profitability.

In this context, the Group continues its activities to execute the backlog, ensuring operational excellence and optimal risk management. To achieve these goals, meticulous resource planning continues in line with production programs requirements, with a particular focus on enhancing the workforce, strengthening the production chain, and introducing new technologies.

In particular, the Group is committed to the following strategic initiatives in 2024:

- increasing operational efficiency and modernizing shipyards, including implementing the onshore pre-fitting in Ancona and Riva Trigoso, pursuing production automation initiatives and introducing artificial intelligence to support processes
- strengthening system integration capabilities and expertise in the naval sector

- containing procurement costs of materials and services, as well as production costs, extending the processes identified in 2023 to the entire Group
- following thoroughly the path set by the sustainability targets, along with the energy and digital transitions
- broadening the underwater product offering, making Fincantieri evolve from a mere supplier of submarines to a distributor of end-to-end solutions, taking the role of Orchestrator, while defining the strategic directions for the industry.

Fincantieri confirms the revenue growth forecast for 2024 at around 4.5%, in line with the 2023-27 Business Plan, ensuring an EBITDA margin at around 6%, up by one percentage point compared to 2023.

The leverage ratio (NFP/EBITDA) for 2024 is expected to improve compared to the guidance provided at the Capital Markets Day on May 10, 2023 (6.0-7.0x), to a value between 5.5x and 6.5x, accelerating the already expected deleveraging over the plan horizon.

Key events after the reporting period ended 31.12.2023

On January 4, 2024, Fincantieri received the Gender Equality Certification from RINA. The Group is the first in the shipbuilding sector in Italy to receive this certification, demonstrating its commitment to workplace equity and inclusion.

On January 18, 2024, Fincantieri received the Top Employer Italy award for the third consecutive year. This certification is awarded only to companies that meet high standards in Human Resources strategies and policies to contribute to people's well-being and improve the work environment.

On January 22, 2024, the Windward Offshore consortium exercised the options, included in the contract signed with Vard in October 2023, for the design and construction of two hybrid CSOVs. As part of the order, this brings to four the number of units ordered to the Group's Norwegian subsidiary.

On February 8, 2024, Fincantieri launched the "Masters of the Sea" project in Rome, kicking off a paid training program aimed at recruiting, training, and hiring shipbuilding workers.

On February 9, 2024, Fincantieri was awarded an A- rating for the fourth consecutive year by CDP (formerly Carbon Disclosure Project) – a reference independent non-profit organization for environmental reporting – placing the Group in the Leadership category.

On February 15, 2024, the Group, through its subsidiary Vard, signed a contract for the design and construction of a tailor-made and state-of-the-art hybrid SOV for Cyan Renewables, a dedicated offshore wind vessel operator in Asia.

On February 15, 2024, Fincantieri completed the acquisition of 100% of the shares of Remazel Engineering S.p.A. from Advanced Technology Industrial Group S.A.. The price paid is approximately 65 million euros. With this operation, Fincantieri aims to accelerate the growth of its technological, engineering, and construction expertise in the offshore and subsea sectors. The transaction enables the Group to acquire highly specialized capabilities in the design and supply of cutting-edge top side equipment, while enhancing its role as partner of the major international marine and subsea energy operators, and consolidating its after-sales activities, with a particular focus on digital services and high-complexity logistic support.

On February 21, 2024, Fincantieri and EDGE, one of the world's leading advanced technology and Defence groups, have entered into a term sheet aimed at creating a joint venture to seize opportunities in the global shipbuilding industry, with a focus on producing a wide range of military vessels and a business based in the United Arab Emirates valued approximately euro 30 billion. EDGE will hold a 51% stake in the joint venture, while Fincantieri will be responsible for the management. The joint venture, based in Abu Dhabi, will be awarded prime rights to non-NATO orders, leveraging on the attractiveness of the United Arab Emirates' G2G agreements and export credit financing packages, along with a number of strategic orders placed by select NATO member countries.

On March 4, 2024, Fincantieri joined the prestigious Industrial Liaison Program (ILP) of the Massachusetts Institute of Technology (MIT). Through this membership agreement, the Group will be able to develop dialogues with research scientists, faculty members and students in order to remain at the forefront of innovation. This membership also aligns with the course toward implementing the 2023-2027 Business Plan. This relationship will become part of Fincantieri's commitment to innovate and be at the cutting edge in the development of new technologies in strategic areas, such as Digital Transformation – with a focus on Artificial Intelligence – and Energy and Green Maritime Transition.

On March 6, 2024, Fincantieri and the Alexandria (Egypt) shipyard signed a Memorandum of Understanding in Doha. The MOU is aimed at setting out the principles for discussions which will mainly focus on investigating new opportunities with the Alexandria Shipyard for new vessels to be built by the Alexandria Shipyard or other facilities, to be mutually agreed. The collaboration will focus on possible new Programs for the Egyptian Navy of any type of vessel of interest.

SUSTAINABILITY REPORT, NON-FINANCIAL STATEMENT

Fincantieri Group Sustainability Report 2023 was approved by the Board of Directors on March 7, 2024, and published on the Company's website at www.fincantieri.it under the "Sustainability" section.

In 2023, the Group achieved the following sustainability ratings and awards:

- **CDP**[3]: for the fourth consecutive year, CDP (formerly the Carbon Disclosure Project) awarded Fincantieri an A- rating (on a scale from D, minimum, to A, maximum) for its commitment to combating climate change
- **Sustainalytics**[4]: for the third year, Sustainalytics, a Morningstar subsidiary, has placed Fincantieri in the "Low Risk" category with a score of 14.2 points
- **Moody's ESG Solutions**: for the fourth consecutive year, Fincantieri has been confirmed in the "Advanced" range
- **S&P Global**[5]: Fincantieri has been assessed within the IEQ Machinery and Electrical Equipment basket, achieving a score of 59/100
- **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 into corporate governance and identity
- **Universum**: for the fifth consecutive year, Fincantieri has been recognized as "Most Attractive Employers in Italy" in the Universum survey, a Swedish company that certifies the most attractive companies for university students and professionals, reinforcing its leadership ahead of numerous industrial realities. Fincantieri S.p.A. is positioned among the top 50 companies according to students and young professionals in Science, Technology, Engineering, and Mathematics (STEM). Additionally, for the categories of Humanities/Liberal Arts/Education and Business, Fincantieri S.p.A. is positioned among the top 100 companies
- **Top Employer Italy**: Fincantieri has received from the Top Employers Institute the "Top Employers Italy 2024" certification, official recognition of the Company's 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
- **Safety Award**: the Shipbuilders Council of America (SCA) has awarded Fincantieri Marinette Marine the "Excellence in Safety Award" for improving operations and promoting safety and accident prevention

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE AND THE POLICY REGARDING REMUNERATION AND FEES PAID

The Board of Directors approved the Report on corporate governance and ownership structure for the financial year 2023 drafted by the Company pursuant to art. 123-bis of the Legislative Decree No. 58/1998

[3] Last update on February 9, 2024
[4] Last update on 10 February, 2024
[5] Last update on 23 January, 2024

(TUF) and in compliance with the provisions of the Corporate Governance Code of Borsa Italiana to which the Company adheres.

The Board of Directors also approved the Report on the policy regarding remuneration and fees paid drawn up in accordance with art. 123-ter of the TUF and art. 84-quater and Annex 3A, Scheme 7-bis of the Consob Resolution no. 111971 of 14 May 1999 ("Issuers' Regulation") and art. 5 of the Corporate Governance Code.

The Report on corporate governance and ownership structure and the Report on the policy regarding remuneration and fees paid will be made available to the public in accordance with the terms and conditions established by current legislation.

The next Shareholder's Meeting will be asked to resolve by binding vote on the first section of the Report on the policy regarding remuneration and fees paid and by non-binding vote on the second section of the same Report.

ORDINARY SHAREHOLDERS' MEETING 2024

The Board of Directors decided to convene the ordinary Shareholders' Meeting on April 23, 2024, on single call, to discuss and resolve upon the following: approval of the financial statements as at December 31, 2023; allocation of the annual financial result; approval of the Employee Stock Ownership Plan 2024-2025; authorization to purchase and to dispose of the Company's treasury shares upon revocation of the authorization resolved at the previous Shareholders' Meeting; Report on the policy regarding remuneration and fees paid according to Article 123-*ter* of the Legislative Decree No. 58/1998 (the "Italian Consolidated Financial Act").

The Board of Directors also approved the "Illustrative Reports" on the single topics on the Shareholders' Meeting agenda.

The Notice of call of the Shareholders' Meeting and the documentation related to the items on the agenda will be made available to the public in accordance with the terms and conditions established by current legislation.

<u>Approval of the Financial statements</u>

The Board of Directors resolved to propose to the Shareholders' Meeting the approval of the draft financial statements as at December 31, 2023, which closed with a net profit of Euro 7,586,644.

<u>Allocation of the annual financial result</u>

The Board of Directors resolved to propose to the Shareholders' Meeting the allocation of the net profit of Euro 7,586,644 – as the result of the Company's financial statements as at December 31, 2023 – as following: (i) for 5% of the net profit to the Legal reserve, for Euro 379,332; (ii) for remaining portion to the Extraordinary reserve, for Euro 7,207,312.

<u>Approval of the Employee Stock Ownership Plan 2024-2025</u>

The Board of Directors resolved to submit to the Shareholders' Meeting approval an Employee Stock Ownership Plan, which provides for the free granting of Fincantieri ordinary shares to the employees (i) upon conversion of all or part of the performance bonus into welfare and use of the credit for the subscription of Fincantieri shares or in case of subscription of Fincantieri shares through the use of own resources (in the ratio of 1 share for every 5 shares purchased) and (ii) upon retention of Fincantieri shares in the portfolio for 12 months by the employee (in the ratio of 1 share for every 5 shares still held after 12 months from the date of conversion or purchase).

For further information on the Employee Stock Ownership Plan 2024-2025, please refer to the information document prepared in accordance with Article 84-*bis* and Schedule No. 7 of Annex 3A of the Consob Regulation No. 11971 of May 14, 1999, that will be made available to the public in accordance with the terms and conditions established by current legislation.

<u>Authorization to purchase and dispose of treasury shares</u>

The Board of Directors also resolved to submit the Ordinary Shareholders' Meeting the proposal for the authorization to purchase and dispose of treasury shares, following the revocation of the previous authorization granted by the Shareholder's Meeting on May 31, 2023.

The authorization to purchase and dispose of treasury shares is required for the following purposes: (i) to service share-based incentive plans approved by the Company or by its subsidiaries, including the Employee Stock Ownership Plan 2024-2025; (ii) to fulfil the obligations deriving from debt instruments that are convertible into ordinary shares; (iii) to support the market liquidity; (iv) to build a securities portfolio in order to sell, dispose, and/or utilize treasury shares in extraordinary transactions, in line with the strategic initiatives that the Company intends to pursue; (v) to operate in the market with a medium and long term investment perspective, also in order to build long-term shareholding or in the context of initiatives related to the current operations, or again to lower the average cost of equity of the Company or to seize the opportunities to maximize the stock value that can derive from market trends.

The authorization to purchase treasury shares is requested for a period of 18 months from the date of the corresponding Shareholders' Meeting resolution and for a maximum amount of shares not exceeding 10% of the share capital of the Company, or to the different amount defined by the applicable law. The authorization to dispose of treasury shares is requested without time limits.

The purchase of such shares shall be carried out in accordance with the terms and conditions laid down by the applicable regulations and accepted market practice. In particular, the share purchases shall be made at a price within a +/- 10% range limit compared to the reference share price recorded on the Italian market Euronext Milan organized and managed by Borsa Italiana S.p.A. on the trading session preceding each single transaction.

As of today, the Company holds a total of 8,059,914 ordinary shares, equal to approximately 0.47% of the total number shares issued.

The Company's subsidiaries do not hold Fincantieri shares.

The details of the proposal related to the authorization to purchase and dispose of treasury shares, which will be submitted to the next Shareholders' Meeting, are contained in the explanatory report by the Board of Directors prepared in accordance with Article 125-*ter* of the Italian Consolidated Financial Act and with Article 73 of the Consob Regulation No. 11971 of May 14, 1999 that will be made available to the public in accordance with the terms and conditions established by current legislation.

* * *

The Manager Responsible for Preparing Financial Reports, Felice Bonavolontà, declares, pursuant to paragraph 2 of article 154 bis of Italian Legislative Decree no. 58 dated February 24, 1998, that the information contained in this press release corresponds to the underlying documentary and accounting books and records.

* * *

This press release is available to the public at the Company's registered office and on its website www.fincantieri.com under "Investor Relations – Price Sensitive Press Releases" and on the centralized storage of regulated information denominated eMarket STORAGE, available at the website www.emarketstorage.com.

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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. reserves the right to communicate any changes in its forward-looking data and information within the time and in the manner required by law

* * *

The financial results 2023 will be presented to the financial community during a conference call scheduled for March 8, 2024, at 9 am CET.
To take part in the conference call, it is necessary to choose one of the alternatives below:
Access the audio webcast through the following link.
Diamond Pass: Access with pre-registration and personal PIN to the following link.
Alternatively, please dial-in the following numbers:
Italy +39 028020911
United Kingdom +44 1212818004
United States +1 7187058796
*Hong Kong +852 58080984 then press *0*
Browser HD Audio Connection
The slide presentation will be available in the Investor Relations section of the website www.fincantieri.com

* * *

Fincantieri is one of the world's largest shipbuilding groups, the only one active in all high-tech marine industry sectors. With revenues exceeding 7.7 billion euros and an order book totaling 23.1 billion, it is leader in the construction and transformation of cruise, naval and oil & gas and wind offshore vessels, as well as in the production of systems and component equipment, after-sales services and marine interiors solutions. Thanks to the expertise developed in the management of complex projects, the Group boasts first-class references in infrastructures, and is a reference player in digital technologies and cybersecurity, electronics and advanced systems. It also spearheads the design of an industrial supply chain for underwater technologies.

With over 230 years of history and more than 7,000 ships built, Fincantieri has a production network of 18 shipyards operating in four continents and more than 21,000 employees. In Italy, where it maintains its know-how, expertise and management centers, it has eight shipyards in six Regions and around 11,000 employees.

Through its activities, Fincantieri contributes to the achievement of 9 Sustainable Development Goals (SDGs) of the United Nations Agenda 2030.

www.fincantieri.com

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ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management review the performance of the Group and its business segments also using certain measures not envisaged by the 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 profitability to be assessed, by eliminating the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business (please, refer to the reclassified consolidated income statement); 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 December 3, 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 expenses or income outside the ordinary course of business due to particularly significant non-recurring events.

EBIT: this is equal to EBITDA after deducting recurring depreciation, amortization and impairment (this excludes impairment of goodwill, intangible assets and property, plant and equipment recognized as a result of impairment tests or specific considerations on the recoverability of individual assets).

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 (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, Provisions for risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, 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 equal to the total of Net fixed capital and Net working capital.

The Net financial position monitored by management includes: Net current cash/(debt): cash and cash equivalents, current financial receivables, current financial debt, current portion of long-term loans;

Net non-current cash/(debt): non-current financial debt, other non-current financial liabilities.

Total debt/Total equity: this is calculated as the ratio between Total debt and Total equity.

Net financial position/EBITDA: this is calculated by the Group as the ratio between the Net financial position, as described above, and EBITDA.

Net financial position/Total equity: this is calculated as the ratio between the Net financial position, as described above, 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 client, 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 receivables and Other non-current and current assets.

FINCANTIERI

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APPENDICES

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.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(euro/million)	31.12.2023	31.12.2022
Revenue and income(1)	**7,651**	**7,440**
Materials, services and other costs(2)	(5,960)	(5,960)
Personnel costs	(1,219)	(1,186)
Provisions	(75)	(73)
EBITDA(3)	**397**	**221**
EBITDA margin	**5.2%**	**3.0%**
Depreciation and amortization	(235)	(231)
EBIT(2)	**162**	**(10)**
EBIT margin	**2.1%**	**(0.1%)**
Finance income/(costs)	(169)	(80)
Income/(expenses) from investments	4	(2)
Income taxes	(4)	(16)
Adjusted profit/(loss) for the period(1)	**(7)**	**(108)**
of which attributable to Group	-	*(104)*
Extraordinary or non-recurring income and (expenses)	(61)	(238)
- *of which costs relating to asbestos litigation*	*(61)*	*(52)*
- *of which impairment of intangible assets*	-	*(164)*
- *of which other costs linked to non-recurring activities*	-	*(22)*
Tax effect of extraordinary or non-recurring income and expenses	15	22
Profit/(loss) for the period	**(53)**	**(324)**
of which attributable to Group	*(53)*	*(309)*

(1) Revenues and income as at 31.12.2022 did not include pass-through revenues of euro 42 million. See definition contained in the paragraph Alternative Performance Measures
(2) This figure as at 31.12.2022 did not include pass-through activities. See definition contained in the paragraph Alternative Performance Measures
(3) This figure does not include extraordinary or non-recurring income and expenses. See definition contained in the paragraph Alternative Performance Measures
(4) This figure as at 31.12.2022 did not include impairments of goodwill, intangible assets and Property, plant and equipment recognized as a result of impairment tests or specific considerations on the recoverability of individual assets

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/million)	31.12.2023	31.12.2022
Intangible assets	474	509
Right of use	125	127
Property, plant and equipment	1,684	1,636
Investments	60	118
Other non-current financial assets	668	162
Other non-current assets and liabilities	12	1
Employee benefits	(54)	(54)
Net fixed capital	**2,969**	**2,499**
Inventories and advances	801	864
Construction contracts and client advances	632	1,669
Trade receivables	767	770
Trade payables	(2,471)	(2,694)
Provisions for risks and charges	(237)	(191)
Other current assets and liabilities	192	200
Net working capital	**(316)**	**618**
Net assets/(liabilities) to be sold and discontinued operations	**52**	**1**
Net invested capital	**2,705**	**3,118**
Share capital	863	863
Reserves and retained earnings attributable to the Group	(430)	(277)
Non-controlling interests in equity	1	1
Equity	**434**	**587**
Net financial position	**2,271**	**2,531**
Sources of funding	**2,705**	**3,118**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/million)	31.12.2023	31.12.2022
Net cash flows from operating activities	637	(58)
Net cash flows from investing activities	(106)	(225)
Net cash flows from financing activities	(330)	(389)
Net cash flows for the period	**201**	**(672)**
Cash and cash equivalents at beginning of period	**564**	**1.236**
Effects of currency transaction difference on opening cash and cash equivalents	(8)	1
Cash and cash equivalents at end of period	**757**	**565**

CONSOLIDATED NET FINANCIAL POSITION

(euro/million)	31.12.2023	31.12.2022
Current financial liabilities	(301)	(96)
Debt instruments – current portion	(146)	(81)
Current portion of bank loans and credit facilities	(597)	(1,110)
Construction loans	(262)	(645)
Current debt	**(1,306)**	**(1,932)**
Non-current financial liabilities	(1,779)	(1,345)
Non-current debt	**(1,779)**	**(1,345)**
Total Debt	**(3,085)**	**(3,277)**
Cash and cash equivalents	**758**	**565**
Other current financial assets	**56**	**181**
Net financial position	**(2,271)**	**(2,531)**

EXCHANGE RATE

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

	2023		2022	
	12 months average	**Spot at 31.12**	12 months average	Spot at 31.12
US Dollar (USD)	1,0813	1,105	1,0666	1,053
Australian Dollar (AUD)	1,6288	1,6263	1,5693	1,5167
UAE Dirham (AED)	3,971	4,0581	3,9171	3,8673
Canadian Dollar (CAD)	1,4595	1,4642	1,444	1,3695
Brazilian Real (BRL)	5,401	5,3618	5,6386	5,4399
Norwegian Krone (NOK)	11,4248	11,2405	10,5138	10,1026
Indian Rupee (INR)	89,3001	91,9045	88,171	82,6864
Rumanian Leu (RON)	4,9467	4,9756	4,9495	4,9313
Chinese Yuan (CNY)	7,66	7,8509	7,3582	7,0788

The following tables reconcile the amounts presented in the reclassified statements with those presented in the mandatory IFRS statements.

CONSOLIDATED INCOME STATEMENT

	31.12.2023		31.12.2022	
(euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A – Revenue		**7,651**		**7,482**
Operating revenue	7,448		7,349	
Other revenue and income	203		133	
Recl. To I – Extraordinary or non-recurring income and expenses	-		-	
B - Materials, services and costs		**(5,960)**		**(6,002)**
Materials, services and other costs	(5,964)		(6,008)	
Recl. To I – Extraordinary or non-recurring income and expenses	(4)		6	
C - Personnel costs		**(1,219)**		**(1,186)**
Personnel costs	(1,219)		(1,186)	
Recl. To I – Extraordinary or non-recurring income and expenses	-		-	
D - Provisions		**(75)**		**(73)**
Provisions	(133)		(140)	
Recl. To I – Extraordinary or non-recurring income and expenses	58		67	
E – Depreciation, amortization and impairment		**(235)**		**(231)**
Depreciation, amortization and impairment	(235)		(396)	
Recl. To I – Extraordinary or non-recurring income and expenses	-		165	
F – Finance income/(costs)		**(169)**		**(80)**
Finance income/(costs)	(169)		(80)	
G - Income/(expenses) from investments		**4**		**(2)**
Income/(expenses) from investments	4		(2)	
H - Income taxes		**(4)**		**(16)**
Income taxes	11		6	
Recl. L – Tax effect of extraordinary or non-recurring income and expenses	(15)		(22)	
I - Extraordinary or non-recurring income and expenses		**(61)**		**(238)**
Recl. from A – Revenue	-		-	
Recl. from B – Materials, services and other costs	(4)		(6)	
Recl. from C – Personnel costs	-		-	
Recl. from D – Provisions	(57)		(67)	
Recl. from E – Depreciation, amortization and impairment	-		(165)	
L - Tax effect of extraordinary or non-recurring income and expenses		**15**		**22**
Recl. from H – Income taxes	15		22	
Profit/(loss) for the period		**(53)**		**(324)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31.12.2023		31.12.2022	
	(Euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A)	**Intangible assets**		**474**		**509**
	Intangible assets	474		509	
B)	**Rights of use**		**125**		**127**
	Rights of use	125		127	
C)	**Property, plant and equipment**		**1,684**		**1,636**
	Property, plant and equipment	1,684		1,636	
D)	**Investments**		**60**		**118**
	Investments	60		118	
E)	**Non-current Financial assets**		**668**		**162**
	Non-current Financial assets	683		171	
	Recl. to F – Derivative assets	(15)		(9)	
F)	**Other non-current assets and liabilities**		**12**		**1**
	Other non-current assets	67		49	
	Recl. from E – Derivative assets	15		9	
	Other liabilities	(70)		(57)	
G)	**Employee benefits**		**(54)**		**(54)**
	Employee benefits	(54)		(54)	
H)	**Inventories and advances**		**801**		**864**
	Inventories and advances	801		864	
I)	**Construction contracts and client advances**		**632**		**1,669**
	Construction contracts – assets	2,498		3,085	
	Construction contracts – liabilities and client advances	(1,599)		(1,152)	
	Trade receivables	(267)		(264)	
L)	**Trade receivables**		**767**		**770**
	Trade receivables and other current assets	1,150		1,177	
	Recl. to O - Other assets	(383)		(407)	
M)	**Trade payables**		**(2,471)**		**(2,694)**
	Trade payables and other current liabilities	(2,872)		(3,021)	
	Recl. to O - Other liabilities	401		327	
N)	**Provisions for risks and charges**		**(237)**		**(191)**
	Provisions for risks and charges	(504)		(455)	
	Onerous Contracts Provision	267		264	
O)	**Other current assets and liabilities**		**192**		**200**
	Deferred tax assets	231		183	
	Income tax assets	34		22	
	Derivatives assets	35		23	
	Recl. from L - Other current assets	384		407	
	Deferred tax liabilities	(72)		(83)	
	Income tax liabilities	(19)		(25)	
	Recl. from M - Other current liabilities	(401)		(327)	
NET INVESTED CAPITAL			**2,705**		**3,118**
P)	**Equity**		**434**		**587**
Q)	**Net financial position**		**2,271**		**2,531**
SOURCES OF FUNDING			**2,705**		**3,118**

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