2020
Annual Report

Contents

Directors' Report

1. Board of Directors, Board of Statutory Auditors and Independent Audit Firm

Board of Directors	
Chairman	Fabrizio DI AMATO
Chief Executive Officer	Pierroberto FOLGIERO
Director	Luigi ALFIERI (*)
Independent Director	Gabriella CHERSICLA (**Chairperson) (*** Chairperson)
Director	Stefano FIORINI (**)
Independent Director	Vittoria GIUSTINIANI (*)
Independent Director	Andrea PELLEGRINI (* Chairman) (***)
Independent Director	Maurizia SQUINZI (**)
Independent Director	Patrizia RIVA (***)

The Board of Directors was appointed by the Shareholders' Meeting of April 29, 2019 and will remain in office until the approval of the 2021 Annual Accounts

(*) Member of the Remuneration Committee

(**) Member of the Control and Risks Committee

(***) Member of the Related Parties Committee

Board of Statutory Auditors	
Chairman	Francesco FALLACARA
Statutory Auditor	Giorgio LOLI
Statutory Auditor	Antonia DI BELLA
Alternate Auditor	Massimiliano LEONI
Alternate Auditor	Alessandra CONTE
Alternate Auditor	Andrea LORENZATTI

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of April 29, 2019 and will remain in office until approval of the 2021 Annual Accounts

Independent Audit Firm
PricewaterhouseCoopers S.p.A.

The company's Shareholders' Meeting of December 15, 2015 awarded the audit of accounts for the years 2016-2024 to the independent audit firm PricewaterhouseCoopers S.p.A..

2. Key Events in the year

CORONAVIRUS (COVID-19)

The emergency brought about by the COVID-19 pandemic has resulted in major economic and financial challenges and general uncertainty around the world and has had a direct and ongoing impact on the management of health and safety in the workplace.

The Maire Tecnimont Group - for whom the health and safety of its employees is its top priority - as its first action responded promptly to the emergency by introducing measures to manage and contain the pandemic's development. In response to the spread of COVID-19, the Group immediately worked to ensure the continuity of all business, both in the various offices and at the work sites, in line with the highest standards of safety and established a list of actions that included: a CRISIS UNIT within the organization; the definition of standards of conduct for employees, customers and vendors, and at the various work sites; the launch of a cycle of COVID-19 informational campaigns; and the creation of a dedicated, virologist call center for employees of the Group.

All recommendations issued by the government and by local authorities have been implemented at the Group's offices. The Group has introduced a preventive protocol in the form of specific documents describing correct policies and behavior in the wake of the emergency, including the definition of entry policies for each Italian/international office.

Major efforts to coordinate the international offices and work sites within the headquarters of Maire Tecnimont have also been pursued in order to ensure the constant sharing of information and best practices to be implemented during the emergency. Work at the Maire Tecnimont Group's construction sites also continued in line with the highest safety standards. The constant use of personal protective equipment (PPE), daily temperature screening, social distancing, and other health and safety measures have been maintained throughout all phases of construction and in all workplaces.

Once all health protection initiatives were introduced, operations were reorganized as quickly as possible so as to minimize the impacts from the restrictions. Despite the difficulties globally, the flexible organizational model, the digitalization of processes and the advanced collaboration with partners and clients mitigated the impacts on operations and also permitted the continuation of commercial activities, permitting the acquisition of new contracts, also thanks to the company's capacity to work remotely. All support activities, in fact, have continued without interruption, thanks to a proven remote working system that has facilitated the meeting of all business needs without interruption.

The Group in previous years launched the "Digital Advantage" program which brought about the gradual complete digitalization of processes and facilitated advanced collaboration between employees and partners, independently of their physical work location. Maire Tecnimont was among the first enterprises in its sector to adopt the leading ICT technologies which facilitate the full cloud and the virtualization of the Group's infrastructure, in order to remotely operate not only design and operating activities - BIM, complete 3D modelling and AWP solutions to optimize engineering and construction - but also administration, finance and control, procurement and human resource management. This transformation project has allowed Maire Tecnimont to deal with the situation in 2020 in a flexible manner.

Thanks to consolidated "smart working" experience at the Group's Milan offices and to the IT infrastructure already in place to support the program, the Group extended the possibility of working remotely to all employees at its various locations around the world. This minimized the impact from the lockdown periods during the half-year.

During the year, therefore, approximately 5,000 staff across the world belonging to the engineering centers of Milan, Rome, Mumbai (India), Moscow (Russia), Sittard (Netherlands), Braunschweig (Germany) and Houston (USA) continued to work from home during the periods of lockdown and quarantine, coordinating with the multi-location project teams. This has been possible thanks to an operating strategy which develops remote working and the virtualization of the main processes (through the “Digital Advantage Smart Platform”), following on from the investment in cloud computing and hardware and software suites over recent years.

In countries in which mobility was interrupted, de-localized operating structures, which provided support in efforts of work-site assistance, have also been strengthened in order to ensure continuity in the phases of follow-up, inspection, and release of provisions. This same approach has been adopted with external parties, such as engineering hubs and vendors.

Continuity during work-site supervision has been ensured by optimizing work-site organization and revising planning for personnel traveling abroad with the extension of shifts, which was made possible by the collaboration and understanding that the entire Maire Tecnimont workforce has demonstrated throughout the emergency.

OPERATING AND FINANCIAL IMPACT

Revenues for the year reflect the slowdown in operations in certain regions, particularly in the second half of March as a result of the decisions taken by the governmental authorities to contain the spread of COVID-19.

Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows.

The third quarter of 2020, although within an environment which is still shaped by significant uncertainties due to the continuance - particularly in some regions - of the effects of the pandemic, saw operations on the main projects recover, with volumes consequently rising on the previous quarter.

Given the geographical area in which operating activities are in progress, and despite the awareness of the measures introduced in some of these areas by local institutions, thanks to the technological infrastructure which has been in use within the group for some time, and which has clearly proved capable of enabling efficient operational management even at times of crisis, in the final part of the year activities saw a further uptick, however not compensating for previous slowdowns, but enabling production volumes to be significantly higher than in previous quarters.

The almost total worldwide blockade of commercial activities and uncertainties regarding possible future developments of the pandemic have caused a sudden and drastic reduction in energy consumption with a consequent equally drastic drop in oil and natural gas prices, although the latter to a lesser extent.

Faced with the sudden and unpredictable reduction in production volumes and in the price of gas and oil, with a consequent significant reduction in cash generation, the energy companies (supermajors, majors, state-owned entities - nationals, private companies) reacted by adopting behaviors that in various ways affected the economic and financial performance of the Maire Tecnimont Group, particularly in the first part of the year 2020.

The most immediate reaction, implemented by a number of clients, involved postponing the settlement of services rendered under ongoing contracts. The postponement of payments was the consequence of either a unilateral voluntary decision by some clients, on the basis of temporary disorientation and while waiting to better understand how the pandemic would evolve, or of the impossibility of being able to manage the approval processes of the works carried out and of payment, since there had not been previously developed a digital platform suitable to allow operating remotely, even in emergency conditions.

The latter also had a major impact on two very important parts of the projects' financial profile: 1) the issue of preliminary acceptance of completion for certain plants, with payment of the last portion of the contractual fee, and 2) the definition of the fees requested from clients as remuneration for additional work or for changes made with respect to that contractually agreed. The settlement of these situations, due to the pandemic, suffered a temporary interruption and therefore, the expected related cash flows for the first part of the year 2020 could only have a positive effect on financial management in the second part of the year, albeit to a partial extent, given the continued uncertainty.

Moreover, as mentioned above, the significant reduction in financial resources has led almost all energy companies to review their investment programs, postponing the final decision on the implementation of new projects. The postponement of the assignment of new works, originally expected in the first part of the 2020 financial year, negatively affected the group's financial position, as an important source of self-financing from the advances paid upon the signing of new contracts was lacking.

Confirming that the circumstances described were to be seen as temporary and not sufficient to structurally alter the markets concerned, new contracts totaling approximately Euro 1.3 billion were acquired in May and June 2020, with contracts totaling Euro 2.7 billion being acquired for the full financial year.

The progression of encouraging signs pointing to a gradual improvement in the overall situation seen in the second half of the year made it possible to renew dialogue with a number of clients and to successfully conclude negotiations that had been interrupted by the pandemic. The (mainly financial) benefits of this were seen, above all, in the fourth quarter of 2020.

The Board of Directors of Maire Tecnimont S.p.A., meeting on April 14, taking account of the global picture emerging from the developing COVID-19 emergency and the regulatory provisions issued as a consequence, including Law Decree No. 23 of April 8, 2020, in force from April 9, 2020, prudently decided to suspend the distribution of 2019 dividends, proposing to the Shareholders' Meeting to carry forward the net profit for 2019, and to withdraw the proposal to authorize the purchase and disposal of treasury shares, reserving the right to reassess the future distribution of reserves and the purchase and disposal of treasury shares by the end of the 2020 financial year.

In terms of a management structure reaction to the contingent situation from COVID-19, initiatives have been launched - some of which representing a structural change in the traditional way of providing excellent services - which generated total savings for the year of approx. Euro 60 million. In addition to increasing competitiveness, these savings helped to reinforce the Group's financial solidity.

In this environment, subject to that decided by the Shareholders' Meeting on April 30, 2020, the Board of Directors - on the initiative of top management and the approval of the Remuneration Committee - decided to prudently suspend the delivery to Beneficiaries of the 2017-2019 Restricted Stock Plan of the Maire Tecnimont Shares assigned and, with regards to the incentive and investment plans approved by the Shareholders' Meeting of April 30, 2020 and in partial derogation to the 2020 Remuneration Policy, to not execute the 2020-2022 Long Term Incentive Plan and to suspend, for the current year, the granting of the objectives related to the short-term monetary incentive plans ("MBO").

On July 8, 2020, Maire Tecnimont S.p.A. signed a loan agreement for Euro 365 million, 80% of which was backed by SACE's "Garanzia Italia" (Italy Guarantee), and disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan will mainly support the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee. The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

The Group’s key operating events in 2020 were as follows:

NEW ORDERS

Despite the difficulties globally, the flexible organizational model, the digitalization of processes and the advanced collaboration with partners and clients mitigated the impacts on operations and also permitted the continuation of commercial activities, permitting the acquisition of new contracts worth Euro 2.7 billion, also thanks to the company’s capacity to work remotely.

In 2020, the Maire Tecnimont Group announced the awarding, through its main subsidiaries, of orders worth a total of approx. Euro 2,731.6 million for licensing, engineering services and EP (Engineering and Procurement) and EPC (Engineering, Procurement and Construction) operations. Awarded by some of the most prestigious international customers, these contracts are described in greater detail in the section “Backlog - Main projects awarded”.

ENERGY TRANSITION TECHNOLOGIES - BIOFUELS - NEW HYDROTREATED VEGETABLE OIL (RENEWABLE DEISEL) TECHNOLOGY IN NEXTCHEM’S PORTFOLIO

On February 10, 2020, NextChem, the Maire Tecnimont Group company active in green chemical and energy transition technologies sector, announced that it had signed an agreement with Saola Energy to internationally license a new technology for the production of hydrotreated vegetable oil (HVO), as a renewable diesel, from vegetable oils and residual fats. It also announced the launch of a promotional roadshow for the American market, starting in Houston at the National Ethanol Conference and continuing in Washington in March and Minneapolis in June.

NextChem and Saola Energy are thus set to combine know-how and experience in the development of a solution for the turnkey market. NextChem will act as the licensor of the combined technology and will provide customers with engineering, procurement and construction services and training in the use of the technology. The technology patented by Saola Energy consists of hydro-treatment and isomerization processes that produce high quality renewable diesel from residual oils and fats. The technology can be used to process a wide range of raw materials and is ideal for exploiting the full economic value of low carbon fuels by leveraging incentives provided by the various applicable regulations.

The process is designed to be scalable from capacities of 10 million gallons per year (approximately 30,000 tons/year), making it ideal for both the integration of small-scale plants on existing sites that supply raw materials and large independent plants that can receive large quantities of the raw materials. The integration of the technology with existing plants (bio-refineries) is particularly economically advantageous since its allow the value exploitation of by-products. Waste oil and residual fat treatment companies will thus gain access to new opportunities on the second generation renewable fuel market.

Renewable diesel, also known as Hydrotreated Vegetable Oil (HVO), and traditional biodiesel, also known as Fatty Acid Methyl Ester, or FAME, are often confused. However, they are very different products. Both can be derived from vegetable oils and residual fats, but are produced in different ways: biodiesel via transesterification and renewable diesel via hydro-treatment. While FAME has mixing limits with fossil origin diesel, renewable diesel is a drop-in fuel, a fully blendable alternative to fossil origin diesel that meets ASTM D975 and EN 590 standards for fuel oils. It, therefore, has no mixing limits and can currently be used in existing diesel engines with superior performance over fossil and FAME fuels. On the market today, renewable diesel commands a clear premium value over FAME.

THE SHAREHOLDERS’ MEETING APPROVES 2019 ANNUAL ACCOUNTS, CARRYING FORWARD THE NET INCOME FOR THE YEAR. 2020 REMUNERATION POLICY, SECOND SECTION OF THE REMUNERATION REPORT AND THE INCENTIVE AND INVESTMENT PLANS APPROVED.

On April 30, 2020, the Shareholders' AGM of Maire Tecnimont S.p.A. approved all matters on the agenda. Specifically, the Shareholders' Meeting approved:

i) the 2019 Annual Accounts of the company which reported net income of Euro 30,727,467.52; ii) the proposal of the Board of Directors to carry forward the net income for the year; iii) in accordance with Article 123-*ter*, paragraph 3-*ter*, of Legislative Decree No. 58/1998 ("CFA") and all other legal and regulatory provisions, and therefore through a binding motion, the 2020 Remuneration Policy; iv) in accordance with Article 123-*ter*, paragraph 6 of the CFA and all other legal and regulatory provisions, and therefore with a non-binding motion, the second section of the "2020 Remuneration Policy and Report"; v) in accordance with Article 114-*bis* of the CFA, the conversion of the "Maire Tecnimont Group 2019-2021 Long Term Incentive Plan" monetary investment plan, reserved for the Chief Executive Officer and General Manager of Maire Tecnimont, in addition to selected Top Managers of the Maire Tecnimont Group companies, into an incentive plan based on ordinary shares of the company; vi) in accordance with Article 114-*bis* of the CFA, the adoption of the "Maire Tecnimont Group 2020-2022 Long Term Incentive Plan" investment plan, reserved for the Chief Executive Officer and General Manager of Maire Tecnimont S.p.A., in addition to selected Top Managers of the Maire Tecnimont Group companies; vii) in accordance with Article 114-*bis* of the CFA, the adoption of a new incentive plan called the "Maire Tecnimont Group 2020-2022 General Share Plan", reserved for all employees of the company and the Maire Tecnimont Group, and viii) in accordance with Article 114-*bis* of the CFA, the adoption of an investment plan called the "2020-2024 Long Term Investment Plan to support the Green Acceleration Project of the Maire Tecnimont Group, based on the financial instruments of the subsidiary NextChem", reserved for the Chief Executive Officer and General Manager of Maire Tecnimont S.p.A., for selected Top Managers, in addition to identified key personnel of the Maire Tecnimont Group companies.

The Shareholders' Meeting granted the Board of Directors, with the express faculty to sub-delegate, the broadest range of powers necessary or beneficial, having consulted the Remuneration Committee and the Board of Statutory Auditors to the extent of its scope, for the complete and full implementation of the investment and incentive plans approved.

ENI AND NEXTCHEM STRENGTHEN THE AGREEMENT TO DEVELOP THE CIRCULAR DISTRICT TECHNOLOGIES

On June 25, 2020 - One year after the initial agreement, Eni and NextChem, Maire Tecnimont's subsidiary for green chemicals, strengthen their partnership. Further to the engineering projects underway for the construction of a "Waste to Hydrogen" plant for the production of hydrogen at the Eni biorefinery in Porto Marghera in Venice, and the "Waste to Methanol" project for the production of methanol at the Eni refinery in Livorno, a further project in Taranto has been added.

In the areas of the Ionian refinery, the goal is in fact to assess the feasibility of a plant for the production of synthesis gas from plasmix and CSS, through a chemical recycling process. The gas will then be refined into two independent streams: hydrogen, which could be used at the Eni refinery to support fuel hydrodesulphurisation processes, and a carbon monoxide rich gas that could be used in steelworks, both in blast furnace processes and in new DRI (Direct Reduced Iron) technologies. This would also make an important contribution to the decarbonization of the steel industry. NextChem is finalizing the industrial application aspects of the initiative. A joint working group between the two companies will verify the technical, economic and flow feasibility of the plant. The involvement of local institutions will also be important.

The agreement signed is part of the long-term strategy that will lead Eni to establish itself as a leader in the production and marketing of decarbonized products. The company is in fact executing a new strategic plan in the industry that will allow it to cut absolute carbon emissions by 80% by 2050. Eni will increasingly produce green energy by developing renewables, will produce gas, LNG and hydrogen from gas and organic origin raw materials, cleaned of $CO2$ through sequestration and storage projects, will generate bio-fuels at its bio-refineries, in addition to bio-fuels, methanol and hydrogen from waste and scrap, and chemicals from renewables and secondary raw materials. In particular, NextChem's technological solution would allow an effective reduction of $CO2$ emissions from a Life Cycle Assessment (LCA) perspective compared with the current treatment of CSS and plasmix by means of waste-to-energy, with all related benefits from an environmental point of view, according to circular economy principles.

That developed by NextChem is among the most important technological innovations over recent years in the circular economy and energy transition field, and is applicable to traditional and heavy industry brownfield site conversion processes. "Circular" origin chemical products obtained through this technology reduce the need to extract fossil origin resources and contribute to the decarbonization of key industrial sectors, providing low-carbon fuels for the transport sector, which accounts for significant amounts of global CO2 emissions. This is one of the guidelines of NextChem's roadmap for the energy transition, which has over 30 innovative initiatives in portfolio, with proprietary technologies, international licenses and technological integration and EPC contracts.

MAIRE TECNIMONT STRENGTHENS ITS POSITION WITH A LOAN BACKED BY SACE

On July 8, 2020, Maire Tecnimont S.p.A. announced that it had signed a Euro 365 million loan agreement backed 80% by SACE's "Garanzia Italia" ("Italy Guarantee"). The loan will be disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit, which will act as Mandated Lead Arranger of the transaction. Intesa Sanpaolo will act as "SACE Agent" for the transaction, while Banca IMI will act as Agent Bank and Mandated Lead Arranger for the Intesa Sanpaolo Group.

The loan will mainly support the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee.

The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

NEXTCHEM AND LANZATECH SIGN AN AGREEMENT TO PROMOTE CIRCULAR ETHANOL PRODUCTION

On July 23, 2020, NextChem and the U.S.-based LanzaTech, specialized in carbon recovery, signed an agreement to license the waste-to-ethanol process line. NextChem is thus implementing its technological portfolio in the area of the circular economy and in chemical recycling in particular, by adding circular ethanol production to its technological platforms for producing circular hydrogen and methanol from plastic and dry waste (currently in the engineering design phase). The basic chemical recycling process is that of the chemical conversion of the hydrogen and carbon contained in plasmix1 and CSS2, which yields a circular gas that can be used as the base for producing various chemical products. Using LanzaTech's biological "syngas fermentation" technology, ethanol is produced by bacteria, transforming the circular gas at a low temperature and pressure, thus improving the overall sustainability of the process. This is an example of the bioeconomy in action, in service of the circular economy and decarbonization. NextChem will license this technology under exclusive for Italy and under targeted agreements for international markets.

The circular ethanol derived from this process may be mixed with petrol, replacing fossil components, and thus yielding a smaller carbon footprint. When produced from dry waste containing non-fossil fractions (such as wood), 40% of the circular ethanol may be regarded as "advanced" according to the European Renewable Energy Directive. Ethanol – which in Italy is 100% imported – is also an important intermediate for a series of chemical components, such as ethyl-acetate, a prized solvent for car paint of which Europe is a significant importer, and alcohol used as a disinfectant. Since they are derived from recycling, these chemical products promote circular consumption models.

This example of innovative technological integration by NextChem is among the most important of recent years – both in the waste sector and in the circular economy more generally – since it enables the production of products such as hydrogen, methanol and ethanol, which are chemical building blocks, using not only fossil fuels but also fractions of waste that are not currently recyclable, thereby yielding a two-fold environmental benefit in terms of both the abatement of climate-altering emissions and of an increase in the recycling rate.

AGREEMENT BETWEEN NEXTCHEM AND GRANBIO, A BRAZILIAN COMPANY, FOR THE GLOBAL DEVELOPMENT OF 2G BIO-ETHANOL TECHNOLOGY

On August 3, 2020, NextChem, the Maire Tecnimont company focused on the energy transition, announced a new partnership that expands the company's technology portfolio. Under this strategic agreement of global scope with the Brazilian firm GranBio and centered around industrial biotech, the two companies will seek to establish worldwide leadership in the industry by licensing GranBio's second-generation (2G) ethanol technology for the production of cellulosic ethanol.

GranBio's 2G ethanol technology is capable of converting biomass not intended for the food sector into renewable, low-carbon biofuels. NextChem will license the technology globally. This alliance will combine GranBio's expertise in second-generation biofuels with NextChem's engineering experience and EPC expertise and the Group's global presence to offer integrated services, from feasibility studies to supply chain integration and the construction of production facilities around the world. Together, the two companies will contribute to the process of decarbonizing the fuel sector in an efficient, profitable and carbon neutral way.

The technology developed by GranBio to produce 2G ethanol has already been introduced at their São Miguel dos Campos plant in Alagoas, Brazil, the first of its kind in the southern hemisphere dedicated to cellulosic ethanol. It has a current production capacity of 30 million liters per year, and 100% of the biofuel may potentially be exported to American and European markets.

The GranBio approach is extremely versatile and makes it possible to use all types of agricultural waste and woody/cellulosic biomass, such as straw and other grasses, corn husks, and woody waste from sources such as eucalyptus and pine.

ALIPLAST AND NEXTCHEM TOGETHER FOR PLASTICS RECYCLING

On October 29, 2020 Maire Tecnimont S.p.A and the Hera Group announced the signing of a strategic agreement between Aliplast, a Hera Group company that is a leader in plastic collection, recycling and regeneration, and NextChem, a Maire Tecnimont Group company dedicated to developing projects and technologies for the energy transition. The agreement calls for NextChem to supply technology, engineering and EPC services for the construction of a facility that will use the cutting-edge MyReplast™ proprietary technology to upcycle plastic waste into high value-added polymer products.

This initial partnership seeks to combine the excellence of two companies that occupy positions of leadership in their respective sectors. On the one hand, the Hera Group, through the 90 facilities operated by Herambiente – the number-one operator in Italy by volume of waste processed – boasts considerable know-how in the management of the entire environmental chain, to which Aliplast contributes strategically by providing increasingly integrated, circular coverage of the plastics segment. On the other hand, the Maire Tecnimont Group, is a global leader in process engineering strongly committed, through its subsidiary NextChem, to developing projects and technologies for the energy transition, and in particular for the circular economy, according to an innovative industrial approach focused on the engineering of transformation processes that make it possible to produce high value-added polymer materials that effectively replace virgin materials produced using fossil resources.

It will be this very synergy between the expertise and resources of these two large organizations that will enable the development of a facility absolutely without peers at the European level. Built on a site owned by the Hera Group, this facility will exploit the innovative MyReplast™ technology developed by NextChem, which will make it possible to produce high-purity, high-quality recycled polymers capable of delivering high-level chemical, physical and mechanical performances. The goal of the facility is thus to process post-consumption plastic waste to derive "custom" recycled products that meet each client's requirements and the highest market quality standards, by virtue of characteristics and properties analogous to those of fossil-origin virgin polymers. All while creating a cutting-edge plant design experience.

When fully operational, the new facility, which thanks to Herambiente will be powered by green energy sources, will be capable of producing approximately 30 thousand tons of polymers a year. The facility will guarantee high safety standards and possess innovative characteristics, such as extensive process automation and a high level of digitalization from a data analytics perspective, while also enabling maximal energy efficiency, with the resulting environmental benefits.

Thanks to this agreement, Aliplast aims to breathe new life into a commitment that for years has seen it ranked among the top companies, including at the international level, in the plastic materials recycling and regeneration sector. The first Italian company to have achieved full integration throughout the plastic lifecycle and to manage its integrated cycle in full autonomy and independence, Aliplast is also present with facilities in France, Spain and Poland and is a leading manufacturer of flexible PE films and PET sheets, with annual output of 90 thousand tons of finished products/regenerated polymers and over 90% recovery/recycling of volumes processed.

In particular, the partnership with NextChem will allow Aliplast to exploit recycling and compounding opportunities to expand into various particular rigid plastics, such as PP, HDPE and ABS, which mechanical recycling alone does not allow to be processed adequately. The goal is to be able to continue to serve its clients by offering them an increasingly broad range of high-quality recycled plastics, in pursuit of advanced circular economy models in line with not only the EU and UN targets, but also the New Plastics Economy Global Commitment of the Ellen MacArthur Foundation, an important international circular economy network of which the Hera Group is a member, due above all to Aliplast.

NEXTCHEM AND INDIAN OIL CORPORATION SIGN THEIR FIRST MEMORANDUM OF UNDERSTANDING REGARDING CIRCULAR ECONOMY INITIATIVES IN INDIA

On November 3, 2020, Maire Tecnimont S.p.A announced that NextChem, its green chemistry and energy transition technologies subsidiary, and Indian Oil Corporation Ltd (IndianOil) have signed a Memorandum of Understanding to develop industrial projects based on NextChem proprietary technologies for the industrialization of the circular economy sector in India. The projects will be focused on plastic recycling, the production of fuel from renewable raw materials and the production of fuel and circular chemical products from non-recyclable waste.

IndianOil is the Indian national oil company, with operations throughout the entire energy industry value chain, as well as in the oil, natural gas and renewable energy sources sectors. Under the agreement, IndianOil and NextChem will work together to explore opportunities to exploit plastic waste using NextChem's technologies for plastic waste upcycling and waste-to-chemical solutions. Thanks to the Maire Tecnimont Group's solid, long-standing presence in India (with over 2,200 engineers and around 3,000 E&I1 professionals in Mumbai), NextChem is able to guarantee technological solutions and the best know-how to develop and execute projects.

The agreement is among the strategic initiatives for collaboration between India and Italy for further consolidation of commercial and industrial relations between the two nations, which was presented during the bilateral digital summit held between their prime ministers.

IndianOil is committed to developing a sustainable business model to implement a circular plastic waste ecosystem within the framework of the "Plastic Neutrality Initiative", and is seeking partners able to contribute to managing the end of the plastic product life cycle in the country. IndianOil also intends to add recycled polymers to its portfolio as a new product line, in addition to its virgin polymers business. NextChem is developing various technological solutions to generate value from waste, contributing through research, coordination, industrialization and, finally, marketing of a portfolio of sustainable technologies.

NEXTCHEM GROWS IN THE CIRCULAR ECONOMY: MYRECHEMICAL FOUNDED, THE SUBSIDIARY FOR WASTE TO CHEMICAL TECHNOLOGIES

On November 9, 2020, just a few weeks from the launch of the MyReplast™ brand for recyclable plastics upcycling technology, NextChem, the Maire Tecnimont company for the energy transition, launched MyRechemical, a new wholly-owned subsidiary dedicated to the chemical recovery of non-recyclable plastics and to waste-to-chemical processes. With this additional initiative, NextChem can offer a complete and integrated platform for the recovery of all types of plastic waste on an industrial scale.

MyRechemical's technology portfolio enables the production of various chemical products and circular fuels with low carbon impact and high added value. The circular products obtained from the recovery through chemical conversion of waste allow a reduction of CO2 emissions when used as a replacement for hydrocarbon products and avoid the emissions produced by waste incineration, instead increasing the recycling rate.

NextChem's initiative is as a result of the major positive feedback on Waste to Chemical proposals (in terms of which the company is working on several projects with oil companies, including Eni). There is therefore a need to create a dedicated legal entity in which to concentrate the technical expertise necessary for the development and marketing of a technological solution that is increasingly in demand on the market. The Chief Executive Officer is Mr. Giacomo Rispoli, former Head of Waste to Chemicals at NextChem. He brings decades of experience in the Oil&Gas sector and in technologies for industry and the energy transition.

The platform is the result of integration work between different technologies, some proprietary and others for which the company has entered licensing agreements. The heart of the process is the chemical conversion of carbon and hydrogen contained in waste (plasmix, CSS, dry fraction) by partial oxidation and subsequent purification, from which a low-carbon synthesis gas is obtained, capable of being converted, with appropriate process extensions, into hydrogen, methanol, ethanol and derivatives thereof, products with lower carbon content than those from fossil sources, which fall within the category of high sustainability fuels.

This solution combines the environmental benefits of the circular economy with those of decarbonization and satisfies the demand to convert refineries across the world. This is part of the energy transition from fossil fuels to renewable energies, which is needed in order to contain the increase in the planet's temperature and the related climate change.

ENEL GREEN POWER AND NEXTCHEM, OF THE MAIRE TECNIMONT GROUP, HAVE SIGNED A MEMORANDUM OF UNDERSTANDING FOR A PLANT TO PRODUCE GREEN HYDROGEN IN THE UNITED STATES

On December 9, 2020, Maire Tecnimont S.p.A., through its subsidiary NextChem, a company specialized in energy-transition technologies, and Enel Green Power, through Enel Green Power North America, Inc. (EGPNA), signed a memorandum of understanding to promote the production of green hydrogen in the United States by way of electrolysis. Enel, an organization with extensive experience in project commercialization with an ample development pipeline and major renewable-energy presence in the United States, will be making use of NextChem’s hydrogen technology and engineering capabilities in order to develop its green-hydrogen business in the United States. The project, which is expected to become operational by 2023, will use the renewable energy generated by one of EGPNA’s solar plants in the U.S. to produce green hydrogen that will be provided to a biorefinery.

The agreement calls for NextChem to act as technology and engineering partner, as well as full turnkey engineering, procurement and construction (EPC) contractor and to provide Enel Green Power with the technical support needed to develop and execute the project.

As a leader in the development of green hydrogen, Enel Green Power is assessing whether to include electrolytic cells, which use electricity to separate water into hydrogen and oxygen, in the organization’s development pipeline in the U.S. By combining two or more technologies, such as solar power and an electrolytic cell, Enel Green Power is able to create integrated systems capable of taking advantage of a wider range of revenue streams and/or generate additional options for mitigating risk. In the U.S., the company has been focusing on states in which it already has an operational presence, such as Texas, Utah and North Dakota. This agreement represents the first application of a framework partnership agreement between Enel and NextChem in order to assess the execution of joint projects, including the testing of advanced technologies to increase efficiency in the production of green hydrogen from renewable sources.

3. Investor information

MAIRE TECNIMONT S.P.A. SHARE CAPITAL AT DECEMBER 31, 2020

	Expressed in No. of shares	Expressed in No. of voting rights
Share capital	Euro 19,920,679	Euro 19,920,679
Total	328,640,432	496,305,566
Floating share capital	160,975,298	n.a.[1]
Floating share capital %	48.982%	n.a.[1]

(1) Following the amendments to Article 2.2.1. of the "Regulation for markets organized and managed by Borsa Italiana", in force since March 4, 2019, the calculation of the free float was made only on the basis of the number of shares and not on the number of votes.

MAIRE TECNIMONT SHARE PERFORMANCE

COVID-19

The financial markets experienced a very complex 2020, with the COVID-19 pandemic putting a great deal of pressure on stock prices and on the prices of certain commodities, including oil. During the first half of the year in particular, stock prices fell sharply, especially in the oil and gas industry, as did the price of oil, driven downward both by the heightened uncertainty as to the potential developments in the health emergency and in the economic landscape and by the slowing and, at times, shutdown of local economies due to the restrictions put in place in various countries. In the second half of the year, the world's financial and commodities markets saw a gradual recovery on the back of expectations for a resolution of the health emergency thanks to the pending approval of the first vaccines.

MAIRE TECNIMONT

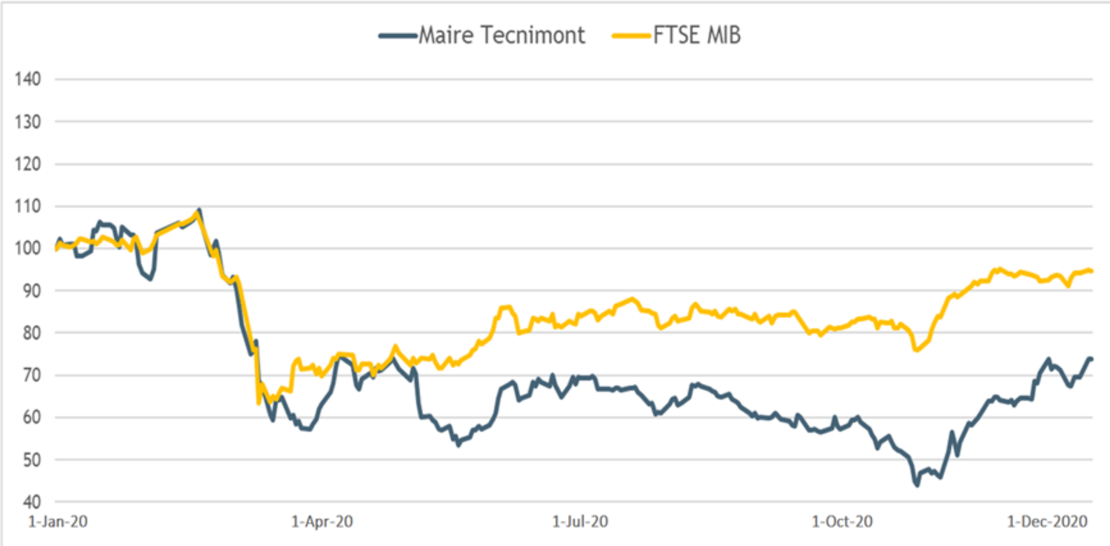
Within this challenging, complicated landscape, Maire Tecnimont's stock posted a better performance for the year than our main European competitors. This is thanks to our flexible, resilient business model focused on the monetization of gas and on leading the energy transition and the green-chemicals segment.

Throughout 2020, Maire Tecnimont remained keenly committed to investor relations and adapted quickly to the new means of remote interaction required during the pandemic. Maire Tecnimont interacted virtually with more than 160 investors in 2020 in the primary European and American markets.

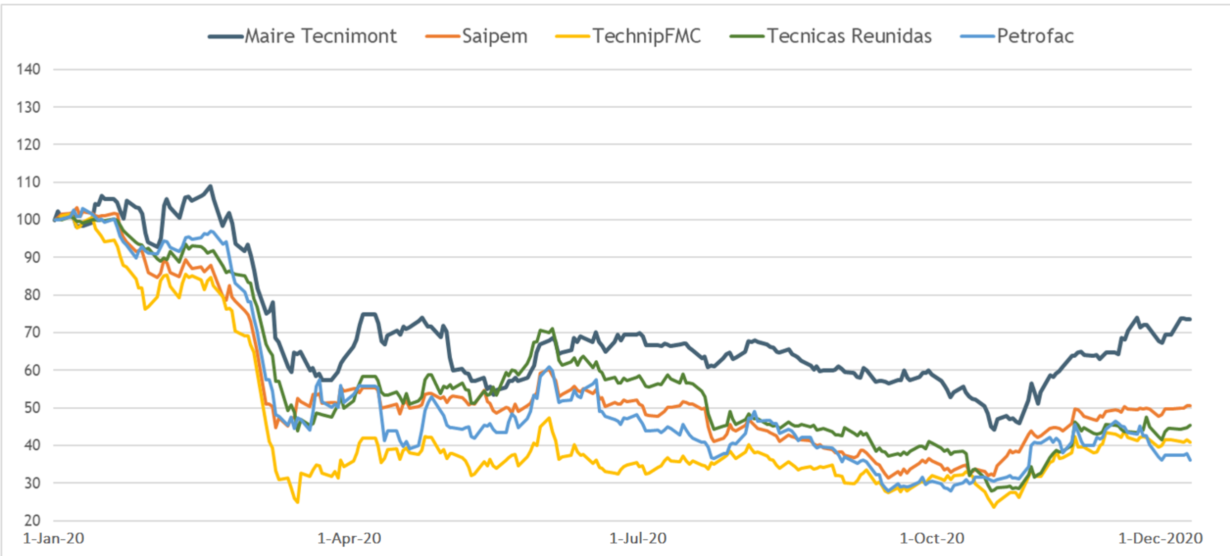
The average daily trading volume in 2020 was 1,482,358 shares, at an average price of Euro 1.71.

Milan Stock Exchange ordinary share price (Euro)	01/01 - 31/12/2020
High (February 20, 2020)	2.70
Low (October 29, 2020)	1.09
Average	1.71
Year end (December 30, 2020)	1.82
Stock market capitalization (at December 30, 2020)	598,782,867

Maire Tecnimont 2020 share performance against the FTSE MIB



Maire Tecnimont 2020 share performance against our main European competitors.



4. Group operating performance

The Maire Tecnimont Group 2020 key financial highlights (compared to the previous year) are reported below:

(in Euro thousands)	*Note (*)*	December 2020	%	December 2019	%	Change	
Performance indicators:							
Revenues	*27.1*	2,630,778		3,338,364		(707,586)	(21.2%)
Business Profit (**)	*27.3*	251,538	9.6%	316,988	9.5%	(65,450)	(20.6%)
EBITDA (***)		172,218	6.5%	235,592	7.1%	(63,374)	(26.9%)
EBIT		123,675	4.7%	188,902	5.7%	(65,227)	(34.5%)
Net financial expense	*27.10-11-12*	(44,861)	(1.7%)	(21,895)	(0.7%)	(22,966)	104.9%
Income before tax		78,814	3.0%	167,007	5.0%	(88,192)	(52.8%)
Income taxes	*27.13*	(24,607)	(0.9%)	(52,311)	(1.6%)	(27,705)	(53.0%)
Tax rate		(31.2%)		(31.3%)		N/A	
Net income		54,207	2.1%	114,695	3.4%	(60,488)	(52.7%)
Group net income		57,801	2.2%	112,981	3.4%	(55,179)	(48.8%)

(*) The notes refer to the paragraphs of the Explanatory Notes to the consolidated financial statements where the respective accounts are analyzed in detail.

(**) "Business Profit" is the industrial margin before the allocation of general and administrative costs and research and development expenses; its percentage of revenues is the Business Margin.

(***) EBITDA is net income for the year before taxes (current and deferred), net financial expenses, gains and losses on the valuation of holdings, amortization and depreciation and provisions. EBITDA is a measure utilized by management to monitor and assess the operating performance. Management consider EBITDA a key parameter in measuring the Group's performance as not impacted by the effects of differing criteria applied to taxable income, the amount and characteristics of the capital utilized and by amortization and depreciation. As EBITDA is not governed by the Group's accounting standards, the Group calculation criteria may not be uniform with those adopted by other groups and, therefore, may not be comparable.

The Maire Tecnimont Group in 2020 reported revenues of Euro 2,630.8 million, down 21.2% on the previous year (Euro 3,338.4 million).

Volumes in the period reflect the slowdown in operations in certain regions, particularly in the second half of March as a result of the decisions taken by the governmental authorities to contain the spread of COVID-19.

Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows.

Also in this regard, the effects of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation.

The third quarter of 2020, although within an environment which is still shaped by significant uncertainties due to the continuance - particularly in some regions - of the effects of the pandemic, saw operations on the main projects recover, with volumes consequently rising on the previous quarter.

Given the geographical area in which operating activities are in progress, and despite the awareness of the measures introduced in some of these areas by local institutions, thanks to the technological infrastructure which has been in use within the group for some time, and which has clearly proved capable of enabling efficient operational management even at times of crisis, in the final part of the year activities saw a further uptick, however not compensating for previous slowdowns, but enabling production volumes to be significantly higher than in previous quarters.

Furthermore, as reported in the preceding quarters, revenues were impacted also by the development of portfolio projects and their performance over time, depending upon the scheduling of the individual works. The production performance reflects both the reaching of the conclusive phase on a number of prior year EPC orders not yet fully offset by new order intake, in addition to the type of contracts at issue - which principally are centered on Engineering, Procurement, Construction Management and Commissioning services which, by their very nature, have lower volumes.

The Group posted business profit of Euro 251.5 million in 2020, down from the Euro 317 million of the previous year, due essentially to the decrease in business volumes for the year as described above. The 2020 Consolidated Business Margin was 9.6%, up from the 9.5% of 2019.

General and administrative costs came to Euro 71.3 million (Euro 74.8 million at December 31, 2019), a 4.7% decrease from the previous year as a result of the cost-savings efforts during 2020 in response to the adverse circumstances in the year. These savings for the year more than offset the increased costs for the development of structures in a number of regions and for the organization of the subsidiary NextChem.

The Group, also taking account of R&D costs of approx. Euro 8 million in 2020, reports EBITDA of Euro 172.2 million, down 26.9% on the EBITDA for the previous year (Euro 235.6 million), essentially due to lower volumes in the year, as discussed above, and consequently a greater proportion of overheads and despite the contribution from the stated cost-saving initiatives. In terms of margin, the 6.5% for 2020 is lower than the figure at December 31, 2019 (7.1%), but is a significant improvement over the early quarters of 2020 after a strong fourth quarter.

Amortization, depreciation, write-downs and provisions totaled Euro 48.5 million (Euro 24 million related to the depreciation of rights-of-use in accordance with IFRS 16), which is a slight increase from the previous year (Euro 46.7 million) due to greater doubtful debt provisions for risks related, in part, to past initiatives.

As a result of that outlined above, 2020 EBIT was Euro 123.7 million, down from the previous year (Euro 188.9 million).

Net financial expense of Euro 44.9 million is reported (net expense of Euro 21.9 million in 2019). The result for 2020 is mainly due to the temporarily negative contribution of the net valuation of certain derivative instruments for Euro 9.5 million, which however had a positive contribution of Euro 2.4 million in the previous year, resulting therefore in a negative differential of over 11.9 million. The change is due both to the unfavorable movement in the Ruble and US Dollar exchange rates against the Euro due to the impact of the pandemic on the currency markets and the movement in the prices of certain raw materials to which other derivative hedging instruments are linked.

The 2020 result was also impacted by financial expense on the loan of Euro 365 million, 80% backed by the SACE "Italy Guarantee", a reduction in financial income due to the lesser liquidity invested during the year, and a non-recurring component in the amount of Euro 5 million for discount charges on receivables factored without recourse.

Pre-tax income totaled Euro 78.8 million, against estimated taxes of Euro 24.6 million. The effective tax rate was approx. 31.2%, substantially in line with the average tax rate reported for the preceding quarters and for the previous year, based on the various countries in which Group operations are carried out.

Net income for 2020 was Euro 54.2 million, compared to Euro 114.7 million in 2019, reducing 52.7% - mainly as a result of the reduction in volumes and the temporary negative impact from the valuation of a number of derivative instruments, as outlined above.

Group net income amounted to Euro 57.8 million, decreasing 48.8% on the previous year (Euro 113 million).

In 2020, the Maire Tecnimont Group announced the awarding, through its main subsidiaries, of orders worth a total of approx. Euro 2,731.6 million for licensing, engineering services and EP (Engineering and Procurement) and EPC (Engineering, Procurement and Construction) operations. Awarded by some of the most prestigious international customers, these contracts are described in greater detail in the section "Backlog - Principle projects awarded". The Backlog at December 31, 2020, was Euro 6,001.9 million, reducing by approx. Euro 371.5 million on December 31, 2019.

ALTERNATIVE PERFORMANCE INDICATORS

In compliance with CONSOB Communication No. 0092543 of December 3, 2015, indications are provided below in relation to the composition of the performance indicators utilized in this document and in the institutional communications of the Maire Tecnimont Group.

BUSINESS PROFIT is the industrial margin before the allocation of general and administrative costs and research and development expenses and therefore reflects the sum of total revenues, order costs and commercial costs included in the income statement.

BUSINESS MARGIN is the percentage of the BUSINESS PROFIT, as defined above, on total revenues included in the income statement.

EBITDA is net income for the year before taxes (current and deferred), net financial expenses, gains and losses on the valuation of holdings, amortization and depreciation and provisions.

This indicator is also presented in 'percentage' form as a ratio between EBITDA and Total Revenue included in the income statement.

EBITDA is a measure utilized by management to monitor and assess the operating performance. Management consider EBITDA a key parameter in measuring the Group's performance as not impacted by the effects of differing criteria applied to taxable income, the amount and characteristics of the capital utilized and by amortization and depreciation. As EBITDA is not governed by the Group's accounting standards, the Group calculation criteria may not be uniform with those adopted by other groups and, therefore, may not be comparable.

EBIT or Operating Result: is the net income for the year before taxes (current and deferred), net financial expenses, gains and losses on the valuation of holdings.

5. Performance by Business Unit

INTRODUCTION

Maire Tecnimont S.p.A. heads an integrated industrial group providing engineering services and works in the following sectors on the domestic and international markets: Hydrocarbons and Green Energy. The BU figures are in line with the new internal reporting structure utilized by company Top Management and in particular with the reporting used by the highest decision-making level for the taking of business decisions, identified as the chief executive officer (CODM). The features of these sectors are outlined below:

I. **‘Hydrocarbons’ Business Unit** - designs and constructs plant, principally for the “natural gas chain” (involving separation, treatment, liquefaction, transport, storage, regasification and compression and pumping stations); designs and constructs chemical and petrochemical industry plant for the production, in particular, of polyethylene and polypropylene (polyolefin), ethylene oxide, ethylene glycol, purified terephthalic acid ("PTA"), ammonia, urea and fertilizers; issues, in addition, within the fertilizer sector, licenses on patented technology and proprietary know-how to current and potential urea producers. Other major activities related to the sulphur recovery process, hydrogen production and high temperature furnaces. It is also engaged in the design and construction of hydro-carbon electric power plant and waste-to-energy and district heating plant.

II. **“Green Energy” Business unit**, involved in Green Acceleration initiatives managed by NextChem and its subsidiaries, focused on the circular economy, undertaking mechanical plastics recycling and the promotion of recycled chemicals;together with “Greening the Brown” (offsetting environmental impacts from the conversion of petrol and gas) and “Green- Green” (developing additives and substitutes to oil for fuels or plastics from renewables), of which NextChem has proprietary technologies or agreements for the exclusive use of third party technologies. It also works on large-scale renewables sector plant (mainly solar and wind). The Group provides maintenance and facility management services, in addition to general services for temporary construction facilities and the design and construction of infrastructure.

The Group assesses the performance of the operating segments based on the segment operating result. Segment revenues are those directly deriving from or attributable to the Segment and from core operations and include revenues from agreements with third parties. Segment costs are charges from segment operations incurred from third parties. For Group operations, amortization, depreciation, provisions for risks, financial income and expense and income taxes are borne by the corporate entity as excluded from operating activities and are presented in the total column.

The Maire Tecnimont Group 2020 key financial highlights by Business Unit (compared to the previous year) are reported below:

(In Euro thousands)	Hydrocarbons		Green Energy		Total	
	Total	% on Revenues	Total	% on Revenues	Total	% on Revenues
2020						
Revenues	2,556,469		74,309		**2,630,778**	
Business Margin	249,763	9.8%	1,775	2.4%	**251,538**	**9.6%**
EBITDA	173,359	6.8%	(1,141)	(1.5%)	**172,218**	**6.5%**
2019						
Revenues	3,219,320		119,044		**3,338,364**	
Business Margin	309,848	9.6%	7,140	6.0%	**316,988**	**9.5%**
EBITDA	234,064	7.3%	1,527	1.3%	**235,592**	**7.1%**
Change December 2020 vs. 2019						
Revenues	(662,851)	(20.6%)	(44,735)	(37.6%)	**(707,586)**	**(21.2%)**
Business Margin	(60,085)	(19.4%)	(5,365)	(75.1%)	**(65,450)**	**(20.6%)**
EBITDA	(60,705)	(25.9%)	(2,669)	(174.7%)	**(63,374)**	**(26.9%)**

HYDROCARBONS BUSINESS UNIT

FY 2020 revenues amounted to Euro 2,556.5 million (Euro 3,219.3 million in FY 2019), decreasing 20.6% on the previous year.

Volumes in the period reflect the slowdown in operations in certain regions, particularly in the second half of March as a result of the decisions taken by the governmental authorities to contain the spread of COVID-19. The third quarter of 2020, although within an environment which is still shaped by significant uncertainties due to the continuance - particularly in some regions - of the effects of the pandemic, saw operations on the main projects recover, with volumes consequently rising on the previous quarter. Given the geographical area in which operating activities are in progress, and despite the awareness of the measures introduced in some of these areas by local institutions, thanks to the technological infrastructure which has been in use within the group for some time, and which has clearly proved capable of enabling efficient operational management even at times of crisis, in the final part of the year activities saw a further uptick, however not compensating for previous slowdowns, but enabling production volumes to be significantly higher than in previous quarters.

Furthermore, as reported in the preceding quarters, revenues were impacted also by the development of portfolio projects and their performance over time, depending upon the scheduling of the individual works.

The 2020 Business Profit decreased to Euro 249.8 million (Euro 309.8 million for 2019), due essentially to the lower business volumes as described above. The 2020 Consolidated Business Margin was 9.8%, up from the 9.6% of 2019.

The Hydrocarbons business unit, also taking account of G&A and R&D costs, posted EBITDA of Euro 173.4 million for 2020, down 25.9% on the EBITDA for the previous year (Euro 234.1 million), essentially due to lower volumes for the year, as discussed above, and consequently a greater proportion of overheads and a reduction in profit margins, despite the contribution from the stated cost-saving initiatives in 2020 in response to the adverse circumstances.

In terms of margin, the 6.8% for 2020 is lower than the figure at December 31, 2019 (7.3%), but is a significant improvement over the early quarters of 2020 after a strong fourth quarter.

GREEN ENERGY BUSINESS UNIT

Revenues of Euro 74.3 million for 2020 decreased 37.6% on the previous year (2019 revenues of Euro 119 million), as a result of the conclusion of orders in portfolio in the large renewables plant sector - not yet replaced by new orders - and the conclusion also of a hospital initiative, sold in Q2 2020. Simultaneously, the operations of the subsidiary NextChem improved slightly, which further stepped up technological development for the year, thanks to the co-operation agreements signed with a number of Italian and overseas counterparties.

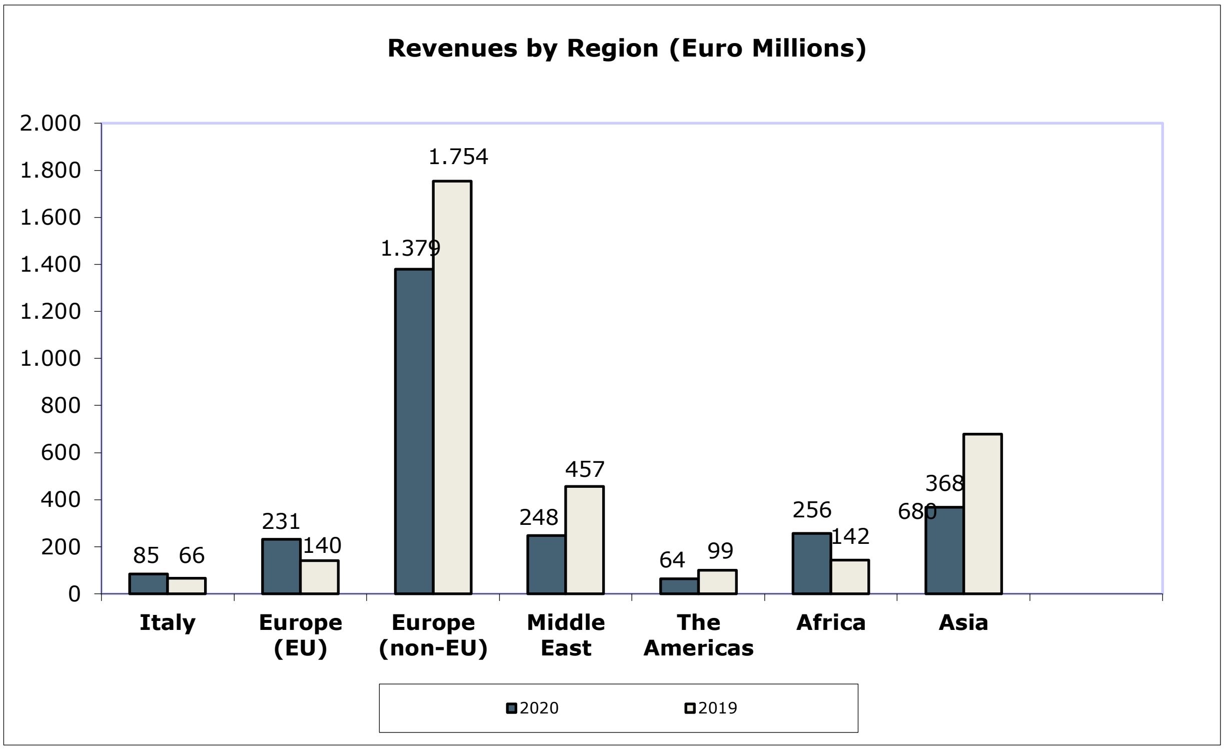
The 2020 Business Profit decreased to Euro 1.8 million (Euro 7.1 million for 2019), due essentially to the lower business volumes as described above. The 2020 Business Margin was 2.4%, down from the 6% of 2019.

EBITDA reported a loss of Euro 1 million for 2020, after absorbing G&A costs.

VALUE OF PRODUCTION BY REGION:

The regional breakdown of Revenues in 2020 compared to the previous year is illustrated below:

(In Euro thousands)	December 2020		December 2019		Change	
	Total	%	Total	%	Total	%
Italy	85,181	3.2%	66,194	2.0%	18,987	28.7%
Overseas						
· Europe (EU)	231,039	8.8%	140,266	4.2%	90,773	64.7%
· Europe (non-EU)	1,379,218	52.4%	1,754,147	52.5%	(374,929)	(21.4%)
· Middle East	247,736	9.4%	456,658	13.7%	(208,922)	(45.8%)
· The Americas	63,902	2.4%	99,224	3.0%	(35,322)	(35.6%)
· Africa	256,075	9.7%	142,291	4.3%	113,784	80.0%
· Asia	367,793	14.0%	679,585	20.4%	(311,792)	(45.9%)
· Other	(165)	(0.0%)	0	0.0%	(165)	na
Total Consolidated Revenues	**2,630,778**		**3,338,364**		**(707,586)**	**(21.2%)**



The main regional revenue sources were Europe – non-EU (52.4%), which reflects the development of operations in Russia. As apparent in the revenues table, a reduction was reported in the Middle East and The Americas following the completion of the main projects in the region.

6. Backlog by Business Unit and Region

The following tables outline the Group's Backlog, broken down by Business Unit at December 31, 2020, net of third party shares and compared to the previous year:

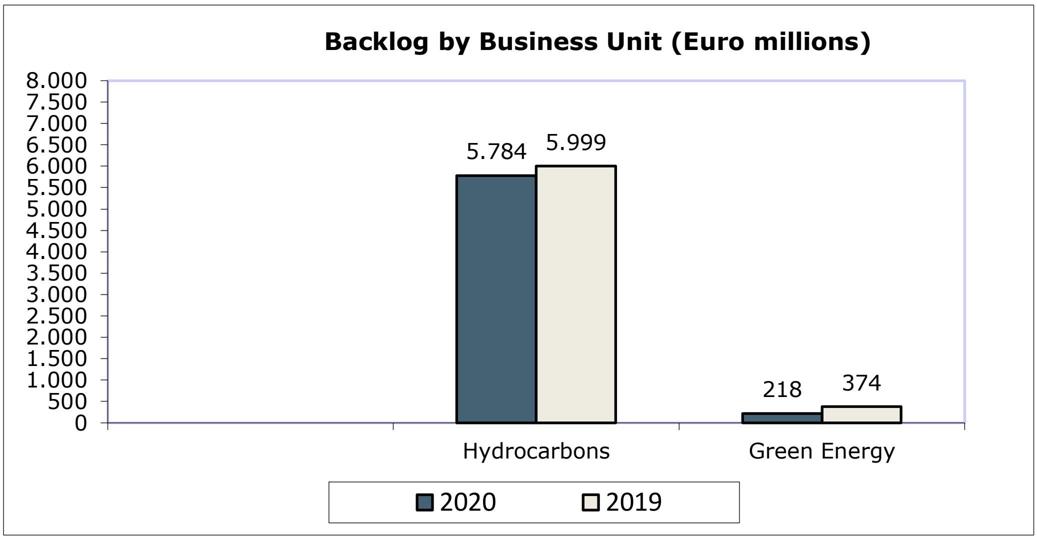
BACKLOG BY BUSINESS UNIT

(In Euro thousands)	Hydrocarbons	Green Energy	Total
Initial Order Backlog at 01/01/2020	**5,999,218**	**374,153**	**6,373,371**
Adjustments/Eliminations (**)	(342,820)	(141,132)	(483,952)
2020 Order Intake	2,684,410	47,157	2,731,567
Revenues net of third parties (*)	(2,556,426)	(62,669)	(2,619,096)
Backlog at 31/12/2020	**5,784,382**	**217,508**	**6,001,890**

(*) Backlog revenues are net of third party shares of Euro 11.7 million.

(**) The adjustments/eliminations in 2020 for the Hydrocarbons BU mainly reflect the currency adjustments on the portfolio and other minor adjustments; for the Green Energy BU, they are principally the consequence of the deconsolidation of the project company MGR Verduno S.p.A., involved in the "Alba-Bra Hospital concession" initiative, concerning the "construction and management" contract for the facility.

(In Euro thousands)	Backlog at 31.12.2020	Backlog at 31.12.2019	Change December 2020 vs December 2019	
Hydrocarbons	5,784,382	5,999,218	(214,836)	(3.6%)
Green Energy	217,508	374,153	(156,644)	(41.9%)
Total	**6,001,890**	**6,373,371**	**(371,480)**	**(5.8%)**



In 2020, the Maire Tecnimont Group won new projects and existing contract extensions worth approx. Euro 2,731.6 million. The Backlog at December 31, 2020, was Euro 6,001.9 million, reducing by approx. Euro 371.5 million on December 31, 2019.

BACKLOG BY REGION

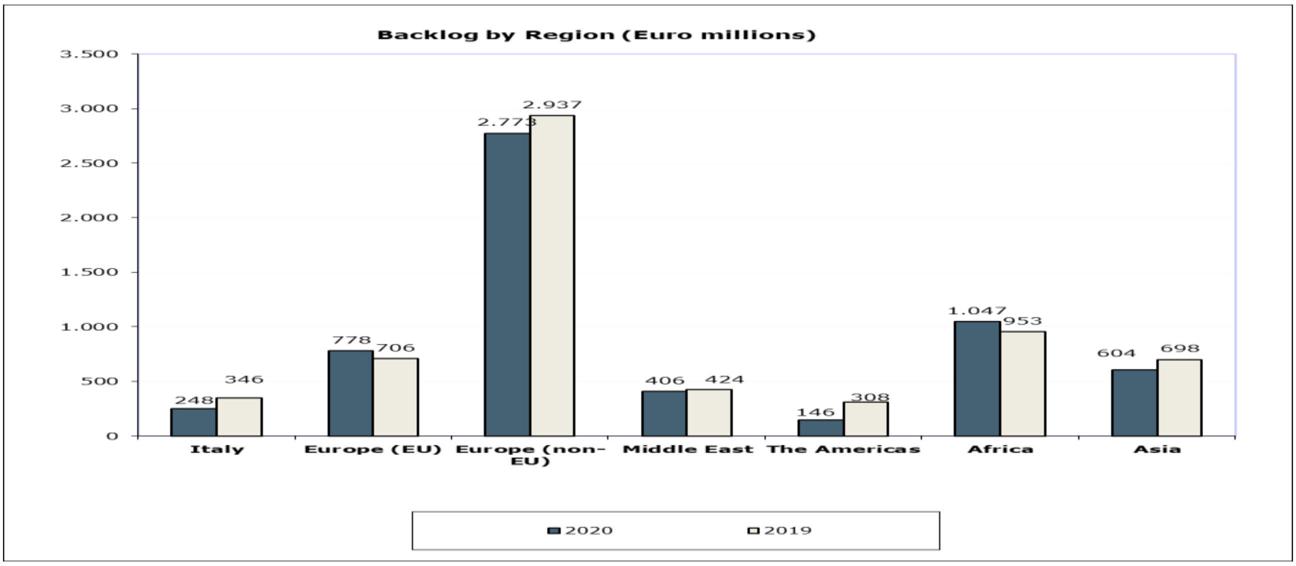
The Group Backlog broken down by region at December 31, 2020, and compared with the previous year is presented below:

(In Euro thousands)	Italy	Overseas							Total
		Europe (EU)	Europe (non-EU)	Middle East	The Americas	Africa	Asia	Other	
Initial Order Backlog at 01/01/2020	346.163	706.397	2.936.800	424.077	308.269	953.136	698.444	83	6.373.371
Adjustments/Eliminations (**)	(68.713)	108.555	(264.453)	12.870	(184.816)	(3.747)	(84.273)	625	(483.952)
2020 Order Intake	44.503	193.588	1.479.550	216.296	86.798	353.334	357.497	0	2.731.567
Revenues net of third parties	73.541	231.039	1.379.175	247.736	63.902	256.075	367.793	(165)	2.619.096
Backlog at 31/12/2020	248.412	777.500	2.772.723	405.508	146.350	1.046.648	603.876	872	6.001.890

(*) Backlog revenues are net of third party shares of Euro 11.7 million.

(**) The adjustments/eliminations for Italy are principally the consequence of the deconsolidation of the project company MGR Verduno S.p.A., involved in the "Alba-Bra Hospital concession" initiative, concerning the "construction and management" contract for the facility, while for the other countries reflecting mainly the currency adjustments on the portfolio and other minor adjustments.

(In Euro thousands)	Backlog at 31.12.2020	Backlog at 31.12.2019	Change December 2020 vs December 2019	
Italy	248,412	346,163	(97,751)	(28.2%)
Europe (EU)	777,500	706,397	71,103	10.1%
Europe (non-EU)	2,772,723	2,936,800	(164,077)	(5.6%)
Middle East	405,508	424,077	(18,569)	(4.4%)
The Americas	146,350	308,269	(161,919)	(52.5%)
Africa	1,046,648	953,136	93,512	9.8%
Asia	603,876	698,444	(94,568)	(13.5%)
Others	872	83	789	950.6%
Total	**6,001,890**	**6,373,371**	**(371,480)**	**(5.8%)**



ORDER INTAKE BY BUSINESS UNIT AND REGION

The table below outlines 2020 Group Order Intake broken down by Business Unit and Region and compared with the previous year:

(In Euro thousands)	December 2020	% of total	December 2019	% of total	Change 2020 vs 2019	
Order Intake by Business Unit						
Hydrocarbons	2.684.410	98,3%	3.066.359	95,5%	(381.948)	(12,5%)
Green Energy	47.157	1,7%	143.545	4,5%	(96.389)	(67,1%)
Total	**2.731.567**	**100%**	**3.209.904**	**100%**	**(478.337)**	**(14,9%)**
Order Intake by Region						
Italy	44.503	1,6%	147.678	4,6%	(103.175)	(69,9%)
Europe (EU)	193.588	7,1%	682.366	21,3%	(488.778)	(71,6%)
Europe (non-EU)	1.479.550	54,2%	1.355.125	42,2%	124.425	9,2%
Middle East	216.296	7,9%	218.117	6,8%	(1.821)	(0,8%)
The Americas	86.798	3,2%	420.603	13,1%	(333.804)	(79,4%)
Africa	353.334	12,9%	337.767	10,5%	15.567	4,6%
Asia	357.497	13,1%	48.249	1,5%	309.249	641,0%
Others	0	0,0%	0	0,0%		
Total	**2.731.567**	**100%**	**3.209.904**	**100%**	**(478.337)**	**(14,9%)**

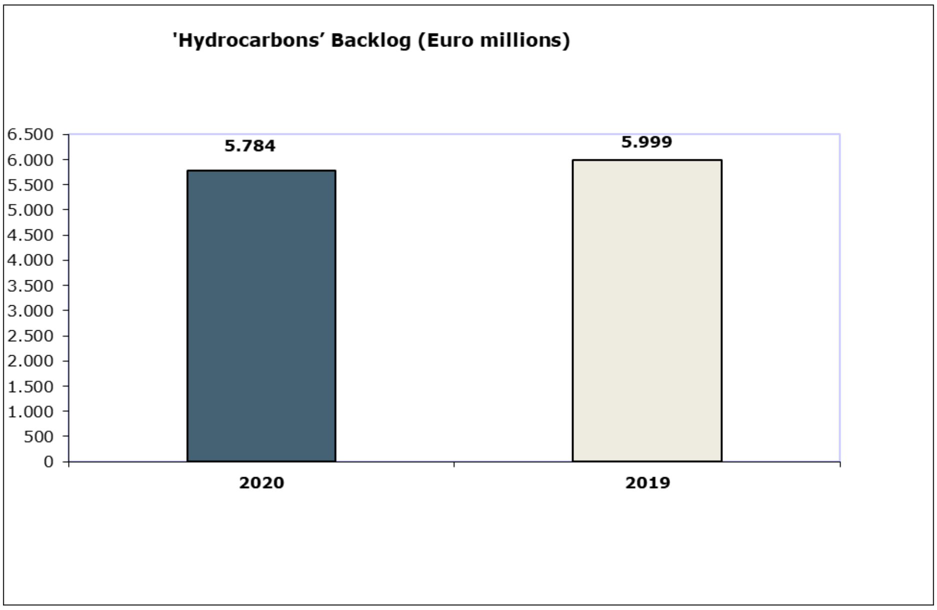
In 2020, the Maire Tecnimont Group won new projects and existing contract extensions worth approx. Euro 2,731.6 million, mainly in the Technology, Engineering & Construction sector, mainly in the Hydrocarbons sector.

New projects for the Green Energy BU mainly concerned new contracts and change orders and project variants in infrastructures and in maintenance and facility management, as well as orders acquired by NextChem, the Maire Tecnimont subsidiary operating in green energy and technologies to support the energy transition.

Analysis of the 'Hydrocarbons' Business Unit Backlog

December 31, 2020, compared with the previous year is as follows:

(In Euro thousands)	Backlog at 31.12.2020	Backlog at 31.12.2019	Change December 2020 vs December 2019	
			Total	%
Hydrocarbons	5.784.382	5.999.218	(214.836)	(3,6%)



The "Hydrocarbons" Business Unit Backlog at December 31, 2020 was Euro 5,784.4 million, reducing slightly on the previous year by Euro 214.8 million.

Principal Projects Awarded:

GEMLIK GUBRE (Turkey) March 2020, Tecnimont S.p.A. signed with GEMLİK GÜBRE SANAYİİ ANONİM ŞİRKETİ an EPC contract for a value of approx. Euro 200 million relating to the construction of a new urea plant and a UAN (urea and ammonia nitrate solution) in Gemlik, 125 km south of Istanbul in Turkey. The plant's capacity is 1,640 tons/day of granulated urea and 500 tons/day of UAN and uses the global leading urea technology of the subsidiary of the Stamicarbon Group. The scope of works concerns the execution of engineering, the supply of all equipment and materials and the construction works. The project is scheduled for completion within three years of entry into force.

AMUR AGCC (Russia) May 2020, Tecnimont S.p.A., as the leader of a consortium with MT Russia LLC, Sinopec Engineering Inc. and Sinopec Engineering Group Co., Ltd Russian Branch, was awarded an EPSS (Engineering, Procurement and Site Services) contract by Amur GCC LLC, a subsidiary of PJSC Sibur Holding. The total contract value is approx. Euro 1.2 billion, with a substantial majority awarded to the Maire Tecnimont Group. The contract concerns the petrochemical development of the Amur Gas Chemical Complex (AGCC). AGCC is the downstream expansion of the Amur gas treatment plant (AGPP) in the city of Svobodny (Amur region), in the far east of the Russian Federation, close to the Chinese border, for which the Maire Tecnimont Group is currently executing one of the packages. The project includes various large scale polyolefin production lines. Mechanical completion of the project is expected by 2024.

BIR SEBA (Algeria) June 2020, Tecnimont S.p.A. awarded an EPC contract for the completion of the "Bir Seba Phase II and Mouiat Outlad Messaoud Field Development" project in Algeria by Groupement Bir Seba. Groupement Bir Seba comprises the state agency Sonatrach, Petrovietnam Exploration Production Corporation and PTT Exploration & Production Algeria, a subsidiary of the Thai national oil company PTTEP. The project will be executed at the oil fields in the Touggourt area, approx. 130km north-east of Hassi Messaoud. The contract value is approx. USD 400 million. The scope of work includes all Engineering, Procurement and Construction activities. The Project involves the expansion of the existing oil treatment plant by installing a new separation unit, to double the current capacity to 40,000 barrels of oil equivalent per day. The project also includes the installation of gas lift and water injection systems, the installation of 2 additional collection facilities and more than 400 km of hydrocarbon transport pipelines to connect the production wells to the treatment plant. The project is expected to be completed 40 months after the contract’s date of entry into force.

IOCL - KOYALI DUMAD (INDIA) December 2020, Tecnimont SpA, through its Indian subsidiary Tecnimont Private Limited, was awarded a lump-sum Engineering, Procurement, Construction and Commissioning (EPCC) contract by Indian Oil Corporation Limited (IOCL) for the construction of new units to produce acrylic acid and butyl acrylate, petrochemical derivatives needed to produce high-value products for the chemicals market. The units are to be built in Dumand, near Vadodara, in the Indian state of Gujarat. The total contract value is approx. USD 255 million. The project includes engineering, procurement, construction and commissioning, as well as the performance-guarantee test runs. Once completed, the new acrylic-acid unit will have a capacity of 90,000 metric tons per year, while the butyl-acrylate unit will have a capacity of 150,000 metric tons per year. The Mechanical Completion period for the project is 26 months.

TOTAL RAFFINAGE CHEMIE – HORIZON Project – ISBL Package (France) On March 30, 2020, the contract for the EPCC lump sum basis supply of the following units entered into force: Vacuum Gasoil Hydro-Treatment Unit (licensed by Axens), Sour Water Stripper, Utilities/Auxiliaries, Technical Buildings, at the Donges refinery in France. The effective date is preceded by an Early Works phase lasting 3 months. The contract is valued at Euro 179.168 million, plus Euro 1.5 million for the Early Works phase. The main contractual dates are the following: all systems commissioned within 36 months of the ED, completion of all works within 38 months of the ED and PAC at the latest 12 months from the completion certificate. The scope of the work involves: detailed engineering; procurement and delivery of all materials, including compressors already negotiated by the client; all construction activities (total site preparation up to RFSU; supply of spare parts for putting into service and start-up of the plant; commissioning; assistance during start-up (on a refundable basis); supply of as-built documentation; supply of maintenance and operating manuals; training of plant operating personnel. Engineering was 58.5% complete by the end of December 2020, while overall progress is at 17.7% The procurement of itemized materials has been completed, and the first piping orders have been placed. Bulk material is expected to be completed by May 2021. The contracts for TCF, piling and civil works have been placed, and negotiations are under way for the mechanical contract.

ICA FLUOR DANIEL – NO. 3 DCU FURNACES FOR DOS BOCAS REFINERY (Mexico). On November 20, 2020, KT S.p.A. received the contract for the EP portion of 3 delayed coker furnaces (BA-31001/02/03) designed by Bechtel to be installed at the Dos Bocas Refinery in Mexico. This contract was preceded by early engineering works, and the amount of the new contract is Euro 54.5 million. Contract delivery is CIF Dos Bocas within 17 months of the effective date. The engineering works are under way and had reached 16.1% completion by the end of December 2020. Orders have been placed for the following materials:

coils, castings, air preheaters and steam air preheaters, firebricks, structures and coil prefabrication. Overall progress on the project had reached 2.3% by the end of December 2020.

In addition to the above contracts, further projects were acquired for licensing, engineering services, EP (engineering and procurement) and EPC (engineering, procurement and construction) activities and change orders for contracts in the process of being implemented. The contracts - awarded by some of the leading international clients - were won principally in Europe, the Americas, North Africa and South-East Asia.

Other contracts not included in backlog:

USD 550 MILLION CONTRACT FINALIZED FOR A NEW AMMONIA PLANT PROJECT IN EGYPT

On May 11, 2020 - Maire Tecnimont S.p.A. announced that its subsidiary Tecnimont S.p.A. had finalized with Egypt Hydrocarbon Corporation S.A.E. (EHC) all the technical and commercial conditions of the EPC contract for the construction of a new ammonia plant in Ain Sokhna, Egypt. The Maire Tecnimont Group had already been selected as exclusive EPC contractor, as announced to the market on September 12, 2019. The contract value is approx. USD 550 million. The plant will produce 1,320 MTPD (metric tons per day) of ammonia and will include the auxiliary installation facilities. The scope of work includes all Engineering, Procurement and Construction activities. The project is expected to be completed 36 months after the contract's date of entry into force, which will begin with the financial closing of the project. In this respect, both SACE and the US EXIM Bank (United States Export-Import Bank) are negotiating with EHC the terms of their support to the funding of the project. The ammonia produced will be used to feed an existing and operating ammonia nitrate plant within the same industrial complex, also owned by EHC.

PROJECTS IN PROGRESS:

AMUR (Russia) Tecnimont S.p.A., as majority leader of the consortium including MT Russia LLC (previously Tecnimont Russia LLC), the Chinese company Sinopec Engineering Group (SEG) and its subsidiary Sinopec Ningbo Engineering Corp., signed in June 2017 a contract with JSC NIPIgaspererabotka (NIPIGas), a general contractor of Gazprompererabotka Blagoveshchensk LLC, part of the Gazprom Group. Once completed, GPP Amur will be one of the largest gas treatment plants in the world, with a natural gas treatment capacity of 42 billion cubic meters per year and constituting a fundamental element of Gazprom's strategic plan for the supply of natural gas to China. The contract concerns the execution of package No.3 for the Amursky (AGPP) gas treatment plant, comprising the utilities, off sites and plant infrastructure, to be carried out close to the city of Svobodny, in the Amur district. The scope of the work assigned to Tecnimont S.p.A. and MT Russia includes engineering, procurement, construction, commissioning and performance test activities for the completion of utilities, offsites and infrastructure for the Amur GPP project. Engineering is 100% complete, with material procurement at 98.4%, while construction is 69.6% complete. The total advancement of the project is 80.9%. Project completion is scheduled for the end of 2023. At the end of 2020, an agreement was signed with JSC NIPIgazperabotka establishing an additional sum in order to accelerate the work needed to mitigate the impact of the COVID-19 pandemic. This additional sum was set at approximately €500 million.

SOCAR (Azerbaijan), in February 2018, Tecnimont S.p.A. and KT–Kinetics Technology S.p.A. were awarded by the client SOCAR (State Oil Company of Azerbaijan Republic) Heydar Aliyev Baku Oil Refinery, an EPC (Engineering, Procurement, Construction) Lump Sum contract concerning a significant portion of the works for the modernization and reconstruction of the Heydar Aliyev refinery in Baku (Azerbaijan). Home office activities are 98.8% complete, with manufacturing and delivery of materials at 92.5% and construction activities at 58.4%. The total advancement of the project is 80.3%. The Provisional Acceptance Certificate (PAC) is expected by December 31, 2022, in accordance with the Settlement and Amendment Deed signed on December 11, 2020.

KINGISEPP 2 (Russia), the EPC contract was signed on June 1, 2020, with LLC Eurochem Northwest 2, and the Notice to Proceed was received on September 1, 2020. The project calls for engineering, procurement and transport of equipment and materials, as well as the construction, start-up and performance testing, on a lump-sum turnkey basis, of a 3,000 MTPD ammonia plant and a 4,000 MTPD urea plant, plus related infrastructure, to be constructed in Kingisepp, Leningrad Oblast (Russia). Engineering works have reached 30% completion, while the procurement of materials is 32% complete with the assignment of the orders related to the long leads and critical items, as well as the licensed proprietary equipment. Manufacturing has reached 9% completion. Construction, which began at the end of 2020, has progressed to about 1% completion, and piling works are currently underway. The total advancement of the project is 8%. Mechanical completion of the works is expected by May 2023, and performance testing is expected by August 2023, followed by a 24-month warranty period.

JSC Gazprom Neft – OMSK (Russia) February 2018, Tecnimont S.p.A. and its subsidiary MT Russia LLC (previously Tecnimont Russia LLC) have been awarded by JSC Gazprom Neft – Omsk Refinery an EPCm (Engineering, Procurement, and Construction management) a contract for the execution of the "Delayed Coking Unit" (DCU) project at the Omsk Refinery in the Russian Federation. The contract covers Engineering and Procurement on a Lump Sum basis and Construction Management services on a reimbursable basis. Engineering is 99% complete, with procurement services at 99% and manufacturing at 98.9% for the itemized component and 98.9% for the bulk component, with limited delays due to the COVID-19 pandemic. The total advancement of the EP project is 98.9%. Construction, outside the scope of TCM works, is 68.1% complete, significantly impacted by the COVID-19 pandemic. The project completion is currently under review and is expected by the end of 2021.

JGSPC – (Philippines), March 2018, Tecnimont S.p.A. and its subsidiary Tecnimont Philippines Inc. were awarded, as part of a joint venture with JGC Philippines (Tecnimont Philippines 65% - JGC Philippines 35%), a Lump Sum EPC contract by JG Summit Petrochemical Corporation (JGSPC). The project involves the construction of a new high-density polyethylene unit (HDPE) and the extension of a polypropylene (PP) unit. The units will be located 120 km from Manila, in Batangas City (Philippines). Engineering is 99.9% complete, with material procurement at 99.6%, while construction is 74.6% complete. The total advancement of the project is 90.9%. "Ready for Commissioning" is expected by 2021.

BOROUGE PP5 (United Arab Emirates), acquired in July 2018 from the client Abu Dhabi Polymer Company (Borouge). The scope of the project consists of EPCC (engineering, procurement, construction and commissioning) activities for a new polypropylene unit (PP5 project) in Ruwais (Abu Dhabi), United Arab Emirates. Home office activities are 99.7% complete, with manufacturing and delivery at 98.8%, while construction and pre-commissioning are 81.6% complete. Commissioning has begun (and has reached 1.35% completion). The total advancement of the project is 88%. Project completion is scheduled for the end of 2021.

HMEL (India), acquired in August 2018 in a consortium between Tecnimont S.p.A. and its Indian affiliate Tecnimont Private Limited, from the client HMEL, a JV between HPCL (Hindustan Petroleum Corporation Limited) and Mittal Energy Investment Pte Ltd. The contracts in question are two EPCC (engineering, procurement, construction and commissioning) contracts for the construction of a new high-density polyethylene (HDPE) unit and a new polypropylene (PP) unit. The units are being constructed in Bathinda, northern India. Engineering activities for the HDPE plant are 100% complete, as are the home-office services for material procurement (manufacturing and delivery at 89.1%), while construction is 80.6% complete. The total advancement of the project is 92%. Engineering activities for the PP plant are 100% complete, as are the home-office services for material procurement, while construction is 80% complete. Following the COVID-19 related events, an agreement has been reached with the Client to agree a new works mechanical completion date, which is forecast for the end of April 2021, start-up in July 2021 and performance tests within 12 months of mechanical completion (or 42 months from the acquisition date), followed by a mechanical warranty period of 12 months.

ZCINA – SONATRACH (Algeria), acquired in November 2018 from the client Sonatrach, involves the construction of a fourth LPG production train with a capacity of 8 MMS m3/day. The fourth train will be located within an existing facility in the Hassi Messaoud area, approximately 900 km to the south of Algiers. The project was acquired on a lump-sum basis and includes engineering services, material procurement, construction and commissioning. Engineering, procurement and construction activities are 98%, 87% and 12% complete respectively. Works have progressed with execution of the civil corks (61% progress reached), installation of the metallic structures (22% progress reached), and equipment installation (8% progress reached). Pipe installation has just begun (3%), whereas construction of the electrical substation is nearly complete. Elecro-instrumental works are expected to begin in the second half of February 2021. The Provisional Acceptance Certificate (PAC) is expected to be awarded by June 2022.

EXXON MOBIL - BAYTOWN (USA), acquired in January 2018 by Tecnimont US in a consortium with the US construction partner Performance Inc. The contract, on a reimbursable basis, was awarded by Exxon Mobil. The project involves the construction of two units (an SPU - Solution Polymer Unit and an LAU - Liquid Alpha-olefin Unit) in Baytown (Houston, TX, USA). In April 2019, the project, which began as a FEED contract, was converted into an EPC (engineering, procurement and construction) contract in which Tecnimont USA is responsible for the EP component only. In mid-2020, Exxon announced the temporary, gradual slowdown of construction. With regard to TCM, engineering works were essentially completed in the third quarter of 2020. Procurements and post-order works, including materials delivery, will continue in 2021 ahead of the project’s full return.

PP MALAYSIA – PETRONAS (Malaysia), in November 2015, PRPC Polymers Sdn Bhd (PRPC Polymers) - (“PETRONAS”) Group - awarded the Tecnimont Group as part of a joint venture with China HuanQiu Contracting & Engineering Corporation (HQC) an EPCC lump-sum, turnkey project for the construction of two polypropylene units for the RAPID (Refinery and Petrochemical Integrated Development) complex. The two units will be constructed at the RAPID complex, located in Pen Gerang in South-East Johor, Malaysia. The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. EPCC activities were concluded with the formal acquisition of the Ready for Start Up (RFSU) certification for the two units (March ‘19 for the first and June ‘19 for the second). Due to the client’s lack of feedstocks for extended periods, the start-up and performance demonstration phase is being protracted beyond all expectations: to date, all three performance test runs (PTRs) for the first unit have been completed with fully successful results, and both units are currently in storage. The testing needed in order to obtain the Provisional Acceptance Certificate (PAC) for the plant is expected to be completed in the third quarter of 2021, assuming that the client provides the feedstock in the second quarter of 2021. Provisional acceptance of the facility (PAC) will be followed by a 12-month guarantee period, after which the final acceptance certificate (FAC) will be issued.

HDPE MALAYSIA – PETRONAS (Malaysia), in November 2016 Tecnimont was awarded as part of a joint venture with China Huan Qiu Contracting & Engineering Corporation L.td. (HQC) an EPCC Lump Sum Turn Key project for the construction of a high density polypropylene unit for the RAPID (Refinery and Petrochemical Integrated Development) complex by PRPC Polymers Sdn Bhd (PRPC Polymers) - (“PETRONAS”) Group. The HDPE unit, based on the Hostalen Advance Cascade Process (HACP) technology of Lyondel Basell, will have a capacity of 400 tons/year and will be constructed at the RAPID complex, located in Pengerang, South-Eastern Johor, Malaysia. The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. EPCC activities were concluded with the formal acquisition of the Ready for Start-Up (RFSU) certification in December 2020. Because the Client has not made the feedstock available, the plant is currently in storage, and the start-up and performance-demonstration phases to obtain the Provisional Acceptance Certificate (PAC) for the plant are expected to be completed in the third quarter of 2021, assuming that the client provides the feedstock in the second quarter of 2021. Provisional acceptance of the facility (PAC) will be followed by a 12-month guarantee period, after which the final acceptance certificate (FAC) will be issued.

ANWIL (Poland) acquired in June 2019 by the client ANWIL. The scope of contractual works, on a Lump Sum Turn Key basis, includes Engineering, Procurement, Construction, Pre-commissioning, Commissioning and Start Up for the building of a new granulation plant at the industrial complex located in Wloclawek in Poland. Engineering and Home Office Services activities are 88% complete, with procurement at a 34.2% state of advancement, while construction is 15.1% complete. The total advancement of the project is 38.6%. The plant is scheduled for completion in June 2022.

KALLO (Belgium) acquired in March 2019 by the client BOREALIS. The scope of project works includes the supply of Project Management Services, Detail Engineering, Procurement, Construction Management, Pre-commissioning and assistance for the Commissioning and Start-Up activities for a new propane dehydrogenation (PDH) plant to be located at the existing Borealis production site in Kallo, Belgium. Engineering activities are 89.8% complete, with Procurement Services activities at 78.4%, while construction is 12.5% complete. The total advancement of the project is 47.6%. The mechanical completion of works is contractually established for April 2022, with the plant start-up in August 2022 and issue of the Final Acceptance Certificate within 33 months from January 2022. The project-completion dates are currently being revised together with BOREALIS due to the impact of COVID-19.

VOLGAFERT (Russia), an EPC contract for the construction of a Granulated urea plant at the Kuibyshevazot industrial complex (in Togliatti, in the region of Samara, Russia). The client is Volgafert LLC, a special-purpose company owned by Kuibyshevazot, a leading producer of fertilizers and caprolactam, and METDEV1 S.r.l. (with a minority interest), a Maire Tecnimont Group company in which an interest is held by Simest S.p.A. (part of the CDP Group, which supports the international investments of Italian companies). The scope of the project includes the provision of engineering services, equipment and materials and construction until inspection, start-up and the performance tests, for a granulated urea facility with a capacity of 540,000 tons a year. Home office activities are 98.5% complete, with manufacturing and delivery at 82.2%, while construction and pre-commissioning are 29.6% complete. The total advancement of the project is 57.7%. Project completion is scheduled for the first quarter of 2022.

KIMA (Egypt) The Lump Sum Turn Key contract was acquired on October 30, 2011 from Egyptian Chemical & Fertilizers Industries – KIMA, an Egyptian chemical sector group. The contract involves the construction of a new fertilizer complex for the production of ammonium with a capacity of 1,200 tons per day, and of Urea with a production capacity of 1,575 tons per day and relative services. The plant is installed within the existing industrial district in the Assuan region (Northern Egypt). Due to the current political/social situation in Egypt, client operations have slowed significantly for the sourcing of funding for the initiative. The situation was successfully resolved at the end of 2015 with the finalization of credit lines by the client and an increase in Tecnimont's contractual value. In January 2016, recommencement of the project was declared. Construction concluded in 2019 and commissioning was underway in 2020. The plant performance test was successfully completed on March 22, 2020, and the PAC was signed on April 26, 2020. On that same date, the 12-month warranty period began, after which the Final Acceptance Certificate (FAC) will be issued. In September 2020, the CO2 compressor (20-K-102) was tripped, after which the plant gradually shutdown. Work then began in order to determine the root cause of the incident and, at the same time, an insurance claim was filed. In the meantime, negotiations with the client for the definitive completion of the contract continue.

ADCO (United Arab Emirates) Tecnimont S.p.A. on December 11, 2014 signed an EPC contract with Abu Dhabi Company for Onshore Oil Operations (ADCO) for construction of phase III of the Al Dabb'iya Surface Facilities project in Abu Dhabi, UAE. The project involves EPC operations until the Performance Tests for the expansion of the existing plant - including in particular: the collection of crude oil through a pipeline network; a Central Process Plant (CPP); the relative oil and associated gas export pipeline. Engineering, procurement and construction have been completed, together with the test run. The provisional acceptance certificate (PAC) has been received and the facility has entered the warranty period, which ended in September 2020. Verification of the warranty items to be completed and the consequent negotiations for completion of the contract with the client took place in the latter part of 2020.

OMAN OIL REFINERIES and PETROLEUM INDUSTRIES COMPANY - SAOC (ORPIC), (Oman), for the construction of 2 polyethylene plant and a polypropylene plant, in addition to the associate utilities. The contract relates to one of the four packages comprising the Liwa Plastic Complex (LPIC) Project. The units will be located in the Sohar Industrial Port Area. The project, announced in December 2015, received Notice-to-Proceed on May 4, 2016 and has a duration of 44 months. The project includes engineering services, the provision of equipment and materials and construction until testing, start-up and the performance tests. The project works have been completed with the exception of the performance tests, which will be conducted when the hydrocarbons are available. The contractual delivery of the plant following the Performance Tests, originally scheduled for January 4, 2020, has been put back to within 5 months after the availability of permanent feedstock. Given the delays by the Client in providing hydrocarbons, it has been formally agreed that the 12-month warranty period following initial acceptance will, in any event, end on December 31, 2021, regardless of the actual date of initial acceptance.

SOCAR POLYMER HDPE, (Azerbaijan) In December 2015 Tecnimont S.p.A. and KT – Kinetics Technology S.p.A. agreed with SOCAR POLYMER a lump sum EPC 120 kTpY polyethylene plant construction contract in Sumgayit (30 KM north of Baku). This contract follows the order awarded in April 2015 by the same client Socar Polymer. The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. The home office services have been completed, as has procurement/manufacturing, with the exception of the shipping of materials for replacements under warranty. The performance tests have been completed, and the PAC was issued on June 12, 2020. Closure of the remaining punch points is currently underway.

SOCAR POLYMER PP (Azerbaijan) In April 2015 Tecnimont S.p.A. and KT – Kinetics Technology S.p.A. agreed with SOCAR POLYMER a lump sum EPC 180 kTpY polypropylene plant construction contract in Sumgayit (30 KM north of Baku). The project includes engineering services, the provision of equipment and materials and construction until the start-up of the plant and the performance tests. Home office services and procurement/manufacturing have been completed. The start-up and performance tests have been completed. The PAC was delivered on July 31, 2019. Final Acceptance was issued on October 20, 2020. The ordinary warranty period came to an end on July 31, 2020, whereas the extended warranty remains in effect for the equipment and materials that underwent changes during the warranty period.

ADGAS (United Arab Emirates). On February 3, 2015, Tecnimont S.p.A., in consortium with the company Archirodon, received from the Client ABU DHABI GAS LIQUEFACTION COMPANY LTD (ADGAS) the “Letter of Award”, followed on March 12, 2015 by the signing of the Signature Agreement, for construction of the Package 1 IGD Expansion Project in Abu DhabiDasIsland, United Arab Emirates. The project involves EPC operations until the Performance Tests for the expansion of the existing plant on the island. Tecnimont’s role principally centers on expansion of the gas drying plant with the installation of an additional unit and related structures, while Archirodon will be involved in the preparation of the site with backfill and civil works and sea works along the western coast of Das Island for the above-stated expansion, including further preparation works upon the site with backfill for the IGD-E2 package (upcoming plant expansion project). The overall advancement of the project is 100%. The consortium Partner Archirodon has completed its works. Provisional plant acceptance (PAC) has been achieved. The warranty period has ended, and essentially all warranty items have been completed in order to complete the contract with the client.

CORU – RAFFINERIA MOSCA (Russia), in June, a letter of intent was signed with JSC Gazprom Neft for construction of the Combined Oil Refinery Unit (CORU) Project at the existing Moscow Refinery in the Russian Federation. The contract was signed on October 5, 2015. It covers Detail Engineering, Procurement and Construction Management services. The total advancement of the project is 100%. Mechanical Completion was achieved on April 21, 2020, while the RFSU (Ready for Start-Up) was received on June 10, 2020, with the relative certificates both signed by the client and the contractor.

Punta Catalina (Santo Domingo) Tecnimont S.p.A., in consortium with Construtora Norberto Odebrecht S.A. and Ingenieria Estrella S.R.L., was awarded in November 2013 the construction of a strategically important industrial complex for the country's development (a coal fired thermal power plant, an offshore terminal and other related structures). The client is CDEEE, the Dominican Republic national electricity company. The project involves the construction of two coal fired 360 MW plant in Punta Catalina, Dominican Republic. The EPC contract was signed in April 2014, with effective date set retroactively as February 7, 2014. Tecnimont will undertake all engineering works (except for the offshore marine and transmission line works), the procurement of the power island equipment and commissioning and delivery of the plant with the relative acceptance tests. The start-up of the first unit, with synchronization with the national electrical grid of the Dominican Republic, was achieved on February 27, 2019. The start-up of the second unit took place on September 29, 2019. The PAC for the first unit was received on October 4, 2019, while the PAC for the second unit was received on April 24, 2020. Simultaneously to the PAC for the second unit, the delivery process for the Punta Catalina power plant to the Client was completed, which from this date assumed full responsibility for the operation and maintenance and the relative care and custody of the plant. On October 4, 2020, following the 12-month warranty period of the first unit, the consortium notified the client of having met the conditions for issuing the Final Acceptance Certificate (FAC). Conclusion of the warranty period for the second unit and achievement of the conditions for issuing the FAC are expected by April 24, 2021.

TEMPA ROSSA (Italy) On April 5, 2012, a temporary consortium (ATI) comprising Tecnimont S.p.A. and KT S.p.A. was awarded a contract for the Engineering, Procurement, Supply, Construction and Commissioning of the "Tempa Rossa" Oil & Gas Treatment Centre located close to Corleto Perticara (Potenza). The client is Total E&P Italia S.p.A., an Italian subsidiary of the Total Group. The project has reached a 100% overall state of advancement. The engineering activities have been completed, as has procurement, manufacturing and the delivery of materials on-site. Construction and commissioning of the Oil Centre, LPG Centre, Corleto tie-in and all wells (GG1, GG2, TR1, TR2, TE1 and PT1) have been completed. Provisional acceptance certificate (PAC) of the plant has been signed.

LDPE NOVY URENGOY (Russia) - acquired in May 2010 from the Operator C.S. Construction Solution (UK) Limited with End Client Novy Urengoy GCC (Gas and Chemical Complex). The contract concerns the provision of materials and assistance by TCM personnel. 27 orders were issued. The contract is currently suspended and instructions from the client are awaited for the re-uptake and continuance of the works.

INA-INDUSTRIJA NAFTE (Croatia), KT – Kinetics Technology S.p.A. was awarded an EPC contract on a lump sum turnkey basis by INA-Industrija Nafte, d.d. (INA) for a new delayed-coking facility at the refinery in Rijeka, Croatia, as part of a project to modernize the Rijeka refinery. The contract provides for the supply of the following units on an LSTK basis: 1. A first lot, defined as Greenfield Work, and subject of the FEED provided by KT during the bidding phase, Delayer Coker Unit (Unit 384 - DCU), Amine Regeneration Unit (Unit 387 - ARU), Sour water stripper Unit (Unit 388 - SWS) and Coke Port with Handling & Storage System; 2. A second lot, defined as Brownfield Work: DCU area preparation, including ground movement and relocation; Sulphur Recovery Unit 2nd Train (Unit 379 - SRU); Hydrocracker Unit Revamping (Unit 376 - HCU); DCU Outside Battery Limit (OSBL). The scope of the work involves: Detailed engineering; Procurement and delivery of all materials; Inspection; All construction activities including site preparation (removal of existing underground and above ground material, geotechnical analysis and topographic survey); All construction activities up to the Ready for Startup phase; Supply of spare parts for putting into service and start-up of the plant; Reaching "Ready for start-up" status; Assistance during the plant start-up phase (on a reimbursable basis); Supply of documentation as built; Supply of maintenance and operating manuals; Training of plant operating personnel. The total contractual value is approx. Euro 450 million. The MC and RFSU are contractually defined as 38 and 41 months respectively from the contract's entry into force on January 4, 2020. Engineering activities are in progress. Nearly all orders for itemized materials have been placed, and procurement of the bulk materials is about to begin. Engineering activities were 48.6% complete at the end of December 2020, with an overall project progress level of 10.4%.

MIDOR REFINERY EXPANSION (Egypt) KT–Kinetics Technology S.p.A. was awarded by Technip Italy, an EP works project for the expansion of the Middle East Oil Refinery (MIDOR), in Alexandria, Egypt. The expansion is aimed at increasing the refinery's capacity from 100,000 to 160,000 BPSD, together with product quality (Euro 5). KT has been identified as a subcontractor for some units of this project (lump-sum EPC awarded to Technip Italy for a value of USD 1.7 billion). The KT share amounts to Euro 67.3 million. The terms of delivery are within 22 months of the Effective Date, whereas the term of the entire contract (Expanded Plant) is 42 months from February 21, 2019, to be considered the Effective Date of the Supply Contract between MIDOR and TPI. Overall progress at the end of December 2020 was 90.1%.

FCC REVAMPING – LUKOIL- BURGAS (Bulgaria), KT– Kinetics Technology S.p.A. has received an order from LUKOIL NEFTOHIM BURGAS for the supply of revamping of the FCC unit licensed from UOP on an LSTK (EP) basis. The project has particular commercial significance as a fundamental step to obtaining a competitive advantage in the award of the revamping of the polypropylene plant at that same petrochemical complex. The scope of the work involves: Engineering, consisting in process design on the FCC unit and detailed engineering design; Supply of equipment and bulk materials; Construction, consisting in the dismantling of process equipment to be replaced; and Installation and connection of the new equipment and addition of the necessary equipment. The initial contractual amount was Euro 41 million. Overall progress for the project at the end of December 2020 was 47.6%. Originally scheduled for March 1, 2021, the shutdown of the refinery was moved by the client to October 1, 2021.

LUANDA REFINERY GASOLINE (Angola), KT–Kinetics Technology S.p.A. and Eni Angola Exploration B.V. signed a contract for an LSTK (EPC) project to modernize the refinery in Angola. The units governed by the contract are: New Naphtha Hydrotreating (NHDT) unit; New Naphtha Splitter; and New Platforming Unit. The contractor's full scope of work primarily includes: (Basic Design; detail engineering; procurement and delivery of all process equipment and bulk materials; supply of first-filling of chemicals; supply of first-filling of catalysts for the NHDT unit; all construction activities up to mechanical completion of the facility; and pre-commissioning). The initial contractual value was approx. USD 211.5 million. The facility must be ready for commissioning in 26 months. Overall progress at the end of December 2020 was 45.6%. The mechanical contract was placed in December, and mobilization by the contractor has begun.

LUKOIL – Nizhegorodnefteorgsintez (Russia) October 2017 KT–Kinetics Technology S.p.A received from OOO LUKOIL NIZHEGORODNEFTEORGSINTEZ two orders. The first for the Detailed Engineering of the HDT and HPU units including Hazop, Sil, 3D Model, supply of Long Lead Items and transport and customs clearance. The contractual value is Euro 105 million. The second for the engineering and supply of Long Lead Items (LLI), on a lump sum basis, for two Sulphur Recovery and HC Gas Fractionation units. The scope of works involves the Detailed Engineering of the SRU and GFU units including Hazop, Sil, 3D Model, supply of Long Lead Items (transport and customs clearance included). The contractual value is Euro 28 million. Both projects shall be executed at the Kstovo refinery in Russia. On July 20, 2018, Lukoil signed a contractual amendment concerning the supply of materials and construction activities. With this amendment, the overall contractual value totals approx. Euro 449 million. A further amendment was then finalised concerning the release of the contractual option for catalysts and chemicals. The total amount for the two projects is Euro 15.9 million. The change orders for commissioning and start-up and recognition of costs due to COVID-19 are currently being completed. Overall progress of the two projects at the end of December 2020 was 8.3%. Engineering, procurement, and post-order works have been completed. Electro-mechanical works are currently under way and have reached 61.1% completion. The amendments currently being completed have altered the terms for delivery, with Ready for Commissioning expected to be reached by September 1, 2021.

PETRO RABIGH - EPC PROJECT FOR SULPHUR RECOVERY AND CLEAN FUELS in July 2016, KT–Kinetics Technology S.p.A and Tecnimont Arabia Limited were awarded the SRU and Clean Fuel project by Rabigh Refining and Petrochemicals Company (a joint venture between Saudi Aramco and Sumitomo Chemical), to be constructed within the Rabigh Petrochemical Complex in Saudi Arabia. The initial project value is approx. USD 148 million. At the beginning of 2018, the client agreed two C.O.'s for the supply of two SO_2 Scrubber packages and for the composition of the Fuel Gas. It regards the EPC development of a new Naphta Hydrotreater unit, with a capacity of 17,000 barrels per day, a new Sulphur Recovery Unit with a capacity of 290 tons per day, in addition to interconnecting works. Mechanical completion for both units has been reached (CFP at the end of June 2020 and SRU at the end of January 2021). The closure of a number of punch points has been impacted by COVID-19.

BELAYIM PETROLEUM COMPANY (PETROBEL) ZOHR DEV. PROJECT PHASE 2 - MODULAR SRU/TGT/SCRUBBER Belayim Petroleum Company (PETROBEL) confirmed KT–Kinetics Technology S.p.A as supplier in Phase 2 of the ZOHR project for the construction of nine sulfur units (Claus units, Tail gas treatment, SO2 Scrubber). The total value of the contract is USD 93.2 million, in addition to change orders. The engineering activities are largely based on the duplication of phase 1. Deliveries shall be made in lots in the months of December 2018 and January 2019. The bonus for early material delivery has been achieved. As has already happened for phase 1, support services for the construction phase have been executed upon request of the client. Initially scheduled for March 2020, the test run has been postponed, upon request, due to the COVID-19 emergency. The date has yet to be set.

INA RIJEKA REFINERY Propane/Propylene Splitter (PPS), storage & Interconnecting; KT–Kinetics Technology S.p.A was awarded an EPCC contract (Engineering-Procurement-Construction-Commissioning) for a value of Euro 57.6 million for a new Propane Proylene Splitter (PPS) plant with a 10 t/h capacity including storage and inter-connecting, at the INA Rijeka refinery, in Croatia. The contract was awarded by INA Industrija Nafte, one of the main Croatian groups in the industrial sector. The PPS project relates to the production of Polymer Grade which will supply the MOL Poly Propylene complex in Hungary. This important contract confirms the trust installed in KT - Kinetics Technology S.p.A.'s capacity by this major client, following the previous EPC projects implemented with success and based on the HPU technology in the Rijeka Refinery and SRU in the Sisak Refinery. The contract was amended recently following the final settlement of all requests made during the project as agreed upon with the client. The amount recognized was Euro 5 million. Overall progress on the project had reached 99.4% by the end of December 2020. Final Mechanical Completion was achieved on February 9, 2021 (following Mechanical Completion of the priority 1 portion in July 2020).

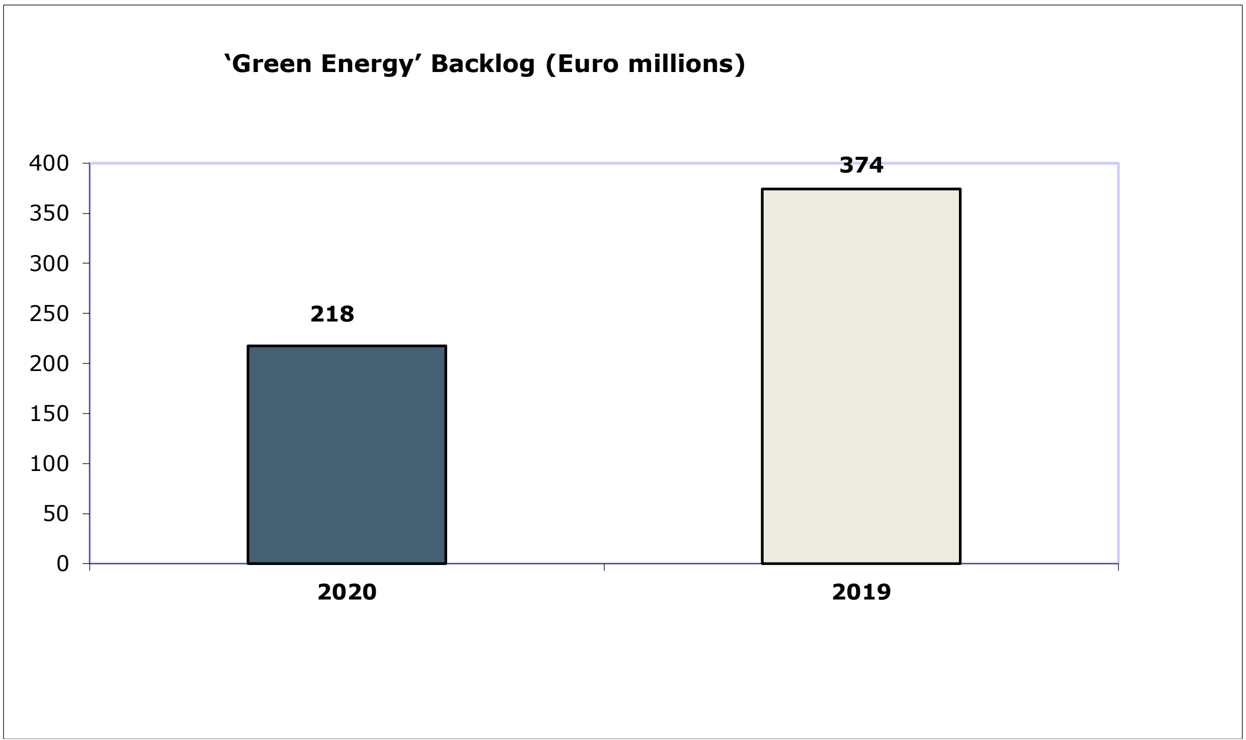
HPCL MUMBAY REFINERY EXPANSION PROJECT (NEW HPU UNIT) KT - Kinetics Technology S.p.A. in consortium with Tecnimont Private Limited was awarded a contract totaling Euro 87.7 million for LEPCC (License-Engineering-Procurement-Construction-Commissioning) of a new hydrogen production unit with capacity of 91,000 Nm3 / h (HGU) which is part of the refinery expansion project at Mumbai (MREP), Maharashtra, India. This contract was awarded by Hindustan Petroleum Corporation Limited (HPCL). The project is focused on increasing refinery capacity up to 9.5 MMTPA but also to producing BS-VI fuel in compliance with environmental requirements in force from 2020 in India. Overall progress on the project at the end of December 2020 was at 92.8%. The engineering works have been completed, with the exception of the final documentation of a number of vendors and of the as-built portion. Construction progress is at 87.1%. Work-site and pre-fabrication yard activities, suspended since March 22, 2020, on the client's request, restarted in July 2020, with reduced efficiency due to insufficient mobilization due to lockdowns in various regions of India and strict limitations imposed by HPCL/EIL and by government directives. Mechanical Completion is expected to be achieved by the end of May 2021.

Other projects: all actions necessary on projects under completion and other minor engineering and services contracts are being taken.

Analysis of the 'Green Energy' Business Unit Backlog

December 31, 2020, compared with the previous year is as follows:

(In Euro thousands)	Backlog at 31.12.2020	Backlog at 31.12.2019	Change December 2020 vs December 2019	
			Total	%
Green Energy	217.508	374.153	(156.644)	(41,9%)



The Green Energy BU backlog at December 31, 2020, was Euro 217.5 million, down Euro 156.6 million from the previous year. New projects for the Green Energy BU mainly concerned new contracts and change orders and project variants in infrastructures and in maintenance and facility management, as well as orders acquired by NextChem, the Maire Tecnimont subsidiary operating in green energy and technologies to support the energy transition.

The reduction is principally the consequence of the deconsolidation of the project company MGR Verduno S.p.A., involved in the "Alba-Bra Hospital concession" initiative, concerning the "construction and management" contract for the facility.

Projects in progress:

RENEWABLE ENERGY PROJECTS:

Amistad, Wind Plant (Mexico), acquired in 2016 and under completion on behalf of a leading international utility company. The project, concerning the construction of the Amistad wind park, one of the largest in the country with an installed capacity of 200 MW, comprises three parts: the execution of civil works, with the delivery of the park access roadway, the internal roadways, the foundations and the platforms for the installation of 57 turbines and the medium-tension underground network; execution of electromechanical works, with detailed design, supply, installation, testing and entry into service of 5 high-tension electricity lines, 2 power stations and 4 collateral electricity stations; execution of civil works for the first extension of the Amistad wind park, with the construction of the foundations and the platforms for an additional 29 turbines, of the internal park roadways and of the medium-tension aerial network. The overall physical advancement is 100% complete.

RAIL PROJECTS:

Fiumetorto Railway line doubling - (Cefalù, Italy) - acquired in September 2005, the contract concerns the doubling of the rail line between Fiumetorto and Ogliastrillo and is under execution on behalf of Rete Ferroviaria Italiana S.p.A.. On September 17, 2017 the entire line became operational and the work contracted was completed in 2019, in line with the final contractual extension granted by the client. Activities in view of the technical/administrative inspection of the contract are in progress. Part of the reserves presented to date and considered of highly probable recognition and reliably valued also on the basis of the opinion of our legal representatives, in addition to technical opinions where considered appropriate, have already been recognized to the financial statements.

METRO PROJECTS:

Turin Metro – System Works (Turin, Italy). During the first half of 2020, the coordination and management of works and the procurement of supplies and subcontracts covered by the third addendum relating to the "Lingotto-Bengasi" section continued. During the period, operations were impacted by the further delay in contracting the civil works. At June 30, 2020, despite these delays and the constraints due to the COVID health emergency, 50% progress was achieved. Delivery of the Lingotto - Bengasi section to the contracting station, based on the new program, is scheduled for March 2021, with entry into use for April of the same year. With respect to the delays accumulated and remedied with the signing of the 4th Addendum to the Framework Agreement on March 6, 2020, again due to causes attributable to the contractor of the civil works, a further 12 months of delay have accrued. A further addendum is currently being drawn up in order to contractually cover the higher charges arising. The Collegno – Cascine Vica section is a further extension of the line to the west and its contractual process is autonomous from the previous sections. The award of the section was governed on March 10, 2020 by a specific framework agreement (2nd Framework Agreement), divided into three addenda relating to the development and progress of the work: the first for planning, the second for strategic supplies and the third for commissioning. The 1st and 2nd Addenda were signed at the same time as the 2nd Framework Agreement. The activity relating to the five-year contract signed in April 2018 continued with regard to technical assistance and maintenance of Line 1. The contract covers all previously existing activities (technical assistance and level 3 maintenance of the technological components at line 1 of the Turin Metro, Collegno - Lingotto section) in addition to maintenance, Levels 1 and 2, of the IT network and the resolution of a number of obsolescence issues.

Turin Metro – Line 2 Engineering (Turin, Italy). Acquired in December 2017 in consortium with leading engineering enterprises, the contract involves the preliminary engineering of Line 2 on the Turin Metro and the drafting of a feasibility study for its extension. The client is the Municipality of Turin. The final delivery was made to the Municipality of Turin in December 2019: the project was validated with formal approval by the Municipal Council in January 2020. There are still activities in progress relating above all to the environmental aspect, which will continue for several months.

Istanbul Metro - Design (Istanbul, Turkey). Acquired in May 2016, the activities concern the definitive engineering and preparation of the tender documentation of the Istinye- Itu- Kağithane Metropolitan Line, which will extend for 12 KM and includes 7 stations. The client is the municipal company İSTANBUL BÜYÜKŞEHİR BELEDİYESİ. Following four extensions to the contractual deadlines, on the basis of numerous amendment requests from the client, in 2018 negotiations for the recognition of higher fees formally began. On August 7, the Client communicated termination of the contract and activities were interrupted. The company therefore initiated a legal dispute against the Municipality of Istanbul.

Gaziantep Metropolitan - Design (Gaziantep, Turkey). Acquired in August 2017, the contract concerns the preliminary and executive engineering of the Gar-Gaun Metropolitan Line over a distance of 15 km and 11 stations. The client is the municipal "company" GAZIANTEP BÜYÜKŞEHİR BELEDİYESİ. On December 18, 2018, the Client notified the company of its wish to terminate the contract, as construction of the metro line is currently suspended due to a lack of funding. Legal proceedings were also initiated in this case.

Rome Metro - Extension line B1 – (Rome, Italy), The contract is currently under execution on behalf of Roma Metropolitane (Municipality of Rome) by a consortium comprising Salini-Impregilo S.p.A., Neosia S.p.A. and ICOP S.p.A.. In relation to the contract for the Bologna – Conca d'Oro line, the test report was issued in February 2013. The work on the further Conca D'Oro extension has been completed and 2020 will be dedicated solely to completing the technical and administrative activities resulting from the issuance of the provisional acceptance certificate. Both sections are in commercial operation. The procedure initiated before the Ordinary Court continued for recognition of the reserves requested under Article 240.

CIVIL AND INDUSTRIAL PROJECTS:

Alba-Brà Hospital (Verduno, Italy) - acquired in November 2005 under a "construction and management" contract signed with ASL CN2. On October 3, 2019, a certificate of completion of the work was issued, in which it is attested that minor work remained to be done in the following 60 days, in accordance with the contracting code. For reasons beyond the concessionaire's control, the minor work in question extended over a period in excess of the 60 days indicated in the work completion memorandum. Following the final inspection carried out on February 28, 2020, on March 25, 2020, the report of early delivery was signed between the Licensee (MGR Verduno 2005 S.p.A.) and the Grantor, making it possible to use part of the hospital facility to handle the COVID 19 emergency. On May 1, management of works began, assigned to the company HISI Management S.r.l., with which MGR has stipulated a contract for the provision of services. In this regard, on November 11, 2019, Maire Tecnimont S.p.A. and HISI S.r.l. signed an agreement for the sale of MGR Verduno 2005 S.p.A. The agreement stipulated, as a first step, the immediate transfer of the majority shareholding of MGR and, subsequent to the fulfilment of certain standard clauses for such transactions, the transfer of the remaining stake. On June 5, 2020, "Closing 1" took place for the sale by Neosia S.p.A. to HISI S.p.A. of 50.003% of the share capital of MGR Verduno 2005 S.p.A., involving class A shares. Neosia S.p.A. will maintain ownership of the remaining portion of the share capital comprising class B shares, although without administrative or Shareholders' Meeting voting rights. As a result of "Closing 1" above, Neosia S.p.A. collected from HISI S.p.A. the amount of approx. Euro 9.5 million, with MGR Verduno 2005 S.p.A. deconsolidated following the loss of control of the vehicle company; "Closing 2" may take place in 2021 following the conclusion of the testing works.

Avio Facility - (Colleferro, Italy), in July 2018, the EPC contract was signed for the construction of an industrial facility (Building 4026) in Colleferro for "motor expansion". Two contractual addenda for the addition of further work were formalized in 2019, with the resulting extension of work completion times to include all of May 2020. During the period, a number of delays accumulated, with end of works postponed to August 2020. Works were approx. 85% complete. The contract for the performance of the work on Building 4562 was signed on October 29, 2019, and the work commencement memorandum was drawn up on November 19. Approximately 35% of works had been billed.

REAL ESTATE INITIATIVES:

"Birillo" University Complex - (Florence, Italy); a project financing scheme by the University of Florence undertaken by the subsidiary Birillo 2007 Scarl, it was necessary, in accordance with the agreement, to initiate in August 2011 an arbitration procedure to rebalance the financial terms of the initiative. In 2016, the parties sought to reach an amicable settlement of the disputed matters and set out solutions to complete the initiative. The structure elevation works have been completed and the sampling works on the frontage has begun. On August 29, 2019, the partial completion of works certificate was issued, certifying that on August 29, 2019 construction work on the RU Building had been completed, while on October 21, 2019 the report of works completion was issued, certifying that on October 15, 2019 all works including the DSU RU Building and the common parts of the two buildings had been completed. On October 21, 2019 the Site Manager drew up the Work Completion Memorandum for the Right to University

Study Building and appurtenances, certifying completion of the works, except for completion of a series of items deemed of minor, entirely marginal importance, not affecting the functionality of the works, and set a date of November 8, 2019 for the completion of the said items. On November 29, 2019 the Office of the Public Contracts Manager received a courtesy copy of the Assessment Report, dated November 11, 2019, in which the Site Manager verified the completion of the work on the basis of the completion memorandum of October 21, 2019. On December 2, 2019 the Public Contracts Manager determined that the works had effectively been completed. Pursuant to Art. 8 of the contract of sale for the property to be constructed between Birillo 2007 Scarl and the Regional Authority for the Right to University Study, following the notice of completion of work from Birillo and the subsequent issuance of the Works Completion Memorandum by the Site Manager, on December 5, 2019 the Regional Authority for the Right to University Study launched the inspection procedure to assess that the work promised for sale had been duly executed. Technical/administrative tests took place in June 2020. The Survey Agreement remains with the client, expected by the end of July. The lease agreement signed with Campus X entered into effect on September 1, 2019.

7. Group balance sheet and financial position

The Maire Tecnimont Group key balance sheet highlights at December 31, 2020, and December 31, 2019, were as follows:

Maire Tecnimont Condensed Consolidated Balance Sheet *(In Euro thousands)*	December 31, 2020	December 31, 2019	*Change*
Non-current assets	**777,134**	**805,273**	**(28,139)**
Inventories/Advances to Suppliers	*484,928*	*442,096*	42,831
Contractual Assets	*1,928,600*	*1,892,365*	36,234
Trade receivables	*649,187*	*555,286*	93,901
Cash and cash equivalents	*705,327*	*727,394*	(22,067)
Other current assets	*375,645*	*334,000*	41,645
Current assets	**4,143,686**	**3,951,141**	**192,545**
Assets held for sale, net of eliminations	**0**	**79,327**	**(79,327)**
Total assets	**4,920,821**	**4,835,741**	**85,080**
Group shareholders' equity	**412,836**	**408,547**	**4,289**
Minorities Shareholders' Equity	**35,442**	**40,389**	**(4,947)**
Financial debt - non-current portion	*567,189*	*244,274*	322,915
Other non-current financial liabilities	*198,570*	*198,094*	476
Non-current financial liabilities - Leasing	*115,139*	*127,876*	(12,737)
Other non-current liabilities	*154,321*	*144,317*	10,004
Non-current liabilities	**1,035,219**	**714,562**	**320,658**
Short-term debt	*118,308*	*342,468*	(224,160)
Current financial liabilities - Leasing	*20,756*	*22,208*	(1,452)
Other financial liabilities	*330*	*330*	0
Client advance payments	*649,360*	*684,272*	(34,912)
Contractual Liabilities	*577,386*	*305,013*	272,373
Trade payables	*1,706,534*	*1,960,592*	(254,058)
Other current liabilities	*364,649*	*294,573*	70,076
Current liabilities	**3,437,323**	**3,609,456**	**(172,133)**
Liabilities held for sale, net of eliminations	**0**	**62,788**	**(62,788)**
Total Shareholders' Equity and Liabilities	**4,920,821**	**4,835,741**	**85,080**

Maire Tecnimont Reclassified Condensed Consolidated Balance Sheet *(In Euro thousands)*	December 31, 2020	December 31, 2019	*Change 2020 - 2019*	September 30, 2020	*Change Q4 2020*
Non-current assets	777,134	805,273	*(28,139)*	843,326	*(66,192)*
Adjusted net working capital	(65,555)	(274,192)	*208,637*	(32,879)	*(32,676)*
Employee provisions	(10,489)	(10,926)	*436*	(10,690)	*200*
Net Capital Employed	**701,090**	**520,155**	***180,934***	**799,758**	***(98,668)***
Group net equity	412,836	408,547	*4,289*	390,809	*22,027*
Minority interest capital and reserves	35,442	40,389	*(4,947)*	36,270	*(828)*
Adjusted net financial position prior to IFRS 16	116,916	(78,864)	*195,780*	227,798	*(110,882)*
Lease financial liabilities - IFRS 16	135,895	150,084	*(14,189)*	144,881	*(8,985)*
Coverage	**701,090**	**520,155**	***180,934***	**799,758**	***(98,668)***

“Non-current assets” reduced on the previous year, principally due to the reclassification to short-term of a portion of guarantee withholdings related to the Amursky Gas Processing Plant (AGPP), which, based on the terms of the contract and project progress, will be released within 12 months; net of the increases in intangible assets for investments in new software and implementations related to the Group’s digital transformation process and as a result of both acquisitions and internal development for investments in new technology.

“Current assets” however increased by Euro 192,545 thousand compared to December 2019, with the main changes concerning the working capital movements on the main orders, as per the contractual terms and the events related to the pandemic which impacted the operating and financial performance for 2020 (as outlined below).

- Inventories/Advances to Suppliers, amounting to Euro 484,928 thousand, with an increase of Euro 42,831 thousand, principally refer to the advances paid to foreign and Italian suppliers and sub-contractors against materials being produced and shipped for the construction of plant and work in progress. The increase in the advances to suppliers and subcontractors is a direct consequence of orders, particularly in the initial months of 2020 for which equipment orders were made, resulting in advance payments to suppliers and particularly subcontractors, primarily in respect of the Amursky Gas Processing Plant (AGPP);

- “Contract Assets” are the net positive amount, by individual order, resulting from the difference between progressive production or the amount of works-in-progress recorded according to the percentage of completion net of losses realized or estimated at the reporting date and invoicing on account relating to the advancement of works. The net increase of Euro 36,234 thousand is substantially linked to the lower invoicing in the year compared to the progress of the projects; the movement in contractual assets derives from the contractual terms of the main contracts which, being at a very advanced stage, express invoicing terms that are no longer match the progress, depending essentially on the achievement of the last project milestones and are also affected by the progress of the projects; in this regard, as already mentioned, the revenues for the year were also impacted by the slowdown in operating activities in some geographical areas, in particular from the second half of March in compliance with the decisions taken by the government authorities to contain the spread of the Covid-19 epidemic. Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows. Also in this regard, the effects of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation. In the middle part of 2020 and especially in the latter part of the year, activities still picked up but not in a way that compensated for previous slowdowns;

- Trade receivables at December 31, 2020, amount to Euro 649,187 thousand, an increase of Euro 93,901 thousand compared to December 31, 2019. The change in trade receivables reflects the terms of the primary contracts and the progress of projects that have been impacted by the COVID-19 epidemic, as described above;

- Cash and cash equivalents at December 31, 2020, amount to Euro 705,327 thousand, a decrease of Euro 22,067 thousand compared to December 31, 2019. The main cash flow movements are reported below:

Cash Flow Statement *(In Euro thousands)*	December 31, 2020	December 31, 2019	*Change 2020-2019*	September 30, 2020	*4Q-2020*
Cash and cash equivalents at beginning of the year (A)	727,394	650,008	*77,386*	727,394	*0*
Cash flow from operating activities (B)	(20,587)	(17,029)	*(3,559)*	(379,079)	*358,492*
Cash flow from investing activities (C)	(14,783)	(21,883)	*7,101*	(6,406)	*(8,376)*
Cash flow from financing activities (D)	13,303	117,955	*(104,651)*	223,123	*(209,820)*
Increase/(Decrease) in cash and cash equivalents (B+C+D)	(22,067)	79,041	*(101,108)*	(162,363)	*140,295*
Cash and cash equivalents at end of the year (A+B+C+D)	705,327	729,049	*(23,723)*	565,031	*140,295*
of which: Cash and cash equivalents of Discontinued Operations	*0*	*1,656*	*(1,656)*	*0*	*0*
Cash and cash equivalents at end of year reported in financial statements	705,327	727,394	*(22,067)*	565,031	*140,295*

Operating cash flow was absorbed in the year of Euro 20,587 thousand, though this improved from the second quarter of 2020.

Net working capital had performed particularly negatively in the first quarter of 2020 due to two particular concurrent circumstances: the concrete manifestation of the effects of the Covid-19 pandemic, which deferred planned collection for services already rendered, as well as the approval process for work executed due to the inability of certain clients to operate remotely. Finally, in the first quarter of 2020 the financial phasing of the Amursky project experienced an intensive phase of payments for the supply of equipment and construction work, not offset by the previous collections during the period. The combination of the two factors above resulted in a deterioration of working capital by approx. Euro 369 million, representing the main reason for the declined in cash and cash equivalents and the net financial position.

In the second quarter of 2020, in accordance with the temporary improvement in the conditions caused by COVID-19 in certain regions, and thanks to the acquisition of new projects such as Bir-Seba in Algeria on behalf of Sonatrach, Horizon in France on behalf of Total and the EP project for the construction of the petrochemical complex in the Amur region on behalf of Gazprom, net working capital improved consistently, with the consequent positive effect on cash and cash equivalents and the net financial position.

Subsequently, in the third quarter of 2020, net working capital generated cash of approximately Euro 62 million, and in the last quarter of 2020 operating activities generated further cash flow of approx. Euro 358 million; operating activities on the main projects underway continued to be partly affected by the effects of the pandemic, although activities were gradually restarted and recognition was given for construction work carried out earlier, resulting in higher receipts for the period. This also includes the Amursky project, which saw a positive recovery in Q4 2020 with a further recovery of Group cash flows.

Cash flows from operating activities include also income tax payments, which in 2020 totaled Euro 52,726 thousand.

Cash flow from investing activities absorbed cash totaling Euro 14,783 thousand, mainly due to the net effect of disbursements related to new software and related implementations in connection with initiatives related to the Digital Transformation program undertaken by the Group, the signing of the investment agreement with GranBio for 2G technology for Bio-Ethanol and further efforts for the development of new technologies and intellectual property rights (patents and licenses) mainly from Stamicarbon B.V and the Nextchem Group.

Cash flow from investing activities also benefited from the payment for "Closing 1" for the sale by Neosia S.p.A. to HISI S.p.A. of the share capital of MGR Verduno 2005 S.p.A. for approx. Euro 9.5 million.

Cash flow from financing activities generated cash of Euro 13,303 thousand; in order to boost the Group's financial flexibility and to establish a more solid equity structure to deal with any upsurge in the pandemic's effects, and to support projects, in the third quarter (July 2020) a Euro 365 million loan contract was signed, backed for 80% by SACE's Italy Guarantee. The loan is in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total term of 6 years, including a 2 year grace period. At the same time, there was a decrease in current account overdrafts and a repayment of both overdraft lines used to manage short-term commercial cash flow and working capital lines to support short-term needs as part of the management of working capital for some projects and the repayment of two portions of the medium/long-term loan with a nominal value of Euro 185 million from the subsidiary Tecnimont S.p.A. for approx. Euro 25 million.

The Net Financial Position is outlined in the following table:

NET FINANCIAL POSITION *(In Euro thousands)*	*Note (*)*	**December 31, 2020**	**December 31, 2019**	*Change*	**September 30, 2020**	*4Q-2020*
Short-term debt	*28.27*	118,308	342,468	*(224,160)*	277,206	*(158,898)*
Current financial liabilities - Leasing	*28.26*	20,756	22,208	*(1,452)*	22,361	*(1,604)*
Other current financial liabilities	*28.31*	330	330	*0*	330	*0*
Financial instruments - Current derivatives	*28.30*	27,358	7,909	*19,448*	33,662	*(6,304)*
Financial debt - non-current portion	*28.20*	567,189	244,274	*322,915*	581,802	*(14,613)*
Financial instruments - Non-current derivatives	*28.24*	12,632	1	*12,632*	8,902	*3,731*

NET FINANCIAL POSITION	*Note (*)*	December 31, 2020	December 31, 2019	*Change*	September 30, 2020	*4Q-2020*
Other non-current financial liabilities	*28.25*	198,570	198,094	*476*	198,510	*60*
Non-current financial liabilities - Leasing	*28.26*	115,139	127,876	*(12,737)*	122,520	*(7,381)*
Total debt		**1,060,283**	**943,160**	***117,123***	**1,245,293**	***(185,010)***
Cash and cash equivalents	*28.17*	(705,327)	(727,394)	*22,067*	(565,031)	*(140,295)*
Temporary cash investments	*28.15*	(490)	(211)	*(279)*	(490)	*0*
Other current financial assets	*28.15*	(8,927)	(6,246)	*(2,681)*	(8,170)	*(757)*
Financial instruments - Current derivatives	*28.14*	(5,262)	(23,705)	*18,443*	(3,016)	*(2,246)*
Financial instruments - Non-current derivatives	*28.6*	(635)	(5,500)	*4,865*	(788)	*153*
Other non-current financial assets	*28.7*	(62,096)	(42,726)	*(19,371)*	(45,842)	*(16,255)*
Total cash and cash equivalents		**(782,737)**	**(805,781)**	***23,044***	**(623,337)**	***(159,400)***
Other financial liabilities of discontinued operations	*28.18*	0	49,767	*(49,767)*	0	*0*
Other financial assets of discontinued operations	*28.18*	0	(1,656)	*1,656*	0	*0*
Net Financial Position		**277,546**	**185,491**	***92,055***	**621,956**	***(344,410)***
"*Project Financing - Non Recourse*" financial payables	*28.18, 28.20, 28.27*	(9,577)	(59,441)	*49,864*	(9,577)	*0*
Other non-current assets - Expected repayments	*28.8*	(15,158)	(16,557)	*1,399*	(15,887)	*729*
Trade Receivables - Admissible Financial Assets	*28.12*	0	(38,273)	*38,273*	(223,562)	*223,562*
Finance lease payables IFRS 16	*28.26*	(135,895)	(150,084)	*14,189*	(144,881)	*8,985*
Adjusted Net Financial Position		**116,916**	**(78,864)**	***195,780***	**228,050**	***(111,134)***

(*) The notes refer to the paragraphs of the Explanatory Notes to the consolidated financial statements where the respective accounts are analyzed in detail.

As the Net Financial Position is not governed by the Group's accounting standards, the Group calculation criteria may not be uniform with those adopted by other groups and, therefore, may not be comparable.

The adjusted net financial position at December 31, 2020 was a Net Debt of Euro 116.9 million, reducing on Euro 195.8 million at December 31, 2019, but in continual improvement since the second quarter of 2020.

In the early months of FY 2020, as a result of the Covid-19 pandemic, restrictions imposed by various government institutions on the mobility of people and goods generated increasingly severe consequences as the effects of the pandemic progressed. The almost total worldwide blockade of commercial activities and uncertainties regarding possible future developments of the pandemic have caused a sudden and drastic reduction in energy consumption with a consequent equally drastic drop in oil and natural gas prices, although the latter to a lesser extent. Faced with the sudden and unpredictable reduction in production volumes and in the price of gas and oil, with a consequent significant reduction in cash generation, the energy companies (supermajors, majors, state-owned entities - nationals, private companies) reacted by adopting behaviors that in various ways affected the economic and financial performance of the Maire Tecnimont Group, particularly in the first part of the year 2020.

The most immediate reaction, implemented by a number of clients, involved postponing the settlement of services rendered under ongoing contracts. The postponement of payments was the consequence of either a unilateral voluntary decision by some clients, on the basis of temporary disorientation and while waiting to better understand how the pandemic would evolve, or of the impossibility of being able to manage the approval processes of the works carried out and of payment, since there had not been previously developed a digital platform suitable to allow operating remotely, even in emergency conditions.

The latter also had a major impact on two very important parts of the projects' financial profile: 1) the issue of preliminary acceptance of completion for certain plants, with payment of the last portion of the contractual fee, and 2) the definition of the fees requested from clients as remuneration for additional work or for changes made with respect to that contractually agreed. The settlement of these situations, due to the pandemic, suffered a temporary interruption and therefore, the expected related cash flows for the first part of the year 2020 could only have a positive effect on financial management in the second part of the year, albeit to a partial extent, given the continued uncertainty.

Moreover, as mentioned above, the significant reduction in financial resources has led almost all energy companies to review their investment programs, postponing the final decision on the implementation of new projects. The postponement of the assignment of new works, originally expected in the first part of the 2020 financial year, negatively affected the group's financial position, as an important source of self-financing from the advances paid upon the signing of new contracts was lacking.

The adjusted net financial position at December 31, 2020 continues to show further improvement, confirming the steady upturn since the second quarter of 2020.

Net working capital had performed particularly negatively in the first quarter of 2020 due to two particular concurrent circumstances: the concrete manifestation of the effects of the Covid-19 pandemic, which deferred planned collection for services already rendered, as well as the approval process for work executed due to the inability of certain clients to operate remotely. Finally, in the first quarter of 2020 the financial phasing of the Amursky project experienced an intensive phase of payments for the supply of equipment and construction work, not offset by the previous collections during the period. The combination of the two factors above resulted in a deterioration of working capital by approx. Euro 369 million, representing the main reason for the deterioration in the net financial position.

In the second quarter of 2020, in accordance with the temporary improvement in the conditions caused by COVID-19 in certain regions, and thanks to the acquisition of new projects such as Bir-Seba in Algeria on behalf of Sonatrach, Horizon in France on behalf of Total and the EP project for the construction of the petrochemical complex in the Amur region on behalf of Gazprom, net working capital improved consistently, with the consequent positive effect on cash and cash equivalents and the net financial position.

Subsequently, in the third quarter of 2020, net working capital reflected the generation of approx. Euro 62 million in cash, only partially offset by the decrease of approx. Euro 20 million caused by the mark-to-market of the derivative instruments contracted primarily to hedge foreign exchange risk and investments for the period of approx. Euro 6 million.

In the last quarter of 2020, operating activities generated further cash flow of approx. Euro 110 million; operating activities on the main projects underway continued to be partly affected by the effects of the pandemic, although activities were gradually restarted and recognition was given for construction work carried out earlier, resulting in higher receipts for the period. This also includes the Amursky project, which saw a positive recovery in Q4 2020 with a further recovery of Group cash flows.

These effects impacted cash and cash equivalents at December 31, 2020 which amount to Euro 705,327 thousand, a decrease of Euro 22,067 thousand compared to December 31, 2019 and consequently the negative change in the net financial position at December 31, 2020.

The further negative changes in the financial position in 2020 are related to an increase in the gross debt of approx. Euro 99.2 million; in order to boost the Group's financial flexibility and to establish a more solid equity structure to deal with any upsurge in the pandemic's effects, and to support projects, in the third quarter (July 2020) a Euro 365 million loan contract was signed, backed for 80% by SACE's "Garanzia Italia" (Italy Guarantee). The loan is in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total term of 6 years, including a 2 year grace period. At the same time, there was a decrease in current account overdrafts and a repayment of both overdraft lines used to manage short-term commercial cash flow and working capital lines to support short-term needs as part of the management of working capital for some projects and the repayment of two portions of the medium/long-term loan with a nominal value of Euro 185 million from the subsidiary Tecnimont S.p.A. for approx. Euro 25 million.

Finally, there was a decrease in the financial position related to the temporary negative changes in the mark-to-market of derivative instruments which had a negative impact for Euro 55,388 thousand, mainly in relation to the derivative instruments undertaken to hedge the cash flow risk related to order revenues and costs, including raw materials, principally as a result of the performance of the Euro on the Dollar and on the Ruble in 2020 and which was particularly negative as a result of the situation on the currency markets caused by the pandemic. The negative mark-to-market is offset by incoming future operating cash flows of an equal amount.

"Non-recourse financial payables" refers to the loan granted to MyReplast Industries S.r.l by Banca Popolare di Sondrio for the company's Circular Economy activities. The "Non Recourse" financial payables in the previous year included also the loan of the project company MGR Verduno S.p.A., engaged in the "Alba-Bra Hospital concession" construction and management contract agreed with ASL CN2, an initiative which was subsequently sold in 2020.

The "adjusted net financial position" in Management's view includes the value of the assets related to the compensation for the events in India on the basis of the opinion of the legal experts and the insurance coverage provided by leading insurers, undertaken to protect against such events (as illustrated in paragraph 23.8), and excludes financial payables under IFRS 16 Leasing of Euro 135,895 thousand, which have only been recognized in view of the application of the accounting standard IFRS 16.

Group Shareholders' equity at December 31, 2020 amounts to Euro 412,836 thousand, a net increase of Euro 4,289 thousand compared to December 31, 2019 (Euro 408,547 thousand).

Total consolidated Shareholders' Equity, considering minority interests, at December 31, 2020 amounts to Euro 448,278 thousand, a decrease of Euro 658 thousand compared to December 31, 2019.

The overall decrease in consolidated Shareholders' Equity, despite the net income in the year of Euro 54,207 thousand, is mainly due to the negative change in the Cash Flow Hedge reserve of the derivative instruments, which mainly relates to the temporary mark-to-market losses of the derivative instruments to hedge the currency risk of the revenues and costs from the projects, net of the relative tax effect for Euro 24,739 thousand and of the reserve for the translation of items in foreign currencies, also in this case negative for Euro 34,298 thousand. The changes are due to the currency movements principally of the Dollar and the Ruble against the Euro in 2020, as a result of the situation created on the currency markets following the pandemic and market uncertainties, which had a negative impact on the valuation of derivative instruments stipulated to hedge job orders. The negative mark to market which had a negative impact on Cash Flow Hedge will be offset by future operating cash inflows of the same amount. The same currency movements, principally in relation to the deterioration of the Ruble against the Euro, negatively impacted the translation reserve of financial statements in foreign currencies, supported by the adoption of the current exchange rate conversion method for the overseas companies which prepare their financial statements in a functional currency other than the Euro, in particular for the Russian subsidiary, MT Russia.

They concern contractual advances from clients on the signing of construction contracts, usually also covered by the related bond issued to the benefit of the principal. Client advance payments at December 31, 2020 were Euro 649,360 thousand, decreasing Euro 34,912 thousand on December 31, 2019 mainly following the reabsorption, through invoicing on account, of the advances received in prior periods associated with revenues in 2020. It should be recalled that in the first half of 2020 client advances were received on the new Bir Seba contracts in Algeria, the Total Horizon Project for the Donges refinery and a portion of the Amur AGCC petrochemical project; in the final part of 2020, advances were received on the Kingisepp 2 project and a further portion of the new Amur AGCC petrochemical project.

“Contract liabilities” are the net negative amount, by individual order, resulting from the difference between progressive production or the amount of works-in-progress recorded according to the percentage of completion net of losses realized or estimated at the reporting date and invoicing on account relating to the advancement of works. The increase in the net value of construction contract liabilities, amounting to Euro 272,373 thousand, relates to the advancement of the projects and their contractual terms, against which the value of works carried out in the year was lower than the invoicing on account following a substantial decrease in production volumes in the year due to projects that had a negative balance in the previous year and the start-up of new initiatives such as the Amur AGCC petrochemical project, which recorded an initial invoicing on account higher than the progress of the project. The contractual liabilities, as already reported for the account "Contractual Assets" and to which reference should be made, are also affected by the slowdown in operating activities as a result of the COVID-19 outbreak.

Trade payables at December 31, 2020 amount to Euro 1,706,534 thousand, a decrease of Euro 254,058 thousand compared to December 31, 2019. The account includes also accruals at period-end for invoices to be received. The decrease was due particularly to the significant amounts of payments made in Q1 2020 for the equipment and construction activities for the main projects in progress, not offset in the second quarter by new orders and supplier activities, which did not occur due to the effects of the pandemic which slowed operations following the measures gradually introduced by the governments of the affected countries which became increasingly stringent. The stringent measures to prevent the spread of the pandemic have also at times gone beyond slowdowns in operations and, in limited cases, to the closure of operational sites. In the middle part of 2020 and especially in the latter part of the year, activities still picked up but not in a way that compensated for previous slowdowns. Trade payables essentially relate to the general working capital performance of the main orders, including those substantially concluded, which similarly to the contract with the client influences the contractual terms of the goods and services provided by supplier and subcontractors, payment of which is essentially tied also to the final project milestones.

ALTERNATIVE PERFORMANCE INDICATORS

In compliance with CONSOB Communication No. 0092543 of December 3, 2015, indications are provided below in relation to the composition of the performance indicators utilized in the financial communications of the Tecnimont Group.

NET FINANCIAL POSITION the Group considers the net financial position as an indicator of the capacity to meet financial obligations, represented by the Gross Financial Debt less Cash and Other Cash Equivalents and Other Financial Assets. This Directors’ Report includes a table presenting the balance sheet utilized for the calculation of the Group’s net financial position.

For a better representation of actual changes in financial position, the customary indicator is presented alongside the “adjusted net financial position”, which excludes the effects of the financing for MyReplast Industries S.r.l. disbursed by Banca Popolare di Sondrio for the company’s circular economy activity, which is not guaranteed by the Parent Company, but rather secured by the cash flows originating from the development of this initiative of the special-purpose vehicle. For this reason, it was excluded from the calculation of the adjusted net financial position. “Adjusted net financial position” excludes IFRS 16 finance lease payables, which have only been recognized due to the accounting effect of the application of the accounting standard IFRS 16. The “adjusted net financial position” in addition includes the value of the assets related to the compensation for the events in India on the basis of the opinion of the legal experts and the insurance coverage provided by leading insurers, undertaken to protect against such events.

The net financial position is the sum of the following accounts:

Total Debt, which is a sum of the following accounts:

a. Medium/long-term and short-term payables inclusive of bank overdrafts, factoring payables and loans

b. Other current and non-current financial liabilities, including outstanding Bond loans

c. Current and non-current derivative financial instruments

Total Liquidity, which is the sum of the following accounts:

a. Liquidity

b. Current financial assets, including financial receivables from associates, Group companies and others, including accrued financial income

c. Non-current financial assets, including financial receivables from associates, Group companies and others, including the value of investments in non-consolidated companies and other companies, without including those considered as strategic in Pursell Agri-Tech, LLC.

d. current and non-current derivative financial instruments

Net financial position adjustments:

Non-inclusion of "Financing – Non Recourse" and IFRS 16 leasing payables and inclusion of assets related to the compensation of the events in India , as outlined above.

RELATED PARTY TRANSACTIONS MAIRE TECNIMONT GROUP

At December 31, 2020 the company's receivables/payables (including financial) and cost/revenue transactions with related parties for the period are presented in the tables below.

31/12/2020 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial payables	Costs	Revenues
G.L.V. Capital S.p.A.	1	(175)	0	0	(613)	1
Maire Investments Group	325	0	0	0	(204)	770
Luigi Alfieri	0	(34)	0	0	(338)	0
Total	**327**	**(209)**	**0**	**0**	**(1,155)**	**771**

In particular, payable contracts refer to the lease of office buildings from Group companies, the use of the "Maire" trademark and other minor recharges from the parent G.L.V. Capital S.p.A. and from transactions with the Maire Investments Group, a company owned by the majority shareholder of Maire Tecnimont S.p.A. for administrative services and the purchase of flight hours used by the Group. Luigi Alfieri is a Director of Maire Tecnimont S.p.A.; the costs refer to an annual contract for assistance and consulting services in the financial field. The Maire Tecnimont Group's contracts with clients involve facility management services and other services connected to the execution of civil works.

Transactions with other non-consolidated and/or associated Group companies, or subsidiaries over which another related party exercises a significant influence (Nextchem, Bio-P, MDG Real Estate, MyReplast Industries and Stamicarbon, US) are purely commercial and relate to specific activities linked to contracts or commercial development initiatives; in addition, certain consortiums, having substantially concluded operations, are in liquidation:

31/12/2020 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial payables	Costs	Revenues
MCM servizi Roma S.c.a.r.l. in liquidation	0	(95)	0	0	0	0
Studio Geotecnico Italiano S.r.l.	0	(300)	0	0	(154)	0
Villaggio Olimpico MOI S.c.a.r.l. in liquidation	0	0	55	0	(2)	0
Desimont Contracting Nigeria Limited	1,173	0	0	0	0	0
Biolevano S.r.l	0	0	0	0	0	10
Nextchem S.p.A.	1,023	(3,435)	12,418	0	(3,561)	1,144
BIO P S.r.l	40	(46)	51	0	(46)	40
Mdg Real Estate S.r.l.	0	(283)	0	0	(265)	0
UCOAT S.p.A.	6	0	0	0	0	0
My Replast Industries	141	0	1,500	0	0	109
TCM KTR LLP	53	0	525	0	0	12
Exportadora de Ingenieria y Servicios Tcm Spa	0	0	0	(67)	0	0
Volgafert LLC	9,299	0	0	0	0	101,560
GCB General trading	0	0	13	0	0	197
Gulf Compound&Blending Ind.	35	0	1	0	0	0
Stamicarbon US	144	(26)	1,045	0	(251)	90
Total	**11,914**	**(4,184)**	**15,608**	**(67)**	**(4,278)**	**103,162**

Remuneration of Directors, Statutory Auditors and Senior Executives is outlined below:

31/12/2020 *(in Euro thousands)*	Remuneration
Directors	3,683
Statutory Auditors	288
Total	**3,971**

The remuneration concerns emoluments and all other payments, pension-related or social security deriving from the role of Director or Statutory Auditor in Maire Tecnimont S.p.A..

The remuneration of Directors and Statutory Auditors and Senior Executives, appears in the 2020 Corporate Governance and Ownership Structure Report and the 2021 Remuneration Report, both available on the company website at www.mairetecnimont.it in the “Governance” section.

RELATED PARTY TRANSACTIONS MAIRE TECNIMONT S.P.A.

In view of the transactions carried out by Maire Tecnimont in 2020, related parties principally concern:

- from group and associated companies (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., M.S.T S.r.l., Stamicarbon B.V., MET Gas Processing Technologies S.p.A., Met Development S.p.A., Met Dev 1S.r.l., Nextchem S.p.A., Cefalù 20 S.c.a.r.l.; TCM do Brasil, OOO MT Russia, TPI, TCM-KT JV S.r.l, Met T&S Limited, Tecnimont USA Inc., Tecnimont Nigeria, Tecnimont Philippines and Tecnimont Arabia Ltd);

- from the parent company G.L.V Capital S.p.A. and from the consolidation scope of Maire Investments S.p.A.

Commercial contract payables refer to the lease of the properties housing the Company's offices, particularly the office on Piazzale Flaminio (Rome), the use of the "Maire" trademark and other minor recharges (relations with GLV Capital S.p.A.); dealings with the Maire Investments Group mainly refer to purchases of flight hours used by Maire Tecnimont.

Maire Tecnimont structurally benefitted from services provided by Tecnimont S.p.A, specifically the availability of office spaces, in addition to the provision of other related services (general services, facilities, security, equipment) and other AFC services from the subsidiary KT.

Financial contract payables refer to payables for financing received (TCM-KT JV S.r.l. and KT-Kinetics Technology S.p.A.). The loans are interest-bearing at market rates.

Financial contract receivables concern the loans granted to the subsidiaries (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., Met Development S.p.A. Met Dev 1 S.r.l., M.S.T S.r.l, METGas Processing Technologies S.p.A., TCM Nigeria and Nextchem S.p.A.) for the management of their operating activities. All loans are interest-bearing at market rates.

The balances of bank current accounts payable and receivable arise from the cash pooling contract adopted by Maire Tecnimont S.p.A to which several Group companies have subscribed; interest accrues on the balances at market rates.

Commercial contract receivables principally concern services provided by Maire Tecnimont S.p.A. in favor of the subsidiaries the administrative, tax and legal service and the recharge of a number of costs incurred on behalf of the subsidiaries.

The residual balances are payables arising under the tax consolidation agreement (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., MET Gas Processing Technologies S.p.A., M.S.T S.r.l., Met Development S.p.A. Met Dev 1 S.r.l. and TCM-KT JV S.r.l.) and payables and receivables arising following the VAT consolidation (M.S.T S.r.l., Neosia S.p.A., Neosia Renewables S.p.A, Tecnimont S.p.A., KT-Kinetics Technology S.p.A., MET Gas Processing Technologies S.p.A., Met Development S.p.A., TCM-KT JV S.r.l. and Cefalù S.c.a r.l).

Luigi Alfieri is a Director of Maire Tecnimont S.p.A.; the costs refer to an annual contract for assistance and consulting services in the financial field.

The Company's receivables/payables and cost/revenue transactions with related parties for 2020 are presented in the tables below:

(in Euro thousands) **31/12/2020**	Trade Receivables	Trade Payables	Financial Receivables	Financial Payables	Receivables (Payables) for VAT consol.	Receivables (Payables) for tax consol.	Receivables for excess IRES transferred	Receivables (Payables) for cash pooling	Revenues	Costs	Financial income	Financial expenses
Tecnimont S.p.A.	7.429	(2.521)	250.609		(2.913)	915	700	(125.523)	18.573	(5.179)	6.272	(566)
KT S.p.A.	2.107	(344)	70.133	(108.000)	(842)	3.891	2.000	(52.280)	4.358	(439)	1.245	(1.756)
Neosia S.p.A.	476		55.713		(288)	(413)		3.901	428		1.556	(78)
Neosia Renewables S.p.A.	1		35.330		(36)	(203)	800	2.859			1.027	(44)
Stamicarbon B.V.	37	(79)						(13.843)	14.201		3	(212)
Met Gas Processing Technologies S.p.A.	3		490		(10)	(43)		(334)	10		8	
G.L.V Capital S.p.A.		(86)								(613)		
MDG S.r.l										(6)		
MST S.r.l.	28	(38)	3.700		(1.920)	(44)	1.000	1.819		(166)	99	(1)
Met Development S.p.A.	110	(1)	16.400		418	(83)	150	(3.409)	80		362	(1)
Met Dev 1 S.r.l.	15		1.364			752	400				14	
OOO MT Russia	503								131		146	
TPI	81	(255)							5			
TCM France	35	(678)									21	
MET T&S LIMITED	122							5.488	7		66	
Cefalù S.c.a.r.l.	5				319		300				3	
Tecnimont Private Limited	90						1.000		45		29	
TCM Do Brasil	23								5			
Tecnimont Cile	23								5			
Tecnimont México	1								5			
Tecnimont USA Inc.	1								5			
Tecnimont Arabia Ltd	30								5		7	
TecnimontHQC Sdn. Bhd.	23								5			
Met Newen Mexico S.A. de C.V.	516								160			
Biolevano S.r.l.									10			
Cosorzio Turbigo 800									1			
Nextchem S.p.A	8		9.850				700	2.568	6		128	
TCM Nigeria	152		1.956								103	
TCM Philippines											1	
TCM-KT JV S.r.l.	1	(2.983)		(140.000)	(226)	2.976	400	(19.151)			25	(3.293)
kt india	1											
MyReplast Industries Srl	1										1	
Esperia										(1)		
U-Coat S.p.A	2											
Luigi Alfieri		(34)								(338)		
Total	**11.823**	**(7.019)**	**445.545**	**(248.000)**	**(5.497)**	**7.749**	**7.450**	**(197.905)**	**38.043**	**(6.742)**	**11.118**	**(5.950)**

Remuneration of Directors, Statutory Auditors and Senior Executives is outlined below:

31/12/2020 *(in Euro thousands)*	**Remuneration**
Directors	3,683
Statutory Auditors	200
Total	**3,883**

The remuneration concerns emoluments and all other payments, pension-related or social security deriving from the role of Director or Statutory Auditor in Maire Tecnimont S.p.A..

The remuneration of Directors and Statutory Auditors and Senior Executives, appears in the 2020 Corporate Governance and Ownership Structure Report and the 2021 Remuneration Report, both available on the company website at www.mairetecnimont.it in the "Governance" section.

8. Human Resources

During the reporting year, characterized by the complex situation arising from the COVID-19 pandemic, the Maire Tecnimont Group's organization and processes proved adequately structured and resilient to manage the emergency situation, including at the local level, while also ensuing operating continuity and coordination of the Group's approximately 50 locations in Italy and internationally and always keeping sight of its primary objective of optimally safeguarding and protecting the health and safety of its people.

In pursuit of this goal, from the very outset of the health emergency Human Resources focused on identifying and implementing, in collaboration with the Company's other competent functions, containment measures based on constant monitoring of the course of the pandemic and implementing the resulting company actions and initiatives. These activities involve designing and promptly adopting specific health protocols that comply with the guidelines and instructions from the competent authorities, often in advance of the deadlines, in keeping with the Group's spirit and founding values of protecting its human resources, while promoting constant dialogue with its stakeholders, including its clients, suppliers and trade union representatives, extending the remote-working program to all employees and, finally, promoting a regular information and awareness-raising campaign for all employees and contractors regarding the behavior and precautions to be adopted.

The considerable experience gained at the Company's Milan offices with flexible working arrangements and access to the IT infrastructure implemented to support the program in question made it possible to extend the ability to work remotely promptly and successfully to all employees based at the various offices and sites worldwide, while minimizing the potential impacts arising from the various lockdown periods established in Italy and the various other countries in which the Group has a presence.

The restrictions on movement imposed by authorities in Italy and the other countries in which the Group operates also made it necessary to collaborate with the HSE function on revising international mobility programs for personnel to ensure the adoption of all measures suited to ensuring their health and safety while working abroad and also always complying with the instructions issued by the relevant authorities from time to time. The temporary closure of some offices in Italy early in the reporting year made it possible to undertake extraordinary sanitization and reorganization of company offices, enabling all personnel operating there to return to work safely.

In terms of headcount, and related changes, as of December 31, 2020 there were 5,960 employees, with 673 hires and 1,060 departures (approximately 60% of which related to fixed-term contracts). The geographical areas most affected by this decrease (387 employees) are:

- "Middle East Region", where the number of staff fell from 446 to 208 (down 238), and "Rest of Asia", with a decrease of 88 staff due to the closure of the construction phases of the LIWA (Oman) and Rapid (Malaysia) plants, respectively;

- "Italy & Rest of Europe", where the number of staff fell from 2,964 to 2,913, with a decrease, in Italy alone, of 51 staff, partly due to greater access to retirement and the expiry of temporary contracts. The fall of 54 employees in the UK company MET T&S Limited relates to personnel employed at sites closed during the period or subject to significant staff reduction due to the Covid-19 pandemic, such as Kima (Egypt), Punta Catalina (Dominican Republic) and Socar Polymer (Azerbaijan). This decrease was partially offset by recruitment by the Group's branches in Belgium, Croatia and Poland;

- "Central & South America Region", with a fall of 12 employees, and "North America Region", with a fall of 6 employees, attributable, respectively, to the completion of the second line of the Punta Catalina project (Dominican Republic) and the reduction of activities agreed with the customer Exxon Mobil on the Baytown project (USA).

On the other hand, the staff increases in the "North Africa Region & Sub-Saharan Africa Region" (+22.7% compared to the end of FY 2019) should be noted, mainly attributable to the start of the construction phase of the KT Kinetics Technology project in Angola and Zcina in Algeria.

Finally, the continual increase of Green sector personnel numbers was confirmed during the period, reflecting the continuation of the Group's investment strategy in this business sector.

Graduates at the Maire Tecnimont Group at December 30, 2020 accounted for 70% of the workforce; the average age was approx. 42.

The gender composition saw a further rise in the presence of women in percentage terms to the end of last year to approx. 21% of the total workforce, confirming the inclusive approach of the Group.

The workforce at 31/12/2020 of the Maire Tecnimont Group, with movements (by qualification and region) on 31/12/2019 (and the average workforce for the year), is outlined in the following tables. The table below outlines the workforce by areas of effective engagement at 31/12/2020 and 31/12/2019, with the relative movements:

Change in workforce by category (31/12/2019 - 31/12/2020):

Category	Workforce 31/12/2019	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2020	Cge. Workforce 31/12/2020 vs. 31/12/2019
Executives	660	16	(35)	5	646	(14)
Managers	2,291	132	(220)	31	2,234	(57)
White-collar	3,137	488	(635)	(36)	2,954	(183)
Blue-collar	259	37	(170)	0	126	(133)
Total	**6,347**	**673**	**(1,060)**	**0**	**5,960**	**(387)**
Average headcount	**6,363**				**6,107**	

(*) includes promotions, changes in category following inter-company transfers / Job Title reclassifications

The classification of the qualifications above does not necessarily reflect the contractual classification under Italian employment law, but corresponds to the identification criteria adopted by the Group on the basis of roles, responsibilities and duties

Changes in workforce by region (31/12/2019 – 31/12/2020):

Region	Workforce 31/12/2019	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2020	Cge. Workforce 31/12/2020 vs. 31/12/2019
Italy & Rest of Europe	2,964	268	(305)	(14)	2,913	(51)
India Region	2,037	59	(96)	14	2,014	(23)
South East Asia and Australian Region	6	0	(2)	0	4	(2)
Rest of Asia	171	8	(96)	0	83	(88)
Russia & Caspian Region	584	234	(222)	(1)	595	11
North America Region	21	8	(14)	0	15	(6)
Central and South America Region	21	1	(13)	0	9	(12)
Middle East Region	446	40	(279)	1	208	(238)
North Africa Region & Sub-Saharan Africa Region	97	55	(33)	0	119	22
Total	**6,347**	**673**	**(1,060)**	**0**	**5,960**	**(387)**

Changes in workforce by operational region (31/12/2019 – 31/12/2020):

Region	Workforce 31/12/2019	Workforce 31/12/2020	Cge. Workforce 31/12/2020 vs. 31/12/2019
Italy & Rest of Europe	2,654	2,712	58
India Region	1,831	1,892	61
South East Asia and Australian Region	23	9	(14)
Rest of Asia	221	100	(121)
Russia & Caspian Region	782	747	(35)
North America Region	24	15	(9)
Central and South America Region	82	13	(69)
Middle East Region	564	285	(279)
North Africa Region & Sub-Saharan Africa Region	166	187	21
Total	**6,347**	**5,960**	**(387)**

Average headcount:

Maire Tecnimont Group	Average headcount 2020	Average headcount 2019	Change
Maire Tecnimont S.p.A.	150	141	9
Met Gas Processing Technologies S.p.A.	0	3	(3)
Neosia Renewables S.p.A.	11	23	(12)
Met Development S.p.A.	4	4	0
Vinxia Engineering a.s. [(1)]	0	6	(6)
MET T&S Limited	132	202	(70)
Stamicarbon [(*)]	178	163	15
Protomation B.V.	14	6	8
Stamicarbon USA Inc.	1	1	0
KT [(*)]	617	567	50
KT Arabia LLC	1	2	(1)
KT Star	2	2	0
KT – ANGOLA (SU) LDA.	22	1	21
Nextchem S.p.A.	41	17	24
MyReplast Industries S.r.l.	29	24	5
Green Compound S.r.l. [(2)]	5	3	2
BIO-P S.r.l.	3	2	1
Tecnimont S.p.A. [(*)]	2,100	2,285	(185)
Tecnimont HQC BHD	58	104	(46)
MT Russia OOO	419	547	(128)
MST S.r.l	72	73	(1)
Tecnimont Philippines Inc.	3	3	0
TCM-KT JV Azerbaijan LLC	73	50	23
Tecnimont Arabia Company Limited	23	35	(12)
Tecnimont Private Limited [(*)]	2,043	1,976	67
TECNIMONT E&I (M) SDN. BHD.	4	5	(1)

Maire Tecnimont Group	Average headcount 2020	Average headcount 2019	Change
Ingenieria Y Construccion Tecnimont Chile Y Cia. LTDA	2	2	0
TPI Tecnimont Planung und Industrieanlagenbau Gmbh	45	44	1
Tecnimont Usa Inc	19	10	9
Tecnimont Mexico SA de CV	0	1	(1)
TWS	1	1	0
Tecnimont Nigeria Ltd	4	1	3
Tecnimont do Brasil-Contruçao de projetos LTDA	5	7	(2)
NEOSIA S.p.a.	25	34	(9)
Cefalù 20	3	18	(15)
Total	**6,107**	**6,363**	**(256)**

(*) Figure also includes Branches and representative offices.

(1) Company placed in liquidation with effect from 01/01/2020

(2) Company merged into MyReplast Industries Srl on 29/12/2020

Maire Tecnimont Group	Average headcount 2020	Average headcount 2019	Change
Engineering	2,929	2,983	(54)
Operations	1,231	1,512	(281)
Remainder Technical Area	870	823	48
Commercial Area	168	154	14
Staff Area	908	892	16
Total by professional category	**6,107**	**6,363**	**(256)**

Maire Tecnimont Group	Average headcount 2020	Average headcount 2019	Change
Italy & Rest of Europe	2,922	2,926	(4)
India Region	2,044	1,977	67
South East Asia and Australian Region	5	4	1
Rest of Asia	116	191	(75)
Russia & Caspian Region	571	655	(84)
North America Region	20	11	9
Central and South America Region	14	22	(8)
Middle East Region	307	500	(193)
North Africa Region & Sub-Saharan Africa Region	109	78	31
Total by region of hire	**6,107**	**6,363**	**(256)**
Of which:			
Italian open-ended	2,497	2,427	70
Italian fixed term	33	82	(49)
Total	**2,530**	**2,508**	**22**

9. Training, Incentives, Organization and Security

Personnel Training and Development

Even in the complex emergency situation that prevailed in 2020, the Group stayed true to the centrality and value that it has always attached to initiatives dedicated to human resources, deploying its resilience and adaptability to redesign the approach to and methods of carrying out training and development activities promptly and effectively. This prompt reaction - enabled in part by the availability of advanced digital and social collaboration tools already largely in use within the Group's ongoing digitalization process and MET Academy project - also made it possible to ensure the continuity of the relevant activities by re-planning the processes and adopting e-learning extensively. The institutional training catalogue was, in fact, fully and promptly virtualized, including courses to be attended online, and ensuring high levels of interactivity even for remote participants. This full-digital approach allowed 5,470 hours of training to be provided in project management and 42,900 in the specialist technical area, which continued to benefit from a considerable investment in terms of the number of training hours, due in part to the initiatives in pursuit of technical certification under local law addressed to employees based at construction sites in Russia. In addition, ad hoc courses were offered in soft skills, which due to the growing focus on the specific culture of the various countries of reference in which the business is present represent a further test of the company's attention and commitment to sustainability issues.

The new online training campaign was launched in view of the ongoing digital transformation plan - which inevitably ties into the crucial importance of the broad focus on the topic of cyber security and informed use of information technologies to identify and counter potential risks stemming from their use and facilitate the spread of a robust company IT security culture - and the extension of flexible working conditions to the entire company population in response to the pandemic. This training process - made available to the entire Italian and Indian company population, with a plan to extend it to all Group personnel soon - was considerable in terms of both the content and issues dealt with and the scope of the company personnel affected (4,312 participants and a total of 43,000 hours of training provided).

The initiatives carried out during the reporting year, in the specific case, also include the Group's digital transformation process, the continuing training efforts relating to the Digital Advantage program, the goals of which include further reinforcing and extending digital expertise, such as skills capable of facilitating the management of flexibly held initiatives. It was with this in mind that a new training process was designed and implemented to train selected individuals - across the various professional families - for the role of Scrum Master, i.e. facilitator of the flexible approach capable of stimulating team productivity and promoting the development of innovative solutions and working methods, leading to the certification of 17 Group professionals in these skills.

With a view to promoting the values of sustainability and in reference to company initiatives relating to local content, the Group Development & Compensation Function participated in designing and developing an Innovation Hub for knowledge-sharing and the acquisition of key skills for growth by exchanging knowledge gained by the Group and the supply chain. This project is part of the broader memorandum of understanding between Maire Tecnimont and Cassa Depositi e Prestiti (CDP) known as the Growth Program project involving specific initiatives dedicated to the industrial and financial development of the suppliers involved. This initiative will focus on a number of themes of interest to the Group and the champions identified and will exploit the principles of open innovation, creating opportunities for dialogue and mutual upskilling in view of ongoing development and cooperation to identify opportunities to create value for the participants. The program will be developed in workshop format with downloads and uploads between champions, industrial experts and Maire Tecnimont company testimonials, which will facilitate dialogue and act as innovation accelerators.

In other Open Innovation developments, as part of the broader, more structured partnership with Open Italy, in 2020 Maire Tecnimont promoted the participation of a dozen figures identified with various professional backgrounds in the "Share Your Talent" program to train them as mentors, allowing them to gain a specific professional skill that enables them to transfer know-how and foster the creation of innovation amongst the Italian start-ups identified.

The programme "BE ADAPTIVE! Working Smart at the Maire Tecnimont Group", which has been fully in place for employees based at the Milan office for some time and has been significantly accelerated at the Group's other offices following the occurrence of the emergency situation, saw the completion of the deployment and training phase for the entire company population meeting the requirements.

With specific regard to development activities during the period, within the framework of the broad process increasing harmonization and uniformity of company process, work continued on the project to integrate and harmonize the performance assessment process (Employee Performance Commitment) at the Group's various Italian and international companies, with its deployment within the subsidiaries Stamicarbon B.V., Tecnimont USA Inc, Met T&S Limited and the legal entities based in Azerbaijan and the Middle East (United Arab Emirates, Saudi Arabia and Oman), involving almost all employees meeting the necessary requirements.

To make the most of the potential of digital and the training and development avenues in pursuing business objectives, a specific training process was designed and promoted in 2020 for various young people. This process is set to continue with the holding of digital workshops in which experts from within the company will participate, dedicated to topics of great current interest and relevance to the Group, such as the digital transformation, green acceleration and in-country value. This initiative is intended to be an important opportunity for inclusive, intergenerational sharing on the key topics of innovation, resilience and entrepreneurship.

The commitment to promote a culture of health and safety among home office staff translated into 12,523 hours of training provided to a total of 4,635 participants. Of this total number of hours, 3,380 hours were devoted to specific information sessions on the subject to prevention and protection within the COVID-19 pandemic scenario provided to 2,566 participants. These sessions sought to reinforce adequate policies and behavior to be adopted at the Group's offices and to circulate all additional legal updates and provisions as needed.

In addition, in concert with the relevant supervisory authorities, training was provided regarding Legislative Decree 231/2001, the Maire Tecnimont Group Ethics Code and Organization, Management and Control Model of the Parent Company and Italian subsidiaries, reaffirming the importance attributed by the Group to implementing an adequate, timely training programme for personnel on compliance issues.

With regard to Regulation (EU) No 2016/679 ("GDPR") on the processing of personal data, the Group continued the process of increasing compliance of its internal and training processes for further consolidation of the imparting of the relevant knowledge and best practices, including through ad hoc training initiatives.

Finally, where possible, the Company provided training courses for the various types of initiatives described above, financed by the main relevant inter-professional funds, by agreement with union representatives, and in compliance with the latest directives designed to tackle the COVID-19 emergency.

COMPENSATION AND INCENTIVES

In 2020, in continuity with previous years, Maire Tecnimont maintained the strategic guidelines of its Remuneration Policy, as set out in the "2020 Remuneration Policy and Report" approved by the Board of Directors on March 11, 2020 and by the Shareholders' Meeting on April 30, 2020. This Report reflects the changes brought on by the Shareholder Rights Directive II, the new Corporate Governance Code published on January 31, 2020 and the amendments introduced to Article 123-*ter* of the CFA by Legislative Decree No. 49 of May 10, 2019 designed to reinforce efforts to attract and retain personnel with the skills and professional qualities required to pursue the sustainable, long-term success of the Company and Group.

The motion by the aforementioned Shareholders' Meeting, for the Conversion of the 2019-2021 Long-Term Incentive Plan (LTI) and the adoption of the 2020-2022 LTI Plan, the 2020-2022 General Share Plan and the 2020-2024 NextChem Investment Plan, was adopted in pursuit of this goal.

However, in view of the particular global economic and social picture emerging in the reporting year, the Company decided to accompany the implementation of is Remuneration Policy with attentive efforts to contain compensation and incentive programs, an integral part of the broader plan to optimize overhead costs launched by the Company early in the year. Within this framework, on May 7, 2020 the Board of Directors of Maire Tecnimont, in pursuit of the Company's long-term interests, the sustainability of the Group's activities and competitiveness on the market, resolved not to execute the 2020-2022 LTI Plan and to suspend, for the reporting year, the assignment of objectives relating to monetary short-term incentive plans (known as "Management by Objectives - MBO") by adopting an approach that sets it apart from other companies in similar business sectors."

It should be noted that, following a top management initiative that was positively received by the Remuneration Committee, the aforementioned Board of Directors' meeting of May 7 also resolved, as a precautionary measure, to suspend assignment to Beneficiaries of the Shares awarded under the 2017-2019 Restricted Stock Plan.

That same session of the Board also decided to proceed with implementation of:

(i) the Conversion of the 2019-2021 LTI Plan from cash to equity - to align the management's interests even more closely with those of the Shareholders in terms of the creation of sustainable, long-term value for the Company, by approving the Regulation of the Converted Plan at the session of July 29, 2020;

(ii) the new 2020-2022 General Share Plan, in reference to the previous positive experience with the Plan approved for the three-year period 2016-2018, which confirmed the intention of continuing to identify incentive mechanisms that foster the participation of the broad base of employees in achieving the company's objectives and increasing value in the long term by strengthening their motivation, their sense of belonging and loyalty for the successful completion of the ongoing development process. The Plan, which calls for the award of Maire Tecnimont shares free of charge upon the achievement of certain consolidated financial performance results, met with a participation rate of over 96% for the First Cycle (2020), bearing witness to the employees' deep appreciation for the initiative and the soundness of the reasons that led the Group to decide to implement it in such unusual times;

(iii) the new Investment Plan based on financial instruments issued by the Subsidiary NextChem, designed to support the Group's Green Acceleration project, a strategic process intended as an effective, efficient response to the challenges posed by the new market dynamics with regard to the evolution of the energy and chemistry business, within an industrial framework increasingly oriented towards an ESG-driven vision and a sustainable development approach within a circular economy context. The Plan's main focus is on NextChem's business and development initiatives and it is addressed to Maire Tecnimont's Chief Executive Officer and General Manager as well as selected senior executives and key Group personnel identified, who it is believed may contribute significantly to the aforementioned project's success.

Despite the constantly evolving global situation caused by the COVID-19 emergency and its impact in the reporting year on the company, the Group paid in the year the bonuses arising from completion of the 2019 incentive plans (MBO and project bonuses) for Senior Executives and other key personnel identified within the department structures and/or on operating projects, electing to continue its recognition efforts. In addition, in accordance with current union agreements, the participation or results bonuses based on financial year 2019 were also disbursed, were applicable, and approval was granted for the attribution of the portions of flexible benefits from the MAIRE4YOU Plan for the same period.

In 2020 the Parent Company continued to provide ongoing direction and support to the Group companies, drawing up the Remuneration Policy strategic guidelines which recognize talent and strong performances, aligning remuneration levels to criteria of internal equity amongst organizational positions and competitiveness with respect to the markets of reference, and promoting and coordinating specific projects focused on maintaining even deeper knowledge of the local contexts and their respective remuneration policies. In further response to the particular situation that arose in the reporting year as a result of the pandemic, in addition to agreeing with the various Group companies to suspend incentive systems, Maire Tecnimont also led the operating companies in the effort to contain the Remuneration Policy budgets and focus on compensation processes for specific professional areas particularly exposed to possible expressions of interest from the main competitors and/or that stood out for performance levels far exceeding expectations.

SYSTEM QUALITY

As a further sign of the Group's significant, constant commitment to IT security and proper information and data management, and in view of the constantly increasing digitalization of the work processes and solutions proposed to the market, during the reporting year Maire Tecnimont S.p.A and the Italian subsidiaries Tecnimont S.p.A. and KT - Kinetics Technology S.p.A. obtained certification of conformity of the Information Security Management System in accordance with the international standard ISO/IEC 27001:201, which is planned to be progressively extended to all Group companies.

In addition to the Policy and Manual, the System's structure includes Group Standards and Procedures specifically dedicated to the ICT and compliance areas in accordance with GDPR requirements; in particular, Standards were implemented a) for cryptographic controls (STDGR-304 "Cryptographic Controls"), ii) the classification of information by parameters of confidentiality, integrity and availability (STDGR-303 "Classification of Information") and, finally, iii) for the consequent risk analysis (SDTGR-1001 "Information Security Risk Management").

The following Group procedures were also issued: PRG-310 "Logical Access Control", PRG-313 "Asset Management", PRG-314 "ICT Change Management", PRG-315 "Vulnerability Management and ICT System Updates", PRG-316 "ICT Incident Management", PRG-318 "Software Qualification" and PRG-319 "Back-up and Restoring of Data and Application".

More generally, within the framework of the process of revising and updating the document system to identify common operating guidance and guidelines at the Group level, mention should be made of: i) the Group Standard concerning the application of the provisions of European directives regarding the CE marking of products (STDGR-811 MET Group "CE" Marking Guidelines) and ii) Procedures referring to Group financial planning (PRG-007 "Group Financial Planning") and advance financial assessment of potential suppliers/sub-contractors (PRG-010 "Financial Assessment"). Moreover, supplementing the relevant provisions of the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001, the new Procedure PRG-013 "Management of Supplier/Construction Subcontractor Bank Account Details", designed to enhance the existing preventative measures with regard to the commission of fraud in the processes of payment of suppliers/subcontractors (STDGR-002 "Payment Fraud Prevention Handbook"), is added.

We also indicate the systematic supervision of the procedures of operating companies, designed to ensure increasing uniformity and optimization of processes and operating methods through the definition of activities, roles and shared responsibilities.

Finally, during the period certification of compliance with the existing Quality Management Systems (ISO (9001 and ISO/TS 29001, where applicable) was maintained at the Group's various operating companies, along with the pertinent SOA (Italy) and/or SRO (Russia) certifications.

ORGANIZATION

During the reporting period, appropriate support and attention continued to be provided to company departments, processes and projects, acting in synergy and collaboration with the functions involved in each case, to design and develop solutions and organizational measures that ensure a swift, effective response to market and business development, the relative alignment of the organizational structure and operating models and, finally, optimal operating efficacy and efficiency. The most significant activities during the period were:

Parent Company Maire Tecnimont S.p.A.

- Administration, Finance and Control Department: the formation of the new Group Planning, Control & Contract Management Department, reporting directly to the Chief Financial Officer, which includes the functions of Group Project Control, Contract & Subcontract Management and Group Planning & Control, and ii) the new organizational structure of the Group Project Control, Contract & Subcontract Management organizational structure, with the introduction of the new functions Group Contract & Subcontract Management and Group Project Control;
- Human Resources, ICT and Process Excellence Department: in view of further enhancement of coverage of digital activities: i) the formation of the new Digital Portfolio Management function within Group Organization, ICT & System Quality and ii) la the formation of the new Group Performance

Improvement & Supply Chain Digitalization function, within Group Performance Improvement & Supply Chain Excellence;

- the Internal Audit function: the update of the new areas of competence within (Compliance Audit, Financial & Operational Audit and IT Audit);

- the revision of the Group Finance organizational structure, with the establishment of the following functions: i) Capital Markets & Venture Capital (responsible for managing the Group's capital markets transactions); ii) Financial Tools & Reporting, responsible for coordinating the process of developing and implementing applications in support of finance processes and preparing the relevant reports; and iii) Structured Finance & Special Transactions, formerly Special Transactions, responsible for managing the Group's structured finance transactions and analyzing and developing the financial feasibility of business development transactions;

- the redefinition of the organization of Group Institutional Relations, Communication & Sustainability (formerly Institutional Relations & Communication) to ensure even more effective, uniform management of the relevant activities and enhance the process of providing guidance, coordination and monitoring of the Operating Companies. To this end, the following functions were created: Group Brand Marketing & Digital Communication, Group Communication, Group Institutional and International Relations & Clients Assistance, Group Media Relations and, finally, Group Sustainability;

- the formation of Group Export Compliance Management (with the Group Project Control, Contract & Subcontract Management Department) to manage and monitor activities relating to export compliance rules for the entire project life cycle, operating in close coordination with the newly formed International Regulations Management (within the Legal Affairs and Contracts Department), which supports the appropriate support for operating project requirements;

- the formation of the "Merger & Acquisition" Committee, which involves the top management of the Parent Company, so as to identify and assess inorganic growth options, mergers and acquisitions and divestments, in addition to assessing opportunities for developing the business model and formulating and implementing corporate and business strategies.

Operating Companies

Of particular note is the organizational consolidation through the revision of the structure of NextChem S.p.A., an Italian subsidiary dedicated to the management of green chemistry initiatives and a key player in the Group's green acceleration project. This comes as part of the broader strategy to incorporate technology more into the business and focus more on energy transition and green investments;

- In the case of Tecnimont S.p.A., mention should be made of i) the creation of the new Project Control Department organizational structure, with i) the formation of the new Project Cash Flow Interface with Finance function to collect relevant information to monitor the cash flow of the company's projects; ii) allocation of the Project Control for Services Project and Workload functions as reporting directly to the Project Control Vice President; iii) the formation, within Planning Services and Cost Control Services, of the groups Planning Tools, Document Control Tools and Cost Control Tools, to support users in the use of the specific systems; iv) the allocation, within the framework and under the responsibility of, Construction & Subcontracting, of Construction HSE and Construction Quality, for both home office and site activities; v) the reorganization of the Integrated Projects Department to capitalize on the knowledge gained in the integrated management of projects with particularly significant characteristics or size, while also leveraging and developing in-country value; vi) the formalization of the Material Supply Management function with Material Supply & Subcontract Management to implement and support Procurement teams in projects relating to the application of proper methods of managing contracts with suppliers and, finally, vii) the formalization of the organizational structure of the subsidiary Tecnimont USA;

- With regard to KT Kinetics Technology S.p.A., to ensure constantly greater consistency with the Group's model, a) the formation of the Contract & Subcontract Management Function (composed of Claim Management, Contract Management and Material Supply & Subcontract Management) and b) the allocation of the Project Control Department as reporting directly to the Chief Executive Officer (with the resulting closure of the Project Control & Contract Management Department).

GROUP PERFORMANCE IMPROVEMENT & SUPPLY CHAIN EXCELLENCE

During the reporting period, characterized by the restrictions on movement associated with the emergency situation, the Function focused its efforts on ensuring the continuity of operating activities, providing support in terms of coordination, governance and optimization of the performances and processes of the entire EPC cycle, through attentive, rigorous selection of the supplier chain, constant monitoring of the situation and flexible logistics management. The Function also collaborated in identifying and developing local supply chains, conducting increasingly effective, broad scouting, qualification and assessment of the performances of vendors in the countries of interest to foster a strategic approach for the Group to its supply chain and category plans, with a in view to the increasing consolidation of local content and the supply chain. The activities dedicated to developing in-country value (IVC) as part of the project of the same name also fall within the Group's broader sustainability strategy, designed to maximize and exploit the opportunities relating to investments and development of the local supply chain discussed above and to contribute to the development of a "glocal" operating model for the Group's supply chain. This model is designed to achieve even more efficient use of global and local supply markets based on strategic initiatives that optimize total costs and formulate and implement a programme to develop and support the Italian chain of small and medium enterprises (SMEs), in partnership with a leading Italian financial institution, Cassa Depositi e Prestiti (CDP), through initiatives proposed by selected and/or strategic suppliers for the Group, in addition to workshops which promote knowledge-sharing.

Mention should also be made of the active participation in cost containment launched by the Group in the first quarter of the year in response to the health emergency, in addition to the customary support - which was stepped up during the period - for the coordination of activities relating to the G&A Project to optimize the related costs. Collaboration in the saving programme is divided into identification of potential efficiencies, reduction of indirect costs, G&A and professional services, and, finally, initiatives to renegotiate contracts in place with suppliers.

Finally, with regard to the Group's digitalization process, the new "SupplHI" platform was introduced as an integrated system in support of Qualifications, designed to increase local supplier pools in support of projects in strategic regions - part of the E2Y e-procurement programme, and it also made available an integrated new system for even more effective anti-terrorism control, further reinforcing the efficiency and visibility of results. This new platform enables standardization and management for the Scouting, Qualification and Performance Evaluation campaigns.

SECURITY

During the reporting year, the normal communication, support and direction activity was guaranteed for the various managerial and operating company departments both in terms of the general Corporate Governance system and the management of "critical" and/or potentially "critical" situations, including in view of the socio-economic scenario created by the pandemic, for operating sites and projects.

The health and socio-political-economic conditions in countries of interest for the Group were also carefully monitored and reported to senior management and the heads of the companies involved, ensuring adequate security, including for employees where necessary.

Further to the above, and with regard to the impacts generated by the COVID-19 emergency on the mobility of both Italian and international employees located outside their countries of residence, the department constantly monitored health security conditions and the assessed possible repatriation solutions.

10. Industrial Relations

Throughout 2020, the company's management intensified the already regular, constructive relations with labor union counterparties, providing constant information and updates on the management of the pandemic emergency and the related containment measures as adopted in view of the progression of the epidemic and the relative provisions circulated by the competent authorities.

Company management promoted dialogue with the union organizations (labor unions and union representatives) of the various segments of interest, also involving the Coordinator of Company Doctors i, where appropriate, so as to identify and formulate the operating instructions currently applicable to the company, safeguarding worker health and safety, in addition to company business continuity. In particular, it was planned to extend remote working to all the Group's workers, in Italy and internationally, and the temporary closure of workplaces was ordered to contain the spread of the virus in accordance with, and in some cases in advance of, the applicable provisions from the competent authorities. In the second half of 2020, in further accordance with the applicable occupational health and safety rules, work activity definitively resumed in offices and the programme "Be Adaptive! – Working Smart in Maire Tecnimont Group" was re-activated.

The experience gained during the Italian lockdown period stimulated further inquiry and debate with the unions regarding the flexible-working programme applied within the Group, which resulted in the circulation in November of a New Regulation and the launch in India, Russia and Holland of analyses in view of the upcoming adoption of this programme also in the countries concerned.

Also noteworthy during the period is the introduction of a new voluntary solidarity mechanism (the COVID-19 Holiday Leave Support Fund), formulated in concert with union representatives to support employees whose duties were suspended owing to the restrictions on international movement imposed by the various countries in which the Group operates and/or whose working activity is objectively compatible with working remotely. This mechanism allowed all employees to contribute to this Fund by donating a quantity of accrued, unused holiday leave. In October, 1,386 days of holiday leave with a total value of around Euro 283,000.00 were assigned to 32 employees thanks to the Holiday Leave Support Fund.

It should also be noted that, due to the decline in business as a result of the health emergency, some of the Group's Italian companies (such as the subsidiaries MST S.r.l. and Neosia S.p.A.) temporarily suspended their activity. In fact, seizing the opportunity offered by the "Save Italy", "Relaunch" and subsequent decrees, they and labor union representatives agreed to apply to the Temporary Lay-off Scheme for a total of 76 employees, supplementing the Extraordinary Temporary Lay-off Scheme benefits to reach 100% of the employees' salaries and planning for those affected to return to work once their activities resumed.

In November, the departments of the subsidiaries Neosia S.p.A. and MST S.r.l. announced that they intended to proceed with a merger by incorporation with the transformation of the incorporating company MST S.r.l. into an S.p.A. (joint-stock company) in order to create a single corporate structure capable of offering a wider range of services to the market. Accordingly, consultations with the labor unions of the departments (Construction and Mechanical Engineering) were launched and completed by the legal deadline in order to determine the relevant methods of transferring 22 workers on a continuous employment basis. Finally, it should be noted that in this regard that in the second half of the reporting year the management of MST, the unitary union representatives and the labor unions of the Rome mechanical engineering department formed a roundtable to produce a Supplementary Contract intended to establish regulatory uniformity with respect to the Group's other Italian companies.

11. IT Systems and General Services

Also in the year under review the Department ensured the monitoring under within its scope, flanking the planned activities with the management of the contingent emergency situation and concentrating its efforts on the priority need to preserve the safety of people, productivity and business continuity, both in offices and at operating sites.

The emergency situation has tested - with good results - and significantly accelerated the implementation, which had been underway for some time, of the company's program of digital transformation of its activities and related processes, with major investments that have in fact brought on stream an advanced technological platform. This platform has made it possible to maintain normal working operations, even remotely, in the various geographical areas involved in the Group's business, enabling collaboration between employees, partners and stakeholders and avoiding criticalities.

The investments in cloud computing and the cutting-edge hardware and software suite enabled the main company processes to be handled remotely and virtually and permitted effective coordination of the home office and project teams based in the various countries.

The investments in technology made to make widely available to the company population flexible working methods in fact proved decisive in facilitating and enabling them to be extended on a massive scale, quickly and successfully, including to the Group’s international offices, such as those of the Indian subsidiary in Mumbai and the branches in Moscow, Cairo, Algiers, Kuala Lumpur, Mexico, Houston and Baku. At the construction sites, remote work was enabled for those in Haor, Kallo, Kima, Omsk, Baytown and Amursky during the respective lockdown periods. At the latter site in particular, advanced remote collaboration tools (e.g., smart helmets integrated with Teams) were tested and introduced and their use was then extended to other sites (e.g., Omsk, Batang, Haor, Borouge, PP5 and KT Ina Croazia and Buras), which made it possible to provide remote assistance for construction activities. Mention should also be made, with regard to the new project Bir Seba II Algeria, of the use of already tested collaboration tools, which made it possible to start up the project even before the physical task force was formed and which provided access to a virtual environmental shared with the customer. Finally, mention should be made of the Kallo Borealis and Volgafert sites.

Supporting technology thus played a crucial role in rising to and overcoming the challenges for the period, once again confirming the value and adequacy of the vision and the strategic decision to invest in the best, most advanced technologies available. These investments – during a period shaped by the digitalization of communication and severe restrictions in terms of social distancing and travel – proved fundamental to ensuring continuity and high levels of performance, safety and quality of services rendered. Crucial in this regard have been the choice of cloud services from the world's leading providers and the migration to Microsoft's O365 suite, which allow access not only to data in office-free mode, but also enable the full use of collaboration tools, both of which are essential to maximizing the effectiveness of remote working.

The digitalization process, which also includes various project streams designed to revise and optimize fundamental business processes, continued with the following releases: a) BIM and design collaboration systems among engineering disciplines focused on 3D facility models; b) evolution of already developed feasibility analysis and workfront formulation features for construction companies (AWP); c) adoption of the “Material Control Tower” system, which enables complete control of the material supply chain and the system for verifying the expediting and inspection phases; d) implementation of apps based on data science tools for managing tenders and project materials purchases; e) implementation of i) a platform for managing HSE activities to increase the efficiency of managing work permits and, more generally, efficacy of risk and incident management procedures and ii) a platform for recording and qualifying suppliers and extending the new document management model to all projects of the subsidiary Tecnimont; f) the development of systems for remote collaboration between various operating centers (office, site and supplier) involved in executive projects; g) an EW@ system for: i) tendering 2.0 in support of construction in managing RFQ processes and ii) a new integration solution for the centralized management of quotation processes for construction proposals, input with data from the engineering design phase and, finally, h) RPA (robotic process automation), with the release of robots in the following areas: Expediting and Inspection, Layout & Piping Materials & Piping Classes, Document Control/Engineering, Project Control and Construction.

The digital transformation also extended to i) management of lessons learned by developing and testing a dedicated tool that engineers information-gathering, thus making it more efficient to consult and exploit it in order to achieve increasingly positive results in using previous experience and ii) dematerializing approval processes such as, for example, PSR, budget deviations and change of cost centers, thus rendering the entire authorization process paper-free.

Turning to an analysis of the activities during the period related to application management, with regard to the SAP S4/Hana environment, the following were released: i) SAP GRC (for managing the provisioning/deprovisioning of users from an SOD perspective; ii) the MySAM system (in collaboration with Organization, which exploits the new SAP S4/Hana capabilities relating to managing and creating approval workflows and enables workflows to be managed from all assigned company devices, autonomously and efficiently); iii) the new shipping invoice feature (within the framework of material transport, which simplifies the loading of data and expedites the generation of transport documents, thereby reducing possible manual loading errors; iv) the features in support of the process of managing suppliers’ bank details (based on managing time-sensitive data and approval flows designed to render payments secure) and, finally, v) the new SAP HSE solution (in support of HSE site processes, on the ANWILL project, for digital management of permits to work and incident and risk processes).

Mention should also be made of the releases i) of the new platforms for a) vendor management, for managing master data, and for the qualification processes, for simplifying and optimizing the processes by supplementing the technology platform with dedicated market services for master data control. This platform is integrated with the already released feature in support of the process of managing bank details, which by enabling suppliers to enter their information directly minimizes the risk of allocation errors and potential fraudulent corrections of sensitive information; b) treasury for the Middle East, based on innovative technology and processes, exploiting international standards and further increasing the level of security of the end-to-end process; and c) in human resources, in support of the process of gathering information useful in determining the labor cost budget for all Group companies, in view of progressive harmonization and optimization of the process.

With regard to the Piteco system, attention should be drawn to the installation of the "Letters of Credit" module, intended to become the single repository for Letters of Credit produced by Group companies; in addition, the transition of the Project Object/Prometeo system in the Project Control environment was concluded.

In addition, further releases were rolled out for the SAP Global HR system in the Time environment, along with additional roll-outs to the Group's legal entities (Green Compound S.r.l., merged into Myreplast Industries S.r.l., KT Croatia Branch, BIO P S.r.l., Turkey Branch and KT Bulgaria, KT France Branch, MyRechemical S.r.l.). In business intelligence, mention should be made of new dashboards for HSE monitoring and the system for exporting QPL data to project WBSs.

The reporting year included, as an enabling factor for full application of flexible working conditions and a facilitating factor for the implementation of regulations designed to ensure social distancing, the release of the app "IoT4MET" for daily reservations of workstations, parking spaces and canteen spaces for dining. Almost all workstations were made "fluid", i.e. no longer permanently assigned to employees, but to be reserved as a condition for access to Italian office locations. The app is capable of adapting workstation availability in terms of overall number, distribution and logistical structure, in accordance with applicable health rules, in addition to enabling presence-tracking in order to be able to respond promptly to any requests for information from the Company Doctor.

General Services activities were also significantly shaped by the pandemic emergency in terms of the relevant collaboration in preparation for plans for the return of personnel following the lockdowns, identification of new mandatory entrance and exit routes, installation of instruments for measuring body temperature - automated at the reporting date at nearly all locations - and, most recently, implementation of the influenza vaccination campaign dedicated to the Group's Italian employees.

At the Milan office, work continued on optimizing spaces, with the set-up of additional office levels according to a smart desk approach with smartlockers that make it possible to deliver documents, materials and company IT equipment while avoiding interpersonal contact, in accordance with the recommendations for containing the pandemic.

Finally, General Services was also committed to managing the return of employees on secondment to international offices during the various phases of the COVID-19 pandemic, as well as to ordinary activities and optimization of services, along with the related costs, such as renegotiation of telephone contracts, revision of short- and long-term car rental and leasing contracts and, lastly, the revision of agreements with airlines and train companies for managing company travel and adjustments to the applicable rates.

12. Health & Safety

The Maire Tecnimont Group is committed daily to promoting workplace safety, environmental protection and individual wellbeing. We pay constant attention to creating and maintaining a positive work environment, in which people can work safely, be aware of residual risks and environmental impacts that their work may entail, have the opportunity to cooperate and share work and personal experiences, and grow professionally together with their colleagues.

For the Maire Tecnimont Group, as an EPC Contractor, people distinctive value. For this reason, risks to the health and safety of employees in offices and construction sites are subject to constant monitoring and mitigation measures.

Individual safety and protection are thus not just a priority, but a fundamental value that each of us puts into practice in his or her daily activities, day after day. We are committed to increasing the engagement of our colleagues, customers and subcontractors, because HSE is a value in which all of us need to believe and with which we must identify. The challenge of our journey is to "humanise" HSE.

The Group – which strives to prevent accidents and mitigate its impacts on the ecosystem – is thus committed to providing working environments, services and industrial facilities that satisfy applicable legal requirements and the highest health, safety and environment standards, by promoting a "safe workplace" and environmental protection, throughout all areas of its operations and all stages of execution of a project, at both its offices and construction sites.

The HSE Policy lays down the principles, goals, targets, roles, responsibilities and management criteria essential to managing HSE issues. These goals and targets are circulated to Group companies by the top management and pursued with the involvement of all personnel in each activity during the engineering, procurement, construction and commissioning stages of our projects. Constant, intensive monitoring and periodic audits within the organization are conducted by internal HSE auditors and certified external entities in order to ensure actual compliance with HSE obligations.

Training is essential to creating value for our stakeholders and to constantly developing the professional skills and abilities of all of the Group's employees. Intensive training programs are planned which include specific courses to improve their knowledge of health, safety and environment issues, personalized to suit each employee's role and responsibilities. Training is also key to preventing accidents at construction sites.

In the past three years, over 7 million hours have been dedicated to HSE training courses. The ratio of HSE training hours to hours worked on construction sites was 2.52% in 2018, 2.45% in 2019 and 2.91% in 2020. Despite a decrease in hours worked, this ratio increased, bearing witness to the effort and commitment devoted to these issues.

Regarding office and site personnel of the entire Maire Tecnimont Group, the average training hours received per employee on topics of HSE, Social Accountability and Project Quality were 13.8 hours in 2018, 11.9 hours in 2019 and 7.2 hours in 2020. The fluctuations seen in absolute values related to the cyclical nature of the training campaigns conducted over the years and the reduction in hours worked in 2020. All workers of subcontractors working on the Group's construction sites also receive training on health, safety, environmental and human rights issues.

The numbers are significant and indicative not only of the adoption of proper methodologies and great commitment but also the awareness and engagement of all those who take part in our activities.

Within this framework, in 2018 we launched a five-year plan to identify a new approach to HSE culture, not limited at the individual project level, but comprehensively addressed to general empowerment of HSE awareness within the Maire Tecnimont Group. The "HSE Awareness Program" takes the form of a series of initiatives, all springing from this single goal, according to a multi-stakeholder approach. One year from the launch of the programme, a number of activities have already been launched and developed, meeting and exceeding the challenging goal of creating the innovative "Safethink" brand as a basis of the new shared HSE culture and identity. Since 2020 we therefore raised our objectives, enhancing and revamping the Programme: the Maire Tecnimont Group is committed to reinforcing this culture through a deeper humanization programme that promotes the engagement of all employees and stakeholders and ensures that the new HSE vision is applied by each of us in all of our activities. From this perspective, the "Safethink" brand was developed to become the cultural foundation of our awareness programme and the core around which all the program's initiatives are built. Despite the critical situation experienced in 2020, we responded with complete resilience, continuing our journey by adapting and tailoring our objectives to the emergency situation. Not only did our activities thus never stop, but we indeed had to step them up to maximize the focus on prevention and protection of individuals.

HEADQUARTERS PERFORMANCE

The Hydrocarbons business unit, at Group headquarters, worked a total of over 23.5 million hours in the last three years. Including branches, the hours worked were 7,298,596 in 2018, 8,063,986 in 2019 and 8,232,473 in 2020.

Accidents numbered four in 2018 (with 127 lost working days), four in 2019 (with 116 lost working days) and zero in 2020. According to the OHSA, the Lost Time Injury Rate (LTIR) declined in the three reporting years, coming to 0.110 in 2018, 0.099 in 2019 and 0 in 2020. The same decline was also seen at the level of the Total Recordable Injury Rate indicator according to the OHSA, coming to 0.137 in 2018, 0.149 in 2019 and 0 in 2020.

In Italy, as per national legislative provisions, commuting accidents away from company sites are also recorded. Over the past three years, commuting accidents for the Group's Italian companies were 17 in 2018, 9 in 2019 and 3 in 2020.

The Green business unit reports a total of over 0.48 million office hours worked over the last three years. In particular, office working hours numbered 187,268 in 2018, 105,161 in 2019 and 88,829 in 2020.

One accident was recorded in 2018 (with 50 lost working days), zero in 2019, and one in 2020 (with 53 lost working days). The Lost Time Injury Rate (LTIR) index, according to OHSA, was 1.068 in 2018, zero in 2019 and 2,252 in 2020. The same trend was seen for Total Recordable Injury Rate indicator, according to the OHSA.

Over the past three years, commuting accidents for the Green Energy business unit were three in 2018, with 200 lost working days, and none in 2019 and 2020.

SITE PERFORMANCE

For the Hydrocarbons business unit, the Group adopts the main performance indicators of US Occupational Safety and Health Administration (OSHA) and International Association of Oil & Gas Producers (IOGP) standards for monitoring, identifying improvement areas and promoting a committed approach to workplace HSE.

Over the last three years, on-site work hours of the Hydrocarbons business unit of Maire Tecnimont numbered over 272 million.

The following table presents the main safety indicators for the Maire Tecnimont Group on the basis of the IOGP criteria.

Hydrocarbons safety indicators according to IOGP			
	2018	2019	2020
Site hours worked (employees+subcontractors) – mln	129.9	103.9	38.7
Lost time injury rate - LTIR[1]	0.015	0.096	0
Total recordable injury rate - TRIR [2]	0.062	0.317	0.077

[1] Lost Time Injury Rate (LTIR) is the number of injuries resulting in an absence from work of at least one day, divided by the hours worked in the year multiplied by one million. The LTIF indicator considers fatal accidents and injuries with lost days.

[2] Total Recordable Injury Rate (TRIR) is the total number of injuries recorded, divided by hours worked in the year multiplied by one million. The TRIR indicator considers: fatal accidents, injuries with lost work days, events limiting working activity, events requiring medical care.

The values and trends established by these indicators are periodically compared with international benchmarks, such as those provided annually by IOGP for EPC (Engineering Procurement & Construction) contractors.

The IOGP figures for 2020 are not yet available (as the benchmark figures will be published in Q2 2020) and the Group will therefore maintain the same 2019 benchmark figures also for 2020.

In 2020 the Group recorded 38.7 million hours worked LTI-free for the Hydrocarbons BU. This bears witness to the strong focus on health and safety issues, an aspect documented by an average injury rate (LTIR) constantly below the industry average, with a peak performance of zero injuries in 2020. In addition, if the same reference data are kept for 2020 as in 2019, the TRIR indicator was 9 times lower than the benchmark.

The analysis of the trends in recent years bears out the commitment to excellence in accident prevention within the Group: our values remain consistently well below the IOGP benchmarks with a decline over the last five years. No fatal accidents were recorded in 2020.

The Green business worked a total of over 4.6 million hours in the last three years. Site working hours, including employees and subcontractors, totaled over 2.685 million in 2018, over 1.501 million in 2019 and over 0.45 million in 2020.

Reportable accidents calculated per 1 million hours worked were as follows for the Accident Frequency Index (INAIL) and per 1,000 hours worked for the accidents gravity index (UNI: 7249).

- The Lost Time Injury Frequency index[3] was 12.29 in 2018, 6.66 in 2019 and 4.39 in 2020;
- The Injury Severity Index[4] was 0.128 in 2018, 0.353 in 2019 and 0.127 in 2020.

In 2020 the Injury Frequency Index declined by one and a half times on 2019, whereas the Injury Severity Index was reduced by nearly three times.

In accordance with Article 5, paragraph 3, letter b, of Legislative Decree 254/2016, the Group prepared a consolidated non-financial statement as a separate report; pursuant to Articles 3 and 4 of Legislative Decree 254/2016, the 2020 Sustainability Report, published on the company website at www.mairetecnimont.it., in the “Investors” section, constitutes the Non-Financial Statement, which should be consulted for additional details regarding health and safety activities.

13. Innovation and Research & Development

Technological advantage is considered a key strategic asset for the Group, mainly advancing its innovation strategy and protecting the portfolio of developed patents and technologies.

In addition, the Maire Tecnimont Group relies on its wealth of intellectual property and technological expertise to develop new commercial projects and new alliances regarding technologies and licensees.

The Maire Tecnimont Group has a portfolio of approximately 1,500 patents, mainly in the urea and fertilizer segments, amid others.

Patents and other intellectual property rights concerning the Group products and services, including the commercial brands, are a key asset for the Group’s positioning and success.

Maire Tecnimont has invested approx. Euro 56 million over the last five years in the Green Acceleration project, in innovation projects, also through targeted start-ups and partnerships and creating a portfolio

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[3] The Lost Time Injury Frequency index is the number of accidents with loss of working days (fatal events + events causing the loss of working days + events work activity limitations + events requiring medical treatment) / hours worked x 1 million. The TRIR indicator considers: fatal accidents, injuries with lost work days, events limiting working activity, events requiring medical care.

[4] The Injury Severity Index is the total number of lost working days divided by hours worked x 1000. The indicator considers the lost working days following accidents. The gravity index is defined as per the OSHA Forms 300 method.

of technologies which optimally respond to the new demands of the energy and chemicals industry revolution.

Innovation is also one of the Group's main competitive advantages. We therefore constantly improve our Research and Development operations and our portfolio of innovative proprietary technologies in order to develop our position as a supplier of technology for the refinery, energy, oil&gas and petrochemical sectors. We develop a certain number of innovation projects each year and actively cooperate with research centers and industrial partners to continuously improve the overall performance of our technologies.

The Maire Tecnimont Group has a long history of collaboration with leading universities, technology suppliers, research centers and commercial partners. Over recent years, the Maire Tecnimont Group has extended its collaboration with leading Italian and overseas universities by developing research projects and exchanging opinions and ideas, building in this way a solid bridge between the academic and industrial worlds.

The long-standing collaboration between Maire Tecnimont and the Milan Polytechnic was further strengthened through partnerships on research projects and the funding of an "Engineering and chemical projects management" chair, beginning in 2018 for 15 years.

In 2019, in a scenario where innovation is a critical success factor, Maire Tecnimont entered into a synergy with LUISS Guido Carli University to create an Open Innovation teaching post.

In 2018, the Maire Tecnimont Group began a collaboration with BHOS (Baku Higher Oil School), providing concrete support for the specialized university course and research support.

The collaboration with the Bio-Medical Campus of the University of Rome began in 2011, providing concrete support for the specialist decree course in chemical engineering for sustainable development.

"La Sapienza" University of Rome, the University of Salerno, the University of Bologna and the University of Messina are also long-standing academic partners. Overseas, the Maire Tecnimont Group collaborates with the Technical University of Eindhoven and with the Ecole des Mines in Paris.

Collaborations have been signed with international research institutes, such as Tecnalia, the Spanish research center, for the development of membrane reactors for the production of hydrogen, and also with Intertek Laboratories.

Some of these collaborations have become business partnerships, such as those with Holland Novochem and Envirocare.

Maire Tecnimont, via its subsidiaries NextChem, KT – Kinetics Technologies and Stamicarbon participates, as a coordinator or partner, in numerous research projects. Some of the projects are funded by the EU, while others are funded at the national level.

Maire Tecnimont felt a strategic need to adopt an open innovation model that seeks not to confine innovation processes, but to open them up to collaboration through an extended network of actors, leverage external resources, develop new services/products and generate new business ideas and opportunities for the group and system. To this end, the Group has decided to adopt an open innovative practice to support the ongoing process of transformation relating to the issues of open innovation and open green innovation, to promote and spread a culture of open innovation, to keep track of hotbeds and areas of innovation, to coordinate open innovation internal and external to the Group and to enable an innovation ecosystem; during the year, various partnerships and strategic initiatives were launched to enable the open innovation model.

The subsidiary NextChem is working actively and has a portfolio of extremely interesting technologies and projects in the field of green chemistry, the circular economy, biofuels, CO2 capture and recovery and constant research activity relating to important projects of an international scope.

One particular project in which we are highly involved at the Group level relates to the creation of circular districts at sites of national interest, traditional brownfield sites to be converted back to the green economy.

We developed a green circular district model that integrates and includes various technologies for the energy transition, a model that combines the circular economy and decarbonization and that can yield benefits for the environment (reduction of waste disposed of in dumps and by burning and reduction of CO2 emissions), society (new jobs, reskilling) and the economy (knock-on effect, new downstream chains) for a country that, like Italy, has many traditional industrial sites that are now obsolete and require the launch of a decarbonization and green reconversion project.

The circular district model is an industrial symbiosis between plastic waste recycling technologies, use of waste to produce circular chemical products and green hydrogen production. It is particularly suited to the green reconversion of traditional industrial sites, such as refineries and steel plants. A technology platform for the chemical conversion of non-recyclable plastics is used to obtain green chemical products and fuels such as hydrogen, methanol, ethanol and ammonia with a small carbon footprint and with the benefit of increasing the waste recycling rate, preventing waste from being burned or dumped. These are products that Italy imports from abroad, and hence projects of this type yield enormous benefits in economic terms as well, also considering that they enable the creation of downstream chains that currently do not exist and provide a knock-on effect for their communities as well as new jobs. This solution solves Italy's problem with waste exceeding its disposal capacity, above all in the South. This model helps the country reach its decarbonization goals and industry to achieve green innovation.

The Group is investing considerable resources and attention in this project. We view it as fusing together various aspects: our ability to develop and promote synergies between players, our engineering acumen for identifying innovative solutions to complex problems, our ability to devise solutions that are economically sustainable, profitable and attractive to investors, and our ability to execute - a guarantee of excellence in plant design and construction. This project creates a new face for the Maire Tecnimont Group as an enabler of the energy transition.

The transition from fossil fuel energy production to renewable energy production is taking place with increasing speed but will necessarily be gradual, requiring a deep transformation of business models, a process of technological and plant innovation and a new ability to work across chains. The shift from an industry with processes based on fossil raw materials to a green industry that uses feedstocks derived from raw materials of biogenic origin and urban, plastic and biomass waste lies at the heart of the energy transition. The chemical world is evolving rapidly to meet European and global decarbonization targets. The new chemicals industry will be increasingly focused on recycling of waste, biochemistry and electrochemistry, and we have already identified a range of solutions to meet this challenge.

As Maire Tecnimont we had already begun ten years ago to develop projects in new technologies for the energy transition, focusing increasingly on our distinctive abilities, which allow us to be both technological innovations and industrial enablers. We were pioneers of this transformation and Italy was a pioneer of green chemistry; today we have a key role to play in opening up a new industrial cycle to support the energy transition, while creating jobs and long-term industrial value.

The Group is committed to being at the forefront of the digitization of engineering, procurement and construction, as well as supply chain coordination. The Digital Programme continues to develop according to two distinct, synergistic processes: 1) Digitalizing core processes by improving the operating models with the application of digital enablers to increase competitiveness by reducing costs to build and operate plants for both MET Group companies and their clients; revising sequences and optimizing timescales to expedite bidding and project execution; and improving productivity and performance in terms of energy efficiency and sustainability. 2) Bringing digital advantages by integrating new digital services for current and prospective clients into the MET Group's value proposition to identify new services that generate value enabled by technology; and improving the client's experience and the positioning of the business for the MET group and assessing new opportunities to improve the generation of in-country value (ICV).

In accordance with Article 5, paragraph 3, letter b, of Legislative Decree 254/2016, the Group prepared a consolidated non-financial statement as a separate report; pursuant to Articles 3 and 4 of Legislative Decree 254/2016, the 2020 Sustainability Report, published on the company website at www.mairetecnimont.it., in the "Investors" section, constitutes the Non-Financial Statement, which should be consulted for additional details regarding research and development activities.

14. Risks and uncertainties

In this section the main risks and uncertainties concerning the Maire Tecnimont Group and its sectors are outlined. The factors considered by the company risk system regarding the foreseeable future are for this purpose analyzed.

The Maire Tecnimont Group's core operations concern the design and construction of Engineering & Technology sector plant and the design and construction of major works. Additionally, the Group is active in the licensing of patented technology and proprietary know-how to urea producers and in green acceleration initiatives managed by NextChem and its subsidiaries targeting the circular economy through the implementation of mechanical plastics recycling and chemicals recycling.

The Group's internal control and risk management system includes a continuously evolving Risk Management framework integrated in business processes, extended to all operating entities, and aimed at identifying, assessing, managing and monitoring risks according to sector best practices.

BACKLOG RISKS

The consolidated Backlog at December 31, 2020 was Euro 6,001.9 million. The timing of revenue and expected cash flows is subject to uncertainty as unforeseeable events may occur which impact Backlog Orders (such as for example the slowdown of works, the delayed start-up of works or indeed the interruption of works or other events). The Group mitigates this risk through termination/cancellation clauses which ensure adequate reimbursement on the occurrence of such events.

BACKLOG CONCENTRATION RISKS AND DEPENDENCE ON A CURTAILED NUMBER OF MAJOR CONTRACT OR CLIENTS

At December 31, 2020, approx. 70% of Group consolidated revenues related to 13 major contracts, corresponding at the same date to approx. 52% of the Backlog value. Any interruptions or cancellations to even one of the major contracts, subject to applicable legal and contractual remedies, may impact on the Group's results and balance sheet. In addition, the Group works with a contained number of clients. At December 31, 2020, consolidated revenues from the 10 leading clients constituted 66% of total consolidated revenues. One of the key operational guidelines concerns the greater distribution of initiatives among more clients and thereafter the opening up to new markets and clients.

RISKS RELATED TO GROUP SECTOR INVESTMENT

Group markets are cyclical, principally dependent on available investment, which in turn is impacted by: (i) economic growth and (ii) a significant number of economic-financial (e.g. interest rates and the price of oil) and political-social (economic, public spending and infrastructure policies) variables. Therefore, general recessions may impact the Group's results and balance sheet. Due to the nature of such risks, the Group must therefore rely on its event forecasting and management capabilities. In particular, the Group has integrated the risk philosophy into strategic and commercial planning processes through the definition of commercial and risk guidelines and process structuring aimed at selecting and prioritizing initiatives according to country and sector risks, rather than counter-party risks. Consideration of such risks is also guaranteed by strategic goal progress monitoring in terms of portfolio composition and diversification, and risk profile evolution.

RISKS RELATED TO INTERNATIONAL OPERATIONS

The Group is engaged in approx. 45 countries and is therefore exposed to a range of risks, including any restrictions on international trade, market instability, foreign investment restrictions, infrastructural deficiencies, currency movements, currency limitations and controls, regulatory changes, natural catastrophes (e.g. earthquakes and extreme weather events) or other extraordinary events (e.g. wars and acts of terrorism, major raw material or semi-finished product or energy supply interruptions, fires, sabotage, attacks or kidnappings). The Group in addition is subject to the risk of greater operational difficulties in regions featuring high levels of corruption, distance from the markets and the traditional workforce and material procurement sources, and which often are politically and socially difficult and unstable (e.g. the Middle East, Russian Federation, Latin America and Nigeria). In order to mitigate this risk, appropriate insurance and/or coverage for the type of risks at issue to mitigate financial impacts from such instability may be undertaken.

LEGAL AND COMPLIANCE RISKS

This category comprises risks relating to sector or country specific management of legal issues, compliance with legal and regulatory requirements (e.g. taxation, local legislation) and contractual risks in relation to Business Partners. Maire Tecnimont considers the monitoring of the legal aspects of contracts and of counterparty relations of critical importance. Risks include possible cases of internal and external fraud, and, more generally, of non-compliance with procedures and policies designed to regulate company operations.

In light of such factors, Maire Tecnimont adopts a multi-level regulatory risk monitoring, management and mitigation policy through constant collaborative dialogue with counterparties and business units affected by regulatory developments, and full assessment of potential impacts.

RISKS RELATED TO JOINT LIABILITY TO CLIENTS

Group companies execute orders independently or together with other operators through the incorporation (for example) of consortiums in Italy or joint control arrangements overseas. In this latter case, each party under applicable public regulations or general contractual practice are usually jointly liable to the client for the design and construction of the entire works. In the case of damage suffered by a client caused by an associated operator, the Group company involved may be called to replace the damage-causing party and fully compensate the damage caused to the client, subject to the right of regress against the non-compliant associated operator. The right to regress among associated operators is normally governed among the partners through contracts (usually called cross indemnity agreements). Group policy is to conclude agreements/associations with operators of proven sector experience and appropriately verified available capital. This policy has ensured that the assumption of partner obligations by a Group company has not yet been requested as a result of non-fulfilment.

RISKS CONCERNING LIABILITY TO THE CLIENT FOR NON-FULFILMENT OR DAMAGE CAUSED BY SUB-CONTRACTORS OR SUPPLIERS

In executing operations the Group relies on third parties (including sub-contractors) to produce, supply and assemble part of the plant constructed, in addition to suppliers of raw materials, semi-finished products, sub-systems, components and services. The Group’s capacity to discharge its obligations to clients is however reliant also on the fulfilment of contractual obligations by sub-contractors and suppliers. In the case of Group sub-contractor or supplier non-fulfilment (even partially), the provision of products and/or services not in line with that agreed or falling short of the required quality or with defects, the Group may incur additional costs due to delays or the need to deliver replacement services or procure equipment or materials at a higher price. In addition, the Group may in turn not fulfil that agreed with the client and be subject to compensation claims, subject to the Group’s right to regress from non-compliant sub-contractors and suppliers. However, where the Group is unable to reclaim the entire compensation paid from such parties through its right to regress, the Group results and balance sheet may be impacted. The Group system for the assessment and selection of suppliers, identified on the basis of price, in addition to their technical abilities and capital structure, requires the request and provision of bank performance guarantees from such parties. Group companies are also covered by appropriate insurance policies to meet any particular difficulties.

RISKS RELATED TO ORDER EXECUTION

Almost all of Group consolidated revenues concern long-term contracts, whose settlement (in favor of the Group) is established at the date of the tender or the awarding of contract, particularly for lump sum - turn key contracts. For such contracts, the margins originally estimated by the Group may reduce due to higher costs incurred by the Group during order execution. Where the Group’s policies and procedures to identify, monitor and manage costs for order execution do not reflect the duration and complexity of such orders, or are no longer accurate following the occurrence of unforeseeable events, the Group’s results and balance sheet may be impacted.

This dimension is critical in the effective assessment of Group core business risks, requiring the definition of tools to identify and monitor contract risks right from the bidding phase, as part of an in-depth risk and opportunity assessment procedure. Once risks have been assumed on the basis of informed decisions by management, constant monitoring is critical in proactively and dynamically managing risk exposure and evolution over time.

The analysis of significant risk dimensions and related risk areas offers management both a detailed (i.e. contract) and portfolio (i.e. total exposure) vision of the risk profile assumed by the Group, as well as exposure limits set by risk containment capacities. Through the use of appropriate risk management tools, the portfolio vision facilitates systematic assessments of the potential risk profile evolution due to certain events or decisions.

The risk management framework, outlined above and subject to ongoing developments, is oriented to supporting decisional and operational processes at every step in the management of initiatives, in order to minimize the occurrence of certain events that might compromise ordinary operations or defined strategic objectives of the Group. For this reason, the framework is integrated into strategic and commercial planning processes, thus incorporating formal consideration of the Group's risk profile and decisions regarding its risk appetite.

IT RISKS

The reliability of the Group's IT systems is critical to achieving its corporate goals. Particular attention is paid to the technology used to protect confidential and proprietary information managed by IT systems. However, both hardware and software products and information contained in corporate IT systems may also be vulnerable to damage or disruption caused by circumstances beyond our immediate control, such as malicious or fraudulent activities by unauthorized third parties accessing confidential information via written or verbal communications, e-mails, faxes, letters, phone, cyber-attacks, network or computer failures, or computer viruses. The inability of IT systems to function properly for any reason may compromise operational activities, resulting in reduced performance, significant repair costs, transaction errors, data losses, processing inefficiencies, downtimes, disputes, and negative effects on financial flows and reputation. In order to prevent such risks, the Group's IT systems and related processes have been structured and organized as per Maire Tecnimont's IT policies to prevent both cyber-attacks and social engineering fraud. Integrated solutions have been developed for the main areas of focus, including: cloud infrastructure archival; the Enterprise Access Service, which authenticates users via multi-factor and certificate authentication security procedures and blocks and reports access attempts from devices without anti-virus software, devices connecting from untrusted locations and users not complying with company policies; the artificial intelligence based anti-fraud system; open source intelligence tools that search for sensitive corporate information on the dark web and protect domains and users; constant and effective threat management via a 24/7 Security Operations Centre, in order to mitigate viruses, phishing, spamming, spoofing, malicious domains, and so on; periodic IT security assessments in accordance with ISO 27001 guidelines; internal simulated phishing campaigns, using various technologies, such as instant messaging, e-mails and paper documents, in order to identify specific at-risk groups of users and identify training needs; extensive IT security and behavioral training for employees; timely communications to all Group employees as soon as the dedicated threat team identifies new phishing campaigns, potential fraud attacks or new system vulnerabilities; integrated and centralized payments managed directly by headquarters and advanced security policies to manage bank details along the entire value chain.

15. Financial risk management

The Group's principal financial risks stemming from core operations are outlined below:

MARKET RISK

The Group operates within an international environment and is subject to interest rate, exchange rate and price risk. A risk of fluctuating cash flows from core operations therefore follows, which may only partly be mitigated through appropriate policies.

PRICE AND CASH FLOW RISK

Group results may be impacted by raw material, finished product and insurance cost price changes. This risk is mitigated through a precise and timely procurement policy and also through the use of derivative contracts. The Maire Tecnimont Group also seeks to minimize transaction currency risk through derivative contracts.

CURRENCY RISK

The currency used for the consolidated financial statements is the Euro. As stated, the Group operates in an international environment, with part of its receipts and payments made in currencies other than the Euro. A significant amount of projects are quoted in or linked to the US Dollar or Russian Ruble; this factor, together with timing differences between the accrual of revenues and costs in currencies other than the presentation currency and their financial realization, exposes the Group to currency risk (transaction currency risk).

The Maire Tecnimont Group seeks to minimize transaction currency risk through derivative contracts. Group level planning, coordination and management of such operations is carried out by the Finance Department, which monitors the correct correlation between derivative instruments and underlying cash flows and their appropriate representation as per international accounting standards.

The Group furthermore has investments in subsidiaries in countries not belonging to the Eurozone and shareholders' equity changes from local currency movements against the Euro are temporarily recognized to the "translation reserve" shareholders' equity reserve.

INTEREST RATE RISK

Maire Tecnimont Group interest rate risk essentially concerns its variable medium/long-term loans. Variable rate debt interest rate risk not hedged through derivative instruments is however partly mitigated by liquidity remunerated at rates indexed to the same debt parameter (euribor). Any consequent interest rate fluctuations may create similar effects upon cash flows generated from inventories, although in an opposing manner than those produced on cash flows related to debt positions.

The Group also has Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk of variable interest rates on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE's Garanzia Italia (Italy Guarantee).

MAIRE TECNIMONT SHARE PRICE CHANGE RISK

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program to satisfy the "Equity Settled" employee plans, as the Group has assigned its capital instruments as additional remuneration for services received (employment). Maire Tecnimont S.p.A therefore subscribed cash-settled Total Return Equity Swap (TRES) derivative instruments, undertaken to hedge against movements in the Maire Tecnimont share price.

CREDIT RISK

The Group credit risk represents the exposure to potential losses deriving from the non-compliance with obligations by counterparties. This stems from normal operations and is monitored by the operating and financial departments on the basis of set procedures, which establish the methods for quantifying and controlling client risk.

They are managed according to procedures, including credit recovery and dispute management. Presently, there is no significant concentration of credit risk by region or by Client, as the Group operates on geographically diversified markets and through a range of clients and business lines.

Credit risk is represented by the exposure to potential losses deriving from the non-compliance of obligations by buyers, who are almost entirely connected to sovereign states, government bodies, overseas state entities, public administrations or large oil companies. Credit risk is, therefore, essentially linked to country risk.

Receivables were recognized net of write-downs calculated according to counterparty non-compliance risk, based on client reliability (third parties, related parties and public sector clients). For IFRS 9 – Financial Instruments, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates. In the case of financial assets in particular, the assessment of counterparty risk was updated with the most recent available market information.

LIQUIDITY RISK

This risk concerns the difficulty in sourcing new funding or access to liquid assets, resulting in the enterprise's failure to satisfy payment commitments, being forced to incur additional funding costs or, in extreme instances, being faced with potential insolvency which may put its going concern at risk.

At the present moment, Maire Tecnimont considers that the good levels of liquidity held and prudent and functional management of the credit lines available are important elements for stability and sufficient to guarantee the resources necessary for operating continuity. The management of liquidity risk is based above all on the strategy of containing debt and maintaining financial equilibrium.

Cash and cash equivalents at December 31, 2020 amounted to Euro 705,327 thousand, with an overall decrease compared to December 31, 2019 of Euro 22,067 thousand; cash flows from operating activities in 2020 absorbed Euro 20,587 thousand, but saw a steady improvement from the second quarter of 2020.

Liquidity levels ensure short-term financial stability, which was further strengthened following the disbursement of the new loan; in fact, in order to boost the Group's financial flexibility and to establish a more solid equity structure to deal with any upsurge in the pandemic's effects, and to support projects, in the third quarter (July 2020) a Euro 365 million loan contract was signed, backed for 80% by SACE's Garanzia Italia (Italy Guarantee). The loan is in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total term of 6 years, including a 2 year grace period.

The initiatives launched during the year will permit a total saving of approx. Euro 60 million; in addition to improving the Group's competitiveness, these savings may contribute to gradually normalizing net working capital, with a consequent improvement for the capital structure.

The Group also believes that when business recovers - as already seen in part towards the end of 2020 - there will be normalization of the effects on production volumes, invoicing and consequently also cash flows, that within the framework of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation.

The following table shows the lines of credit available to the Group as of December 31, 2020, broken down by type, distinguishing between amounts granted and used:

Lines of credit granted to and used by the Group as of December 31, 2020

Description	Amt. Granted (€)	Amt. Used (€)	Amt. available
Account overdraft facilities, revolving facilities and lines of credit	286,968,442	10,501,997	261,466,446
Advances on invoices - Factoring	91,934,512	11,576,609	80,357,903
M/L loans - Bonds	792,159,294	792,159,294	-
Total	**1,171,062,248**	**814,237,899**	**341,824,349**

FINANCIAL COVENANT RISK

This concerns the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

In 2018, the subsidiary Tecnimont S.p.A. agreed a medium/long-term cash loan for a total amount of Euro 285 million. The operation stipulated the issue of a new medium/long-term cash credit line for Euro 185 million, with Euro 175 million allocated for the full repayment of the residual part of the original Euro 350 million loan undertaken by Tecnimont and Euro 10 million to top up the original loan, in addition to the increase of the “Revolving Facility” credit line issued in favor of Tecnimont from Euro 50 million to Euro 100 million. The loan agreement made it possible to further reduce the applicable margin of the Group’s medium to long-term bank debt from 1.95% to 1.70%, extending the repayment period from March 2022 to June 30, 2023, and remodeling the repayment plan. The loan agreement thus has a duration of 5 years, with repayment beginning in June 2020 and the last instalment due on June 30, 2023. During 2020, repayments were made for a total principal amount of Euro 25 million.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan’s financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

In 2019, Maire Tecnimont made a further commitment to its Green Acceleration project, launched in 2018, by taking out a “ESG Linked Schuldschein Loan” to support Group investments in green technologies. The instrument is divided in two tranches with an average duration of approximately 5 years, total repayment at maturity, and an average rate of approximately 2.3%. The cost of the instrument may also vary – including downwards – in relation to the achievement of the Group's CO2 emission reduction targets.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and EBITDA on a yearly basis, with the next measurement based on the figures at December 31, 2020.

The Group holds non-convertible bonds subscribed on a private placement basis by the pan-European fund managed by companies of the Amundi group.

The bonds are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A.. The bonds were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, on a half-yearly basis, next measured on the December 31, 2020 figures.

On May 3, 2018, Maire Tecnimont issued 165,000 Non-Convertible Bonds at a price equal to 100% of the nominal value, and with a unitary minimum value of Euro 1,000 (thousand), for a total of Euro 165 million. The Bond interest rate is 2.625% annually, with interest paid on a deferred basis on April 30 and October 31 of each year, from October 31, 2018. The Bonds shall be settled at the nominal value on April 30, 2024 where not previously settled or cancelled.

The Bond issue terms and conditions stipulate incurrence-type covenants regarding the debt level; specifically, the bond financial covenants require the maintenance of a stated net financial position/EBITDA ratio, measured annually and next measured on the December 31, 2020 figures.

On July 8, 2020, Maire Tecnimont S.p.A. signed a loan agreement for Euro 365 million, 80% of which was backed by SACE's “Garanzia Italia” (Italy Guarantee), and disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan will mainly support the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee. The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants. The bond covenants, which regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA to be next measured on the figures at December 31, 2020, have been complied with according to the results currently available.

RISKS CONCERNING THE GROUP CAPACITY TO OBTAIN AND RETAIN GUARANTEED CREDIT LINES AND BANK GUARANTEES

In the course of operations and, in particular, for participation in tenders, the signing of contracts with operators or receiving advances and payments from such during order execution, the Group is required to issue bank and/or insurance guarantees in favor of operators.

The Group's capacity to obtain such guarantees from banks and/or insurance companies depends on an assessment of the Group's financial statements and, in particular, of the Group company involved, from analysis of the order risk, experience and the Group companies competitive positioning within its sector.

A constant stream of information is sent to the national and international banks and insurance companies with which the Group operates and which are involved in supporting the Group with the granting of the aforementioned banking and/or insurance guarantees in connection with projects for which bidding is in progress. In addition to the existing lines of credit, normally financial counterparties are selected and grant dedicated lines of credit after the Group company is awarded the contract.

At the present moment, Maire Tecnimont is satisfied with the level of credit lines available, which are considered sufficient to guarantee the resources necessary for operating continuity.

16. Disputes

Maire Tecnimont Group disputes concern outstanding proceedings relating to ordinary operations of Group companies. A summary of the main positions at December 31, 2020 according to currently available information is presented below.

CIVIL, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

J&P Avax S.A.: arbitration procedure initiated by Tecnimont in August 2002 against J&P Avax S.A. ("J&P") for compensation for damages suffered following delayed execution of a sub-contract awarded to J&P as part of Tecnimont's construction of a polypropylene production plant in Salonicco, Greece, commissioned by the Greek enterprise Helpe. Tecnimont's arbitration claim amounts to Euro 17.4 million, while J&P advanced a counter claim for Euro 28.5 million. The Arbitration Board in December 2007 issued a partial award, attributing 75% liability for the 4-month work execution delay to J&P and 25% to Tecnimont. J&P challenged on December 28, 2008 the partial award before the Paris Appeal Court, which with judgment of February 12, 2009 cancelled the award due to the alleged lack of independence and impartiality of the Arbitration Board's Chair. Tecnimont subsequently challenged this decision before the Court of Cassation, which on November 4, 2010 announced in favor of Tecnimont, overturning the Appeal Court judgment. The Arbitration Board therefore decided to re-examine the arbitration, although J&P challenged the partial award before the Reims Court of Appeal, which on November 2, 2011 again cancelled the partial award for alleged improper constitution of the Arbitration Board. Tecnimont therefore presented a fresh appeal to the French Court of Cassation, which again overturned the appeal court judgment and postponed its decision. The Court of Appeal judged in favor of Tecnimont and J&P has appealed to the Court of Cassation. The Arbitration Tribunal however decided to re-initiate the arbitration process. In the meantime, the Chair of the Arbitration Board resigned due to health issues and a new Chairperson was appointed, who fixed the next hearings for conclusion of the matter for May 2017. Following these hearings, the Court issued a partial award rejecting all of the residual claims of J&P regarding the issue. J&P presented an appeal also in terms of the final partial award, which however will not impact completion of the arbitration process. The final hearing on the amount was held in February 2018. At the end of December 2018, the Court of Cassation definitively rejected J&P's appeal for the annulment of the first partial award of 2007. The final award regarding the amount was rendered on March 30, 2020. The Tribunal granted most of Tecnimont's claims, for a total of Euro 8.8 million, whereas it only granted J&P's claims for Euro 2.6 million. After setting the parties' claims off against one another, the Tribunal declared Tecnimont to be owed a net sum of Euro 6.2 million. However, the Tribunal did not grant Tecnimont's claim to lift the limitation of liability (15%) due to willful misconduct or gross negligence by the respondent. Accordingly, the Tribunal granted Tecnimont a net sum of Euro 5.6 million. The Tribunal also calculated the total interest at Euro 8.8 million and awarded Tecnimont reimbursement for the costs of the arbitration of Euro 4.4 million, in addition to USD 985k in arbitrators' fees that J&P is required to repay to Tecnimont. Finally, the Tribunal recognized Tecnimont's right to enforce the bank guarantees to recover part of its claims as established in the award. After the final decision was rendered, J&P was notified of rejection of the appeal filed in the meantime before the French Court of Appeal according to the second partial decision and lodged an appeal in France against the final decision. The hearing before the Court of Athens for the handing down of the final decision, initially scheduled for February 2021, was postponed due to the COVID-19 pandemic until November of this year.

Mainka: in December 2010 Tecnimont received notification from the International Court of Arbitration of the opening of a procedure against the company by Mainka, a German construction company engaged in the Münchsmünster project. The subcontract signed in August 2007 concerned the execution of civil works at the polyethylene production plant located in Münchsmünster, Germany. The Mainka claim concerns the recognition of alleged higher costs incurred for the execution of works for a total of approx. Euro 16.7 million. Tecnimont presented a formal response to the arbitration appeal, rejecting all Mainka claims and presenting a counterclaim for Euro 7.9 million. According to the Terms of Reference filed in September 2011, the Arbitration Board was called to decide in first instance the preliminary issue concerning the applicability of German law which considers clauses contained in forms and questionnaires as void.

On this basis, Mainka argued the nullity of the liquidated damages and performance bond clauses. In parallel, Tecnimont initiated at the German Court an enforcement action upon the performance bond through two proceedings: i) against Mainka at the Ingolstadt court with subsequent appeal to the Munich Court of Appeal and with a successful outcome for Tecnimont (due to lack of jurisdiction) ii) against the insurance company at the Wiesbaden Court. On December 5, 2011, the ICC hearing on the partial award was held and it was decided to postpone any payment of the bond until conclusion of the arbitration process. It was also decided to continue the process on the Termination point. The petitions of the parties were filed between February and April 2012 and at the beginning of May 2012 the ICC hearing on the Termination was held. The Arbitration Board, without formally pronouncing upon the question of the Termination, therefore initiated a review of Mainka's claim and Tecnimont's counterclaim. The parties presented new petitions upon the claim and the counterclaim between August and December 2012. In January 2013, the hearing upon the "final invoice" was held, where it was decided to re-submit to the arbitrators a shared list of outstanding questions with indication of whether strictly legal or technical matters to be submitted by the Arbitration Board to its appointed expert. In May 2014, the Arbitration Board fixed new dates for presentation of additional petitions and for a further hearing which was held in July 2014. At this hearing, the Chairman of the Arbitration Board suggested a potential conflict impacting his independence and impartiality. The parties therefore expressly requested the replacement of the Chairman, with the ICC accepting this request. In autumn 2014, the new Chairman was appointed, who in turn formalized the appointment of the technical consultant. In the first half of 2015, the parties met with the Tribunal and with the expert in the form of the facilitator. Following these meetings, an agreement was not reached and the Tribunal decided that the arbitration should continue, maintaining the expert who would have acted to all intents and purposes as the technical consultant appointed by the Tribunal. In February 2016, the hearing at which the testimonies were cross-examined was held. The Tribunal appointed expert issued a technical opinion at the beginning of September 2016, which was commented upon by the parties at the end of October. In November 2016, the final hearing was held, at which the Tribunal nominated expert was questioned. The final award was issued in August 2017, substantially limiting Mainka's claims. The award was immediately challenged at the Swiss Federal Court for significant procedural defects. The Federal Court ruled negatively, and, in February 2019, Mainka obtained from the Court of Appeal of Milan provisional enforceability of the award, which was upheld by the above Court in its judgment of May 21, 2020.

Juruena: in May 2009, Maire Sapezal Ltda (now Tecnimont Sapezal, a subsidiary of Maire Engineering do Brazil, now Tecnimont do Brazil Ltda) was forced to resolve the contract with Juruena concerning the construction of 5 hydroelectric power plant in the Mato Grosso region. This followed serious financial difficulties emerging during the project caused by events outside of Tecnimont Sapezal's scope of responsibility which decisively impacted timelines and costs, including: in addition to a year of suspension due to non-renewal of the client's environmental licenses, a suspension order upon works issued by the local magistrate, basic design errors by the client, destruction and fire on site caused by indigenous peoples, site flooding due to exceptional rainfalls and the failure to pay invoices issued and approved by the client. Following the resolution of contract, Maire Sapezal blocked the legal actions taken by the counterparty at the Cuiabá (Mato Grosso) Court, in clear contradiction of the arbitration clause and the attempt to enforce the performance insurance guarantee and completed the site transfer operations as planned. Maire Sapezal therefore filed an international arbitration claim (ICC) to obtain payment of approx. Reals 115 million for: i) non-adjustment of the contractual price following delays caused by the failure to renew local environmental licenses by Juruena; ii) non-adjustment of the contractual price following additional costs due to basic design errors by Juruena; and iii) non-compliance with the obligations agreed between the parties under an operational agreement for price resetting on an open book basis; iv) Juruena's liability for the incursion of indigenous peoples which devastated the sites and non-recognition of the damage caused to Tecnimont; v) non-payment of invoices approved for services provided by Tecnimont; vi) improper recourse to the Mato Grosso Court in violation of the contractual arbitration clause; vii) violation of the principle of good faith. The client in turn filed an arbitration claim for approx. Reals 346 million. The Arbitration Court was constituted and during the ICC procedure petitions and technical, economic and market reports were filed and written testimonies gathered.

On June 9, 2013, the Group received from its Brazilian legal representatives a copy of the (partial) arbitration award, subsequently amended on October 17, 2013 and not immediately executive, which contained the following: i) both parties were deemed responsible for resolution of contract; ii) the award concludes all Tecnimont do Brazil Ltda claims, with recognition of approx. Reals 21.15 million; iii) the award concludes Juruena's claims with recognition of approx. Reals 16.4 million. The proceedings expenses will be decided as part of the final award. The ICC procedure concluded with a final award which recognized certain costs for the re-execution of works requested by Juruena. Tecnimont presented a request for the annulment of the Award on the basis of procedural technicalities. The efficacy of the award was suspended by the Mato Grosso Courts ahead of a final decision.

Kesh: Maire Engineering S.p.A. (now Tecnimont S.p.A.) in February 2007 signed an EPC contract for the construction of an EPC plant located in Vlore (Valona), Albania with the operator Kesh Dh. Albanian Power Corporation, an Albanian state-owned company. The initial "lump sum" contract value was Euro 92 million, thereafter increased by an additional Euro 4.1 million. Since the beginning of the project, Tecnimont has encountered significant difficulties which have impacted the timely execution of works and led to additional costs and damages. The initial difficulties stemmed from the fact that the contract tender was carried out in a period of greatly different market conditions than those which Tecnimont encountered two years subsequent to the awarding of the contract. Apart from the increase in the contract value of Euro 4.1 million, Kesh without basis has neither recognized an additional adjustment to the contract value or an extension to the completion deadline. Furthermore, in addition to deteriorated market conditions, other events have increased Tecnimont's costs and delayed works completion, including: ongoing storms and requests to carry out temporary rather than permanent repairs. In 2009, Tecnimont presented an Interim Report requesting review of the Operational Acceptance date and, in the case of non-acceptance, the payment of the additional costs incurred in accelerating works to reduce the delay, meaning that Kesh would not have had other grounds to request payment of the delayed penalties. In July 2009, the change proposals were submitted to Kesh. Despite all this, Kesh in September 2011 demanded the payment of penalties of Euro 9.2 million from Tecnimont. In November 2011, Tecnimont sent a Supplementary Report concerning the events between February 2009 and October 2011, which would have entitled Tecnimont to request a longer extension to the completion date than that already requested through the Interim Report and additional damage and cost claims. In particular, recognition of approx. Euro 56 million and approx. USD 22.5 million was requested. The Operational Acceptance Certificate was thereafter issued in November 2011, although with retroactive effect to October 2011. Apart from the unjustified delay in issuing the certificate, Kesh has not released the remaining 5% of the contractual price for an amount of Euro 4.7 million and has not reduced the Performance Bond from 10%

to 5% of the contract value. In addition, Kesh has not extended beyond December 31, 2011 the duration of the letter of credit in guarantee of its payment obligations, therefore not complying with its contractual and legal obligations. As a direct consequence, Tecnimont sent to Kesh a first Notice of Termination in April 2012, followed by a second Notice in May and a third in September 2012. Despite this, Kesh subsequently threatened to enforce the entire amount of the Performance Bond of Euro 9.6 million. In January 2012 and therefore subsequently to obtaining Operational Acceptance and following the transfer of the plant from the custodianship of Kesh a storm hit the plant, damaging the sea outlet piping. Tecnimont considers that the damage to the tubing related to events entirely outside of its scope of responsibility and due to the improper management of the plant by Kesh personnel. In order to avoid enforcement of the entire Performance Bond amount of Euro 9.6 million claimed by Kesh in September 2012, Tecnimont claimed and obtained from the Milan Court an injunction recognizing enforcement of half the Performance Bond as illegal; the guarantee issue bank therefore paid Kesh only half of the Performance Bond. In October 2012, Tecnimont therefore filed an arbitration claim at the ICC against Kesh for payment of the remaining 5% of the contract value, the reimbursement of the half of the Performance Bond enforced, in addition to Euro 51 million, plus USD 22 million of additional costs for damages, further to a declaration of non-responsibility for the delayed penalties. In addition, Tecnimont requested resolution of the EPC contract on the basis of Kesh's non-fulfilment, reserving the right to present additional damage claims during the same arbitration procedure. On January 4, 2013, Kesh presented a brief rejoinder, requesting that the matter is preliminarily submitted for an adjudicator's assessment. This assumes that the EPC contract established this preliminary step before the matter is dealt with by the Arbitration Board. The ICC proposed that the parties reach an agreement to suspend arbitration and resubmitted the matter to the adjudicator's assessment. The contract establishes however that the party unsatisfied with the adjudicator's assessment may initiate an arbitration proceeding. In February 2014, Tecnimont therefore filed an initial adjudicator application concerning Kesh's non-compliance with its obligations in relation to the Performance Bond reduction. On April 2, 2014, the adjudicator's decision was in favor of Tecnimont and on April 28, 2014 Kesh announced its intension to challenge this decision through arbitration in accordance with the contract. However, Kesh has thus far not initiated any arbitration in this regard at the ICC. Simultaneously, on February 18, 2014 Tecnimont was summoned to appear in Albania with regards to the case initiated in October 2012 by Kesh against Intesa Sanpaolo Bank Albania for payment of the residual performance bond (Euro 4,830,000), which was blocked by the Milan Court. The first level judgement rejected Kesh's demands, which within the thirty following days challenged this decision. With judgement of March 27, 2015, the Court of Appeal confirmed the first level decision, rejecting therefore Kesh's claim. Against this provision, on April 17, 2015 Kesh filed an appeal before the Albanian Court of Cassation, which was only notified to Tecnimont on May 25, 2018. The Court of Cassation decision is expected to be concluded by 2021.

NGSC/Iranian Bank of Mines and Industry: On January 16, 2014 Sofregaz (now TCM FR) presented a request for arbitration to the International Arbitration Court of the ICC against the client NGSC (Natural Gas Storage Company) to obtain rejection of a number of compensation claims previously advanced by NGSC, the payment of an overdue amount of Euro 1,286,339.06 and relative interest and withdrawal of the payment request of the Performance Bond and the Advance Payment (or, where payment has already taken place, reimbursement of the relative amount). Initially, the arbitration was suspended due to the embargo restrictions as concerning an Iranian company, although thereafter resuming on May 29, 2015. The Tribunal was established on June 7, 2016. On December 1, 2016, TCM FR presented the statement of claim concerning a further request for damages of over Euro 9 million. The decision of 27/12/2018 ordered TCM FR to pay the sum of USD 947,032.18. Given the serious errors in the decision, TCM FR then took steps to challenge the arbitration decision before the Paris Court of Appeal with an appeal formulated on April 2, 2019, which concluded on June 3, 2020 with a judgment rejecting the appeal. TCM FR has now appealed to the Paris Court of Cassation and the first hearing is set for April 7, 2021.

Municipality of Venice – Manifattura Tabacchi: with subpoena notified on June 5, 2010, the Municipality of Venice summoned the Temporary Consortium comprising Tecnimont (59% mandatee), Progin and other mandatees (the "ATI"), as designer of the new Venice legal headquarters (ex Manifattura Tabacchi), requesting from the ATI repayment of damages alleged by the Municipality of Venice for the failings and omissions of the executive projects (concerning in particular, the failure to carry out chemical analysis of the soil, structure and plant errors/omissions and the failure undertake archaeological surveys). The damage claim amounted to Euro 16.9 million. In its opening, the ATI strongly contested that alleged by the Municipality of Venice. The Judge has currently withheld the decision. At the hearing on 3/02/2019, the presiding judge initially proposed a postponement of the hearing in order to facilitate a conciliatory proposal for all three judgments relating to the contract (i.e. against the temporary joint venture planners, project manager, and temporary joint venture contractor, respectively). The trial concluded with the signing of a conciliation agreement on 11/02/2021. Under this agreement, Tecnimont paid Euro 1,181,000.00 in the name and on the account of the consortium, while reserving the right to recover part of this sum from the other consortium members.

Tecnimont/TCM FR – STMFC (Society du Terminal Methane de Foes Cavour): the contract concerns the construction of a regasification terminal and was signed in September 2004 between the client STMFC - Society du Terminal Methane de Foes Cavour (70% Gas De France, 30% Total) - subsequently assigned to Fosamax LNG - and STS (society end participation), comprising: 1% Sofregaz, 49% Tecnimont, 50% Saipem France (hereafter "STS"). The award was issued on February 13, 2015, under which STS is required to pay Fosamax delay penalties, costs related to accidents, disorder and harmful events at the site and for residual works carried out by Fosamax; Fosamax however shall pay STS for the increase in contractual value, the reimbursement of bank guarantees and additional costs, in addition to interest as provided for in the Judgement. The recognition of the respective positions took place in April 2015. Fosamax LNG subsequently challenged the award before the French Council of State, requesting nullification of the allegation put forward that the Arbitration Board erroneously applied private law in the place of public law. STS filed its defense petition before the Council of State. The parties exchanged petitions at the hearing before the French Council of State (Conseil d'Etat). Subsequently, at the hearing of the Rapporteur Public (Reporting Judge), the debate phase was closed. The Rapporteur referred the case to the Tribunal des Conflits, which is required to reach its decision within three months from the day of referral. At the hearing of December 3, 2015 for discussion of the suspension of the counterparty's procedure taken at the Court of Appeal, the case was adjourned to the hearing of January 7, 2016.

At this hearing, the Court of Appeal suspended the proceedings ahead of the Tribunal des Conflits decision. With decision No. 4043 the Tribunal declared the administrative jurisdiction as competent for the arbitration award appeal. On November 9, 2016, the Conseil d'Etat only partially annulled the Award, in terms of the section in which the request of the company Fosamax LNG for payment by the STS Group of costs for the at risk works and expenses of the STS Group (mise end régie (under authority of a third party)) was rejected, confirming however all other decisions of the Arbitration Board. Fosamax in addition initiated further legal proceedings before the Court of Appeal: one concerning the cancellation of the award and the other cancellation of the decree of the TGI Chairman (hereafter the "exequatur"). (1) Award cancellation appeal: With regards to this appeal, STS requested the Court to consider itself as lacking jurisdiction in view of the decision of April 11, 2016 of the Tribunal des conflits which declared the jurisdiction of the Conseil d'Etat for the award cancellation appeal. The Paris Court of Appeal accepted STS's arguments and therefore declared itself to lack jurisdiction to decide upon this appeal (in favor of administrative jurisdiction) both for the principal appeal and accessory (enforcement appeal). (2) Appel nullité dell'exequatur: With regards to the second appeal, STS requested the Court to consider the action inadmissible due to the non-fulfilment of the initiation requirements. Subordinately, STS requested the Court to consider that as Fosamax made payment willingly it implicitly accepted the award, which was therefore no longer challengeable. The decision of the Court of Appeal rejected STS's grounds, founding its decision, among other matters, on the control of the award allocated to administrative jurisdiction and the possibility to challenge the decision before the civil jurisdiction. As considering arguments relating to compliance with the award, the Court of Appeal considered that this review required the competent judge to declare upon the cancellation of the award: therefore, judgement was not made on the point, referring the decision to the Conseil d'Etat. In addition, the Court of Appeal considered itself competent to review the appeal, taking account of the fact that the decision was issued by a civil authority and may no longer be challenged before the administrative jurisdiction. Therefore, this procedure will continue on such lines and the Court of Appeal will fix a date in the coming weeks for examination and discussion of the case. The practical impact of a negative decision by the Court of Appeal is quite reduced (except for judgment against legal and case expenses) as the Conseil d'Etat, through its November 9, 2016 decision confirmed the validity of the award, with the exception of the request of Fosamax concerning mise end régie. On June 21, 2017, Fosmax notified STS of an "ICC Request for arbitration". On August 22, 2017, STS filed its "Answer to the Request for Arbitration", appointing an arbitrator. With appointment of the Chairman on January 19, 2018, the Arbitration Court was convened. During the course of 2018, the parties exchanged respective statements of claim, with Fosmax filing a Mémoire en Demande on April 13, 2018, STS a Mémoire en Défense et Demandes Reconventionnelles on July 14, 2018, Fosmax a Mémoire en Réplique et Réponse à la Demande Reconventionnelle on October 5, 2018, STS a Mémoire en Duplique et en Réplique à la Demande Reconventionnelle on December 14, 2018, and Fosmax a Mémoire en Duplique sur la Demande Reconventionnelle on February 1, 2019. The hearings were held on February 25, 26 and 27, 2019. The parties filed two Mémoires après audience, the first on May 29, 2019, and the second, on July 5, 2019. The last act of the parties was the filing of the listes de frais, that is the legal costs report, on July 19, 2019. The Parties were first informed of the issue of the Final Judgment by the Arbitration Court, which was subsequently notified close to the end of the first half of 2020. The Court decided that STS is required to pay Fosmax charges as consideration for all the work carried out by third parties in their place ("en régie"), plus interest and legal costs. Tecnimont filed an application to quash the decision with the French Council of State. According to the entry of appearance and rejoinder filed by FosMax, until the date of the judgment by the court hearing the case, the decision may not be considered enforceable.

KT - HYL TECHNOLOGIES – on July 22, 2015, an arbitration request was notified by the Client HYL TECHNOLOGY for alleged serious non-fulfilment by KT in the execution of the EP contract signed with the Client in May 2011. The claim presented by HYL amount to USD 32 million for damages and USD 45 million for loss of earnings. As per the contractual terms, the arbitration was taken to the International Court of Arbitration of the International Chamber of Commerce and was held in Milan. In the defensive petitions filed on September 18, 2015 and August 4, 2016, KT contested the accusation of poor design and rejected the assumption, drawn up by the plaintiff, of KT's liability for the accident at the plant on November 2, 2014. KT made a counter-claim requesting the sum of approx. Euro 2.7 million together with the restoration of costs incurred to date of Euro 900 thousand in relation to the arbitration. The claim requested by HYL for damages does not appear founded and does not contain specified detailed attachments such as (i) non-compliance by KT; (ii) indication of the link between the event which caused the damage and the activities undertaken by KT in execution of the contract and (iii) the certified damage incurred. The request by the counterparty for the loss of earnings - which is subject to the outcome on the assessment of the direct damage - is also unfounded in consideration of the following: (i) the contract underwritten between the parties expressly provides for the exclusion of indirect and consequential damage (citing, for example purposes, loss of production or profit, loss of revenue, loss of use, loss of capital); ii) the non-awarding of the order to HYL would principally be due to the (reduced/lower) reliability of the technology of this latter, in both absolute terms (compared to historical performances of the plant constructed by HYL), and in relative terms (compared to its competitors). The latest "Procedural Timetable" sent to the Parties by the Arbitration Court established a deadline of April 6, 2017 for the filing of our third brief and fixed the dates of May 22-30 for the hearings to be held in Milan. On the request of the counterparty, after the filing of our Rejoinder, the Arbitration Court granted an extension to October 2017. The hearings were held between October 9-14, 2017. The Arbitration Court fixed the date of February 2, 2018 for the simultaneous Post-Hearing Brief, with a deadline for reply to the Parties of February 26, 2018. A first partial "award on liabilities" will be sent by the Arbitration Court to the International Court of Arbitration on August 31, 2018. The partial award, issued on October 4, 2018, recognised joint-liability of the parties in relation to the causes of the incident of November 2, 2014. By appeal on December 28, 2018, KT requested the Court of Appeal of Milan to ascertain and declare the nullity of the partial award due to public order infringement, lack of motivation, violation of the right to make representation and defect of excess. KT also requested the Court of Arbitration (i) to suspend the proceedings, pursuant to Article 819b of the Civil Code, pending the decision for the request for annulment by the Court of Appeal of Milan, and (ii) to grant the parties further time for the filing of statements of claim. Regarding the suspension request presented by KT, by Procedural Order No. 12 of 14/03/2019, the Court of Arbitration decided not to exercise the power to suspend the procedure and granted an exchange of further briefs on amount issues. KT filed its briefs on 26/4/2019 and on 12/07/2019, HYL replied to the first on 10/6/2019 and will have to deposit its last reply on 2/08/2019. For the submission on costs, the Court of Arbitration granted joint terms, assigning the parties the date of September 6 for pleadings and September 13 for replies. Regarding the Final Award, issued on 28/11/2019, the Court of Arbitration quantified the co-responsibility of the parties in relation to the causes of the accident, acknowledging compensation for HYL equal to approximately Euro 14 million. Certified true copies of the originals of the "Partial Award" and "Final Award", together with the relevant sworn translations into Italian and the enforcement order, were notified to KT on February 6, 2011. When the arbitration proceeding was initiated, KT activated the insurance provided for in the contract in order to submit a refund request in accordance with the associated coverage, amounting to approx. Euro 3 million. Regarding the request for the cancellation of the "Award of Liabilities" before the Milan Court of Appeal, HYL presented itself directly at the hearing held on July 10, 2019. The court granted a postponement for closing arguments until September 16, 2020. With Decree issued on June 8, 2020, the Court of Appeal postponed the hearing for the definition of the conclusions to November 4, 2020, due to the connection with "another case" (i.e. with the appeal against the final award).

On March 11, 2020, KT mandated a prominent law firm to request the cancellation of the final award based on the arguments of the first claim. The notice of appeal against the final arbitration award - with a request for suspension of enforcement and provisional enforceability - was filed by KT on March 16, 2020. With an order dated April 14, 2020, the Milan Court of Appeal suspended the enforceability of the final award subject to the provision of an independent guarantee by KT. At the first hearing, fixed for November 4, 2020, the appeal of the Final Award (R.G. No. 860/2020) was joined with the appeal of the Partial Award (R.G. No. 13/2019) and the conclusions were stated for both. The final statements were filed by January 4; the response briefs were filed within the following twenty days. Judgment is expected by mid-2021.

NAGRP Kuwait (Kuwait) - acquired in July 2010 from Kuwait National Petroleum Company (KNPC). The EPC contract regards the provision of three portions of plant: a new process plant (New AGRP), a steam generation plant (Utilities) and the development of an existing plant (AGRP Revamping). Without any notice and entirely unexpectedly, on May 16, 2016, the Client terminated the contract and which was immediately contested by Tecnimont S.p.A. before the competent judicial courts. Following the resolution Tecnimont in fact commenced a civil procedure requesting the competent judge to accept the illegitimacy of the contract resolution as well as requesting condemnation of the Client for the payment of the contractual price matured to the date of the resolution, to the restitution of the sums received following the enforcement of the bank guarantees and payment for all damages incurred. The Court Technical Consultant announced that the work will be finished by March 2021. Following the presentation of the Court Technical Consultant's opinion, the case will revert to the local court for decision. Despite these proceedings the Parties began negotiations on the possibility to conclude a settlement agreement which would provide, among the various aspects, that the Client would commit to the payment of the trade payables of the projects which, for such purpose, would be ceded from Tecnimont to the client. At present the negotiations are still ongoing and the company however does not intend to withdraw from the legal action unless a Settlement is agreed with the Client.

ONGC Petro Additions Limited (India) This concerns two UNCITRAL arbitration proceedings brought by the consortium comprising Tecnimont S.p.A. and Tecnimont Private Limited against the Indian company ONGC Petro Additions Limited ("OPaL") with regards to two turnkey EPC Contracts (total value of approx. USD 440,000,000.00), regarding respectively the construction by the Consortium of a 340 tons per annum polypropylene plant (PP Project) and two HD/LLD "swing" polyethylene plant, each of 360 tons per annum capacity (PE Project). The PP and PE polyolefin plant are located in Dahej, in the State of Gujarat (India). Both Notices of Arbitration cite the following demands: a) recognition of a "time at large" situation regarding the two projects due to the actions of OPaL; b) the recognition of additional costs incurred and compensation for damage for delays owing to OPaL; c) recognition of and payment for extra works; d) the release of amounts overdue or incorrectly held by OPaL. Arbitration was suspended as the parties attempted to reach a settlement privately. Arbitration was thereafter reinitiated, with Tecnimont S.p.A. and Tecnimont Private Limited filing at the Indian Court a motion for the appointment of the Arbitration Board Chair. The Arbitration Board Chair was appointed, who issued the first procedural order which: i) requires unification of the two arbitration procedures into a single procedure; ii) sets OPaL's jurisdictional claims for a subsequent hearing; iii) set the procedural timeline. Subsequently, the Court was declared as competent to consider the issue and the New Delhi Arbitration Board was assigned the case. At the end of 2017, Tecnimont and Tecnimont Private Limited filed their Statement of Claim. Opal filed on April 2, 2018 its Statement of Defense and Counterclaim. On April 10, 2018 a procedural hearing was held in Singapore. In May 2018, the parties appointed their respective technical experts. On September 27, 2018, the technical experts of the parties filed their respective Expert Reports. On October 1, 2018, Tecnimont and Tecnimont Private Limited filed their Reply and Defense to Counterclaim. On December 24, 2018, OPaL filed its Reply to Defense to Counterclaim. On February 28, 2019, the parties presented their respective Rejoinders. On March 24, 2019, a procedural hearing was held in Singapore in preparation for the relevant hearings. The hearings were held from June 7 to 14, 2019, in New Delhi. The parties filed post-hearing submissions on July 24, 2019, and reply post-hearing submissions on August 14, 2019. The last hearing was held from September 16 to 18 in London. Subsequently, the parties filed submissions on costs on October 4, 2019, and reply submissions on costs on October 14, 2019. On January 6, 2020, the Court of Arbitration issued the final award, accepting the claims of Tecnimont and Tecnimont Private Limited for the delay incurred in completing the project and ordering OPaL to pay the following sums: INR 828,013,043, EUR 5,049,443 and USD 4,977,199 (relating to prolongation costs, withheld amounts and payment of contractual milestones). The court also rejected all OPaL counter-claims and ordered OPaL to pay the legal costs incurred by Tecnimont S.p.A. and

Tecnimont Private Limited for a total of: INR 18,866,620, EUR 3,275,000, GBP 450,080, USD 751,070, RUB 152,500 and MYR 3,750. The amounts were collected by Tecnimont S.p.A. and Tecnimont Private Limited, subject to the appeal subsequently filed by OPaL, still in an initial phase.

AL AIN AHLILA/ADCO (United Arab Emirates): The dispute refers to the EPC contract signed in 2014 between Tecnimont S.p.A. and the client ADCO (Abu Dhabi Company for Onshore Operations Ltd) regarding the construction of the oil pipeline on the Al Dabb'iya site near to Abu Dhabi (United Arab Emirates). Among the various types of pipe used for crude oil distribution, the insulated section supplied by MAN Industries (India) was found, on preparation for laying and welding, to have a contact gap between the non-insulated part and the insulating layers. This delamination issue would have exposed the pipeline to the risk of progressive corrosion, potentially compromising the functionality of the system. Therefore, at the beginning of 2017, the client ordered the full recovering of the insulation for over 100 kilometers of pipeline. In autumn 2017, Tecnimont submitted a claim to the insurance company Al Ain Ahlia Insurance Company (P.S.C.) for the costs of the rehabilitation of the insulation. The client had subscribed to a Construction All Risk (CAR) policy with the insurance company regarding the contract in question in order to cover any damages to the client and its co-insurees, including Tecnimont and all the contract suppliers. Tecnimont's insurance claim quantified damages due to the repair activities carried out by Tecnimont at USD 63,169,349. After several months of unsuccessful attempts to find a common understanding with the insurance company, having revised the arbitration clause, on August 19, 2018, Tecnimont, as claimant, filed a Request for Arbitration at the London Court of International Arbitration (LCIA) for the initiation of arbitration proceedings. The Request for Arbitration referred to an initial claim amount equal to the amount already claimed in October 2017 while reserving the right to increase the claim during the arbitration proceedings in light of further damages. On September 17, 2018, the insurance company filed its Response to Request for Arbitration, denying the relevant insurance coverage under the policy, without, in turn, formulating a counter-claim. In autumn 2018, the Court of Arbitration, constituted by three arbitrators, issued Procedural Order Number 1 with the annexed Procedural Timetable setting the dates for the exchange of Statements of Claim and for the Case Management Meeting between the parties and the Court of Arbitration itself. This meeting was due to define the final procedural steps and to make a decision on whether to not to divide the procedure into two phases, the first considering the policy coverage and relevant technical aspects, the second any award amount. On December 10, 2018 Tecnimont filed its Statement of Claim, providing further arguments regarding the insurance policy's coverage. On January 24, 2019, the insurance company filed a Statement of Defense, fully confirming the positions taken in the Response to Request for Arbitration, restating the exclusion of the insurance coverage, and rejecting any claim by Tecnimont. On February 21, 2019 lodged its Reply to the Statement of Defense filed by the Insurance Company, increasing the amount of its claim to approximately USD 120.9 million. The Case Management Meeting took place on March 25, 2019, following which the proceeding was divided into two phases, the first regarding the coverage of the policy in relation to the damage, and the second on its quantification. Hearings were held in November in order to complete the first phase. On February 3, 2020, the Court of Arbitration issued the partial award for the first phase, acknowledging the coverage of the policy in relation to the damage in favor of Tecnimont. The setting of the procedural calendar for the damage quantification phase has been delayed as a result of the Covid-19 pandemic. In autumn 2020 Tecnimont filed its statement on the amount of the claim, followed in December of that same year by the reply from AL AIN. The hearings on the amount of the claim are set for May 2021 and after the exchange of statements of conclusions/post-hearing briefs in the coming months, the final decision is not expected to be rendered until autumn of this year. Tecnimont and the client continue negotiations on the possibility to conclude a settlement agreement.

Yara Sluiskil B.V – The dispute refers to the EPC contract signed in July 2015 between Tecnimont SpA and the customer Yara Sluiskil B.V, a subsidiary of Yara International ASA, for the realization, on a lump-sum turn-key basis, of a new urea granulation fertilizer plant and associated units in Sluiskil, Holland. The complex, with a fully operational production capacity of 2,000 tons per day, uses proprietary technology developed by Yara enabling the production of a particular type of sulphur-enriched urea. Since the beginning of the project, Tecnimont has encountered significant difficulties which have impacted the timely execution of works and led to additional costs and damages. After several months spent in vain trying to find an amicable agreement between the parties, on January 15, 2020, Tecnimont SpA filed its request for arbitration with the International Chamber of Commerce in order to initiate the arbitration proceeding. The request for arbitration reported in the petition, as an initial amount, a provisional value of approximately Euro 49 million. The request for arbitration was made in relation to, inter alia, the following claims: a) acknowledgement and payment of certain extra works; b) acknowledgement of higher costs incurred and compensation for damages incurred due to delays attributable to Yara; c) payment of a portion of the residual contract price. By February 24 last, Yara filed the reply to the request for arbitration, together with the Answer to the Request for Arbitration and Counterclaim. Yara's counterclaim provisionally amounts to approx. Euro 24 million. The parties and the arbitration tribunal formed signed the Terms of Reference of the arbitration procedure in May 2020. On November 29, 2020 Tecnimont filed its Statement of Claim, providing further arguments with regard to the claims made in the Request for Arbitration and increasing the amount sought to approximately Euro 70 million (eq.), not including any additional damages and legal costs. The next deadline for Yara is April 23, 2021, with the filing of the Statement of Defense and Counterclaim. The preliminary hearing was postponed until May 2022. The arbitration is expected to end in 2022.

ACC Lahoud (ALJV) (United Arab Emirates): The dispute refers to the EPC contract signed in 2014 between Tecnimont S.p.A. and the client ADCO (Abu Dhabi Company for Onshore Operations Ltd) regarding the construction of the oil pipeline on the Al Dabb'iya site near to Abu Dhabi (United Arab Emirates). In 2015 Tecnimont subcontracted the civil works for the northern and southern areas of the "Central Processing Plant" (CPP) and "Clusters" to the consortium formed by Arabian Construction Company WLL and Lahoud Engineering Company LLC (ALJV), along with an optional portion relating to the electrical and instrumental part of the facility. ALJV's work was initially to be completed in August 2017. Due to the delays accumulated, the date for achieving "Ready for Commissioning" status was extended until July 2018. Despite Tecnimont's constant support, including the supply of additional labor and the progressive reduction of the scope of ALJV's work, in 2019 ALJV once again failed to meet the contractual milestones. Tecnimont and ALJV discussed the responsibility for these delays throughout 2018 and 2019 and when Tecnimont, faced with ALJV's now clear unfitness to complete the work, decided to enforce the bank guarantees in the amount of USD 36 million, that same day, i.e. April 16, 2020 ALJV responded by filing a Request for Arbitration (RFA) with the ICC, seeking compensation of approximately USD 150 million. In particular, clearly seeking to stem the critical situation, ALJV sought: a) payment of the consideration for the work allegedly done in relation to determined progress payment certificates (PPCs: 37, 38 and 39) amounting to USD 27,740,075; b) the issue of the "Ready For Commissioning" certificate; c) payment of the amount contractually retained as security ("Retention Money") of USD 23,084,852; d) reduction of the Performance Bond from 10% to 5% of the value of the subcontracting agreement; e) payment of AED 6,358,334 to defray the costs of maintaining the "overdraft facility" as a result of the delay in payments purportedly due to Tecnimont; g) granting of a complete extension of the deadlines for completing the work; h) payment of damages due to extension of the work, inconvenience and costs of stoppage of certain personnel due to alleged breaches of contractual obligations by Tecnimont; i) payment of USD 4,156,641 for the completion of additional works (extra works requests EWR); j) payment of USD 3,854,485 for the installation of certain materials (embedded PVC sleeves); k) payment of USD 5 million for moral damages and lost profits; l) payment of interest of 5% per annum; and m) payment of the costs of arbitration. On June 26, 2020 Tecnimont filed its Answer, seeking the rejection of all ALJV's claims and compensation from ALJV for damages of a provisional amount of USD 120 million, plus 5% interest and all costs of arbitration. ALJV took action before the courts of the United Arab Emirates seeking to block the enforcement of the bank guarantees by Tecnimont. The Arbitration Tribunal formed in the interim set the procedural calendar and in November 2020 ordered the payment of the amount of the enforced bank guarantees into an escrow account to be released to Tecnimont or ALJV according to the outcome of the arbitration decision. According to the procedural calendar, on January 21, 2021 ALJV filed its Statement of Claim, accompanied by written testimony and expert reports on the delay and quantification of the damages, whereas Tecnimont will present its Statement of Defense and Counterclaim, also accompanied by its written testimony and expert reports, on June 3, 2021. The hearings will be held not before May 2022 and the decision will not be issued until the end of that same year.

Siirtec Nigi This is a trial (General Registry 20666/2020) is pending before the Court of Milan between Tecnimont S.p.A. and Siirtec Nigi S.p.A. By writ of summons served on 19.6.2020, Sirtec Nigi S.p.A. ("SN") sued Tecnimont S.p.A. ("TCM") before the Court of Milan, seeking payment of approximately Euro 6,000,000.00 for alleged breaches by TCM of its obligations under the contract signed by the parties under which SN was to provide TCM design, materials and components, engineering and procurement, assembly, construction and inspection for the building of a gas dehydration and glycole regeneration plant. SN claims, in particular, that TCM: - did not pay the amounts due under invoices i) 98-105 of 2018, ii) 31, 61, 84 and 146 of 2019 and iii) 10, 11 and 23 of 2020; - requested additional engineering and procurement services without paying for them; - requested change orders, without paying for them; - negligently committed additional breaches that allegedly delayed the work and increased the material costs borne by SN; and - unlawful enforced the surety guarantees granted to it. Entering an appearance with a statement of appearance and counterclaim, TCM rejected all of the adverse party's arguments and claimed that SN: had failed to properly comply with its contractual obligations; had constantly delayed delivery of documents and goods; had delivered low quality goods; had failed to provide assistance at the side; had failed to manage its sub-suppliers; and had failed to deliver the contractually mandated replacement parts. By virtue of these complaints, TCM brought a counterclaim for past and future damages, quantified at approx. Euro 85 million. At the first hearing on 17.12.2020 the judge then set the terms pursuant to Article 183 paragraph VI of the Italian Code of Civil Procedure and continued the trial until 20.5.2021 for the admission of evidence. The statements pursuant to Article 183 of the Italian Code of Civil Procedure in which the parties will clarify/add to their claims and file applications for admission of evidence are being prepared.

TAX DISPUTES

Maire Tecnimont Group Tax disputes concern outstanding tax proceedings relating to ordinary operations of Group companies. A summary of the main positions at December 31, 2020 according to currently available information is presented below.

TECNIMONT S.p.A.: audit for 2014, 2015 and 2016 of direct taxes, IRAP, VAT and withholding tax

On December 6, 2018, following the general audit of direct taxes, IRAP, VAT and withholding tax by the Tax Agency's Lombardy Region Directorate, in reference to the tax periods of 2015 and 2016 (extended to 2014 for the sole purpose of checking the correctness of the normal value of transactions with the subsidiary Tecnimont Private Limited), the company received a Tax Assessment (PVC) indicating the following findings:

1. recovery of taxes regarding the costs for the acquisition of engineering services by the subsidiary Tecnimont Private Limited in the financial years 2014, 2015 and 2016 (totaling Euro 18,827,000), deemed in excess of the fair value;

2. alleged higher interest income of Euro 1,085,000 in relation to the loan granted to Tecnimont Arabia Limited.

The company had previously prepared the documentation required by Article 1, Paragraph 2-ter, of Legislative Decree No.471/97 and the Tax Agency Director's Provision of September 29, 2010. This documentation, submitted during the audit, was deemed (i) to be adequate for demonstrating that the applied transfer prices were consistent with the fair value, and (ii) to be valid for the purposes of the beneficial regime for the waiving of penalties under Article 1, Paragraph 2-ter, of Legislative Decree No. 471/97.

In October 2019, the Large Taxpayers Office of the Tax Agency's Lombardy Regional Directorate notified the company of separate assessment notices for corporate income tax (IRES) purposes, notifying also Maire Tecnimont SpA in this regard as a consolidating and jointly liable party, and regional tax (IRAP) for the 2014 tax period. The Tax Agency essentially confirmed the findings of the tax audit report, calling for Euro 1,015 thousand in terms of IRES and Euro 138 thousand in terms of IRAP, plus interest.

Tecnimont SpA (and Maire Tecnimont SpA, as the IRES consolidating party), considering that the objections formulated by the Tax Agency, supported by a prominent law firm, were unfounded, filed an appeal against the assessment notices (pending consideration before the Milan Provincial Tax Commission).

On March 13, 2020 the company filed an application for a Mutual Agreement Procedure as per Article 26 of the Convention between the Government of the Republic of Italy and the Government of the Republic of India. Through this application, Tecnimont S.p.A. intends to seek action by the Office for the Resolution and Prevention of International Disputes to eliminate the double taxation caused by the adjustment applied by the Revenue Agency in the above assessment notice. Following this application, on October 26, 2020 the Provincial Tax Commission of Milan ordered a stay of the trial.

Furthermore, in order to avoid further similar disputes on the correct transfer pricing methodology to be used in transactions with the subsidiary Tecnimont Private Limited, on December 31, 2019, the company submitted an application to the Office for the Resolution and Prevention of International Disputes of the Tax Agency to request the commencement of the bilateral preventive agreement procedure pursuant to Article 31-ter of Presidential Decree No. 600/1973 and Article 26 of the Convention between the Government of the Republic of Italy and the Government of the Republic of India. An analogous request was submitted by Tecnimont Private Limited to the corresponding Indian APA Office.

KT Kinetics Technology SpA: Tax Agency Audit year 2016

On December 5, 2019, following the general tax audit of direct taxes, regional tax (IRAP), VAT and withholding tax conducted by the Tax Agency's Lazio Regional Directorate with reference to the 2016 tax period, the company received the Tax Assessment ("P.V.C. KT") containing the following findings:

1. recovery of corporate income tax (IRES) and regional tax (IRAP) for the costs incurred in the licensing of industrial patents by the subsidiary Stamicarbon BV (to a total of Euro 1,933,000), deemed to be in excess of the normal value;
2. Receivables for taxes paid abroad (for a total of Euro 363,000);
3. withholding taxes on royalties paid to non-resident entities (for a total of Euro 994 thousand).

The company had previously prepared the documentation required by Article 1, Paragraph 2-ter, of Legislative Decree No.471/97 and the Tax Agency Director's Provision of September 29, 2010. This documentation, submitted during the audit, was held by the auditors (i) to be adequate for demonstrating that the applied transfer prices were consistent with the fair value, and (ii) to be valid for the purposes of the beneficial regime for the waiving of penalties under Article 1, Paragraph 2-ter, of Legislative Decree No. 471/97.

Considering that the issue mentioned in finding no. 1 above also extended to 2015, with regard to which the Agency had sent a specific invitation to an open hearing, the Company, despite not agreeing with the arguments put forth by the Italian Tax Agency, decided to settle all possible disputes and avoid probable litigation by tax settlement referring to 2015 signed on October 23, 2020 (entailing the payment of greater IRES of Euro 29 thousand and greater IRAP of Euro 5 thousand, plus interest).

The Company has not been notified of any additional documents and/or claims.

NEOSIA SpA: Revenue Agency Audit in reference to 2014

In December 2019, after a documentary audit in reference to the year 2014, the Milan Provincial Directorate of the Tax Agency notified the company (as well as Maire Tecnimont SpA as a consolidating and jointly liable party) via an assessment notice claiming the tax recovery of redundancy incentives allocated by the Company in 2014 (Euro 544 thousand more in terms of corporate income tax, plus penalties and interest).

Acknowledging the Italian Tax Agency's position, and despite believing the findings in the assessment notice to be untenable, the Company definitively settled the dispute, thereby avoiding lengthy litigation. To this end, a settlement agreement was signed with the Italian Tax Agency on April 27, 2020 entailing:

i. the payment of IRES of Euro 108 thousand (plus penalties and interest); and

ii. the subsequent 'favorable' amendment of the 2015 IRES return, enabling the immediate recovery of much of what had been paid.

Ingenieria y Construccion Tecnimont Chile y Compania Limitada: Audit on financial years 2011, 2012, 2013 and 2014

In May 2013 Ingenieria y Construccion Tecnimont Chile y Compania Limitada ("Tecnimont Chile") was notified of an application by the Chilean tax authorities regarding tax findings and claims. In particular, the calculation of the 2011 tax result was contested, rejecting the tax losses accumulated (approx. CLP 60 billion) and claiming taxes for a total of approx. CLP 4.9 billion. Tecnimont Chile promptly requested nullification of the claim as illegitimate and unfounded, providing fresh and extensive documentation not previously considered by the Chilean Tax Agency. On the basis of this documentation provided, on August 8, 2013 the Chilean Tax Agency partially nullified the act, acknowledging the validity of part of the tax loss, while also almost entirely cancelling all payment demands for increased taxes and interest previously notified to the company. Tecnimont Chile continued to appeal in support of the correctness of its conduct and, backed by a leading legal firm, proposed an appeal against the first level unfavorable decision of November 20, 2017. In its judgement on January 17, 2019, the Court of Appeal of Santiago accepted all the requests made by the company. Against this decision, the Tax Agency appealed to the Court of Cassation on February 4, 2019 (awaiting consideration).
The Chilean Finance agency in addition issued additional acts containing challenges from the years 2012, 2013 and 2014, mainly relating to the non-recognition of the losses carried forward for 2011. Tecnimont Chile requested on time cancellation of the assessments as considering them unlawful and unfounded: demonstrating the correctness of its conduct and supported by a leading legal firm, the company challenged the assessments (still awaiting hearing).

17. Corporate Governance and Ownership Structure Report

In accordance with the regulatory obligations of Article 123-bis of the CFA, the "Corporate Governance and Ownership Structure Report" is drawn up annually and contains a general outline of the Corporate Governance System adopted by the company and information upon the ownership structure, including the main governance practices applied and the features of the risk management and internal control system with regards to financial disclosure.

This report is available on the company website www.mairetecnimont.it, in the "Governance" section.

18. Treasury shares and shares of the parent company

At December 31, 2020, the Company does not hold any treasury shares.

19. Going Concern

Based on the results achieved, the Group and the Company consider the going concern principle appropriate for the preparation of the annual report at December 31, 2020, even after assessing the impacts from the emergence of the "coronavirus". In this regard, please refer to the "Key Events in the period" paragraph.

20. Subsequent events and outlook

The key events were as follows:

THE MAIRE TECNIMONT GROUP AND SOCAR SIGN TWO EPC CONTRACTS FOR NEW NEXT-GENERATION REFINERY UNITS WITH A TOTAL VALUE OF USD 160 MILLION

On February 3, 2021 Maire Tecnimont S.p.A. announced that its subsidiaries Tecnimont S.p.A. and KT - Kinetics Technology S.p.A. had signed two Engineering, Procurement and Construction (EPC) contracts with Heydar Aliyev Oil Refinery, a subsidiary of SOCAR, as part of the work to modernize and rebuild the Heydar Aliyev refinery in Baku. SOCAR is the oil authority of the Republic of Azerbaijan. The total value of the contracts value is approx. USD 160 million.

The scope of work of the first contract calls for the construction of a hydrotreating unit for the petrol originating from fluid catalytic cracking (FCC), whereas the second includes the implementation of a unit for removing and oxidising mercaptans present in the LPG (liquid petroleum gas) current and an ammonia treatment and LPG pretreatment unit. These units are fundamental to improving the quality of fuel in accordance with the EURO-5 standards. Both projects were carried out at the Heydar Aliyev refinery, where Tecnimont and KT - Kinetics Technology are jointly executing an EPC contract awarded in 2018. The completion of the new EPC contract projects is expected within 33 and 26 months of the signing date of the contract, respectively.

This is a great outcome for the Maire Tecnimont Group’s core business because it enables further consolidation of the Group’s industrial footprint in the strategic Azerbaijani market and in the natural resource transformation sector. In addition the award highlights the Group’s focus on leveraging upon its unique expertise, on technological know-how and on the synergies among its EPC contractors.

EARLY VOLUNTARY REDEMPTION OF THE “2017 – 2023 BOND” OF EURO 20 MILLION SUBSCRIBED IN APRIL 2017

On February 11, 2021 the Board of Directors of Maire Tecnimont S.p.A. decided to exercise the early voluntary redemption option for the “2017-2023 Bond” of Euro 20 million, intended for qualifying investors, subscribed in full by Amundi Asset Management in April 2017, with a contractual maturity of April 2023, for the terms and conditions of which the press release circulated on April 24, 2017 should be consulted. The decision to exercise the early redemption option was motivated by the economic conditions of the bond, which no longer reflected the Maire Tecnimont Group’s improved credit rating, rendering it more onerous than the Group’s other currently outstanding financial transactions. The bond will be redeemed by the end of the current month. It bears recalling that the bond is secured by a guarantee issued by Tecnimont S.p.A.

AGREEMENT BETWEEN THE MAIRE TECNIMONT GROUP AND ESSENTIAL ENERGY USA CORP FOR A NEW BIO-REFINERY IN SOUTH AMERICA

On February 15, 2021 Maire Tecnimont S.p.A., through its subsidiary NextChem, and Essential Energy USA Corp. concluded a Front-End Engineering Design contract with a concurrent Memorandum of Understanding to build a new biorefinery in South America for renewable diesel production. Essential Energy USA Corp. is one of South America’s main biofuel producers.

In the light of the client’s final investment decision, the biorefinery will be scaled to produce 200,000 tons per annum of high quality renewable diesel from second-generation (non-food competitive) biological feedstocks. NextChem will be the exclusive EPC contractor. The project is expected to be operational in 2023.

The biorefinery will convert discarded vegetable and animal oils into HVO (hydrogenated vegetable oils), also known on the market as renewable diesel. This is a product that is chemically identical to diesel from fossil sources but with the advantage of improved chemical and physical performances. Renewable diesel is used worldwide as a biofuel in diesel vehicles that do not require any modification of their engines for its use. In addition, renewable diesel enables a reduction of carbon intensity, i.e. CO2 emissions of greenhouse gas emissions of over 80% compared to petroleum diesel. The Maire Tecnimont Group has solid experience as an EPC contractor in energy services, including in South America. In addition, NextChem is active in various projects for the energy transition, with a focus on implementing solutions for reducing the carbon footprint by developing new technologies for the production of green fuels, biochemicals and circular chemical products from waste.

OUTLOOK

The COVID-19 pandemic, in its various variants, is continuing to influence the markets, although with the launch of vaccination campaigns at the global level and measures approved at the institutional level in support of a quick recovery a feeling of greater confidence in a positive outcome of the situation at the global level is gradually taking hold. The resumption of activity in all sectors of industry has already had a significant effect on the price of natural resources and derivative products, providing more decisive, tangible support for investments in the downstream segment, focused in particular on the transformation of hydrocarbons, above all of natural gas into petrochemical products and the work to be done on existing industrial facilities and refinery units required to modify their production processes and type of output products in order to be increasingly suited to the markets' demands and international decarbonization regulations. All regions in which the group is already present and has been operating for many years are showing a greater propensity for investments than in the recent past, and this borne out by a commercial pipeline at never-before-seen levels.

The drive to reduce the carbon footprint is supporting the Group's green activities in particular. The initiatives launched by the subsidiary NextChem, thanks to the cooperation and development agreement signed in 2020 with major national and international partners, are bound to undergo significant evolution in the coming months, while the process of developing and validating proprietary new technologies and commercial initiatives continue to move at a rapid pace in the sectors of the circular economy, biofuels and the conversion of waste into chemical products. The activities of the Green division, which also include initiatives in the field of renewable energy, are also benefiting from a rapidly growing commercial pipeline, and from which new orders are expected to be awarded in 2021.

In view of the contracts in portfolio under execution, and in light of the regions in which operating activities are in progress, albeit partially influenced by the measures taken by local institutions, due to the technological infrastructure now in use within the group for some time, which has amply demonstrated that it can enable efficient operating management even in times of crises, in coming quarters production volumes are expected to rise, as already seen in the final months of the year just ended, and with margins in line with that expressed by EPC projects on average, before efficiency initiatives relating to overhead and operating costs implemented at the group level in 2020 to combat the effects of the pandemic.

21. Consolidated Non-Financial Report

The Group in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up the consolidated disclosure non-financial information as a separate report.

In accordance with Articles 3 and 4 of Legislative Decree 254/2016, the 2020 Sustainability Report, published on the company website at www.mairetecnimont.it., in the "Investors" section, constitutes the Non-Financial Statement.

22. Other information

PARENT COMPANY OPERATING PERFORMANCE

Maire Tecnimont S.p.A. is a company incorporated in Italy at the Rome Companies Registration Office, acting as the Maire Tecnimont Group holding company. The company Maire Tecnimont S.p.A. reported a net loss of Euro 13.2 million for 2020, with an EBITDA loss of Euro 9.2 million and shareholders' equity of Euro 444.1 million.

Income Statement

(in Euro)	2020	2019
Total Revenues	**36,542,679**	**95,718,610**
Total Costs	**(45,763,272)**	**(49,843,061)**
EBITDA	**(9,220,593)**	**45,875,549**
Amortization, depreciation and write-downs	**(1,003,406)**	**(962,617)**
EBIT	**(10,223,999)**	**44,912,932**
Financial income	**11,233,660**	**7,994,261**
Financial expenses	**(22,343,087)**	**(18,252,646)**
Investment income/(expense)	**0**	**(10,000,000)**
Income/(loss) before taxes	**(21,333,427)**	**24,654,547**
Income taxes	**8,131,888**	**6,072,921**
Net income/(loss) for the year	**(13,201,539)**	**30,727,468**
Basic earnings per share	**(0.04)**	**0.09**
Diluted earnings per share	**(0.04)**	**0.09**

In 2020 revenues were primarily characterized by dividends collected solely from the subsidiary Stamicarbon and by revenues for the "Provision of inter-company services" towards direct subsidiaries; revenues decreased significantly on the previous year due to the decision by the Italian subsidiaries Tecnimont S.p.A. and KT - Kinetics Technology S.p.A. not to distribute 2019 dividends due to the regulatory measures taken in response to the COVID-19 emergency, including Decree Law No. 23 of April 8, 2020 in effect from April 9, 2020.

Operating expenses declined, essentially due to lower personnel expense; in order to react to the contingent situation created as a result of COVID-19 at a management level, savings initiatives were undertaken during the year; at the same time, the Board of Directors also decided to suspend the assignment of objectives relating to short-term monetary incentive plans ("MBO") for the current year.

Financial income amounted to Euro 11.2 million, an increase compared with the previous year, and refers mainly to income from subsidiaries relating to interest income accrued on loans and current accounts; as previously reported, the company adopted with the subsidiaries cash pooling systems to streamline the management of Group cash flows, avoiding the dispersion of liquidity and minimizing financial charges and other costs.

Financial expenses amounted to Euro 22.3 million and include Euro 5.9 million in interest paid on loans received from subsidiaries and financial expenses for cash pooling related to interest paid to subsidiaries on cash pooling account overdrafts received during the year; Euro 7.1 million in interest paid on bank loans that were fully repaid during the year and other charges to the banking system on loans drawn down during the year, including the new loan of Euro 365 million, 80% backed by the Italy Guarantee from SACE; for Euro 5.4 million charges on the Bond in place and for Euro 3.7 million the negative fair value change of the residual portion of three cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price essentially tied to the personnel incentive plans in place.

The net loss came to Euro 13.2 million, essentially due to the lower dividends collected from the Italian subsidiaries for the reasons set out above.

Balance Sheet

(in Euro)	2020	2019
Non-current assets	1,101,949,041	777,702,909
Current assets	452,605,205	315,650,320
Total Assets	1,554,554,245	1,093,353,229

(in Euro)	2020	2019
Shareholders' Equity	444,071,055	452,828,026
Non-current liabilities	617,191,972	249,409,953
Current liabilities	493,291,218	391,115,250
Total Shareholders' Equity and Liabilities	1,554,554,245	1,093,353,229

The main increase in non-current assets is due to greater financial receivables beyond 12 months from subsidiaries; in fact, in July 2020 Maire Tecnimont S.p.A. disbursed a loan to two of its main operating companies in Italy, Tecnimont S.p.A. and KT - Kinetics Technology S.p.A., amounting to Euro 250 million and Euro 70 million, respectively. These loans receivable were granted following the subscription by Maire Tecnimont of a loan agreement under which it borrowed Euro 365 million with an 80% guarantee from the SACE Italy Guarantee. In accordance with the provisions of the Liquidity Decree of April 9, 2020, these loans granted, like that received by Maire Tecnimont S.p.A., will have a total term of six years, of which two years of grace period and a rate of 1.7% per annum, in addition to the cost of the SACE Italy Guarantee.

Current assets mainly comprise trade receivables from subsidiaries, also relating to the tax and VAT consolidation of the Group for Euro 27 million; tax receivables, mainly for VAT regarding the Group VAT consolidation and IRES excess payments in relation to tax consolidation, for Euro 17.3 million, and current financial assets for Euro 141.4 million referring to financial receivables from subsidiaries, in addition to receivables for current accounts from subsidiaries.

In relation to this we recall Maire Tecnimont S.p.A. adopted the cash pooling system to streamline the management of Group cash flows, avoiding the dispersion of liquidity and minimizing financial charges.

Cash and cash equivalents at December 31, 2020 amount to Euro 265.4 million, an increase of Euro 162.9 million compared to December 31, 2019.

Shareholders' Equity at December 31, 2020 was Euro 444.1 million, a net decrease on the previous year of Euro 8.7 million, essentially related to the loss for the year.

Other non-current liabilities increased on December 31, 2019 mainly due to the subscription by Maire Tecnimont of a loan agreement of Euro 365 million with an 80% guarantee from the SACE Italy Guarantee. This loan was disbursed by a syndicate of major Italian financial institutions made up of Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan mainly supported the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and has a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee

Other non-current liabilities also include Euro 183.6 million of non-current financial payables relating to outstanding bonds.

Other current liabilities concern for Euro 462.5 million payables to subsidiaries for current accounts, in relation to the cash pooling system and others for intercompany loans, for Euro 5.2 million trade payables to suppliers for ordinary operations and for Euro 7 million trade payables to subsidiaries.

Other current liabilities include also Euro 6.2 million concerning payables to subsidiaries for Group VAT. Again in 2020 a number of Group companies renewed the tax consolidation, transferring their VAT settlement credit balances to the consolidating Maire Tecnimont S.p.A..

The “Reconciliation between the net income of Maire Tecnimont S.p.A. and Group net income” and the “Net equity of Maire Tecnimont S.p.A. and Group net equity” is reported in the explanatory notes to the consolidated financial statements.

SECONDARY OFFICES

In accordance with Article 2428, paragraph 5, it is stated that Maire Tecnimont does not have secondary offices.

MARKETS REGULATION ARTICLE 15 (PREVIOUSLY ARTICLE 36) OF CONSOB MARKETS REGULATION (ADOPTED WITH CONSOB MOTION NO. 20249)

In relation to the regulations concerning the conditions for the listing of companies that control companies constituted and regulated according to laws outside of the European Union and of significant importance for the purposes of the consolidated financial statements, the Maire Tecnimont Group has identified 5 subsidiaries, with headquarters in 5 countries not belonging to the European Union, which are considered significant in accordance with the regulation.

With regards to that outlined above, the current administrative-accounting and reporting systems of the Maire Tecnimont Group are considered appropriate to provide regular reporting to management and the Auditor of the parent company of the income statement, balance sheet and financial data necessary for the preparation of the Consolidated Financial Statements and to ensure compliance with the above regulation.

PARTICIPATION IN THE REPORTING SIMPLIFICATION SCHEME IN ACCORDANCE WITH CONSOB MOTION NO. 18079 OF JANUARY 20, 2012.

In accordance with Article 3 of Consob motion No. 18079 of January 20, 2012, Maire Tecnimont S.p.A decided to adopt the opt-out as per Articles 70, paragraph 8, and 71, paragraph 1-bis of Consob motion no. 11971/99, as amended, applying therefore the exception from publication of the required disclosure documents provided for in Annex 3B of the aforementioned Consob Regulation concerning significant merger, spin-off, share capital increases through conferments of assets in kind, acquisitions, and significant sales operations.

PUNTA CATALINA

In relation to that announced on March 14, 2019, with regards to the information regarding the investigations in progress concerning the construction project for the electricity plant located in Punta Catalina in Santo Domingo appearing in the press, the company Maire Tecnimont, in confirming its determination to work as closely as possible with the Italian investigative authorities, forcefully restates its lack of involvement in the events subject to investigation and its confidence in their positive conclusion.

In the initial months of 2019, the company actively cooperated with the Italian investigating authorities by exhibiting all the material requested (mainly computer documentation related to the above mentioned order). According to the Group's legal counsel, the investigation is still ongoing, slowed by several letters rogatory that have not yet been answered by the governments addressed. The company has received no further requests and is not aware of further developments. The appointed legal counsel have stated that they are confident that the case will soon be dismissed.

The legal counsel believe that the investigation by the Milan Public Prosecutor triggered by the complaint by the NGO Re:Common cited in the press is a formality by the investigating authorities and, as mentioned will allow Tecnimont and its personnel to be proved to be entirely innocent of any wrongdoing.

Consolidated Financial Statements and Explanatory Notes

December 31, 2020

23. Financial Statements

23.1. Consolidated Income Statement

(In Euro thousands)	*Note*	2020	2019
Revenues	27.1	2,569,224	3,297,404
Other operating revenues	27.2	61,554	40,961
Total Revenues		**2,630,778**	**3,338,364**
Raw materials and consumables	27.4	(738,922)	(951,086)
Service costs	27.5	(1,281,856)	(1,607,531)
Personnel expenses	27.6	(368,884)	(455,447)
Other operating costs	27.7	(68,899)	(88,709)
Total Costs		**(2,458,560)**	**(3,102,773)**
EBITDA		**172,218**	**235,592**
Amortization, depreciation and write-downs	27.8	(43,619)	(43,663)
Write-down of current assets	27.9	(4,924)	(2,817)
Provisions for risks and charges	27.9	0	(209)
EBIT		**123,675**	**188,902**
Financial income	27.10	7,438	19,239
Financial expenses	27.11	(53,263)	(37,660)
Investment income/(expense)	27.12	964	(3,474)
Income before taxes		**78,814**	**167,007**
Income taxes, current and deferred	27.13	(24,607)	(52,311)
Net income for the year		**54,207**	**114,695**
Group net income		57,801	112,981
Minorities		(3,594)	1,714
Basic earnings per share	27.14	**0.176**	**0.344**
Diluted earnings per share		**0.176**	**0.344**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”, while in the tables no separate indication was provided as not considered significant.

23.2. Consolidated Comprehensive Income Statement

(In Euro thousands)	*Note*	2020	2019
Net income for the year		**54,207**	**114,695**
Other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the year:			
Actuarial losses	*28.19*	(399)	(669)
Relative tax effect		96	160
Fair value changes of investments with OCI effects	*28.19*	(310)	(9,084)
Total other comprehensive expense which may not be subsequently reclassified to loss for the year:		**(613)**	**(9,592)**
Other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the year:			
Translation differences	*28.19*	(34,298)	7,024
Net valuation of derivatives instruments:			
· valuation derivative instruments	*28.19*	(31,744)	37,339
· relative tax effect		7,619	(8,961)
Total other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the year:		**(58,423)**	**35,401**
Total other comprehensive income/(expense), net of the tax effect		**(59,037)**	**25,809**
Comprehensive income/(loss)		**(4,829)**	**140,504**
Attributable to:			
· Group		(1,235)	138,790
· Minorities		(3,594)	1,714

23.3. Consolidated Balance Sheet

(In Euro thousands)	Note	December 31, 2020	December 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	28.1	42,132	42,573
Goodwill	28.2	294,321	296,132
Other intangible assets	28.3	83,348	72,734
Right-of-use - Leasing	28.4	134,815	148,600
Investments in associates	28.5	16,788	15,777
Financial instruments – Derivatives	28.6	635	5,500
Other non-current financial assets	28.7	66,904	48,148
Other non-current assets	28.8	112,325	143,389
Deferred tax assets	28.9	25,866	32,420
Total non-current assets		**777,134**	**805,273**
Current assets			
Inventories	28.10	3,222	2,738
Advance payments to suppliers	28.10	481,706	439,358
Contractual Assets	28.11	1,928,600	1,892,365
Trade receivables	28.12	649,187	555,286
Current tax assets	28.13	104,762	118,577
Financial instruments – Derivatives	28.14	5,262	23,705
Other current financial assets	28.15	9,417	6,457
Other current assets	28.16	256,204	185,262
Cash and cash equivalents	28.17	705,327	727,394
Total current assets		**4,143,686**	**3,951,141**
Non-current assets classified as held-for-sale	28.18	0	97,314
Elimination of assets to and from assets/liabilities held-for-sale	28.18	0	(17,988)
Total Assets		**4,920,821**	**4,835,741**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”, while in the tables no separate indication was provided as not considered significant.

(In Euro thousands)	Note	December 31, 2020	December 31, 2019
Shareholders' Equity			
Share capital	28.19	19,921	19,921
Share premium reserve	28.19	272,921	272,921
Other reserves	28.19	(21,253)	7,460
Valuation reserve	28.19	(21,507)	3,232
Total shareholders' equity & reserves		**250,082**	**303,534**
Retained earnings/(accumulated losses)	28.19	104,953	(7,968)
Net income for the year	28.19	57,801	112,981
Total Group Net Equity		**412,836**	**408,547**
Minorities		35,442	40,389
Total Net Equity		**448,278**	**448,936**
Non-current liabilities			
Financial debt - non-current portion	28.20	567,189	244,274
Provisions for charges - beyond 12 months	28.21	31,512	23,256
Deferred tax liabilities	28.9	21,317	27,941
Post-employment & other employee benefits	28.22	10,489	10,926
Other non-current liabilities	28.23	78,371	82,194
Financial instruments - Derivatives	28.24	12,632	1
Other non-current financial liabilities	28.25	198,570	198,094
Non-current financial liabilities - Leasing	28.26	115,139	127,876
Total non-current liabilities		**1,035,219**	**714,562**
Current liabilities			
Short-term debt	28.27	118,308	342,468
Current financial liabilities - Leasing	28.26	20,756	22,208
Provisions for risks and charges - within 12 months	28.28	6,159	23,179
Tax payables	28.29	28,611	60,735
Financial instruments - Derivatives	28.30	27,358	7,909
Other current financial liabilities	28.31	330	330
Client advance payments	28.32	649,360	684,272
Contractual Liabilities	28.33	577,386	305,013
Trade payables	28.34	1,706,534	1,960,592
Other Current Liabilities	28.35	302,521	202,749
Total current liabilities		**3,437,323**	**3,609,456**
Liabilities directly associated with non-current assets classified as held-for-sale	28.18	0	80,775
Elimination of liabilities to and from assets/liabilities held-for-sale	28.18	0	(17,988)
Total Shareholders' Equity and Liabilities		**4,920,821**	**4,835,741**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions", while in the tables no separate indication was provided as not considered significant.

24. Statement of changes in Consolidated Shareholders' Equity

(In Euro thousands)	Share capital	Share premium reserve	Other reserves	Translation reserve	Valuation reserve	Retained earnings	Income/ (losses) for year	Group Shareholders' equity	Minority interest capital & reserves	Group & Minority int. consol. share. equity
December 31, 2018	19,921	272,921	30,694	(27,887)	(15,553)	(81,060)	110,575	309,611	33,021	342,633
Allocation of the result						110,575	(110,575)	-		-
Change to consolidation scope								-		-
Distribution dividends						(39,108)		(39,108)		(39,108)
Share capital increase non-cont. int.	-	-						-	7,821	7,821
Other changes						1,624		1,624	(2,168)	(544)
IFRS 2 (Employee share plans)			(2,371)					(2,371)		(2,371)
Utilisation Treasury Shares 2019 for PAD 3' cycle			3,163					3,163		3,163
Acquisition of Treasury Shares 2019			(3,163)					(3,163)		(3,163)
Comprehensive income/(loss) for the year				7,024	18,785		112,981	138,790	1,714	140,504
December 31, 2019	19,921	272,921	28,324	(20,863)	3,233	(7,968)	112,981	408,547	40,389	448,936

(In Euro thousands)	Share capital	Share premium reserve	Other reserves	Translation reserve	Valuation reserve	Retained earnings	Income/ (losses) for year	Group Shareholders' equity	Minority interest capital & reserves	Group & Minority int. consol. share. equity
December 31, 2019	19,921	272,921	28,324	(20,863)	3,233	(7,968)	112,981	408,547	40,389	448,936
Allocation of the result						112,981	(112,981)	-		-
Change to consolidation scope								-		-
Other changes						(60)		(60)	(1,353)	(1,413)
IFRS 2 (Employee share plans)			5,584					5,584		5,584
Comprehensive income/(loss) for the year				(34,298)	(24,739)		57,801	(1,235)	(3,594)	(4,829)
December 31, 2020	19,921	272,921	33,908	(55,161)	(21,507)	104,953	57,801	412,836	35,442	448,278

25. Consolidated Cash Flow Statement (indirect method)

(Euro thousand)	31 December 2020	31 December 2019
Cash and cash equivalents at the beginning of the year (A)	727.394	650.008
Operations		
Net Income of Group and Minorities	**54.207**	**114.695**
Adjustments:		
- Amortisation of intangible assets	14.479	16.393
- Depreciation of non-current tangible assets	5.139	4.782
- Depreciation of Right-of-use - Leasing	24.000	22.488
- Provisions	4.924	3.027
- (Revaluations)/Write-downs on investments	(964)	3.474
- Financial Charges	53.263	37.660
- Financial (Income)	(7.438)	(19.239)
- Income and deferred tax	24.607	52.311
- Capital (Gains)/Losses	87	43
- (Increase)/Decrease inventories/supplier advances	(42.831)	(111.483)
- (Increase)/Decrease in trade receivables	(98.825)	(131.401)
- (Increase)/Decrease in contract assets receivables	(57.340)	(384.479)
- Increase/(Decrease) in other liabilities	95.951	90.418
- (Increase)/Decrease in other assets	(34.266)	(196.648)
- Increase/(Decrease) in trade payables/advances from clients	(271.613)	574.557
- Increase/(Decrease) in payables for contract liabilities	272.373	(30.585)
- Increase/(Decrease) in provisions (including post-employment benefits)	(3.617)	(10.087)
- Income taxes paid	(52.726)	(52.954)
Cash flow from operations (B)	(20.587)	(17.029)
Investments		
(Investment)/Disposal of non-current tangible assets	(2.974)	(5.186)
(Investment)/Disposal of intangible assets	(22.198)	(5.733)
(Investment)/Disposal in associated companies	0	4.137
(Increase)/Decrease in other investments	878	(847)
(Investments)/Disposal of companies net of cash and cash equivalents acquired	9.511	(14.255)
Cash flow from investments (C)	(14.783)	(21.883)
Financing		
Repayments of principal of financial Leasing liabilities	(24.405)	(19.878)
Payments of financial charges on financial Leasing liabilities	(5.988)	(5.859)
Increase/(Decrease) in short-term debt	(280.888)	114.533
Repayments of long-term debt	(32.900)	(0)
Proceeds from long-term debt	375.000	103.766
Increase/(Decrease) bonds	(279)	(20.000)
Change in other financial assets and liabilities	(17.237)	(12.337)
Cash flow from financing (D)	13.303	117.955
Increase/(Decrease) in Cash and Cash Equivalents (B+C+D)	(22.067)	79.041
Cash and cash equivalents at year end (A+B+C+D)	705.327	729.049
of which: Cash and cash equivalents of Discontinued Operations	-	1.656
CASH AND CASH EQUIVALENTS REPORTED IN THE FINANCIAL STATEMENTS	705.327	727.394

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”, while in the tables no separate indication was provided as not considered significant.

26. Explanatory Notes at December 31, 2020

BASIS OF PREPARATION

INTRODUCTION

Maire Tecnimont S.p.A. is a company incorporated in Italy at the Rome Companies Registration Office. The addresses of the registered office and principal headquarters of Group activities are reported on the website www.mairetecnimont.it.

The consolidated financial statements for the year 2020 were prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued under Article 9 of Legislative Decree No. 38/2005. IFRS include all the revised international accounting standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"). The financial statements are prepared under the historical cost convention, modified where applicable for the valuation of certain financial instruments. The present consolidated financial statements at December 31, 2020 are expressed in Euro, as the majority of Group operations are carried out in this currency. Foreign assets and liabilities, expressed in foreign currency, are included in the consolidated financial statements in accordance with the principles indicated in the notes below.

Any differences between the data in the tables relates exclusively to rounding.

GOING CONCERN

The Group and the company consider the going concern principle appropriate for the preparation of the consolidated financial statements at December 31, 2020. With regard to the assessment of the impacts of the "CoronaVirus", please refer to the "Impacts of the Covid-19 pandemic on the 2020 income statement" of the Notes and to the "Key Events in the Year" and "Outlook" paragraphs of the Directors' Report.

FINANCIAL STATEMENTS

The financial statements prepared by the Group include the integrations introduced following the application of "IAS 1 revised", as follows:

The Balance Sheet accounts are classified between current and non-current, while the Consolidated Income Statement and Comprehensive Income Statement are classified by nature of expenses. The Consolidated Cash Flow Statement is presented in accordance with the indirect method, adjusting the income for the period with non-cash items. The Statement of change in Shareholders' Equity reports comprehensive income (charges) for the period and the changes in Shareholders' Equity.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE FROM JANUARY 1, 2020

The following amendments and interpretations applied from January 1, 2020 did not have a significant impact on the Group consolidated financial statements.

- The International Accounting Standards Board has modified certain hedge accounting requirements. The amendments are designed to support the disclosure of useful financial information by companies during the uncertain period resulting from the gradual elimination of interest rate benchmarks such as interbank offered rates (IBORs). The Board amended its new and old standards on financial instruments, IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, in addition to the related standard IFRS 7 - Financial Instruments: Disclosures. These changes mainly concern interest rate hedging transactions in cases where there are uncertainties regarding: (i) the benchmark index for determining interest rates designated as hedged risk; and/or (ii) the timing or amount of cash flows correlated to the benchmark indices for determining interest rates of the hedged item or hedging instrument.

- On October 22, 2018, the IASB published the document “Amendments to IFRS 3 Business Combinations”. The amendments introduced by the document make it easier to classify a transaction as the acquisition of a business or of a group of activities. Specifically, there is a business acquisition if the contract provides for the acquisition of one (or more) input and a substantial process that, together, contribute significantly to the ability to create an output. On the other hand, if all the conditions described above are not met, this represents the acquisition of a group of assets, which leads to the capitalization of their acquisition cost and amortization on the basis of the provisions of IAS 16.

- On October 31, 2018, the IASB published the document “Amendments to IAS 1 and IAS 8: Definition of Material”. The document redrew and clarified the definition of “material” with regards to the following concepts: (i) “obscuring”: obscuring relevant information with other information which may be omitted may have a similar effect as omission or misrepresentation; (ii) “could reasonably be expected to influence”: the amount of information to be provided should not be affected by the remote risk of influencing the users of financial statements; (iii) “primary users”: these and not all possible users of the financial statements are those to be considered when establishing the disclosure to be provided.

- With Regulation No. 2019/2075, issued by the European Commission on November 29, 2019, the document "Amendments to References to the Conceptual Framework in IFRS Standards" was endorsed, which contains amendments, essentially of a technical and editorial nature, to the international accounting standards aimed at transposing the new reference framework of IFRS (so-called Conceptual Framework for Financial Reporting), published by the IASB on March 29, 2019.

The following amendments and interpretations applied from June 1, 2020 did not have a significant impact on the Group consolidated financial statements.

- On May 28, 2020, the IASB issued amendments to IFRS 16 "Leases" - "COVID-19 - Related Rent Concessions - Amendment to IFRS 16”, which introduced a practical expedient whereby lessees are permitted to recognize rent concessions, arising from the COVID-19 pandemic, as negative variable rent without having to remeasure lease assets and liabilities, subject to the following requirements: (i) the concessions relate to reductions in only payments due by June 30, 2021; (ii) the total contractual payments, after rent concessions, are equal to or less than the payments originally provided for in the contracts; and (iii) no other material changes have been agreed to with the lessor.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION AT DECEMBER 31, 2020

At the date of the present Annual Report, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and financial expenses described below:

- On June 25, 2020, the IASB issued amendments to IFRS 17 "Insurance Contracts" that define the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which go beyond those currently envisaged by IFRS 4 "Insurance Contracts", are intended to help businesses implement the standard and (i) reduce costs by simplifying the requirements of the standard; (ii) make it easier to make disclosures in the financial statements; (iii) facilitate the transition to the new standard by postponing its entry into force. The amendments are effective from years beginning on, or subsequent to, January 1, 2023.

- On May 14, 2020, the IASB issued the document "Annual Improvements to IFRS Standards 2018-2020 Cycle" and published amendments to IAS 16 "Property, plant and equipment", IAS 37 "Provisions, contingent liabilities and contingent assets", and IFRS 3 "Business combinations". Changes in standards are effective on or after January 1, 2022.

- On July 15, 2020, the IASB issued an Amendment to IAS 1 "Classification of Liabilities as Current or Non-current - Deferral of Effective Date" whereby, due to the COVID-19 pandemic, the effective date of the amendments was postponed to January 1, 2023.

The Group is currently assessing the possible impact of the above changes.

CONSOLIDATION SCOPE

In addition to the Parent Company Maire Tecnimont S.p.A., the consolidation scope includes the directly and indirectly held subsidiaries. In particular, the companies consolidated are those in which Maire Tecnimont S.p.A. exercises control, either due to a direct shareholding or the indirect holding of the majority of the voting rights, or having the power to determine the financial and operating choices of the company/entity, obtaining the relative benefits, irrespective of the shareholding. The Joint Operations in which two or more parties undertake an economic activity which is subject to joint control are consolidated under the proportional method. All the subsidiaries are included in the consolidated scope at the date in which control is acquired by the Group. Entities are excluded from the consolidation scope from the date the Group cedes control.

The changes in the consolidation scope compared to December 31, 2019 were as follows:

- Deconsolidation of MGR Verduno 2005 S.p.A. following the loss of control of the vehicle.

On November 11, 2019 – Maire Tecnimont S.p.A. and HISI Srl (Holding di Investimento in Sanità e Infrastrutture – “HISI”) signed an agreement for the sale of MGR Verduno 2005 S.p.A. (“MGR”). Following the public tender launched by ASL CN2, MGR was awarded the concession, for a period of 20 years, for the construction and subsequent management of the Alba-Bra Hospital in Verduno (Piedmont). The agreement stipulated, as a first step, the immediate transfer of the majority shareholding of MGR and, subsequent to the fulfilment of certain standard clauses for such transactions, the transfer of the remaining stake.

On June 5, 2020, “Closing 1” took place for the sale by Neosia S.p.A. to HISI S.p.A. of 50.003% of the share capital of MGR Verduno 2005 S.p.A., involving class A shares. Neosia S.p.A. will maintain ownership of the remaining portion of the share capital comprising class B shares, although without administrative or Shareholders’ Meeting voting rights. As a result of “Closing 1” above, Neosia S.p.A. collected from HISI S.p.A. the amount of approx. Euro 9.5 million; “Closing 2” may take place in 2021 following the conclusion of the testing works. Therefore, although the Group still formally holds 49.996% of the B shares in the capital of Genesi Due S.p.A. (formerly MGR Verduno 2005 S.p.A.), due to the nature of the shareholding held and the agreements in place between the parties, the Group has fully deconsolidated the investment and recorded a receivable from the purchaser, HISI, for the residual interest.

- Incorporation and inclusion in the consolidation scope of MyRechemical S.r.l.. In November 2020, NextChem launched MyRechemical, a new wholly-owned subsidiary dedicated to the chemical recovery of non-recyclable plastics and "Waste to Chemical" processes. With this additional initiative, NextChem can offer a complete and integrated platform for the recovery of all types of plastic waste on an industrial scale.

- Deconsolidation of Green Compound S.r.l. following its merger into MyReplast Industries S.r.l. on December 29, 2020.

In relation to the previous year’s acquisition, undertaken on February 20, 2019, with regards to the Green Acceleration, Maire Tecnimont, through the subsidiary NextChem, entered the Circular Economy sector, investing in the development of its first advanced plastics mechanical recycling plant. The plant, located in Bedizzole, in the province of Brescia, is managed by a company, MyReplast Industries, a NextChem subsidiary and with a minority holding undertaken by local businesses; the total value of the operation was approx. Euro 12.5 million and the acquisition values have become definitive pursuant to IFRS 3.

The following table summarises asset and liability figures identified as part of the above business combination and the acquisition prices of entities acquired, as from the acquisition date:

(In Euro thousands)		Fair Value - Assets/Liabilities Acquired
Assets		
Intangible assets		0
Property, plant & equipment		8,440
Financial assets		1,826
Inventories		1,094
Trade receivables		1,436
Other receivables		144
Cash and cash equivalents		70
Total Assets		**13,009**
Post-employment benefits		93
Deferred tax liabilities		498
Trade payables		1,497
Other payables		150
Total Liabilities		**2,238**
Fair Value of Net Assets Acquired		**10,771**
% pertaining to Group	100%	
Fair Value pertaining to Maire Group		**10,771**
Acquisition price		12,168
Goodwill		**1,398**
Cash and cash equivalents acquired		70
Net acquisition price		**12,098**

In connection with the previous year's acquisition of Protomation by the subsidiary Stamicarbon on July 18, 2019, the acquisition values became final in accordance with IFRS 3. Protomation is a Dutch company specialized in Information Technology and particularly the development of cutting-edge software and simulators for plant operating training (OTS, operator training simulators), targeting the chemical processing industry and with a strong track record in collaborating with fertilizer producers.

The following table summarises asset and liability figures identified as part of the above business combination and the acquisition prices of entities acquired, as from the acquisition date:

(In Euro thousands)	Fair Value - Assets/Liabilities Acquired
Assets	
Intangible assets	832
Property, plant & equipment	33
Contractual Assets	119
Trade receivables	123
Other receivables	188
Cash and cash equivalents	69
Total Assets	**1,364**
Trade payables	21
Deferred tax liabilities	142

(In Euro thousands)		Fair Value - Assets/Liabilities Acquired
Tax payables		85
Other payables		61
Total Liabilities		**308**
Fair Value of Net Assets Acquired		**1,056**
% pertaining to Group	100%	
Fair Value pertaining to Maire Group		**1,056**
Acquisition price		2,225
Goodwill		**1,169**
Cash and cash equivalents acquired		69
Net acquisition price		**2,156**

For the consolidation in accordance with IFRS, all consolidated subsidiaries prepared a specific "reporting package", based on IFRS accounting standards adopted by the Group and illustrated below, reclassifying and/or adjusting the accounts approved by the boards of the respective companies.

The following criteria and methods were utilized in the consolidation:

a) adoption of the line-by-line consolidation method, with the full recognition of assets, liabilities, costs and revenue, irrespective of the shareholding;
b) adoption of the proportion consolidation method, recognizing the percentage held in the assets, liabilities, costs and revenue;
c) elimination of balance sheet and income statement transactions between Group companies, including the reversal of any gains or losses not yet realized, deriving from operations between consolidated companies, recording any consequent deferred tax effects;
d) elimination of inter-company dividends and relative adjustment of opening equity reserves;
e) elimination of the book value of investments, relating to companies included in the consolidation, and the corresponding share in net equity and allocation of the positive and/or negative differences deriving from the relative accounts (assets, liabilities and equity), defined with reference to the date of acquisition of the investment and subsequent changes;
f) recognition, in separate equity and income statement accounts, of the share capital, reserves and income for the period of minorities;
g) adoption of the conversion method of financial statements of foreign companies which prepare their financial statements in currencies other than the Euro, which provides for the conversion of all monetary assets and liabilities at the period-end rate and the average period rate for income statement items. The difference deriving from the conversion is recorded under equity reserves.

The main exchange rates applied for the conversion of the financial statements in foreign currencies, illustrated below, are those published by the UIC:

Exchange rates	January-December'20	31.12.2020	January-December '19	31.12.2019
Euro/US Dollar	1.142200	1.227100	1.119500	1.123400
Euro/Brazilian Real	5.894300	6.373500	4.413400	4.515700
Euro/Indian Rupee	84.639200	89.660500	78.836100	80.187000
Euro/Nigeria Naira	407.445400	465.684500	343.051200	344.322100
Euro/Chilean Peso	903.140000	872.520000	786.890000	844.860000
Euro/Russian Ruble	82.724800	91.467100	72.455300	69.956300
Euro/Saudi Arabia Riyal	4.283200	4.601600	4.198000	4.212800
Euro/Polish Zloty	4.443000	4.559700	4.297600	4.256800
Euro/Malaysian Ringgit	4.795900	4.934000	4.637400	4.595300
Euro/Mexican Pesos	24.519400	24.416000	21.556500	21.220200
Euro/GBP	0.889700	0.899030	0.877770	0.850800
Euro/AED	4.194700	4.506500	4.111300	4.125700

The consolidation scope at December 31, 2020 is shown below:

Companies consolidated by the line-by-line method:

Consolidated companies	Location/Country	Currency	Share capital	% Group	Through:	
Maire Tecnimont S.p.A.	Italy (Rome)	EUR	19,920,679	-	Parent Company	
Met Development S.p.A.	Italy	EUR	10,005,000	100%	Maire Tecnimont S.p.A.	100%
Met T&S Ltd	UK	GBP	100,000	100%	Met Development S.p.A.	100%
Met T&S Management Ltd	UK	GBP	1	100%	Met T&S Ltd	100%
Met Dev 1 S.r.l.	Italy	EUR	30,413,000	51%	Met Development S.p.A.	51%
MET GAS Processing Technologies S.p.A.	Italy	EUR	50,000	100%	Maire Tecnimont S.p.A.	100%
Nextchem S.p.A.	Italy	EUR	18,095,252	56.67%	Maire Tecnimont S.p.A.	56.67%
MyReplast S.r.l.	Italy	EUR	60,000	51%	Nextchem S.p.A.	51%
MyReplast Industries S.r.l.	Italy	EUR	100,000	51%	Nextchem S.p.A.	51%
U-Coat S.p.a.	Italy	EUR	7,500,000	50.1%	Nextchem S.p.A.	50.1%
MDG Real Estate S.r.l.	Italy	EUR	50,000	100%	Nextchem S.p.A.	100%
Bio-P S.r.l.	Italy	EUR	102,000	85%	Nextchem S.p.A.	85%
MyRechemical S.r.l.	Italy	EUR	500,000	100%	Nextchem S.p.A.	100%
Stamicarbon USA Inc	USA	USD	5,500,000	100%	Nextchem S.p.A.	100%
Stamicarbon B.V.	Netherlands	EUR	9,080,000	100%	Maire Tecnimont S.p.A.	100%
Protomation B.V.	Netherlands	EUR	41,250	100%	Stamicarbon B.V.	100%
Vinxia Engineering a.s. in	Czech Republic	CZK	511,633	80%	Stamicarbon B.V.	40%

Consolidated companies	Location/Country	Currency	Share capital	% Group	Through:	
liquidation					Tecnimont S.p.A.	40%
KT S.p.A.	Italy	EUR	6,000,000	100%	Maire Tecnimont S.p.A.	100%
KTI Arabia LLC	Saudi Arabia	SAR	500,000	70%	KT S.p.A.	70%
KT Cameroun S.A.	Cameroon	XAF	120,000,000	75%	KT S.p.A.	75%
KT Star CO. S.A.E.	Egypt	USD	1,000,000	40%	KT S.p.A.	40%
KT Angola lda	Angola	AOA	93,064,320	100%	KT S.p.A.	100%
Tecnimont S.p.A.	Italy (Milan)	EUR	1,000,000	100%	Maire Tecnimont S.p.A.	100%
TCM FR S.A.	France	EUR	37,000	100%	Tecnimont S.p.A.	100%
TPI Tecnimont Planung und Industrieanlagenbau Gmbh	Germany	EUR	260,000	100%	Tecnimont S.p.A.	100%
Tws S.A.	Switzerland	EUR	63,488	100%	T.P.I.	100%
Tecnimont Poland Sp.Zo.o	Poland	PLN	50,000	100%	Tecnimont S.p.A.	100%
Tecnimont Arabia Ltd.	Saudi Arabia	SAR	5,500,000	100%	Tecnimont S.p.A.	100%
Tecnimont Nigeria Ltd.	Nigeria	NGN	10,000,000	100%	Tecnimont S.p.A.	100%
OOO MT Russia	Russia	RUB	18,000,000	100%	Tecnimont S.p.A.	99%
					T.P.I.	1%
Tecnimont Private Limited	India	INR	13,968,090	100%	Tecnimont S.p.A.	100%
Tecnimont do Brasil Ltda.	Brazil	BRL	606,137,803	100%	Tecnimont S.p.A.	99.34%
					TPI Tecnimont Planung und Industrieanlagenbau Gmbh	0.66%
Tecnimont E&I (M) Sdn Bhd	Malaysia	MYR	28,536,679	100%	Tecnimont S.p.A.	99.99%
					TPI Tecnimont Planung und Industrieanlagenbau Gmbh	0.01%
Tecnimont Chile Ltda.	Chile	CLP	58,197,504,153	100.00%	Tecnimont S.p.A.	99.518%
					Tecnimont do Brasil Ltda.	0.4809%
					T.P.I.	0.0004%
Consorcio ME Ivai	Brazil	BRL	12,487,309	65%	Tecnimont do Brasil Ltda.	65%
Tecnimont Mexico SA de CV	Mexico	MXN	51,613,880	100%	Tecnimont S.p.A.	90.00%
					TWS S.A.	10.00%
Tecnimont USA INC.	Texas (USA)	USD	4,430,437	100.00%	Tecnimont S.p.A.	100.00%
TecnimontHQC S.c.a.r.l.	Italy	EUR	10,000	60.00%	Tecnimont S.p.A.	60.00%
TecnimontHQC Sdn Bhd.	Malaysia	MYR	750,000	60.00%	Tecnimont S.p.A.	60.00%
Tecnimont Bolivia S.r.l.	Bolivia	BOB	2,113,600	100%	Tecnimont S.p.A.	99%
					Tecnimont Mexico SA de CV	1%
Tecnimont-KT JV S.r.l.	Italy	EUR	15,000	100%	Tecnimont S.p.A.	70%
					KT S.p.A.	30%
Tecnimont-KT JV Azerbaijan LLC	Azerbaijan	AZN	170,010	100%	Tecnimont S.p.A.	70%
					KT S.p.A.	30%
Tecnimont Philippines Inc.	Philippines	PHP	10,002,000	100%	Tecnimont S.p.A.	100%
Neosia Renewables S.p.A.	Italy	EUR	50,000	100%	Maire Tecnimont S.p.A.	100%
Met NewEN Mexico SA de CV	Mexico	MXN	4,200,000	100%	Neosia Renewables S.p.A.	99%

Consolidated companies	Location/Country	Currency	Share capital	% Group	Through:	
					Tecnimont Messico SA de CV	1%
Neosia S.p.A.	Italy	EUR	6,000,000	100%	Maire Tecnimont S.p.A.	100%
MST S.r.l	Italy	EUR	400,000	100%	Neosia S.p.A.	100%
Transfima S.p.A.	Italy	EUR	51,000	51%	Neosia S.p.A.	51%
Transfima G.E.I.E.	Italy	EUR	250,000	50.65%	Neosia S.p.A.	43%
					Transfima S.p.A.	15%
Cefalù 20 S.c.a.r.l.	Italy	EUR	20,000,000	99.99%	Neosia S.p.A.	99.99%
Corace S.c.a.r.l. in liquidation	Italy	EUR	10,000	65%	Neosia S.p.A.	65%
Birillo 2007 S.c.a.r.l.	Italy	EUR	1,571,940	100%	Neosia S.p.A.	98.4%
					MST S.r.l	1.6%
TCC Denmark Aps	Italy	EUR	10,728	100%	Neosia S.p.A.	100.0%

Companies consolidated line-by-lined based on shareholding:

Consolidated companies	Location/Country	Currency	Share capital	% Group	Through:	
Sep FOS(*)	France	EUR	-	50%	Tecnimont S.p.A.	49%
					TCM FR S.A.	1%
Consorzio Turbigo 800 in liquidazione (*)	Italy	EUR	100,000	50%	Tecnimont S.p.A.	50%
JV Gasco(*)	United Arab Emirates	USD	-	50%	Tecnimont S.p.A.	50%
JO Saipem-Dodsal-Tecnimont (*)	United Arab Emirates	AED	-	32%	Neosia S.p.A.	32%
UTE Hidrogeno Cadereyta(*)	Spain	EUR	6,000	43%	KT S.p.A.	43%
Unincorporated JV Philippines (*)	Philippines	PHP	-	65%	Tecnimont Philippines Inc.	65%

(*) *Joint control agreement incorporated to manage a specific project and measured as a joint operation in accordance with the introduction of IFRS 11.*

ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the financial statements are illustrated below.

The accounting policies utilized in preparing the 2020 consolidated annual financial statements are the same as those adopted in preparing the 2019 consolidated financial statements, except for the changes resulting from the first-time adoption of the international accounting standard which entered into effect on January 1, 2020, as discussed above in the "Accounting standards applied from January 1, 2020" paragraph.

BUSINESS COMBINATIONS

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the company acquired.

The identifiable assets, liabilities and contingent liabilities of the company acquired that comply with the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, with the exception of non-current assets (or disposal groups) which are classified as held-for-sale in accordance with IFRS 5 and are recognized and measured at fair value, net of sales costs.

Goodwill deriving from acquisition is recognized under assets and initially measured at cost, represented by the excess of the acquisition cost compared to the Group share in the present value of the identifiable assets, liabilities and contingent liabilities recognized. Where, after the measurement of these values, the Group share in the present value of the identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost, the excess is immediately recorded in the Income Statement.

The share of minorities in the entity acquired is initially measured in line with their share of the present value of the assets, liabilities and contingent liabilities recognized.

INVESTMENTS IN ASSOCIATES

An associate is a company in which the Group has significant influence, but not full control or joint control. The Group exerts its influence by taking part in the associate's financial and operating policy decisions.

The results and assets and liabilities of associates are recorded in the consolidated financial statements under the Equity method, except where the investments are classified as held-for-sale in which case they are recognized separately in accordance with IFRS 5 - Non-current assets held-for-sale and discontinued operations.

Under this method, investments in associates are recorded in the Balance Sheet at cost, adjusted for changes after the acquisition in the net assets of the associates, less any impairment in the value of the individual investments. Losses of associates in excess of the Group share (including medium/long-term interests which, in substance are part of the Group net investment in the associate) are not recorded unless the Group has an obligation to cover them.

INVESTMENTS IN JOINT VENTURES AND JOINT OPERATIONS

A joint operation is a contractual agreement whereby the Group undertakes a jointly controlled business venture with other parties. Joint control is defined as the contractually shared control over a business activity and only exists when the financial and operating strategic decisions of the activities requires the unanimous consent of the parties sharing control.

When an enterprise of the Group undertakes its activities directly through joint operations, the assets and liabilities jointly controlled with other participants are recognized in the consolidated financial statements of the company based on the Group holding and classified in accordance with their nature. The liabilities and the costs incurred directly in relation to the activity jointly controlled are recognized on the basis of the accruals principle. The share of the gains deriving from the sale or use of the resources produced by the joint operation, net of the relative share of expenses, are recognized when it is probable that the economic benefits deriving from the operations will benefit the Group and their amount may be measured reliably.

Joint venture agreements, which involve the incorporation of a separate entity in which each participant has a shareholding, are considered joint control investments. The Group records the joint control investments utilizing the equity method. Under this method, the joint ventures are recorded in the Balance Sheet at cost, adjusted for changes after acquisition in the net assets of the associates, less any impairment in the value of the individual investments. The losses of the associates exceeding the Group interest and including medium/long-term interests (which, in substance are part of the Group net investment in the associates) are not recorded, unless the Group has an obligation to cover such losses.

Unrealized profits and losses on transactions between a Group company and a joint controlled entity are eliminated to the extent of the Group's share in the joint controlled entity, except when the unrealized losses constitute a reduction in the value of the asset transferred.

GOODWILL

Goodwill deriving from the acquisition of a subsidiary or a joint controlled entity represents the excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or the joint controlled entity at the acquisition date. Goodwill is recorded as an asset and an impairment test is undertaken annually.

Impairments are recorded immediately in the Income Statement and may not be subsequently restated, in accordance with IAS 36 - Impairment of assets.

For the impairment test, the goodwill acquired in a business combination must be allocated to each cash-generating unit of the acquirer, or groups of cash-generating units, which will gain from the synergies of the business combination. When the recoverable value of the cash-generating unit (or groups of cash-generating units) is lower than the book value, a write-down is recorded.

On the disposal of a subsidiary or joint controlled entity, the part of the goodwill attributable to the disposal is included in the measurement of the gain or loss.

The goodwill deriving from acquisitions made before the transition date to IFRS are maintained at the values resulting from the application of Italian GAAP at that date and tested for any loss in value.

NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held-for-sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying value and market value less selling costs.

CONTRACTUAL ASSETS AND LIABILITIES

A client contract is identified and assessed on the basis of IFRS 15 following the tender contract's signature which establishes mutual obligations arising between the Group and the buyer.

In terms of contracts with Maire Tecnimont Group clients, the performance obligation is generally represented by the works in their entirety. In fact, even though individual performance obligations envisaged in the contract can be distinct by their very nature, in the contract's context, these are characterized by high interdependence and integration geared towards transferring the whole infrastructure to the buyer.

Nevertheless, in cases where several performance obligations are identified under the same contract, it is necessary to allocate the appropriate portion of the contractual price to the different performance obligations. In Group commercial practices, client contracts generally specify the price components for each contractual item in detail (observable contract price).

Revenues are recognised when (or over time) the performance obligation is fulfilled by transferring to the client the goods or service (or the asset) promised. The asset is transferred when (or over time) the client acquires control.

Contracts with clients typically signed as part of the Group and concerning the execution of multi-year contracts, envisage obligations to be fulfilled over time on the basis of the gradual progress of activities and the transfer of the facilities' control over time to the buyer since - the client controls the facility covered by the contract at the moment when it is built (the building is built directly on the land made available by the buyer) and - the works under construction cannot have an alternative use and the Maire Tecnimont Group retains the right to collect payment for services rendered during construction.

In choosing the appropriate measurement model of the transfer of control to the buyer, input-based criteria were adopted by the Group for current contracts.

With the input-based method, revenues are recognised on the basis of resources used by the entity to fulfil the contractual performance obligation (such as, resources consumed, dedicated labor hours, costs incurred, time spent or machine-hours used) with respect to total budgeted inputs.

The method considered to be more representative for revenue recognition is cost-to-cost, determined by applying the progress percentage as the ratio between costs incurred and total expected costs, to expected total contractual revenue. In calculating the ratio of costs incurred and expected costs, only costs contributing to the effective transfer of control of the goods and/or services are considered. In so doing, this method enables an objective measurement of the transfer of control to the client since it takes into consideration the quantitative variables relating to the contract in its entirety.

Given the engineering and operating complexity, the size and multi-annual duration of the projects, contractual payments, in addition to the basic consideration set out in the contract, include additional amounts covering elements that must necessarily be taken into account. In particular, amounts arising from “Reserves” or “Claims” are additional charges in respect of higher costs incurred (and/or to be incurred) for unforeseeable causes or events that are not attributable to the buyer, “Change Orders” after major works are performed (and/or to be sustained) or order modifications not formalized under additional deeds. The determination of additional charges is subject, by its very nature, to a certain degree of uncertainty both on the amounts that will be recognised by the client and on the payment periods which usually depend on the outcome of negotiations between the parties or by decisions from judicial bodies.

This type of contractual charge is attributed to “Contractual Changes” - a contractual change exists if this is approved by both contracting parties; approval may take place in writing, by verbal agreement or through industry commercial practices.

A contractual change can exist despite the presence of a dispute concerning the object and/or price of the contract. In this case, it is first necessary to assess whether rights to payment are contractually envisaged, generating an enforceable right. Once the enforceable right is identified, the recognition of the “Reserves” or “Claims” and charges for additional requests to the buyer requires defining whether the circumstance that associated revenues will not be reversed in future is considered to be “highly probable”. For the purposes of this assessment, all significant aspects and circumstances will be taken into consideration, including contractual terms and conditions, industry commercial and negotiating practices or other supporting factors, as well as technical and legal assessments. Documentation produced by other bodies (Arbitration Boards, Dispute Adjudication Boards, etc) will also be considered.

The contract with the buyer may envisage the accrual of penalty liabilities arising from non-compliance with specific contractual clauses (such as failure to comply with delivery times).

Once the entity is in possession of the elements to define how “reasonably foreseeable” is the accrual of contractual penalties, these will be considered as a reduction in contractual payments. In order to carry out these assessments, all available indicators will be analyzed to estimate the probability of contractual non-compliance that may lead to the accrual of penalty liabilities.

The practice in the sector in which the Maire Tecnimont Group operates is that payment for works (generally running into several years) is financially regulated through the disbursement of an advance and thereafter, through on-account invoicing. In general, buyer payment flows (an advance and subsequently, Interim Payment Certificates [IPC]) are designed in such a way as to make the construction project sustainable for the contractor and to limit exposure.

The contractual advance is used for the following purposes: - to finance the initial order investments and to disburse associated contractual advances to be paid to sub-contractors; - as a form of contractual guarantee to cover any risks of breach of contract by the buyer. The recovery of the contractual advance is reabsorbed through subsequent IPC/on-account invoicing, in line with the production cycle of the multi-year contract. Moreover, it is necessary to consider that the Group operating cycle is normally multi-year and therefore, the correct duration is considered to determine the existence of a significant financial component.

In view of the above considerations, the presence of significant financial components within contractual fees was not assessed in contracts that provide for an adjustment of advances and on-account invoicing in line with industry practices and/or, in any case, of amounts serving as ‘guarantees’ and with a timeframe that is adequate for the cash flows required by the project’s execution.

The new accounting standard does not explicitly regulate the accounting treatment of loss-making contracts, but refers to the method of accounting defined by IAS 37. In particular, according to the IAS 37 definition, a contract is onerous when non-discretional costs (“unavoidable costs of meeting the obligation”) exceed the expected economic benefits. Any expected loss is accounted for by the Group in the financial statements when this loss becomes probable on the basis of the latest estimates performed by management to adjust the order.

Since they cannot be qualified as incremental costs, costs that are incurred independently of the order’s acquisition are expensed to the income statement not contributing to contractual advancement (cost not attributable to Cost-to-Cost).

Costs for the contract's execution, that is, those costs that refer directly to the contract, generate and improve the resources that will be used to satisfy the performance obligation and are recoverable through the contract's future economic benefits, are capitalized by the Group.

The practice in the industry in which the Maire Tecnimont Group operates is that usually these types of costs are represented by pre-production costs which, in some contractual cases, are expressly recognised by the buyer through specific items under the contract, while, in other cases, they are not expressly recognised and are paid through the order's overall margin. The explicit recognition of these costs implies that when they are incurred the transfer of control of the works covered by the project takes place. Consequently, such costs should not be capitalized and have to contribute to the determination of contractual advancement.

Should the contract not envisage explicit recognition, in compliance with the three conditions mentioned above, pre-production costs are capitalized and consistently depreciated to correspond with the transfer of control of the goods/services to the client.

Assets and liabilities arising from the contract are classified in the "Contractual Assets" and "Contractual Liabilities" accounts in the financial statements, respectively in the assets and liabilities section. Based on the standard's provisions, the classification between contractual assets and liabilities is on the basis of the ratio between Maire Tecnimont Group's service and the client's payment. If the resultant value is positive, the project's net balance is shown in the "Contractual Assets" account and, conversely, in the "Contractual Liabilities" account. If, on the basis of the contract, the values in question express an unconditional right to payment, they are presented as receivables.

The Group classifies exchange differences deriving from commercial operations under operating results, and in particular in the accounts other operating revenues and other operating costs, depending on whether the net effect is a gain or loss.

The amounts matured, where expressed in foreign currencies, are calculated taking into account the exchange rates at the date of the relative hedging operations.

OTHER REVENUES

"Other revenues" mainly includes income components from projects under execution and deriving from industrial activities and accessory operations not directly related to the contract with the client. The account is measured according to other standards or specific Group "Accounting Policies". In particular, this account includes income concerning: gains from the sale of fixed assets; income from the recharge of costs, prior year income, contractual penalties, exchange gains, insurance indemnities and the utilization of the doubtful debt provision.

The Company also classifies exchange differences deriving from commercial operations under operating results, and in particular in the accounts other operating revenues and other operating costs, depending on whether the net effect is a gain or loss.

PROPERTY, PLANT AND EQUIPMENT

Plant and machinery utilized for the production or the provision of goods and services are recorded in the financial statement at historic cost, including any accessory and direct costs necessary for the asset to be available for use.

Plant, machinery & equipment are recognized at cost, net of accumulated depreciation and any write-down for loss in value.

Property is recorded at fair value at the revaluation date net of any subsequent accumulated depreciation and any subsequent loss in value accumulated and is depreciated based on their estimated useful lives. Buildings are revalued annually on the basis of an independent expert's valuation. The positive/negative difference is recorded in the revaluation reserve under equity.

Depreciation is calculated on a straight-line basis on the cost of the assets, according to their estimated useful life, which is reviewed annually at following rates:

Asset Category	Rate
Land	0%
Buildings	from 2% to 10%
Plant and machinery	from 7.5% to 15%
Industrial and commercial equipment	15%
Furniture	12%
EDP	20%
Motor vehicles	from 20% to 25%

Gains and losses deriving from the disposal or sale of assets are determined as the difference between the sales revenue and the net book value of the asset and are recorded in the Income Statement in the year.

Ordinary maintenance costs are fully charged to the income statement.

Improvements on the original value of the assets are capitalized and depreciated based on their residual utilization.

Leasehold improvements which may be recorded as an asset are recognized under property, plant and equipment and depreciated at the lower between the residual duration of the contract and the residual useful life of the asset.

Grants

Capital grants are recognised when there is reasonable certainty that they will be received and that the conditions will be satisfied for their attainment.

Capital grants are recorded as a direct reduction of the asset to which they refer. The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset.

INTANGIBLE ASSETS

Intangible assets acquired separately are recorded at cost less amortization and any net loss in value. Amortization is calculated on a straight-line basis over the useful life of the asset. The amortization method and the residual useful life are reviewed at the end of each accounting period. The effects deriving from the change in the amortization method and the residual useful life are recorded prospectively.

Intangible assets generated internally – research and development costs

Research costs are expensed to the income statement in the period in which they are incurred.

Intangible assets generated internally deriving from the development phase of a Group internal project are only recognized under assets when the following conditions are met:

- There is the technical feasibility to complete the intangible asset for its use or sale;
- There is the intention to complete the intangible asset and utilize or sell the asset;
- There is the capacity to utilize or sell the intangible asset;
- It is probable that the asset will generate future economic benefits;
- There exists the technical, financial and other resources in order to complete the development and utilize or sell the asset during the development phase.

The initial amount recognized of the intangible assets generated internally corresponds to the sum of the expenses incurred at the date in which the asset meets the criteria described above. Where these expenses may not be recorded as intangible assets generated internally, the development expenses are expensed in the Income Statement in the period in which they are incurred.

Subsequent to initial recognition, the intangible assets generated internally are recorded at cost less any accumulated loss in value, as occurs for intangible assets acquired separately.

Intangible assets acquired through a Business Combination

Intangible assets acquired in a business combination are identified and the goodwill is recorded where they satisfy the definition of intangible assets and their fair value may be determined reliably. The cost of these intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets acquired in a business combination are recorded at cost less amortization and any accumulated loss in value, as occurs for intangible assets acquired separately.

RIGHT-OF-USE - LEASING

IFRS 16 establishes a single model for accounting for lease contracts involving the recognition by the lessee of a right-of-use asset and a lease liability representing the obligation to make the payments required under the contract. At the commencement date (the date on which the asset is made available for use), the right of use is initially measured at cost as the sum of the following:

- the initial amount of the lease liability;

- the payments due for the lease made on or before the commencement date, net of any incentives received for the lease;

- the initial direct costs incurred by the lessee;

- the estimated costs that the lessee expects to pay to dismantle and remove the underlying asset and restore the site in which it is located or to restore the underlying asset to the conditions provided for in the terms and conditions indicated in the lease contract.

After initial recognition, the right of use is amortized, tested for impairment and adjusted to reflect any restatement of the lease liability. Amortization is applied on a straight-line basis according to the term of the contract, taking account of renewal/termination options that are highly likely to be exercised. Only if the lease provides for a reasonably certain purchase option is the right-of-use asset amortized systematically over the entire useful life of the underlying asset.

IMPAIRMENT OF TANGIBLE, INTANGIBLE AND FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying value of its intangible, tangible and financial assets to determine if there are indications that these assets have incurred a loss in value. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Group makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to. When it is established that a potential loss exists, an estimate of the recoverable amount is made in order to identify the amount of the loss.

The indefinite intangible assets, as for goodwill, are verified annually and whenever there is an indication of a possible loss in value, in order to determine if there has been a loss in value.

The recoverable value is the higher between fair value less costs to sell and value in use. In determining the value in use, the estimated future cash flows are discounted on a pre-tax basis which reflects the market assessment of the time value of money and the risks specific to the asset. In the determination of this value various cash flow scenarios are utilized (sensitivity analysis).

If the recoverable value of an asset (or a CGU) is considered lower than its carrying value, it is reduced to its recoverable value. A loss in value is recognized in the income statement immediately.

Where, subsequently, the loss in value no longer exists or reduces, the book value of the asset is increased up to the new estimate of the recoverable value and may not exceed the value which would be determined where no loss in value had been recorded. The reversal of a loss in value is immediately recorded in the income statement.

In addition, IFRS 16 requires that lessees test rights of use associated with leased assets for impairment in accordance with IAS 36, similarly to other owned company assets. Accordingly, when there are signs of impairment, it must be determined whether the right of use may be tested on a stand-alone basis or at the level of CGU.

The Group decided to include the right-of-use net of the related lease liability in the CGU being assessed and determine the value in use considering the outlays for lease rentals using a pre-IFRS 16 discounting rate.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost includes direct materials and, where applicable, direct labor costs, general production costs and other costs which are incurred in bringing the inventories to their present location and condition. The cost is calculated using the weighted average cost method. The net realizable value is represented by the estimated sales price less the estimated cost for completion and estimated costs to sell.

FINANCIAL INSTRUMENTS

The classification of the financial instruments as per IFRS 9 is based on the "business model" and on the characteristics of the contractual cash flows of the instruments. The "business model" represents the management model of the financial assets held by the Group on the basis of the strategic objectives defined, in order to generate cash flows by collecting the contractual cash flows, selling financial assets or managing both models.

Financial assets and liabilities are recorded in the financial statements when the Group has the contractual obligations of the instrument.

FINANCIAL ASSETS

The "business model" utilized by the Group are:

- Held To Collect (HTC), managed to collect contractual cash flows: corresponding to the wish to hold the instruments until maturity;

- Held To Collect and Sell (HTC&S), managed to collect contractual cash flows and for sale: corresponding to the wish to meet liquidity needs and minimize liquidity management cost and maintain the risk profile;

- Other – residual category, managed for trading; corresponding to the wish to maximize contractual cash flows through sale.

Receivables

In considering the classification of financial assets account was taken of the Group's business model and characteristics of the cash flows. In particular trade receivables are classified in the category of the receivables Held-to-collect, corresponding to the wish to hold the instruments until maturity.

Receivables are initially recognized at fair value and subsequently measured at amortized cost, utilizing the effective interest rate method, net of the relative losses in value with reference to amounts considered non-recoverable, recorded in a specific doubtful debt provision. The original amount is restated whenever the reasons for the adjustment no longer apply. In this case, any reversal of previous provisions are recorded in the income statement and may not exceed the amortized cost of the receivable in the absence of the previous adjustments.

Trade receivables which mature within the normal commercial terms are not discounted. Receivables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

Other financial assets

Financial assets are recognized at cost, recorded at the trading date, represented by the fair value of the initial amount given in exchange, increased by any transaction costs (for example: commissions, consultancy etc.) directly attributable to the acquisition of the asset. After initial recognition, these assets are measured at amortized cost using the original effective interest method.

Financial assets held for speculative purposes in the short-term are recognized and measured at fair value, with changes recorded in the income statement.

With regards to the valuation of financial assets concerning minority investments, IFRS 9 requires fair value measurement. The investments in other companies of the Group mainly refers to consortiums incorporated for specific projects whose duration is related to the project span. These investments are measured at fair value with changes to the statement of comprehensive income, although as not listed on an active market, the fair value is therefore estimated, although does not vary from the cost and the relative portion of equity.

Cash and cash equivalents

Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on-demand, plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

Impairment model

The method is based on a predictive approach (expected credit losses model), based on the probability of default and the capacity of recovery in the event of a loss given default.

In the estimate of the impairment of receivables official ratings are utilized where available or internal ratings, to determine the probability of default of the counterparty; the capacity of recovery was also identified in the case of a loss given default of the counterparty based on historical experiences and different possible recovery methods.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and Equity instruments issued by the Group are classified in accordance with the underlying contractual agreements and in accordance with the respective definitions of liabilities and Equity instruments. These latter are defined as those contracts which give the right to benefit from the residual interest of the assets of the Group after the reduction of the liabilities. The accounting policies adopted for specific financial liabilities and Equity instruments are described below.

Payables

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of directly attributable transaction costs.

Subsequent to initial recognition, the payables are measured under the amortized cost method, utilizing the effective interest rate method. This category includes interest bearing bank loans, overdrafts, non-convertible bonds and trade payables.

The trade payables which mature within the normal commercial terms are not discounted. Payables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

FAIR VALUE MEASUREMENT

Fair value is the amount in which an asset (or a liability) may be exchanged in a transaction between independent counterparties with reasonable knowledge of the market conditions and significant events related to the item under negotiation. The presumption that an entity is fully operational and does not need to liquidate or significantly reduce activities, or undertake operations at unfavorable conditions, is fundamental to the definition of fair value. The fair value reflects the credit quality of the instrument as it incorporates the counterparty risk.

Receivables and Payables:

For receivables and payables recorded in the financial statements at cost or amortized cost, the fair value for the purposes of the disclosure to be provided in the Explanatory Notes is determined as follows:

- for short-term receivables and payables, it is considered that the value paid/received reasonably approximates fair value;
- for medium/long-term receivables/payables, the measurement is principally undertaken through the discounting of future cash flows. The discounting of the expected cash flows is normally undertaken through the zero coupon curve increased by the margin represented by the specific credit risk of the counterparty.

Other financial instruments (Debt and equity securities)

The fair value for this category of financial asset is measured taking as reference the listed prices at the reporting date of the financial statements where existing, otherwise with reference to technical valuations utilizing as input exclusively market data.

Other financial instruments (Minority holdings)

The fair value for this category of financial assets is calculated according to valuation models whose input is not based on observable market data ("unobservable inputs").

FINANCIAL LIABILITIES - LEASING

Under IFRS 16, the lease liability is initially measured at the present value of the payments due at the commencement date, which include:

- the fixed payments that are reasonably certain to be paid, net of any lease incentives to be received;

- the variable payments due that depend on an index or a rate (variable payments such as rentals based on the use of the leased asset, are not included in the lease liability, but taken to the income statement as operating costs over the term of the lease contract);

- any amounts expected to be paid as security for the residual value granted to the lessor;

- the exercise price of the purchase option, if the lessee is reasonably certain to exercise it;

- the penalty payments for breaking the lease, if the lessee is reasonably certain to exercise this option.

The present value of these payments is calculated by adopting a discount rate equal to the implicit interest rate on the lease or, where this cannot be easily determined, using the lessee's incremental financing rate. The lessee's incremental financing rate is determined on the basis of the frequency and duration of the payments provided for in the lease contract, the currency in which they are denominated and the characteristics of the lessee's economic environment.

Future cash flows are therefore discounted at the risk free rate of the respective currencies, plus a spread for the specific risk of the Company, established as the difference between the yield on the listed Maire Tecnimont S.p.A. debt securities against an instrument with similar features but without risk.

After initial recognition, the lease liability is measured at amortized cost (i.e., by increasing its carrying amount to take account of the interest on the liability and decreasing it to take account of the payments made) using the effective interest rate and is redetermined, with a balancing entry to the carrying amount of the related right-of-use, to reflect any modifications to the lease following contractual renegotiations, changes in indices or rates or modifications relating to the exercise of contractually established renewal, early termination or leased asset purchase options.

The Standard eliminates the classification, for the lessee, of leases as operating or financial, with limited exceptions to the application of the accounting treatment (allocation of lease rentals to the income statement on an accrual basis for leases that qualify as “short-term” or “low-value”). For the financial statements of lessors, however, the separation is maintained between operating and financing leases.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recognized based on the amount received, net of direct issue costs.

CONVERTIBLE BONDS

In accordance with IAS 32 “Financial Instruments: Presentation in the financial statements” convertible bonds are recorded as hybrid financial instruments, formed by two components which are treated separately only if significant: a liability and a conversion option. The liability corresponds to the present value of the future cash flows based on the current interest rate at the issue date for an equivalent non-convertible bond. The value of the option is defined as the difference between the net amount received and the amount of the liability and is recorded under equity. The value of the conversion option in shares does not change in subsequent periods. On the contrary, where the characteristics of the bond result in, on the exercise of the conversion right, the right of the company to deliver shares or offer a combination of shares and cash, the option is recognized as a financial liability for the incorporated host, measured at fair value through P&L, while the difference compared to the original nominal value or rather the financial liability (host) is recorded at amortized cost.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The Group utilizes derivative instruments (swap contracts, options, and forwards) to hedge against risks from interest rate changes on bank loans and currency movements on cash flows in foreign currencies.

The structure of the contracts in place is in line with the Group “hedging” policy.

IFRS 9 requires amendments to the rules for the management of hedge accounting relations which are closer to the recognition logic utilized by the Group within its Risk Management.

As per IFRS 9 the effectiveness of the hedging relationship can only be on a prospective basis and must be demonstrated both qualitatively and quantitatively, without any threshold level defined by the standard (i.e. elimination of the 80-125% range).

Derivative instruments are measured at fair value with recognition of any changes in fair value to the income statement where they do not satisfy the conditions to be considered as hedges either due to the type of instrument or the choice of the company not to undertake the efficiency test. Derivative instruments are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high in accordance with IFRS 9.

The accounting of the hedging instruments differs depending on the objective of the hedge: cash flow hedges or fair value hedges.

Cash flow hedge

The changes in the fair value of the derivative instruments which are designated, and which are efficient, to hedge future cash flows relating to the Group contractual commitments are directly recorded under Equity, while the non-efficient portion are immediately recorded in the Income Statement.

The amounts recorded directly under Equity are included in the Income Statement in the same period that the contractual commitment hedged is included in the Income Statement.

Fair value hedge

For the efficient hedge of a “change in fair value” the item hedged is adjusted by the fair value changes attributable to the risk hedged recognized through the Income Statement. The gains and losses deriving from the fair value of the derivatives are also recorded in the income statement.

The changes in the fair value of the derivative instruments which do not qualify as hedges are recorded in the Income Statement in the period in which they arise.

Embedded derivatives

Embedded derivatives included in contracts are treated as separate derivatives only when:

- their risks and features are not strictly related to those of the host contracts;
- the separate embedded instrument satisfies the definition of a derivative;
- the hybrid instrument is not recognized at fair value with changes recorded through P&L.

Where an embedded derivative is separated, the relative host contract must be recorded in accordance with IFRS 9, if the contract is a financial instrument, and in accordance with the other accounting standards if the contract is not a financial instrument.

Fair value calculation

The fair value of financial instruments is represented by the current market price or, in their absence the application of appropriate financial valuation models which take into consideration all the factors adopted by market operators and the prices obtained in a real market transaction. In particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of currency forward contracts is determined on the basis of the forward exchange rate at the reference date and the differential rates between the currencies.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets are eliminated from the balance sheet when the right to receive the cash flows no longer exists and all the related risks and benefits are substantially transferred (so-called derecognition) or where the item is considered definitively non-recoverable after the completion of all the necessary recovery procedures. Financial liabilities are derecognized from the balance sheet when the specific contractual obligations are extinct. Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. With recourse receivables and non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred; in this case a financial liability of a similar amount is recorded under liabilities against advances received.

SHAREHOLDERS' EQUITY

Share capital

The share capital is the amount of the subscribed and paid-in capital of the Parent Company. The costs strictly related to the issue of new shares are classified as a reduction of the share capital when they refers to costs directly attributable to the equity operation.

Treasury Shares

They are recorded as a decrease in Group Shareholders' Equity. The costs incurred for the issue of new shares by the Parent Company are recorded as a reduction in equity, net of any deferred tax effect. The gains or losses for the purchase, sale, issue or cancellation of treasury shares are not recorded in the income statement.

Retained earnings/ (accumulated losses)

This refers to the results of previous years for the part not distributed or recorded under reserves (in the case of profit) or recapitalized (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Other reserves

These include the fair value reserves recorded under equity in accordance with the applicable criterion, the treasury share reserve, the legal reserve, the translation reserve and the other statutory reserves.

Valuation reserve

These include the cash flow hedge reserve relating to the "effective" portion of the hedge, the cost of hedging reserve which includes the time value of currency options, the actuarial reserve on defined benefit plans recognized directly to equity and the changes in fair value of minority investments through OCI reserve.

CONTRACTUAL LIABILITIES DERIVING FROM FINANCIAL GUARANTEES

The contractual liabilities deriving from financial guarantees are initially measured at their fair value and subsequently measured at the higher between:

- the amount of the contractual obligation, determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;
- the initial amount recorded net, where applicable, of the accumulated amount recorded in accordance with the recognition of the revenues as described above.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recorded when the Group has a current obligation (legal or implied) that is the result of a past event and it is probable that the Group will be required to fulfil the obligation. Provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date, and are discounted when the effect is significant.

When the Group considers a provision for risks and charges must be in part or in full reimbursed, the indemnity is recorded under assets only when the reimbursement is almost certain and the amount of reimbursement may be determined reliably.

Onerous contracts

Where the Group has an onerous contract, the current obligation contained in the contract must be recognized and measured as a provision.

An onerous contract is a contract in which the non-discretional costs necessary to settle the obligations exceed the economic benefits deriving from such.

Restructuring provision

A provision for restructuring cost is recorded only when the Group has undertaken a formal detailed program for the restructuring and there exists a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A provision for restructuring must only include the direct expenses deriving from the restructuring and not associated with the current activities of the Group.

Personnel incentive plans

The Group recognizes additional benefits to employees through the cash incentive plans. These plans represent a remuneration component of the beneficiaries; therefore, the cost is recognized in the income statement under “Personnel expense” over the period between the granting date and that of maturity and under provisions for risks and charges.

The financial effects of the Plans are estimated through adequately weighing the defined maturity conditions (including the probability of employees remaining in the Group for the duration of the Plan); at the end of each year the estimate is updated and recognized under “Personnel expense”. At December 31, 2019, the plans within this category included the MBO incentive system, both in its short-term and deferred long-term component, and the annual attendance bonus.

Guarantees

The provisions for guarantee costs are accrued when it is considered probable that the request to honor the guarantee will be made. The calculation of the provision is made based on the best estimate by Management of the costs required to comply with the obligation.

POST-EMPLOYMENT BENEFITS

The payments for defined contribution plans are recognized in the Income Statement of the period in which they are due.

For the defined benefit plans, the cost relating to the benefits recognized is determined using the projected unit credit method, making actuarial valuations at the end of each period. Actuarial gains and losses are recognized in the period they arise and recorded directly in a specific equity reserve. The cost relating to past employment service is immediately recorded when the benefits have already matured.

The liabilities for post-employment benefits recorded in the balance sheet represent the present value of the liabilities for the defined benefit plans adjusted to take into account any actuarial gains or losses not recorded and costs relating to past employment services not recorded, and reduced by the fair value of the asset plan. Any net assets resulting from this calculation are limited to the value of the actuarial losses not recorded and costs relating to past employment services not recorded, plus the present value of any repayments and reductions in future contributions to the plan.

Other long-term employee benefits

The accounting treatment of the other long-term benefits is similar to those of the plans for post-employment benefits with the exception of the fact that the actuarial gains and losses and costs deriving from past employment services are recognized in the income statement fully in the year in which they arise.

SHARE-BASED PAYMENTS

The Group recognizes additional benefits to employees through equity participation plans. The above-mentioned plans are recognized in accordance with IFRS 2 (Share-based payments). In accordance with IFRS 2, these plans represent a remuneration component of the beneficiaries; therefore, for the equity participation plans, the cost is represented by the fair value of these instruments at the granting date, and recognized in the income statement under “Personnel expense” over the period between the granting date and that of maturity, and in the “IFRS 2 reserve” under equity. Changes subsequent to the granting date in the fair value do not have an effect on the initial value. At the end of each year the estimate is updated on the number of rights which will mature on maturity. The change in the estimate reduces the amount in the “IFRS 2 reserve” and is recorded under “Personnel expense” in the P&L. At

December 31, 2020, the plans that fall into this category are the 2017-2019 Restricted Stock Plan, the 2020-2022 General Share Plan and the 2019-2021 LTI Plan, the latter following the favorable opinion of the Remuneration Committee and having consulted the Board of Statutory Auditors, resolved in 2020 to proceed with the conversion of the Long Term Incentive Plan from monetary to based on Maire Tecnimont S.p.A. Shares.

FINANCIAL INCOME AND EXPENSES

Interest is recognized in accordance with the effective interest rate method, utilizing therefore the interest rate which is financially equivalent to all the cash inflows and outflows (including premiums, discounts, commissions etc.) which comprise an operation. The Group classifies exchange differences in the operating results, and in particular in the accounts other operating revenues and other operating costs depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

INCOME TAXES

Income taxes for the year represent the sum of current and deferred taxation.

Current income taxes

Current income taxes for the year and previous years are recorded for the amount expected to be paid to the fiscal authorities.

The liability for current income taxes is calculated using the current rates at the reporting date in the individual countries where the Group operates.

Deferred taxes

Deferred taxes are the taxes that it is expected to pay or recover on the temporary differences between the carrying value of the assets and of the liabilities in the financial statements and the corresponding fiscal value utilized in the calculation of the assessable income, accounted under the liability method. Deferred tax liabilities are generally recorded on all temporary assessable differences, while deferred tax assets are recorded based on the probability that the future assessable results will permit the use of the temporary deductible differences. These assets and liabilities are not recognized if the temporary differences deriving from the goodwill or the initial recognition (not in business combinations) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxes are calculated based on the fiscal rates that are expected to be in force at the moment of the realization of the asset or the settlement of the liability. Deferred taxes are recognized directly in the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

Deferred tax assets and liabilities are offset when there is a direct right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and the Group intends to pay the amount on a net basis.

Deferred taxes are recognized directly to the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

USE OF ESTIMATES

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the reporting date. The estimates and assumptions used are based on past experience and other factors considered relevant. The actual results may differ from such estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are recorded in the income statement in the period of the revision of the estimate, if the revision has effect only on that period, or also in subsequent periods if the revision has effect on the current year and on future years. In this regard, the situation caused by the economic and financial crisis resulted in the need to make assumptions on an outlook characterized by significant uncertainty and for which it is reasonably possible - on the basis of currently available information - that within the following year, results may differ from estimates, requiring even significant adjustments (including to the book value of the relative items).

The accounts principally affected by such uncertainty are:

- construction contracts: almost all Group consolidated revenues derive from long-term contracts, whose amount is determined at the participation date of the tender and any subsequent award of the contract. In relation to these contracts, the margins originally estimated may reduce as a consequence of an increase in costs incurred during the construction of the projects (for example costs for raw materials, contractual penalties on delays or unexpected circumstances or disputes with the buyers, subcontractors and suppliers).
- goodwill, other intangible assets, financial assets: they are tested annually and whenever there is an indication of a possible loss in value in order to determine the recoverability of these values.
- derivative instruments: initially recognized at cost, they are adjusted to fair value on subsequent reporting dates. The fair value represents the current market price or, in their absence, the value from application of appropriate financial valuation models.
- provisions for risks and charges: provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date, and are discounted when the effect is significant.
- employee benefits: the cost relating to employment services is made utilizing the best actuarial valuations at the estimate date.

CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The Group in the selection and application of the accounting policies, in the accounting of the changes in accounting policies and of the changes in accounting estimates and corrections of previous year errors applies IAS 8.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Subsequent events are events which occur after the reporting date up to the authorized publication date. The date for authorization of publication is considered the approval date by the Board of Directors. Subsequent events may concern events which provide information on the situation existing at the reporting date (adjusting subsequent events) or events arising after the reporting date (non-adjusting subsequent events). For the former, the relative effects are reflected in the financial statements and updated disclosure provided, while for the latter, if significant, adequate disclosure alone is provided in the Explanatory Notes.

IMPACTS OF THE COVID-19 PANDEMIC ON THE 2020 INCOME STATEMENT

The Maire Tecnimont Group in 2020 reported revenues of Euro 2,630.8 million, down 21.2% on the previous year (Euro 3,338.4 million).

Volumes in the period reflect the slowdown in operations in certain regions, particularly in the second half of March as a result of the decisions taken by the governmental authorities to contain the spread of COVID-19.

Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows.

Also in this regard, the effects of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation.

The third quarter of 2020, although within an environment which is still shaped by significant uncertainties due to the continuance - particularly in some regions - of the effects of the pandemic, saw operations on the main projects recover, with volumes consequently rising on the previous quarter.

Given the geographical area in which operating activities are in progress, and despite the awareness of the measures introduced in some of these areas by local institutions, thanks to the technological infrastructure which has been in use within the group for some time, and which has clearly proved capable of enabling efficient operational management even at times of crisis, in the final part of the year activities saw a further uptick, however not compensating for previous slowdowns, but enabling production volumes to be significantly higher than in previous quarters.

Against this backdrop, production volumes were approx. Euro 324 million under the 2020 Revised Budget based on the planning of projects, essentially due to the slowing of operating projects in progress and residually on those newly-acquired. However, as previously indicated, this can be recovered over subsequent quarters with a return to the normal advancement of projects.

As a result of the lower production volumes, the contract margin fell in absolute terms but not proportionally, and the impact in absolute terms of the reduction in gross operating profit (EBITDA) was also limited and equal to approx. Euro 8 million, guaranteeing an absolute margin for the full year in line with expectations. This was possible thanks to an improvement in margins that was greater than originally expected, thanks to a plan to optimize overhead costs which had a positive impact during the year.

The main areas of action outlined in the plan regarded personnel expense in terms of remuneration policies, short-term incentive plans ("MBO"), the cancellation of residual vacation days and a hiring policy review. Additional actions targeted the cutting of business trips, structurally changing travel behavior and habits, a significant limiting of the use of third parties and bringing in-house certain activities, also through renegotiating rates in view of the new economic environment.

Covid-19 directly related costs arose in the year of approx. Euro 42 million. These include for example stand-by staff costs, in the case in which operating sites are closed by the authorities, the purchase of personal protection equipment, and costs for the sanitizing of work areas and for the repatriation flights of workers. During the year the Group has already received recognition of a good portion of these costs from clients, whilst contacts are ongoing with clients, institutional counterparties and/or insurance companies regarding recognition of the higher costs that have emerged but not yet been recognized.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates, and in the present case, the altered market conditions, the general level of uncertainty and consequent dramatic and widespread drop in demand for services, which has driven many of the sector's leading players to considerably review their future investment plans, the Group considers such as potential indicators of impairment of assets requiring an update of the assessments in relation to the recoverability of goodwill and other tangible and intangible assets. This analysis was undertaken in conjunction with an independent expert, utilizing the cash flows based on the 2021 Budget and the 2021-2025 Business Plan approved by the Board of Directors on March 10, 2021. These cash flows reflect the best estimates made by Management on the basis of currently available information regarding the main company operating assumptions (macro-economic and price movements and the business development picture), including the estimated effects from the Covid-19 epidemic.

For all CGU's, the recoverable value as presented in detail in note 28.2 "Goodwill" is higher than the net carrying amount of the Net Capital Employed of the CGU's and therefore no impairment is indicated.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates. In the case of financial assets in particular, the assessment of counterparty risk was updated with the most recent available market information, recording an increase in the doubtful debt over the previous year of Euro 4.9 million.

For all further information concerning the assessment of the impacts from the "CoronaVirus" on strategic planning, the financial situation and the forecast business performance, reference should be made to the "Key Events in the Year", "Financial Risk Management" and "Outlook" paragraphs of the Directors' Report.

27. Notes to the income statement

27.1. Revenues

Revenues from contracts with buyers in 2020 amounted to Euro 2,569,224 thousand, a decrease of Euro 728,180 thousand on the previous year as follows:

(In Euro thousands)	2020	2019
Revenues from sales and services	405,959	573,816
Changes in contract work-in-progress	2,163,265	2,723,588
Total	**2,569,224**	**3,297,404**

Specifically, the change during the year was in part due to the decrease in "Revenues from sales and services". This difference was primarily caused by the decline in the revenues generated by projects concluded during the year compared to the previous year. The account includes also the revenues of MyReplast Industries S.r.l., a plastics mechanical recycling enterprise. The account "change in contract work-in-progress", used to account for long-term revenues, also declined by Euro 560,323 thousand.

Volumes in the period reflect the slowdown in operations in certain regions, particularly in the second half of March as a result of the decisions taken by the governmental authorities to contain the spread of COVID-19.

Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows.

Also in this regard, the effects of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation.

The third quarter of 2020, although within an environment which is still shaped by significant uncertainties due to the continuance - particularly in some regions - of the effects of the pandemic, saw operations on the main projects recover, with volumes consequently rising on the previous quarter.

Given the geographical area in which operating activities are in progress, and despite the awareness of the measures introduced in some of these areas by local institutions, thanks to the technological infrastructure which has been in use within the group for some time, and which has clearly proved capable of enabling efficient operational management even at times of crisis, in the final part of the year activities saw a further uptick, however not compensating for previous slowdowns, but enabling production volumes to be significantly higher than in previous quarters.

Furthermore, as reported in the preceding quarters, revenues were impacted also by the development of portfolio projects and their performance over time, depending upon the scheduling of the individual works. The production performance reflects both the reaching of the conclusive phase on a number of prior year EPC orders not yet fully offset by new order intake, in addition to the type of contracts at issue - which principally are centered on Engineering, Procurement, Construction Management and Commissioning services which, by their very nature, have lower volumes.

Group core business revenues derived for around 97.2% from the "Hydrocarbons" business unit (96.4% in 2019), an increase on the previous year as a percentage of consolidated volumes due to project progress.

The principal projects of the "Hydrocarbons" BU concerned Amur, Borouge PP5, Omsk, Zcina and SOCAR's Heydar refinery in Baku.

Finally, the "Green Energy" BU accounted for approx. 2.8% of revenues (3.6% in 2019), decreasing approx. Euro 44.7 million following the conclusion of orders in portfolio in the large renewables plant sector which have not yet been replaced by new orders, and by the conclusion and subsequent handover of a hospital initiative. The subsidiary NextChem, active in the circular economy and energy transition sector, started up operations simultaneously, following the investment in the first advanced mechanical plastics recycling plant.

The change in work-in-progress takes into account not only the recognition of contractual amounts agreed upon, but also changes in work orders, not yet approved, incentives and any reserves - claims, for the highly probable amount to be recognized by the buyer and reliably measured. In particular, the calculation of the revenues not yet approved was made based on reasonable expectations through the negotiations in progress with the buyers to recognize the higher costs incurred or disputes in course and therefore by their nature may present a risk (for further details, reference should be made to the "Disputes" section of the Directors' Report).

At December 31, 2020, the contractual obligations to be fulfilled by the Group (residual backlog) amounted to approx. Euro 6,001.9 million (Euro 6,374 million at December 31, 2019); the Group expects to recognize these amounts to revenues in future periods in line with the industrial plan forecasts.

27.2. Other operating revenues

"Other Operating Revenues" in 2020 amounted to Euro 61,554 thousand, up Euro 20,593 thousand on the previous year and relate to:

(In Euro thousands)	2020	2019
Exchange rate differences	38,695	0
Prior year income	2,334	8,476
Use doubtful debt provision	1,928	1,212
Use of other risk provisions	71	16
Revenues from material sales	175	396
Contract penalties	137	2,800
Gains on disposals	205	166
Currency derivative gains	6,912	9,517
Insurance indemnities	2,979	2,794
Other income	8,118	15,585
Total	**61,554**	**40,961**

Other operating revenues refer to revenues not directly connected to the Group core business. Other operating revenues mainly refer to:

- “Operating exchange differences”, amounting to Euro 38,695 thousand, concerning the net gain between currency gains and losses; the increase follows currency market movements and those on foreign currencies regarding ongoing projects; the previous year recorded net losses and was classified under "Other operating expenses";
- “Currency derivative gains”, amounting to Euro 6,912 thousand, concern cash flow hedges on Group contractual commitments, principally hedging payments in foreign currencies impacting the income statement in the year. The decrease relates to currency market movements and the expiry of currency hedging instruments on contracts completed in the year.
- Prior year income of Euro 2,334 thousand, principally relating to payables no longer due and the reversal of costs accrued in previous years;
- Insurance indemnities of Euro 2,979 thousand, income recognised following an insurance payout made in the year;
- the other accounts refer mainly to disposal gains, utilization of the doubtful debts provision, miscellaneous reimbursements and reimbursements of tax rebates and other income;

27.3. Business segment information

Maire Tecnimont S.p.A. heads an integrated industrial group providing engineering services and works in the following sectors on the domestic and international markets: Hydrocarbons and Green Energy.

The BU figures are in line with the new internal reporting structure utilized by company Top Management and in particular with the reporting used by the highest decision-making level for the taking of business decisions, identified as the chief executive officer (CODM). The features of these sectors are outlined below:

I. **‘Hydrocarbons’ Business Unit** - designs and constructs plant, principally for the “natural gas chain” (involving separation, treatment, liquefaction, transport, storage, regasification and compression and pumping stations); designs and constructs chemical and petrochemical industry plant for the production, in particular, of polyethylene and polypropylene (polyolefin), ethylene oxide, ethylene glycol, purified terephthalic acid ("PTA"), ammonia, urea and fertilizers; issues, in addition, within the fertilizer sector, licenses on patented technology and proprietary know-how to current and potential urea producers. Other major activities related to the sulphur recovery process, hydrogen production and high temperature furnaces. It is also engaged in the design and construction of hydro-carbon electric power plant and waste-to-energy and district heating plant.

II. **“Green Energy” Business unit**, involved in Green Acceleration initiatives managed by NextChem and its subsidiaries, focused on the circular economy, undertaking mechanical plastics recycling and the promotion of recycled chemicals; together with “Greening the Brown” (offsetting environmental impacts from the conversion of petrol and gas) and “Green- Green” (developing additives and substitutes to oil for fuels or plastics from renewables), of which NextChem has proprietary technologies or agreements for the exclusive use of third party technologies. It also works on large-scale renewables sector plant (mainly solar and wind). The Group provides maintenance and facility management services, in addition to general services for temporary construction facilities and the design and construction of infrastructure.

The Group assesses the performance of the operating segments based on the segment operating result. Segment revenues are those directly deriving from or attributable to the Segment and from core operations and include revenues from agreements with third parties. Segment costs are charges from segment operations incurred from third parties. For Group operations, amortization, depreciation, provisions for risks, financial income and expense and income taxes are borne by the corporate entity as excluded from operating activities and are presented in the total column.

Segment disclosure is reported in the following tables:

2020 REVENUES AND RESULT BY SEGMENT:

(In Euro thousands)	Revenues		Segment result (EBITDA)	
	2020	2019	2020	2019
Hydrocarbons	2,556,469	3,219,320	173,359	234,064
Green Energy	74,309	119,044	(1,141)	1,527
Total	**2,630,778**	**3,338,364**	**172,218**	**235,592**

2020 INCOME STATEMENT BY SEGMENT:

(In Euro thousands)	Hydrocarbons	Green Energy	Total
Segment revenues	2,556,469	74,309	2,630,778
Industrial margin (Business Profit)	**249,763**	**1,775**	**251,538**
Segment result (EBITDA)	**173,359**	**(1,141)**	**172,218**
Amortization, depreciation, write-downs and provisions			(48,543)
EBIT	**173,359**	**(1,141)**	**123,675**
Financial income/(expenses)			(44,861)
Income before taxes			**78,814**
Income taxes			(24,607)
Net income			**54,207**
Group net income			57,801
Minority interest net income			(3,594)

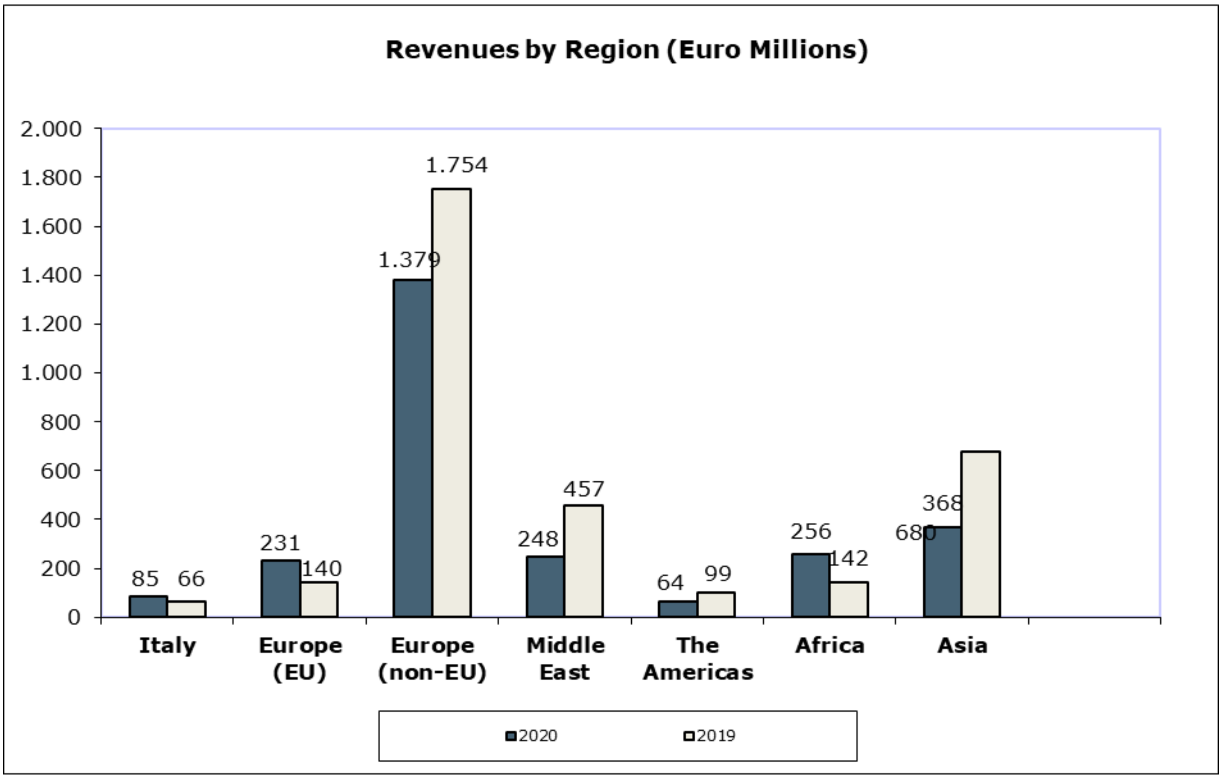
2019 INCOME STATEMENT BY SEGMENT:

(In Euro thousands)	Hydrocarbons	Green Energy	Total
Segment revenues	3,219,320	119,044	3,338,364
Industrial margin (Business Profit)	**309,848**	**7,140**	**316,988**
Segment result (EBITDA)	**234,064**	**1,527**	**235,592**
Amortization, depreciation, write-downs and provisions			(46,690)
EBIT	**234,064**	**1,527**	**188,902**
Financial income/(expenses)			(21,895)
Income before taxes			**167,007**
Income taxes			(52,311)
Net income			**114,695**
Group net income			112,981
Minority interest net income			1,714

REGIONAL SEGMENTS:

The regional breakdown of Revenues in 2020 compared to the previous year is illustrated below:

(In Euro thousands)	December 2020		December 2019		Change	
	Total	%	Total	%	Total	%
Italy	85,181	3.2%	66,194	2.0%	18,987	28.7%
Overseas						
· Europe (EU)	231,039	8.8%	140,266	4.2%	90,773	64.7%
· Europe (non-EU)	1,379,218	52.4%	1,754,147	52.5%	(374,929)	(21.4%)
· Middle East	247,736	9.4%	456,658	13.7%	(208,922)	(45.8%)
· The Americas	63,902	2.4%	99,224	3.0%	(35,322)	(35.6%)
· Africa	256,075	9.7%	142,291	4.3%	113,784	80.0%
· Asia	367,793	14.0%	679,585	20.4%	(311,792)	(45.9%)
· Other	(165)	(0.0%)	0	0.0%	(165)	na
Total Consolidated Revenues	**2,630,778**		**3,338,364**		**(707,586)**	**(21.2%)**



The main regional revenue sources were Europe – non-EU (52.4%), which reflects the development of operations in Russia. As apparent in the revenues table, a reduction was reported in the Middle East and The Americas following the completion of the main projects in the region.

27.4. Raw materials and consumables

Raw materials and consumables for the year 2020 amount to Euro 738,922 thousand, a decrease of Euro 212,164 thousand compared to the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Raw material purchases	(736,671)	(942,754)
Consumables	(1,770)	(6,553)
Fuel	(481)	(1,899)
Change in inventories	0	119
Total	**(738,922)**	**(951,086)**

In particular, “Raw material purchases” in 2020 decreased Euro 206,083 thousand, due to the reduced material procurement needs for orders acquired in prior years and for which the issue and execution phase of the main order equipment has been completed and construction is underway, and to the situation created as a result of the spread of the COVID-19 epidemic. In fact, beginning in late March suppliers also effectively slowed their operations as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic; in the middle part of 2020 and above all in the final part of the year, activities nevertheless resumed but not in such a way as to compensate for the previous slowdowns.

"Consumable materials" and "Fuels" were impacted by lower general and office material requirements and the use of fuels as a result of the events described above relating to the pandemic, which effectively cut back all activities in 2020.

27.5. Service costs

Service costs in 2020 amounted to Euro 1,281,856 thousand, a decrease of Euro 325,675 thousand on the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Sub-contractors	(923,377)	(1,070,932)
Turnkey design	(136,729)	(205,017)
Cost recharges	(7,706)	(1,650)
Utilities	(8,529)	(12,168)
Transport Costs	(46,312)	(103,289)
Maintenance	(7,763)	(10,042)
Consultants and related services	(35,772)	(29,833)
Increase in internal work capitalized	15,537	9,180
Bank expenses and sureties	(42,334)	(43,497)
Selling & advertising costs	(9,998)	(10,633)
Accessory personnel costs	(29,907)	(55,019)
Post & telephone and similar	(517)	(836)
Insurance	(10,300)	(11,567)
Other	(38,148)	(62,228)
Total	**(1,281,856)**	**(1,607,531)**

The general movement in "services costs" reflects the development of projects in the order portfolio and the uneven performance over time depends on the scheduling of the individual works in the various activities. In particular, in 2020 production levels reflect the reaching of the conclusive stages of the main prior year EPC contracts, not yet fully offset by new acquisitions which are still in the initial engineering phases, and the situation created as a consequence of the spread of the Covid-19 epidemic. In fact, beginning in late March suppliers and subcontractors also effectively slowed their operations as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times gone beyond slowdowns in operations and, in limited cases, to the closure of operational sites. In the middle part of 2020 and especially in the latter part of the year, activities nevertheless resumed but not in such a way as to compensate for the previous slowdowns.

"Sub-contractors" reported the largest decrease compared to the previous year (Euro 147,554 thousand), mainly due to construction phase sub-contract costs, which slowed at most sites and in some cases, due to the measures adopted by the various countries, were effectively suspended following the closure of the sites. In the middle part of 2020 and especially in the latter part of the year, activities still picked up but not in a way that compensated for previous slowdowns.

"Turnkey design" also decreased owing to the slowdown of the initial research and design phase of the main newly acquired orders.

"Transport costs" decreased on the previous year, also in this case due to the events that occurred during 2020, with reduced acquisitions and deliveries to sites of raw materials and equipment.

"Accessory personnel costs" , which primarily include travel and subsistence costs, significantly decreased, primarily as a result of travel restrictions imposed following the introduction of regulations to contain the pandemic; in this situation, the approx. 5,000 staff across the world belonging to the engineering centers of Milan, Rome, Mumbai (India), Moscow (Russia), Sittard (Netherlands), Braunschweig (Germany) and Houston (USA) continued to work from home, coordinating with the multi-location project teams. All this has been possible thanks to an operating strategy which develops remote working and the virtualization of the main processes (through the "Digital Advantage Smart Platform"), following on from the investment in cloud computing and hardware and software suites over recent years and will certainly lead to structural change in the traditional approach to delivering excellent services, continuing to enable cost savings in future years.

"Bank expenses and sureties" include the costs for the services provided by banks and other financial companies other than true and proper financial charges and commissions and accessory expenses to loans which are included under financial charges; the account therefore principally comprises costs for guarantees provided in the interests of the Group operating companies in relation to commitments undertaken for the execution of their core operations.

All the other costs are substantially in line or reduced compared with the previous year.

"Other" costs were also down, and principally relate to non-capitalized IT costs, application package maintenance expenses, various services incurred by other consolidated companies, various site and general costs and emoluments to corporate boards.

27.6. Personnel expense

Personnel expense amounts to Euro 368,884 thousand, a decrease of Euro 86,563 thousand compared to the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Wages and salaries	(279,383)	(363,231)
Social security contributions	(68,185)	(71,355)
Post-employment benefits	(14,341)	(15,144)
Other costs	(6,975)	(5,716)
Total	**(368,884)**	**(455,447)**

The decrease in personnel expense was therefore a consequence of both the lower average workforce than in the previous year and the containment of remuneration policies in 2020. The factors in question are discussed in detail below.

In terms of headcount, and related changes, as of December 31, 2020 there were 5,960 employees, with 673 hires and 1,060 departures (approximately 60% of which related to fixed-term contracts). The geographical areas most affected by this decrease (387 employees) are:

- "Middle East Region", where the number of staff fell from 446 to 208 (down 238), and "Rest of Asia", with a decrease of 88 staff due to the closure of the construction phases of the LIWA (Oman) and Rapid (Malaysia) plants, respectively;
- "Italy & Rest of Europe", where the number of staff fell from 2,964 to 2,913, with a decrease, in Italy alone, of 51 staff, partly due to greater access to retirement and the expiry of temporary contracts. The fall of 54 employees in the UK company MET T&S Limited relates to personnel employed at sites closed during the period or subject to significant staff reduction due to the Covid-19 pandemic, such as Kima (Egypt), Punta Catalina (Dominican Republic) and Socar Polymer (Azerbaijan). This decrease was partially offset by recruitment by the Group's branches in Belgium, Croatia and Poland;
- "Central & South America Region", with a fall of 12 employees, and "North America Region", with a fall of 6 employees, attributable, respectively, to the completion of the second line of the Punta Catalina project (Dominican Republic) and the reduction of activities agreed with the customer Exxon Mobil on the Baytown project (USA).

On the other hand, the staff increases in the "North Africa Region & Sub-Saharan Africa Region" (+22.7% compared to the end of FY 2019) should be noted, mainly attributable to the start of the construction phase of the KT Kinetics Technology project in Angola and Zcina in Algeria.

Finally, the continual increase of Green sector personnel numbers was confirmed during the period, reflecting the continuation of the Group's investment strategy in this business sector.

Graduates at the Maire Tecnimont Group at December 30, 2020 accounted for 70% of the workforce; the average age was approx. 42.

The gender composition saw a further rise in the presence of women in percentage terms to the end of last year to approx. 21% of the total workforce, confirming the inclusive approach of the Group.

The workforce at 31/12/2020 of the Maire Tecnimont Group, with movements (by qualification and region) on 31/12/2019 (and the average workforce for the year), is outlined in the following tables. The table below outlines the workforce by areas of effective engagement at 31/12/2020 and 31/12/2019, with the relative movements:

Change in workforce by category (31/12/2019 - 31/12/2020):

Category	Workforce 31/12/2019	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2020	Cge. Workforce 31/12/2020 vs. 31/12/2019
Executives	660	16	(35)	5	646	(14)
Managers	2,291	132	(220)	31	2,234	(57)
White-collar	3,137	488	(635)	(36)	2,954	(183)
Blue-collar	259	37	(170)	0	126	(133)
Total	**6,347**	**673**	**(1,060)**	**0**	**5,960**	**(387)**
Average headcount	**6,363**				**6,107**	

(*) includes promotions, changes in category following inter-company transfers / Job Title reclassifications

The classification of the qualifications above does not necessarily reflect the contractual classification under Italian employment law, but corresponds to the identification criteria adopted by the Group on the basis of roles, responsibilities and duties

Changes in workforce by region (31/12/2019 – 31/12/2020):

Region	Workforce 31/12/2019	Hires	Departures	Reclassification employee category (*)	Workforce 31/12/2020	Cge. Workforce 31/12/2020 vs. 31/12/2019
Italy & Rest of Europe	2,964	268	(305)	(14)	2,913	(51)
India Region	2,037	59	(96)	14	2,014	(23)
South East Asia and Australian Region	6	0	(2)	0	4	(2)
Rest of Asia	171	8	(96)	0	83	(88)
Russia & Caspian Region	584	234	(222)	(1)	595	11
North America Region	21	8	(14)	0	15	(6)
Central and South America Region	21	1	(13)	0	9	(12)
Middle East Region	446	40	(279)	1	208	(238)
North Africa Region & Sub-Saharan Africa Region	97	55	(33)	0	119	22
Total	**6,347**	**673**	**(1,060)**	**0**	**5,960**	**(387)**

Changes in workforce by operational region (31/12/2019 – 31/12/2020):

Region	Workforce 31/12/2019	Workforce 31/12/2020	Cge. Workforce 31/12/2020 vs. 31/12/2019
Italy & Rest of Europe	2,654	2,712	58
India Region	1,831	1,892	61
South East Asia and Australian Region	23	9	(14)
Rest of Asia	221	100	(121)
Russia & Caspian Region	782	747	(35)
North America Region	24	15	(9)
Central and South America Region	82	13	(69)
Middle East Region	564	285	(279)
North Africa Region & Sub-Saharan Africa Region	166	187	21
Total	**6,347**	**5,960**	**(387)**

It should be noted that employee numbers may vary based on the stage of the project and on scheduling, which may provide for recourse to direct employees with consequent utilization of Group materials and staff, or alternatively recourse to third party services. In particular, the Group policy is to hire the workforce necessary for the execution of the individual projects in line with the time period necessary for completion.

Compensation activities in 2020 focused on the definition of the Remuneration Policy for the current year, which is set out in the “2020 Remuneration Report”. This was approved by the Board of Directors on March 11, 2020. Approving the contents of the aforementioned Policy, the Shareholders' Meeting of April 30, 2020, considered the conversion of the 2019-2021 Long-Term Incentive Plan (LTI), the adoption of the 2020-2022 LTI Plan, the 2020-2022 General Share Plan and the 2020-2024 NextChem Investment Plan.

However, in view of the ongoing global scenario resulting from the COVID-19 emergency, the Board of Directors' meeting held on May 7, 2020, in order to continue to pursue the long-term interests, business sustainability and market competitiveness of the Group as a whole - resolved not to implement the 2020-2022 LTI Plan and to suspend, for the current year, assignment of the objectives relating to short-term monetary incentive plans (the so-called "MBO").

Instead, the Board of Directors' meeting confirmed the implementation of the 2020-2022 General Share Plan, which will begin in the second half of 2020. This reflected the Board's desire to adopt incentivization plans aimed at the general workforce.

Finally, it should be noted that, following a top management initiative that was positively received by the Remuneration Committee, the aforementioned Board of Directors' meeting of May 7 resolved, as a precautionary measure, to suspend delivery to Beneficiaries of the Shares awarded under the 2017-2019 Restricted Stock Plan, whose income statement effects had already been incurred in preceding years.

In application of international accounting standard IFRS 2 Share-based payments, in the Group's financial statements both the 2020-2022 General Share Plan and the 2019-2021 LTI Plan , which following the favorable opinion of the Remuneration Committee and having consulted the Board of Statutory Auditors, resolved to proceed with the conversion of the Long Term Incentive Plan from monetary to based on Maire Tecnimont S.p.A. Shares, are represented as "Equity Settled" plans since the Group assigned its own equity instruments as additional remuneration for the services received (the work performance). The Group did not however assume any liability to be settled with cash and cash equivalents or with other assets for employees. Given the impossibility to reliably estimate the fair value of the services received from the employees, the benefit cost to the employees is represented by the fair value of the shares granted, calculated at the grant date, to be recognized in the income statement under personnel costs and in a specific reserve under equity.

The total cost of these plans for the year amount to Euro 5,584 thousand, also based on a fair value of the equity instruments equal respectively to Euro 1.504 per share for the 2019-2021 LTI and Euro 1.485 per share for the 2020-2022 General Share Plan.

"Personnel expense" in 2020 also includes the accrued portion of the Termination Indemnity for the Chief Executive Officer of Maire Tecnimont, as well as the charges of the employee flexible benefits plans ("Maire4You") and the participation bonus.

27.7. Other operating costs

Other operating costs in 2020 amount to Euro 68,899 thousand, a decrease of Euro 19,810 thousand compared to the previous year. The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Contractual penalties	(646)	(9,755)
Rental	(14,224)	(22,189)
Hire	(16,026)	(28,788)
Losses on receivables	(2,486)	(2,236)
Operating currency losses	0	(2,956)
Other costs	(35,516)	(22,784)
Total	**(68,899)**	**(88,709)**

Also in this case, the general movement in "other operating costs" follows the development of the projects in portfolio and the situation arising as a result of the Covid-19 outbreak.

The account "Rental" mainly refers both to the cost of property and apartment rentals, also at various work sites with short-term duration and therefore excluded from the application of IFRS 16, in addition to accessory office use property costs for the Group offices and also at the various sites; the reduction in the year is due to the lesser amount of travel expenses for personnel with related lower short-term accommodation costs, mainly concerning on-site activities.

The account “Hire”, also reducing as a result of the reasons outlined above, refers mainly to Group plant hire charges, with short-term duration and therefore excluded from the application of IFRS 16, software application hire and other rental services, mainly due to the share of the operating rentals, in addition to the hire also of short-term vehicles for on-site activities.

“Contractual penalties” in the previous year is essentially related to a charge following a dispute concluded in the year.

“Losses on receivables”, net of the use of the doubtful debt provision released to “Other Operating Income” relate principally to an assessment on the collectability of receivables.

“Other costs” principally comprise indirect taxes and various local taxes, mainly concerning a number of overseas companies, membership fees, prior year charges, other general costs and license and patent usage fees.

“Operating currency losses” reflect the net loss between currency gains and losses; the gain or loss follows currency market movements and those on foreign currencies regarding ongoing projects; the amount was positive and therefore classified under “Other Operating Revenues”.

27.8. Amortization, depreciation & write-downs

Amortization, depreciation and write-down of fixed assets in 2020 amounted to Euro 43,619 thousand, a decrease of Euro 44 thousand compared to the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Amortization	(13,079)	(16,393)
Depreciation	(5,139)	(4,668)
Depreciation of rights-of-use - Leasing	(24,000)	(22,488)
Other fixed asset write-downs	(1,400)	(115)
Total	**(43,619)**	**(43,663)**

Amortization decreased, mainly as a result of the reduction in “Contractual costs”.

Amortization of intangible assets principally refers to:

- amortization of development costs of Euro 135 thousand, relating to the development of software and simulators for plants of the company Protomation;
- amortization of patent rights, amounting to Euro 1,710 thousand, principally relating to urea licenses patented by Stamicarbon and the other licenses developed by the Group also in relation to the Nextchem Group;
- amortization of concessions and licenses, amounting to Euro 1,561 thousand and principally relating to Group software license applications;
- amortization of other intangible assets of Euro 4,202 thousand. This account principally refers to accessory and consultant costs incurred for the installation of the principal software applications of the Group.

- amortization of the contractual costs, equal to Euro 5,470 thousand; “Contractual costs” include costs for the obtaining of contracts and contract fulfillment costs, as per IFRS 15 which stipulates the capitalization of costs to obtain the contract, considered as ‘incremental’, and costs incurred to fulfil the contract which enable the entity to make use of new or greater resources to satisfy performance obligations in future (‘pre-production costs). These capitalized costs are amortized based on the advancement of the work on the contract.

Depreciation of property, plant and equipment principally refers to:

- depreciation of own buildings for Euro 631 thousand, principally in relation to the Indian subsidiary Tecnimont Private Limited, MyReplast Industries S.r.l., a Nextchem subsidiary, and residually other Group owned assets;

- depreciation on plant and machinery for Euro 1,040 thousand and industrial equipment for Euro 238 thousand (assets supporting site operations); they principally relate the plant of MyReplast Industries S.r.l. (the company that manages an advanced mechanical plastics recycling facility located in Bedizzole, in the province of Brescia);

- depreciation of Euro 3,230 thousand on other assets, office furniture, leasehold improvements, EDP, motor vehicles and industrial transport vehicles.

The depreciation of right-of-use - leasing of Euro 24,000 thousand was recognised following the introduction of the IFRS 16 standard and mainly concerns the usage rights recognised on the buildings hosting the Group offices and at various worksites, in addition to number of key Group assets and also motor vehicles.

Other write-downs of Euro 1,400 thousand were made amid impairments on some Group assets, in particular in relation to the “Birillo” University Campus concession initiative of the University of Florence undertaken by the subsidiary Birillo 2007 Scarl.

27.9. Doubtful debt provision and risk provisions

The doubtful debt provision and risk provisions for 2020 amount to Euro 4,924 thousand, an increase of Euro 1,897 thousand compared to the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Doubtful debt provision	(4,924)	(2,817)
Risk provision	0	(209)
Total	**(4,924)**	**(3,027)**

The doubtful debt provision in the year amounts to Euro 4,924 thousand, increasing on the previous year. The account in 2020 reported greater provisions as a consequence of a greater amount of receivables than in the previous year, which for some positions was also affected by a deterioration of counterparty risk.

For IFRS 9, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates. In the case of financial assets in particular, the assessment of counterparty risk was updated with the most recent available market information.

27.10. Financial income

(In Euro thousands)	2020	2019
Income from associates	12	89
Income from group companies	62	63
Other income	7,213	9,311
Income on derivatives	152	9,776
Total	**7,438**	**19,239**

Financial income amounted to Euro 7,438 thousand and decreased Euro 11,801 thousand compared to the previous year, mainly due to the lesser interest income recorded on lower average cash balances than in the previous year and reduced positive effects from the valuation of some derivative instruments.

“Income from associates” concerns the interest from the associate JV Kazakhstan Tecnimont-KTR LLP, incorporated to develop initiatives in the country with a new strategic partner.

“Income from group companies” mainly concerns interest from the company Pursell Agri-Tech, LLC, a US start-up specialized in the development and distribution of polymer-coated controlled release fertilizers.

“Other income” mainly relate to interest matured on temporary liquidity invested and on bank current accounts, thanks to the returns on deposits in some regions where the Group currently operates, for example Russia. Interest income decreased on the previous year due to lower levels of liquidity held.

Income on derivatives for Euro 152 thousand refer specifically to:

- the “time-value” portion of currency hedging derivatives. As not considered a hedging component, the change to the fair value is recognized to the income statement. This component is due to swap point movements (differences between Eurozone and US interest rates), in addition to new contracts signed by the Group to cover cash flows for orders exposed to the Russian Ruble;

27.11. Financial expenses

(in Euro thousands)	2020	2019
Charges from group companies	(2)	(2)
Other charges	(32,165)	(18,523)
Interest/Other Bond Charges	(5,437)	(6,806)
Charges on derivatives	(9,671)	(6,471)
Financial expenses right-of-use - Leasing	(5,988)	(5,859)
Total	**(53,263)**	**(37,660)**

Financial expenses amounted to Euro 53,263 thousand and increased Euro 15,603 thousand compared to the previous year, principally due to the higher interest expense and the negative effects of the valuation of derivatives.

Charges from group companies, amounting to Euro 2 thousand, refer to interest on loans received from the consortium company Cavtoni.

"Other charges", amounting to Euro 32,165 thousand, principally include loan interest, current account interest charges, factoring charges and banking and accessory charges and charges on financial liabilities measured at amortized cost and interest paid to the tax authorities and charges for discounting and reported an increase on the previous year, primarily due to the effect of increases in the negative balances of the current account for the use of lines of credit granted to manage short-term commercial requirements and the use of working capital lines in support of short-term needs within the framework of working capital management for certain projects in the first part of the year and which progressively reversed in the final quarter of 2020.

The account also includes a non-recurring item of approx. Euro 5 million for discount charges on receivables assigned relating to a new project whose payment terms contractually agreed between the parties for initial activities only, offered the client a significant benefit in terms of deferment of payment, while at the same time the contract allowed for the assignment of the receivable for the initial activities carried out to a financial intermediary on a non-recourse basis.

The "Interest Bond" charges, amounting to Euro 5,437 thousand, specifically refer to:

- for Euro 4,728 thousand the cash and non-cash components of interest on non-convertible bonds of Euro 165 million issued on May 3, 2018 by Maire Tecnimont S.p.A.;
- for Euro 708 thousand interest on the non-convertible bonds subscribed in 2017 through private placement, by the Pan-European Fund managed by an Amundi Group company. The reduction in charges on the previous year is due to the early settlement of a tranche of these Bonds for a nominal amount of Euro 20 million at the end of 2019.

Charges on derivatives for Euro 9,671 thousand refer specifically to:

- for Euro 2,430 thousand the "time-value" portion of currency hedging derivatives. As not considered a hedging component, the change to the fair value is recognized to the income statement. This component increased on the previous year due to swap point movements (differences between Eurozone and US interest rates), in addition to new contracts signed by the Group to cover cash flows for major Russian orders exposed to the Russian Ruble;

- for Euro 3,508 thousand as a result of mark-to-market change and the closure of some hedging instruments to hedge the exposure to changes in the price of raw materials (principally copper, palladium and platinum); these instruments, although hedging raw material risk, for accounting purposes are classified as held-for-trading instruments and consequently measured at fair value with changes recognized to profit and loss.

- for Euro 3,733 thousand the negative fair value change of the residual portion three cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price essentially tied to the personnel incentive plans in place. The residual portions of the instruments as at December 31, 2020 hedged the risk relating to approx. 5.6 million shares.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Contractual maturity is December 31, 2021. For accounting purposes the TRES is measured in accordance with IFRS 9 as a fair value derivative through P&L. For accounting purposes the TRES is measured in accordance with IFRS 9 as a fair value derivative through P&L.

Usage right - Leasing financial expense at Euro 5,988 thousand concerns the financial expense matured in the first half of 2020 on finance lease liabilities recognised following the introduction of IFRS 16.

27.12. Investment income/(expenses)

(In Euro thousands)	2020	2019
Income from investments in subsidiaries	(224)	0
Income from investments in associates	0	3,525
Income from investments in other companies	497	544
Revaluations/(Write-downs) associates	691	(1,985)
Revaluations/(Write-downs) other companies	(0)	(0)
Revaluations/(Write-downs) financial assets	0	(5,558)
Total	**964**	**(3,474)**

Net investment income amounted to Euro 964 thousand, an increase of Euro 4,438 thousand compared to the previous year, essentially due to the write-down of the convertible bond issued by the investee Siluria Technologies Inc.

The net charges from subsidiaries of Euro 224 thousand concerns the income statement impact from the deconsolidation of MGR Verduno 2005 S.p.A. following the loss of control of the vehicle following its sale.

Income from investments in other companies totaling Euro 497 thousand includes dividends received from Kafco LTD, in which Stamicarbon B.V. holds an investment.

The net positive balance of the valuations of associates refers to their equity valuation. Specifically:

- the equity investment in Biolevano S.r.l. for Euro 1,215 thousand;

- the equity investment in G.C.B. General Trading Ltd for Euro 12 thousand;
- the equity investment in Gulf Compound Blending Ind Ltd reduced by Euro 90 thousand;
- the equity investment in Studio Geotecnico S.r.l. reduced by Euro 75 thousand;
- the equity investment in the JV Kazakhstan Tecnimont-KTR LLP reduced by Euro 370.

27.13. Income taxes

(In Euro thousands)	2020	2019
Current income taxes	(18,774)	(40,996)
Prior year taxes	4,328	2,471
Deferred tax income	(4,189)	(7,602)
Deferred tax charges	(5,972)	(6,184)
Total	**(24,607)**	**(52,311)**

Estimated income taxes amount to Euro 24,607 thousand, a decrease of Euro 27,705 thousand, mainly due to lower pre-tax income compared to the previous year, which was impacted by the effects of the pandemic, in particular in early 2020.

The effective tax rate for 2020 was approx. 31.2%, in line with the average adjusted tax rate reported for the preceding quarters and compared to the previous year and based on the various countries in which operations are carried out.

Current income taxes mainly includes “IRES” Italian corporation tax and foreign overseas corporation tax as well as an estimate of the “IRAP” Italian regional income tax and other taxes.

Prior year taxes mainly includes the differences arising between the amounts accrued for taxes and the actual tax declarations for the year.

Net deferred tax income and charges includes the effect of the utilization of deferred tax income and temporary differences arising in previous years and deductible in 2020.

27.14. Earnings per share

The share capital of Maire Tecnimont S.p.A. comprises ordinary shares, whose earnings per share is calculated dividing the Group net income in 2020 by the weighted average number of Maire Tecnimont S.p.A. shares in circulation in the period considered.

This figure was used as the denominator for the calculation of the earnings per share at December 31, 2020. Basic earnings amounted to Euro 0.176 (Euro 0.344 at December 31, 2019)

(in Euro)	2020	2019
Number of shares in circulation	328,640,432	328,640,432
(Treasury shares)	0	0
Number of shares to calculate earnings per share	328,640,432	328,640,432
Group net income	57,801,401	112,980,860
Earnings per share (Euro)		
Group basic earnings per share	**0.176**	**0.344**
Group diluted earnings per share	**0.176**	**0.344**

Diluted earnings equate to basic earnings in the absence of dilutive elements.

28. Notes to the Balance Sheet

28.1. Property, plant and equipment

(In Euro thousands)	2019	Changes in year	2020
Land	4,111	(111)	3,999
Buildings	22,160	782	22,943
Plant & machinery	5,710	(516)	5,194
Assets in progress and advances	32	1,417	1,449
Industrial and commercial equipment	1,100	(344)	756
Other assets	9,460	(1,669)	7,791
Total	**42,573**	**(441)**	**42,132**

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values for the year 2020:

(In Euro thousands)	Land	Buildings	Plants & equipment	Industrial & commercial equipment	Other assets	Assets in progress and advances	Total
Net book value at December 31, 2019	**4,111**	**22,160**	**5,710**	**1,100**	**9,460**	**32**	**42,573**
Increases	0	0	326	136	2,227	1,445	4,134
Disposals	0	0	0	(80)	(413)	0	(493)
Depreciation	0	(631)	(1,040)	(238)	(3,230)	0	(5,139)
Cost reclassification/adjustments	0	1,548	239	0	0	(28)	1,759
Change to consolidation scope	0	0	0	0	0	0	0
Revaluations/(Write-downs)	0	0	0	0	0	0	0
Other changes	(112)	(133)	(42)	(162)	(253)	0	(702)
Net book value at December 31, 2020	**3,999**	**22,943**	**5,194**	**756**	**7,791**	**1,449**	**42,132**
Historic cost	3,999	31,696	11,066	3,215	47,743	1,449	99,169
Accumulated depreciation	0	(8,753)	(5,872)	(2,459)	(39,953)	0	(57,037)

The changes during the year mainly refer to depreciation over 12 months, net of acquisitions, of the expansion project underway for a warehouse of MyReplast Industries S.r.l. and the increase in Buildings and plant and machinery following the allocation of the surplus arising from the acquisition of MyReplast Industries S.r.l. in the previous year.

The principal changes related to:

- Land, with a net decrease of Euro 111 thousand, due to the conversion of amounts in foreign currencies;

- Buildings, with a net increase of Euro 782 thousand, for Euro 1,548 thousand following the allocation of the surplus on the acquisition by Nextchem of MyReplast Industries s.r.l. in the previous year and initially allocated to “Goodwill”. Other decreases are the effect of depreciation for the year and the translation of foreign currency items;

- Plant and machinery, with a net decrease of Euro 516 thousand, principally due to depreciation in the year. The increases refer to purchases of small construction site machinery and Euro 239 thousand in relation to the completion of the allocation of the surplus value relating to the acquisition of MyReplast Industries S.r.l.;

- Industrial and commercial equipment, with a net decrease of Euro 344 thousand, due to the depreciation in the year. The increases relate to specific site material procurement;

- Other assets, with a net decrease of Euro 1,669 thousand, due to depreciation in the year. The increases are principally due to leasehold improvements, office furniture and EPD.

- “Assets in progress”, amounting to Euro 1,449 thousand, mainly refers to the expansion project in progress of a warehouse of MyReplast Industries S.r.l..

The account other assets also includes the vast historical archive of the former Fiat Engineering complex comprising approx. 7,000 boxes, 6,000 dossiers and 65,000 microfilms in addition to enumerable reports, notes and photographs; a wealth of civil and industrial projects and among the most important engineering works are included personalities which have marked the Italian engineering panorama: Quaroni, Danusso, Covre, Albini, Nervi, Morandi, Zevi, Aulenti, Gabetti, Isola, Piano, Halprin, Rogers, Krier. The archive is bound by the Department of Cultural Heritage; its value has been estimated at almost Euro 26 million, but at the moment, the book value is zero.

For comparative purposes the changes relating to the previous year are shown below:

(In Euro thousands)	Land	Buildings	Plants & equipment	Industrial & commercial equipment	Other assets	Assets in progress and advances	Total
Net book value at December 31, 2018	**4,017**	**20,242**	**221**	**1,138**	**7,900**	**181**	**33,700**
Increases	0	0	0	0	3,723	0	3,723
Disposals	0	0	0	(174)	0	0	(174)
Depreciation	0	(561)	(756)	(221)	(3,130)	0	(4,668)
Cost reclassification/adjustments	0	0	0	0	414	(149)	265
Change to consolidation scope	100	2,482	6,265	254	150	0	9,250
Revaluations/(Write-downs)	0	0	0	0	0	0	0
Other changes	(6)	(2)	(19)	103	403	0	479
Net book value at December 31, 2019	**4,111**	**22,160**	**5,710**	**1,100**	**9,460**	**32**	**42,573**
Historic cost	4,111	30,324	10,606	3,588	47,347	32	96,008
Accumulated depreciation	0	(8,164)	(4,896)	(2,489)	(37,887)	0	(53,435)

28.2. Goodwill

(In Euro thousands)	2019	Changes in year	2020
Goodwill	296,132	(1,811)	294,321
Total	**296,132**	**(1,811)**	**294,321**

The account, amounting to Euro 294,321 thousand, decreased by Euro 1,811 thousand in 2020, due to the allocation of a gain emerging on the acquisition by Nextchem of MyReplast Industries S.r.l. and the acquisition of Protomation B.V. through Stamicarbon, the Group's licensing and innovation subsidiary, which took place in the previous year and was initially allocated to the account "Goodwill".

This account includes the consolidation differences concerning:

- for Euro 135,249 thousand the acquisition of the Tecnimont Group;
- for Euro 53,852 thousand the acquisition and subsequent merger of Maire Engineering S.p.A. into Maire Investimenti S.p.A. (following the merger Maire Investimenti S.p.A. changed its name to Maire Engineering S.p.A), net of the write-down of Euro 10,000 thousand in 2013;
- for Euro 18,697 thousand the acquisition and subsequent merger by Maire Engineering of other construction and engineering companies;
- for Euro 55,284 thousand the acquisition of the subsidiary Tecnimont Private Limited;
- for Euro 137 thousand the purchase of the share capital of Noy Engineering S.r.l.;
- for Euro 2,184 thousand the acquisition of the subsidiary Stamicarbon B.V.;
- for Euro 26,351 thousand the acquisition of the KT Group.
- for Euro 1,398 thousand the acquisition in 2019 of MyReplast Industries S.r.l.
- For Euro 1,169 thousand the acquisition of Protomation B.V.;

In application of the IAS 36 impairment method, the Maire Tecnimont Group identified the Cash Generating Units (CGU) which represent the smallest identifiable group of assets capable of generating cash flows largely independently within the consolidated financial statements. The maximum level of the aggregation of the CGU’s is represented by the segments of activities as per IFRS 8.

The goodwill was allocated to the cash generating units from which the related benefits from the business combination are expected to arise.

The CGU’s were identified according to the same criteria as the previous year, with the table below summarizing the value of goodwill allocated by sector:

(In Euro thousands)	2019	Changes in year	2020
Hydrocarbons	254.0	0	254.0
Renewables & Infrastructure	35.6	0	35.6
Green Energy	2.7	(1.3)	1.4
Licensing	3.9	(0.5)	3.4
Total	**296.1**	**(1.8)**	**294.3**

The features of these CGUs are outlined below:

I. **'Hydrocarbons' CGU** - designs and constructs plant, principally for the "natural gas chain" (involving separation, treatment, liquefaction, transport, storage, regasification and compression and pumping stations); designs and constructs chemical and petrochemical industry plant for the production, in particular, of polyethylene and polypropylene (polyolefin), ethylene oxide, ethylene glycol, purified terephthalic acid ("PTA"), ammonia, urea and fertilizers. Other major activities related to the sulphur recovery process, hydrogen production and high temperature furnaces. It is also engaged in the design and construction of hydro-carbon electric power plant and waste-to-energy and district heating plant.

II. **'Licensing' CGU**, in the fertilisers sectors, licenses patented technology and know-how for use by current and potential urea producers.

III. **'Renewables & Infrastructure' CGU**, active in large-scale renewables sector plant (mainly solar and wind). The Group provides maintenance and facility management services, in addition to general services for temporary construction facilities and the design and construction of infrastructure.

IV. **"Green Energy" CGU**, involved in Green Acceleration initiatives managed by NextChem and its subsidiaries, focused on the circular economy, undertaking mechanical plastics recycling and the promotion of recycled chemicals; together with "Greening the Brown" (offsetting environmental impacts from the conversion of petrol and gas) and "Green- Green" (developing additives and substitutes to oil for fuels or plastics from renewables), of which NextChem has proprietary technologies or agreements for the exclusive use of third party technologies.

The recoverability of the goodwill and of the other intangible and tangible fixed assets is verified at least once a year also in the absence of indicators of loss in value. The recoverable value of the cash-generating units, whose individual goodwill were allocated, was determined through the determination of the value in use, considered as the present value of the expected cash flows, utilizing a discount rate which reflects the specific risks of the individual cash-generating units at the valuation date. The book value of the CGU's (carrying amount) includes the book value of the net assets invested which may be attributed directly, or separated based on a reasonable and uniform criterion, to the CGU's. The net working capital items are included in the calculation of the book value and of the recoverable value. The working capital items are in addition separately tested for loss in value, in accordance with the applicable accounting standards.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates, and in the present case, the altered market conditions, the general level of uncertainty and consequent dramatic and widespread drop in demand for services, which has driven many of the sector's leading players to considerably review their future investment plans, the Group considers such as potential indicators of impairment of assets requiring an update.

This analysis was undertaken in conjunction with an independent expert, utilizing the cash flows based on the 2021 Budget and the 2021-2025 Business Plan approved by the Board of Directors on March 10, 2021.

These cash flows confirm the assumptions and the strategic projections of the Group plan and reflect the best estimates made by Management in relation to the main assumptions concerning business operations (macro-economic and price movements and the business development picture), including the estimated effects from the Covid-19 pandemic. The underlying assumptions and the corresponding financials are considered appropriate for the impairment test. The plan, in addition to the project margins, includes commercial, general and administrative costs.

The main assumptions reflected in the 2021 Budget and the Industrial Plan take account of the significant backlog at the end of 2020 and the contracts signed with international clients since the beginning of the current year, which indicate the maintenance of the strong industrial performances delivered in 2020.

The market is expected to remain challenging, although the recognised technological know-how of the Group continues to develop and extend to adjacent technologies, in synergy with existing technologies and a flexible business model offering innovative services and products that can anticipate market demand. We can therefore forecast the maintenance of a significant backlog. This forecast is backed up by a strong commercial pipeline and the expectation of additional new contracts over the coming quarters, which will also extend our geographic reach.

The value in use was determined based on the estimated future cash flows discounted which the CGU will be capable of producing in the future. The estimated cash flows include the recharge of general and administration costs (G&A) of the Group for all the CGU's. The value of the cash flows was expressed net of the notional imposition, considering the tax benefit relating to any deductibility of amortization and depreciation. Consideration was also taken of changes in net working capital and in relation to fixed capital investment.

For the determination of the recoverable value, the cash flows refer to the business plan, as well as a final value (Terminal Value) beyond the plan horizon, in line with the nature of the investments and with sector operations. Relating to the estimate of the Terminal Value, the last year of the cash flows was not taken as an expression of the "normalized" cash flow, but rather the average margin of the Plan future cash flows was considered.

The "normalized" cash flow was capitalized considering a growth rate between an interval of 0% and 2.1% for the "Hydrocarbons" CGU, between 0% and 2.5% for the "Licensing" CGU, between 0% and 1.5% for the "Renewables & Infrastructure" CGU and between 0% and 0.4% for the "Green Energy" CGU.

For the purposes of the discounting of the operating cash flows, the interest rate identified was the weighted average cost of capital (WACC) post tax. The parameters utilized in the estimate of the discounting rate (Beta and Net Financial Position) were determined on the basis of a basket of comparable companies respectively in the "Infrastructure" sector for the Renewables & Infrastructure CGU, in the "Plant" sector for the Hydrocarbons CGU, in the Licensing sector for the Licensing CGU and in the Green Chemistry sector for the Green Energy CGU, calculating for each the key financial indicators, in addition to the most significant market values.

The risk-free rate utilized considered the Eurirs average 12 months (S&P Capital IQ) rate, the expected medium/long-term inflation rate for the reference countries and the relative Country Risk Premium (determined on the basis of the differential between the country CDS spread and the country benchmark CDS spread). The market risk premium was estimated at 6%. It was considered appropriate to consider a specific risk for each CGU above the relative discounting rate; this premium was determined based on the comparison between the size of the CGU and the companies utilized for the estimate of the Beta Unlevered. This risk was increased by a Company Specific Risk Premium in relation to the conditions of the individual CGU.

For the cost of equity component, the rate was prudently increased by 1.4 percentage points for the "Hydrocarbons", by 3.2 percentage points for the "Licensing" units and by 5 percentage points for the "Renewables & Infrastructure" CGU, also considering the prospects of the two CGUs following the redefinition of the operating structure, the commercial repositioning as well as the strengthening of synergies and know-how, and by 5 percentage points for the "Green Energy" CGU, considering the start-up phase of the new scope created in the previous year.

For all CGU's, the recoverable value as presented above is higher than the net carrying amount of the Net Capital Employed of the CGU's and therefore no impairment is indicated.

The recoverable value of the "Hydrocarbons" CGU amounts to approx. Euro 1.363 million, that of the "Licensing" CGU to approx. Euro 238.2 million, that of the "Renewables & Infrastructure" CGU to approx. Euro 194.1 million and that of the "Green Energy" CGU to approx. Euro 74.1 million.

A sensitivity analysis was also undertaken on the basis of the changes in the following parameters: i) discount rate, ii) growth rate for the estimate of the Terminal Value, and iii) EBITDA for the plans under consideration (-10%/+10%); based on this analysis, the range of the recoverable value of the CGU's was determined.

Discount rate (WACC post tax)	Lower extreme	Higher extreme
Hydrocarbons CGU	8.8%	10.8%
Renewables & Infrastructure CGU	7.9%	9.9%
Green Energy CGU	12.7%	14.7%
Licensing CGU	9.6%	11.6%

Growth rate beyond plan period	Lower extreme	Higher extreme
Hydrocarbons CGU	0%	2.1%
Renewables & Infrastructure CGU	0%	1.5%
Green Energy CGU	0%	0.4%
Licensing CGU	0%	2.5%

The results of these sensitivity analyses did not highlight any impacts on the values recorded by the Hydrocarbons, Licensing, Renewables & Infrastructure, and Green Energy CGU's.

In the application of this method, management utilized assumptions, including the estimate of the future increases in the backlog, revenues, gross margin, operating costs, growth rate of the terminal value, investments and average weighed cost of capital (discount rate). The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to events of an extraordinary nature.

The estimates and the budget data were determined by Group management based on past experience and forecasts relating to the development of the Group's markets. However, the estimate of the recoverable value of the cash generating units requires discretionary interpretation and the use of estimates by management. The Group cannot guarantee that there will not be a loss in value of the goodwill in future years. In fact, various market environment factors may require a review of the value of goodwill. The circumstances and events which could give rise to a further loss in value will be monitored constantly by the Group.

28.3. Other intangible assets

(In Euro thousands)	2019	Changes in year	2020
Development costs	136	235	372
Patent rights	22,311	720	23,031
Concessions, licenses, trademarks and similar rights	3,317	190	3,507
Other	21,792	3,455	25,247
Assets in progress and advances	11,645	8,469	20,114
Contractual costs	13,534	(2,457)	11,077
Total	**72,734**	**10,613**	**83,348**

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values for the year 2020:

(In Euro thousands)	Development costs	Patents	Concessions, licenses, trademarks & others	Other	Work in progress & advances	Contractual costs	Total
Net book value at December 31, 2019	**136**	**22,311**	**3,317**	**21,792**	**11,645**	**13,534**	**72,734**
Increases	0	2,429	1,342	9,052	8,469	3,380	24,672
Disposals	0	0	0	0	0	0	0
Amortization	(136)	(1,710)	(1,561)	(4,202)	0	(5,470)	(13,079)
Cost reclassification/adjustments	371	0	294	0	0	0	665
Change to consolidation scope	0	0	0	0	0	0	0
Revaluations/(Write-downs)	0	0	0	(1,400)	0	0	(1,400)
Other changes	0	0	114	6	0	(367)	(247)
Net book value at December 31, 2020	**372**	**23,031**	**3,507**	**25,248**	**20,114**	**11,077**	**83,348**
Historic cost	956	38,444	17,699	60,269	20,114	55,670	193,152
Accumulated amortization	(584)	(15,413)	(14,192)	(35,022)	0	(44,593)	(109,804)

The value of the other intangible assets at December 31, 2020 amounted to Euro 83,348 thousand, with an increase of Euro 10,613 thousand compared to December 31, 2019; this increase mainly derives from the combined effect of acquisitions and technological investments, new software, net of amortization for the period:

The principal changes in the year related to:

- Development costs, with a net increase of Euro 235 thousand, for Euro 371 thousand following the allocation of the surplus on the acquisition by Stamicarbon of Protomation in the previous year and initially allocated to "Goodwill". The decreases mainly related to the amortization in the year;
- Patent rights, with a net increase of Euro 720 thousand, with the changes mainly referring to the new technologies and intellectual property rights (patents and licenses) developed by the Maire Tecnimont Group (primarily Stamicarbon B.V and the Nextchem Group). The decreases mainly related to the amortization in the year;
- Concessions, licenses and trademarks, with a net increase of Euro 190 thousand, of which Euro 294 thousand deriving from the allocation of part of the surplus value which emerged during the acquisition by Stamicarbon of the company Protomation which took place in the previous year and was initially allocated to "Goodwill"; the further increases mainly refer to the costs sustained for the purchase of software licenses for the operating activities, applications for the engineering and management of company processes, as well as the implementation of document management and digitalization systems. The decreases mainly related to the amortization in the year;
- Other Intangible assets, with a net increase of Euro 3,455 thousand:
    - for Euro 3,393 thousand, the increase relates to the investment agreement with GranBio for the 2G technology for Bio-Ethanol. NextChem, as part of the energy transition, has expanded its technology portfolio through the new partnership with the Brazilian company GranBio. GranBio's technology for second-generation ethanol (2G) is capable of converting biomass not intended for the food sector into renewable, low-carbon biofuels. NextChem will license the technology globally. This alliance will combine GranBio's expertise in second-generation biofuels with NextChem's engineering experience and EPC expertise and the Group's global presence to offer integrated services, from feasibility studies to supply chain integration and

the construction of production facilities around the world. Together, the two companies will contribute to the process of decarbonizing the fuel sector in an efficient, profitable and carbon neutral way.

- Other increases refer to the entry into service of new software and related implementations still in progress in the previous year;
- The decreases mainly refer to amortization in the year and the write-downs of Euro 1,400 thousand were made amid impairments on some Group assets, in particular in relation to the "Birillo" University Campus concession initiative of the University of Florence undertaken by the subsidiary Birillo 2007 Scarl.

- "Assets in progress and on account" recorded a net increase of Euro 8,469 thousand; the account mainly includes new software and relative installations still in progress for procurement and in relation to the initiatives related to the Digital Transformation programme undertaken by the Group; in fact, a number of project streams were launched for the digitalization of EPC activities and the development of an integrated range of digital services for customers and activities relating to the SAP environment; for further details, see the section of "Information Systems & General Services" section of the Directors' Report.
- "Contractual costs", equal to Euro 11,077 thousand, include costs for the obtaining of contracts and contract fulfillment costs, as per IFRS 15 which stipulates the capitalization of costs to obtain the contract, considered as 'incremental', and costs incurred to fulfil the contract which enable the entity to make use of new or greater resources to satisfy performance obligations in future ('pre-production costs). These capitalized costs are amortized based on the advancement of the work on the contract, with the changes due to amortization in the period, net of new capitalizations on recently acquired orders.

For comparative purposes the changes relating to the previous year are shown below:

(In Euro thousands)	Development costs	Patents	Concessions, licenses, trademarks & others	Other	Work in progress & advances	Contractual costs	Total
Net book value at December 31, 2018	**0**	**26,635**	**3,274**	**13,384**	**6,440**	**14,500**	**64,232**
Increases	0	3,139	1,562	176	7,284	8,328	20,489
Disposals	0	0	0	0	0	0	0
Amortization	(56)	(1,349)	(1,578)	(4,116)	0	(9,294)	(16,393)
Cost reclassification/adjustments	0	0	0	1,814	(2,079)	0	(265)
Change to consolidation scope	191	0	57	0	0	0	248
Revaluations/(Write-downs)	0	(115)	0	0	0	0	(115)
Other changes	0	(6,000)	1	10,534	0	0	4,535
Net book value at December 31, 2019	**136**	**22,311**	**3,317**	**21,792**	**11,645**	**13,534**	**72,734**
Historic cost	585	36,014	16,034	52,627	11,645	52,775	169,680
Accumulated amortization	(449)	(13,703)	(12,717)	(30,836)	0	(39,241)	(96,946)

28.4. Right-of-use - Leasing

(In Euro thousands)	2019	Increases	Decreases	Depreciation for the year	Other changes	2020
Right-of-use - Leasing - Historical cost	170,765	16,133	(6,070)	0	(1,362)	179,466
(Right-of-use - Leasing - Accumulated depreciation)	(22,165)	0	867	(24,000)	647	(44,651)
Total	**148,600**	**16,133**	**(5,203)**	**(24,000)**	**(714)**	**134,815**

The value of Rights-of-use recognised according to IFRS 16 at December 31, 2020 was Euro 134,815 thousand, decreasing on December 31, 2019 by Euro 13,785 thousand; this movement is mainly due to a combined effect of depreciation in the period, net of new contracts and the early closure of some contracts. The other changes mainly refer to the translation effect of amounts in foreign currencies.

The right-of-use - leasing account mainly concerns usage rights for the office use buildings hosting Group offices and also at various work sites, some key Group assets and also motor vehicles, as follows:

(In Euro thousands)	31.12.2019	Change in the year	31.12.2020
Land	90	(48)	42
Buildings	138,806	(15,678)	123,128
Plant & machinery	530	443	973
Other assets	9,175	1,498	10,673
Total	**148,600**	**(13,785)**	**134,815**

During the period, considering the Covid-19 emergency, no renegotiations of contractual terms of lease contracts or supports from lessors however occurred.

28.5. Investments in associates and Joint Ventures

(In Euro thousands)	2019	Changes in year	2020
Investments in associates:			
• Studio Geotecnico Italiano	1,165	(75)	1,090
• MCM servizi Roma S.c.a.r.l. in liquidation	4	0	4
• Desimont Contracting Nigeria (*)	0	0	0
• JV TSJ Limited	379	(121)	258
• Villaggio Olimpico Moi S.c.a.r.l. in liquidation	3	0	3
• FEIC Consortium in liquidation	5	0	5
• Tecnimont Construction Co WLL-Qatar	20	0	20
• HIDROGENO CADEREYTA – S.A.P.I. de C.V. (*)	0	0	0
• Biolevano S.r.l.	13,887	1,215	15,103
• Kazakhstan JV Tecnimont-KTR LLP (*)	17	(17)	0
• Gulf Compound Blending Ind Ltd	283	(108)	174

(In Euro thousands)	2019	Changes in year	2020
• G.C.B. General Trading Ltd	14	10	25
• Hazira Cryogenic Eng.&Cons Management Pvt. Ltd.	0	106	106
Total	**15,777**	**1,010**	**16,788**

(*) The investment was completely written down and a provision for accumulated losses is recorded under provisions for risks and charges.

During 2020, the following changes took place in the investments held in associates and joint ventures following their valuation at equity and their results:

- the investment in Gulf Compound Blending Ind Ltd overall reduced by Euro 108 thousand following the loss for the year;

- the investment in the JV Kazakhstan Tecnimont-KTR LLP reduced by Euro 17 thousand and a further share of the equity valuation of Euro 352 thousand was recorded under provisions for risks following the loss for the year;

- the investment in the JV TSJ Limited decreased Euro 121 thousand following its valuation at equity;

- the investment in Studio Geotecnico S.r.l. decreased Euro 75 thousand following its valuation at equity;

- the investment in Biolevano S.r.l. increased by Euro 1,215 thousand;

- the investment in G.C.B. General Trading Ltd increased by Euro 10 thousand;

- the investment in Hazira Cryogenic increased by Euro 106 thousand following the reversal of the previous write-down, as the previous conditions no longer existed.

With regard to the 30% holding in Biolevano S.r.l., following the investigation launched by the judiciary regarding incentives for the production of electricity from renewable sources, the Group is not under investigation in any way, but the company's shares have been seized as a precautionary measure and the management of the company is continuing under the supervision of the court-appointed Commissioner pending developments in the investigations underway.

The breakdown of associates and joint ventures is as follows:

Company	Location/	Currency	Share capital	% Group	Through:	%
Studio Geotecnico Italiano	ITA	EUR	1,550,000	44.00%	Tecnimont S.p.A.	44%
MCM servizi Roma S.c.a.r.l. in liquidation	ITA	EUR	12,000	33.33%	MST S.r.l	33.33%
Desimont Contracting Nigeria	Nigeria	NGN	0	45%	Tecnimont S.p.A.	45%
JV TSJ Limited	Malta	USD	123,630	55.00%	Tecnimont S.p.A.	55.00%
Villaggio Olimpico Moi S.c.a.r.l. in liquidation	ITA	EUR	10,000	33.33%	Neosia S.p.A.	33.33%
FEIC Consortium in liquidation	ITA	EUR	15,494	33.85%	Neosia S.p.A.	33.85%
Tecnimont Construction Co WLL-Qatar	Qatar	QAR	42,000	49%	Neosia S.p.A.	49%
HIDROGENO CADEREYTA – S.A.P.I. de C.V.	Mexico	MXN	10,000	40.70%	KT S.p.A.	40.70%
Biolevano S.r.l.	ITA	EUR	18,274,000	30.00%	Neosia Renewables S.p.A.	30.00%
Kazakhstan JV Tecnimont-KTR LLP	KZT	KZT	193,000,000	50.00%	Tecnimont S.p.A.	50.00%
Gulf Compound Blending Ind Ltd	UAE	AED	3,672,000	37.50%	Met T&S Ltd	37.50%
G.C.B. General Trading Ltd	UAE	AED	280,000	37.50%	Met T&S Ltd	37.50%
Hazira Cryogenic Eng.&Cons Management Pvt. Ltd.	INDIA	INR	500,000	45.00%	Tecnimont Private Ltd	45.00%

The key financial highlights of the principal associates and joint ventures and the reconciliation with the book value of the investments is shown below:

2020 KEY FINANCIAL HIGHLIGHTS

(In Euro thousands)	Studio Geotecnico	TSJ Limited	Biolevano S.r.l. (*)
NON-CURRENT ASSETS	149	0	41,699
CURRENT ASSETS	4,917	173	21,822
FINANCIAL ASSETS	689	3,293	7,328
TOTAL ASSETS	**5,755**	**3,467**	**70,849**
NET EQUITY	1,812	470	39,632
NON-CURRENT LIABILITIES	565	0	1,631
CURRENT LIABILITIES	3,379	2,996	3,833
FINANCIAL LIABILITIES (current and non-current)	0	0	25,753
TOTAL NET EQUITY AND LIABILITIES	**5,755**	**3,466**	**70,849**
REVENUES	2,266	0	23,193
EBITDA	-66	-173	9,654
TOTAL COMPREHENSIVE INCOME/(EXPENSE)	-169	-173	2,650

(*) figures for FY 2020 are still being approved.

RECONCILIATION WITH THE BOOK VALUE OF THE INVESTMENT

(In Euro thousands)	Studio Geotecnico	TSJ Limited	Biolevano S.r.l.
GROUP SHARE	44%	55%	30%
EQUITY SHARE	797	258	11,890
OTHER ADJUSTMENTS (*)	292	0	3,213
BOOK VALUE OF THE INVESTMENTS	**1,090**	**258**	**15,103**

(*) The “other adjustments” relating to Biolevano S.r.l. principally concern the remeasurement at fair value of the residual interest after the sale of the company; for the other companies, consolidation adjustments were made.

With reference to the other investments held by the Group in associates and joint ventures, there are no individually significant investments compared to total consolidated assets, operating activities or regional operations and, therefore, the disclosure required in such cases by IFRS 12 is not provided.

28.6. Financial instruments - Non-current Derivatives

(In Euro thousands)	2019	Changes in year	2020
Financial instruments - Currency hedging derivatives	5,500	(4,865)	635
Total	**5,500**	**(4,865)**	**635**

The account Non-current derivative financial instruments at December 31, 2020 amounts to Euro 635 thousand, a decrease of Euro 4,865 thousand compared to December 31, 2019.

The account relates to the measurement at fair value of the derivative contracts in place; mainly, they refer to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs, principally concerning the US Dollar and the Ruble; the positive mark-to-market will be set off against future operating cash flows of a similar amount.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the “FINANCIAL RISKS” section.

28.7. Other non-current financial assets

(In Euro thousands)	2019	Changes in year	2020
Equity investments:			
Non-consolidated subsidiaries	121	(0)	121
Other companies	10,673	(926)	9,746
Total Investments	**10,793**	**(926)**	**9,867**
Financial receivables from associates	127	355	481
Financial receivables from group companies	0	0	0
Other receivables	37,229	19,327	56,556
Total Financial Receivables	**37,356**	**19,682**	**57,037**
Total	**48,148**	**18,757**	**66,904**

The value of non-current financial assets included in the calculation of the net financial position is Euro 62,096 thousand and does not include the value of the strategic investment in Pursell Agri-Tech, LLC.

INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

(In Euro thousands)	2019	Changes in year	2020
Investments in non-consolidated subsidiaries:			
• Svincolo Taccone S.c.a.r.l. in liquidation	8	0	8
• Exportadora de Ingegniería y Servicios TCM SpA	68	0	68
• Tecnimont Iberia S.l.u.	25	0	25
• Metrofiera S.c.a.r.l. in liquidation	10	0	10
• Consorzio Stabile MST S.c.a.r.l.	9	0	9
• Tecnimont South Africa (PYT) LTD	0	0	0
Total	**121**	**0**	**121**

In 2020, there were no changes.

Tecnimont Exportadora de Ingegniería y Servicios TCM SpA in Chile, Consorzio Stabile MST S.c.a.r.l. and Tecnimont Iberia are still not operational and were therefore not included in the consolidation.

Tecnimont South Africa, in addition to not being operational, is currently only registered for tax purposes.

Conclusion of the liquidation process is awaited for the investments in Metrofiera S.c.a.r.l. and Svincolo Taccone.

The breakdown of the non-consolidated subsidiaries is as follows:

Company	Location	Currency	% Group	Through:	%
Svincolo Taccone S.c.a.r.l. in liquidation	ITA	EUR	80%	Tecnimont S.p.A.	80%
Exportadora de Ingegniería y Servicios TCM SpA	Chile	CLP	100%	Tecnimont S.p.A.	100%
Tecnimont Iberia S.l.u.	Spain	EUR	100%	Tecnimont S.p.A.	100%
Metrofiera S.c.a.r.l. in liquidation	ITA	EUR	99.99%	Tecnimont S.p.A.	99.99%
Consorzio Stabile MST S.c.a.r.l.	ITA	EUR	91.00%	MST S.r.l	91.00%
Tecnimont South Africa (PYT) LTD	South Africa	ZAR	100%	Tecnimont S.p.A.	100%

The investments in non-consolidated subsidiaries mainly refer to consortiums incorporated for specific projects whose corporate duration is related to the duration of the project which is currently either terminated or not yet commenced. Investments in non-consolidated subsidiaries are measured at fair value with changes written to the statement of comprehensive income, although as the investment concerns securities no longer related to operational activity, the fair value does not vary from the cost and the relative portion of equity.

With reference to the investments held by the Group in non-consolidated subsidiaries there are no individually significant investments compared to the total of the consolidated assets, operating activities or regional operations and, therefore, the disclosures required in such cases by IFRS 12 are not provided.

INVESTMENTS IN OTHER COMPANIES

(In Euro thousands)	2019	Changes in year	2020
• Finenergia S.p.A. in liquidation	26	0	26
• Società Interporto Campano S.p.A.	1,920	0	1,920
• Penta Domus S.p.A in liquidation (*)	0	0	0
• Cavtomi consortium	150	0	150
• Cavet consortium	434	0	434
• Lotto 5A S.c.a.r.l.	2	(2)	0
• Metro B1 S.c.a.r.l.	467	0	467
• RI.MA.TI. S.c.a.r.l.	6	0	6
• Sirio consortium	0.3	0	0.3
• Lybian Joint Company	9	0	9
• Kafco L.T.D.	1,934	(310)	1,623
• Cisfi S.p.a.	230	0	230
• Fondazione ITS	10	0	10
• Contratto di programma Aquila consortium (*)	0	0	0
• Parco scientifico e tecnologico Abruzzo consortium (*)	0	0	0
• Tecnosanità S.c.a.r.l.	22	0	22
• Tecnoenergia Nord S.c.a.r.l. consortium	35	0	35

(In Euro thousands)	2019	Changes in year	2020
• Tecnoenergia Sud S.c.a.r.l. consortium	7	0	7
• Siluria Technologies Inc. (*)	0	0	0
• Pursell Agri-Tech LLC	5,422	(614)	4,808
Total	**10,673**	**(926)**	**9,746**

(*) The holdings were entirely written down

The investments in other companies mainly refers to consortiums incorporated for specific projects whose duration is related to the project span. These investments are measured at fair value with changes to the statement of comprehensive income, although as not listed on an active market, the fair value is therefore estimated, although does not vary from the cost and the relative portion of equity.
During 2020, the main decreases were linked to the decrease in the investment in Kafco L.T.D. following the reduction in the present value and the consequent negative effect on the reserve for financial assets at fair value and the sale of the shares in the Lotto 5A S.c.a.r.l. initiative.

The additional decrease is related to the investment in Pursell Agri-Tech, LLC, a U.S. start-up specializing in the development and marketing of polymer-coated, controlled-release fertilizers, primarily as a result of currency adjustments.

The key financial highlights relating to other companies is reported below:

Company	Location	Currency	% Group	Through:	%
Contratto di programma Aquila consortium	ITA	EUR	5.50%	KT S.p.A.	5.50%
Fondazione ITS	ITA	EUR	10%	KT S.p.A.	10%
Parco scientifico e tecnologico Abruzzo consortium	ITA	EUR	11.10%	KT S.p.A.	11.10%
Tecnoenergia Nord S.c.a.r.l. consortium	ITA	EUR	12.50%	MST S.r.l	12.50%
Tecnoenergia Sud S.c.a.r.l. consortium	ITA	EUR	12.50%	MST S.r.l	12.50%
Tecnosanità S.c.a.r.l.	ITA	EUR	17%	MST S.r.l	17%
Cavtomi consortium	ITA	EUR	3%	Neosia S.p.A.	3%
Società Interporto Campano S.p.A.	ITA	EUR	3.08%	Neosia S.p.A.	3.08%
RI.MA.TI. S.c.a.r.l.	ITA	EUR	6.15%	Neosia S.p.A.	6.15%
Cavet consortium	ITA	EUR	8%	Neosia S.p.A.	8%
Metro B1 S.c.a.r.l.	ITA	EUR	19.30%	Neosia S.p.A.	19.30%
Cisfi S.p.a	ITA	EUR	0.69%	Neosia S.p.A.	0.69%
Lybian Joint Company	Libya	Libyan Dinar	0.33%	Tecnimont S.p.A.	0.33%
Kafco L.T.D.	Bangladesh	BDT	1.57%	Stamicarbon B.V.	1.57%
Finenergia S.p.A. in liquidation	ITA	EUR	1.25%	Tecnimont S.p.A.	1.25%
Siluria Technologies Inc.	USA	USD	3.160%	MET GAS S.p.A.	3.160%
Pursell Agri-Tech LLC	USA	USD	15.97%	Stamicarbon USA	15.97%

NON-CURRENT FINANCIAL RECEIVABLES FROM ASSOCIATES

Receivables from associates amount to Euro 481 thousand, increasing in the year by Euro 355 thousand and relate to the financial receivable from the associate HIDROGENO CADEREYTA – S.A.P.I. de C.V.; the loan is interest-bearing and with 2022 maturity.

OTHER FINANCIAL ASSETS

Non-current financial assets for Euro 3,537 thousand relate to the restoration of the amount involved in the fraudulent actions perpetuated in 2018 by individuals not yet identified against the subsidiary Tecnimont Arabia L.T.D.. The Maire Tecnimont Group is working with judicial authority offices in Italy and abroad to recover the fraudulently stolen sums. These assets are considered as virtually certain, also on the basis of the opinion of the legal experts supporting the Group in the proceedings. Their recoverability is valued also according to the insurance coverage from leading insurers in protection against such events and the negotiations with the financial intermediaries involved. During 2020, following developments in the investigation, approximately USD 650 thousand was recovered from current accounts in which the above amounts had transited from the fraudulent actions.

The non-current financial assets for Euro 36,908 thousand include the accounting representation in the Volgafert LLC initiative of the Group. The Maire Tecnimont Group, through the subsidiary Met Dev 1 S.r.l, incorporated together with PJSC KuibyshevAzot, (a Russian chemical sector leader), the joint venture Volgafert LLC. Volgafert LLC's corporate scope concerns the development, construction, funding, maintenance and management of a new urea plant in Togliatti, in the Samara region of the Russian Federation; the agreements among the partners stipulate for the Maire Tecnimont Group fixed remuneration throughout the duration of the initiative, the right to sell the shares and the guaranteed repayment of the amounts invested in the vehicle's equity.

Non-current financial assets amounting to Euro 16,065 thousand refer to receivables arising from work carried out on two projects in Azerbaijan; following the conclusion of the activities and plant start-up, a final settlement was reached with the customer, involving the recognition of an additional fee to the original price, accepting payment terms deferred over time, beyond the usual market conditions, consistent with the cash generation of the plant; the remaining balance of the agreement will be payable according to a plan that allows for a maximum deferment of three years and with the possibility of early settlement based on agreed upon the reference market index. At the same time, Maire Tecnimont Group accrues interest income on the deferral granted.

Other financial receivables are recorded net of the doubtful debt provision of Euro 210 thousand at December 31, 2020.

(In Euro thousands)	2019	Provisions	Utilizations	Change in consolidation scope	Other changes	2020
Provision for other doubtful financial debts	0	210	0	0	0	210
Total	**0**	**210**	**0**	**0**	**0**	**210**

For IFRS 9, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures.

28.8. Other non-current assets

(In Euro thousands)	2019	Changes in year	2020
Trade receivables beyond 12 months	111,820	(27,635)	84,184
Other trade receivables beyond 12 months	12,661	(3,378)	9,283
Other Assets beyond one year	16,557	(1,399)	15,158
Tax Receivables beyond 12 months	510	2,537	3,047
Prepayments beyond 12 months	1,841	(1,188)	653
Total	**143,389**	**(31,064)**	**112,325**

Other non-current assets amount to Euro 112,325 thousand, decreasing Euro 31,064 thousand compared to December 31, 2019.

Trade receivables due beyond 12 months mainly relate to receivables of Tecnimont S.p.A., MT Russia and KT – Kinetics Technology S.p.A. and the other Group operating companies for withholding guarantees by the buyer for the correct completion of works in progress. The decrease of Euro 27,116 thousand is due to the reclassification to short-term of a portion of withholdings under guarantee, mainly in relation to the Amursky gas treatment project (AGPP) which, on the basis of the contractual conditions and the progress of the project, will be released within 12 months, net of the new portions of withholdings accrued during the year also in relation to other projects in progress.

Other trade receivables beyond 12 months amount to Euro 9,283 thousand and decreased Euro 3,378 thousand; this amount mainly refers to receivables from J&P Avax and other receivables beyond 12 months, including guarantee deposits. The reduction is due to the collection of bank guarantees as partial recovery of amounts due as awarded by the Court in relation to the arbitration with J&P Avax; recovery actions are continuing on the residual balance recognized.

The other assets for Euro 15,158 thousand concern the restoration of the amount involved in the fraudulent actions perpetuated in 2018 by individuals not yet identified against the Indian subsidiary Tecnimont Private Limited. The Maire Tecnimont Group is working with judicial authority offices in Italy and abroad to recover the fraudulently stolen sums. These assets are considered as virtually certain, also on the basis of the opinion of the legal experts supporting the company in the proceedings. Their recoverability is valued also according to the insurance coverage from leading insurers in protection against such events. The decrease relates to the translation of foreign currency items.

Tax receivables beyond 12 months of Euro 3,047 thousand concern those of the subsidiary KT - Kinetics Technology S.p.A. and Tecnimont Private Limited, expected to be reimbursed by the Treasury beyond 12 months.

Prepayments beyond twelve months amount to Euro 653 thousand and mainly comprise advance payments on bank guarantee commissions relating to new large projects acquired.

28.9. Deferred tax assets and liabilities

(In Euro thousands)	2019	Changes in year	2020
Deferred tax assets	32,420	(6,554)	25,866
Deferred tax liabilities	(27,941)	6,624	(21,317)
Total	**4,479**	**70**	**4,549**

Deferred tax assets and liabilities present a positive net balance of Euro 4,549 thousand, increasing Euro 70 thousand compared to December 31, 2019, as a combined effect of the decrease in deferred tax assets and in deferred tax liabilities.

The main changes in deferred tax assets are as a combined effect of the release of deferred tax assets on excess interest expenses non-deductible in previous years, offset by the deferred tax assets arising on temporary charges deductible in future years, mainly on personnel-related future charges provisions. Deferred tax liabilities decreased following utilizations on temporary differences which were assessable in the period and the changes related to the reduction in the mark to market of the derivative instruments.

Deferred tax assets were measured through critically assessing the future recoverability of these assets on the basis of the capacity of the company and of the Maire Tecnimont Group, also through use of the "tax consolidation" option, to generate assessable income in future years. The National Tax Consolidation was renewed and valid for the years 2019-2021.

The Group reports theoretical tax benefits for tax losses which may be carried forward for an unlimited amount of approx. Euro 40.8 million not recognized to the balance sheet, principally in relation to some South American entities.

Deferred tax assets and liabilities were offset based on the relative jurisdictions.

28.10. Inventories and Advances to Suppliers

(In Euro thousands)	2019	Changes in year	2020
Finished products and goods	2,738	484	3,222
Advances to suppliers	439,358	42,347	481,706
Total	**442,097**	**42,831**	**484,929**

"Finished products and goods", amounting to Euro 3,222 thousand, relate to consumable materials and finished products at the warehouse of the subsidiary Met T&S which supplies chemical products, spare parts and polymers and residually materials for the undertaking of some on-site operations; the increase in the year concerns the finished product inventory of MyReplast Industries, which manages an advanced plastics mechanical recycling plant located in Bedizzole, in the province of Brescia, acquired in the previous year by the Nextchem Group.

Advance payments to suppliers, amounting to Euro 481,706 thousand, refer to the advances paid to foreign and Italian suppliers and sub-contractors against materials in progress and transit for the construction of plant and work in progress.

The increase in the advances to suppliers and subcontractors is a direct consequence of orders, particularly in the initial months of 2020 for which equipment orders were made, resulting in advance payments to suppliers and particularly subcontractors, primarily in respect of the Amursky Gas Treatment Plant (AGPP).

28.11. Contractual Assets

(In Euro thousands)	2019	Changes in year	2020
Works-in-progress	17,760,830	1,870,887	19,631,717
(Advances received on work-in-progress)	(15,868,464)	(1,834,653)	(17,703,117)
Total	**1,892,365**	**36,234**	**1,928,600**

"Contract Assets" are the net positive amount, by individual order, resulting from the difference between progressive production or the amount of works-in-progress recorded according to the percentage of completion net of losses realized or estimated at the reporting date and invoicing on account relating to the advancement of works.

The gross change on works carried out and advances received on work-in-progress is also impacted by the values of the projects closed during the year and transferred to revenues from sales.

The net increase of Euro 36,234 thousand is substantially linked to the lower invoicing in the year compared to the progress of the projects; the movement in contractual assets derives from the contractual terms of the main contracts which, being at a very advanced stage, express invoicing terms that are no longer match the progress, depending essentially on the achievement of the last project milestones and are also affected by the progress of the projects; in this regard, as already mentioned, the revenues for the year were also impacted by the slowdown in operating activities in some geographical areas, in particular from the second half of March in compliance with the decisions taken by the government authorities to contain the spread of the Covid-19 epidemic.

Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows.

Also in this regard, the effects of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation. In the middle part of 2020 and especially in the latter part of the year, activities still picked up but not in a way that compensated for previous slowdowns.

The value of the contractual assets takes into account not only the recognition of contractual amounts agreed upon, but also changes in work orders, not yet approved, incentives and any reserves - claims, for the highly probable amount to be recognized by the buyer and reliably measured. In particular, the calculation of the revenues not yet approved was made based on reasonable expectations through the negotiations in progress with the buyers to recognize the higher costs incurred or disputes in course and therefore by their nature may present a risk. Currently, these revenues not yet approved account for approx. Euro 5.6% of Hydrocarbons BU contract values and approx. 7.3% of Green Energy BU contracts.

The account contractual assets also includes the accounting treatment of transactions with third parties who have acquired the right to the reserves of the "Raddoppio Ferroviario Fiumetorto Cefalù" (Fiumetorto Cefalù" line doubling) initiative and the additional claims relating to the "Tempa Rossa" initiative in 2019 and 2020. It bears recalling that the sale involves an initial price already paid on a definitive basis, regardless of the course of the negotiations, and a deferred price on the portion in excess of the amount already paid. In view of this deferred amount, the portion deemed highly probable affects the variability of the residual cash flows and therefore did not permit the assets to be fully derecognized as per IAS 32 paragraph 42. The value pertaining to third parties included under "Contractual assets" and of an equal amount shown under "Other current liabilities" amounts to approx. Euro 242.5 million

28.12. Trade receivables

(In Euro thousands)	2019	Changes in year	2020
Trade receivables - within 12 months	528,653	102,855	631,508
Subsidiaries - within 12 months	17,988	(17,988)	(0)
Associates - within 12 months	1,624	8	1,632
Parent companies - within 12 months	1	0	1
Group companies - within 12 months	7,020	9,026	16,046
Total	**555,286**	**93,901**	**649,187**

Trade receivables at December 31, 2020, amount to Euro 649,187 thousand, an increase of Euro 93,901 thousand compared to December 31, 2019. The movement in trade receivables is based also on the contractual terms of the main orders and is impacted also by the advancement of projects; in this regard, as previously reported, revenues in the year also reflect the slowdown in operations in certain regions, particularly in the second half of March as a result of the decisions taken by the governmental authorities to contain the spread of Covid-19.

Operations on the main projects in progress continued to be impacted by the pandemic, which further slowed activities as a result of the increasingly strict measures introduced by the governments of the countries hit by the pandemic. The stringent measures to prevent the spread of the pandemic have also at times led to - in addition to a slowdown in operations - in limited cases, the closure of operational sites, with consequent impacts on production volumes, invoicing and consequently also on operating cash flows.

Also in this regard, the effects of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation. In the middle part of 2020 and especially in the latter part of the year, activities still picked up but not in a way that compensated for previous slowdowns.

Trade receivables from subsidiaries in the previous year concerned the receivables from the company held-for-sale, with particular regard to the receivable of Neosia S.p.A. from MGR Verduno 2005 S.p.A. for the management and construction of the "Alba-Bra Hospital concession" initiative, presented in the "Assets held-for-sale" account and sold in the first half of 2020; in this situation, the residual portion of the receivable was reclassified to ordinary trade receivables and shall be repaid with the gradual closure of the remaining phases of construction, both from the local health authority and from the sub-contractors who managed the works.

Receivables from associates amount to Euro 1,632 thousand and mainly refer for Euro 1,543 thousand to recharges and services undertaken on behalf of Desimont Contracting Ltd for the activity in progress in Nigeria, for Euro 53 thousand receivables from the JV Tecnimont-KTR LLP and for Euro 35 thousand from Gulf Compound Blending Ind Ltd.

Receivables from parent companies amount to Euro 1 thousand and refer to receivables from GLV Capital S.p.A.

Trade receivables from group companies primarily relate to engineering services provided and/or recharged and concern Metro B1 for Euro 1,897 thousand, the Cavtomi Consortium for Euro 2,373 thousand, Interporto Campano for Euro 1,751 thousand, the Cavet Consortium for Euro 22 thousand, Volgafert for Euro 9,299 thousand, and residually for Euro 714 thousand the Tecnoenergia Nord and Sud S.c.a.r.l. consortiums and Tecnosanita' S.c.a.r.l..

Trade receivables are recorded net of the doubtful debt provision of Euro 17,280 thousand at December 31, 2020 (Euro 10,864 thousand at December 31, 2019).

(In Euro thousands)	2019	Provisions	Utilizations	Change in consolidation scope	Other changes	2020
Doubtful debt provision - customers	10,864	4,713	(1,928)	0	3,631	17,280
Total	**10,864**	**4,713**	**(1,928)**	**0**	**3,631**	**17,280**

The doubtful debt provision increased compared to the previous year. The account in 2020 reported greater provisions as a consequence of a greater amount of receivables than in the previous year, which for some positions was also affected by a deterioration of counterparty risk.

For IFRS 9, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates. In the case of financial assets in particular, the assessment of counterparty risk was updated with the most recent available market information.

Overdue trade receivables principally refer to the Green Energy Business Unit and concern Italian public sector entities for Infrastructure and Civil Engineering activities; in relation to the Hydrocarbons BU, they refer to a few positions and are constantly monitored. Neither client categories provide concern from a solvency viewpoint (Italian and foreign state bodies), or for the recoverability of the amounts.

All trade receivables in the accounts substantially approximate fair value which was calculated as indicated in the accounting policies section.

28.13. Current tax assets

(In Euro thousands)	2019	Changes in year	2020
Current tax receivables	50,884	9,110	59,994
Other tax assets	67,693	(22,924)	44,769
Total	**118,577**	**(13,815)**	**104,762**

Tax receivables amount to Euro 104,762 thousand, decreasing Euro 13,815 thousand compared to December 31, 2019. The account mainly refers to VAT for Euro 44,769 thousand and other tax receivables of Euro 59,994 thousand.

The VAT receivables relate to the balance of the tax consolidation executed by the Parent Company Maire Tecnimont S.p.A of Euro 5,999 thousand, Italian companies' receivables not yet within the Group consolidation or prior to their inclusion and therefore not transferred to the parent company for Euro 8,010 thousand, foreign companies amounting to Euro 11,462 thousand (of which approx. Euro 6,908 thousand relating to Tecnimont Private Limited and Euro 1,912 thousand relating to TCM-KT JV Azerbaijan LLC) and for Euro 19,298 the foreign subsidiary Tecnimont Chile. The VAT receivables of the South American entities are considered recoverable not only through the acquisition of new projects by the South American Group, but also in view of their recognition on any sale of the company.

Current tax receivables for Euro 59,994 thousand principally refer to:

- tax receivables of foreign companies for Euro 10,665 thousand, mainly related to the tax receivables of the Dutch subsidiary Stamicarbon BV and MT Russia;
- IRES income tax receivables for Euro 8,763 thousand on the Group's tax consolidation by the Parent Company Maire Tecnimont S.p.A. as a consequence of the greater payments made on account in 2019 and 2020, compared with the estimated tax charge in 2020 which was lower as a result of a pre-tax result affected by the effects of the pandemic especially in the first months of 2020;
- residual tax receivables of Euro 40,567 thousand mainly related to: excess corporation tax payment on account compared to current income taxes of the other companies of the Group, IRAP payments on account, tax receivable for bank interest withholding tax and other tax receivables for various reimbursements, as well as tax credits for income taxes paid abroad.

Maire Tecnimont S.p.A. and the subsidiaries Tecnimont S.p.A., MST S.r.l., Met Gas Processing Technologies S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., KT S.p.A., Met Development S,p,A., Met Dev 1 S.r.l. and Tecnimont-KT JV S.r.l. opted to apply the Tax Consolidation regime which permits the calculation of the IRES corporation tax on a tax basis representing the aggregate of the taxable income and losses of the individual companies. The National Tax Consolidation is valid for the years 2019-2021.

The companies Tecnimont S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., Met Gas Processing Technologies S.p.A., Consorzio Cefalù 20 S.c.a.r.l., Consorzio Corace in liquidation, Met Development S.p.A., M.S.T. S.r.l., KT S.p.A. and Tecnimont-KT JV S.r.l. have also applied the Group VAT consolidation regime.

28.14. Financial instruments - Derivatives

(In Euro thousands)	2019	Changes in year	2020
Financial instruments - Currency hedging derivatives	19,723	(14,461)	5,262
Financial instruments - Raw material hedging derivatives	3,465	(3,465)	(0)
Financial instruments - Total Return Equity SWAP (TRES) derivatives	517	(517)	0
Total	**23,705**	**(18,443)**	**5,262**

Derivative financial instruments at December 31, 2020 amount to Euro 5,262 thousand, decreasing Euro 18,443 thousand compared to December 31, 2019 and concern the fair value measurement of the derivative contracts in force.

The account relates to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs. The mark-to-market is positive as the movement in the exchange rate since the subscription date of the derivative instruments to the reporting date saw a weakening principally of the Dollar and the Ruble against the Euro; the positive mark-to-market will be offset by the future operating cash flows for a similar amount.
The reduction in the account derivative financial instruments to hedge against changes in the prices of raw materials (mainly copper) follows the closure of the instruments during the first half of 2020.

The reduction in cash-settled Total Return Equity Swap (TRES) derivatives is due to the mark to market movements in the year, which were negative and therefore are now classified to liabilities.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the "FINANCIAL RISKS" section.

28.15. Other current financial assets

(In Euro thousands)	2019	Changes in year	2020
Financial receivables within 12 months:			
Associates	657	(64)	594
Group companies	781	7	788
Other securities	211	279	490
Others	4,807	2,738	7,545
Total	**6,457**	**2,960**	**9,417**

Other current financial assets at December 31, 2020 amount to Euro 9,417 thousand, an increase of Euro 2,960 thousand compared to December 31, 2019.

Financial receivables from associates concern Villaggio Olimpico Moi for Euro 55 thousand, for Euro 14 thousand G.C.B. General Trading Ltd, for Euro 1 thousand from Gulf Compound Blending Ind Ltd and for Euro 524 thousand the JV Kazakhstan Tecnimont-KTR LLP.

Financial receivables from Group companies concerned Euro 187 thousand from the CAVET Consortium and Euro 601 thousand from Pursell Agri-Tech, LLC, a US start-up specialized in the development and sale of controlled release polymer-coated fertilizers. The difference is a result of foreign currency conversion.

“Other securities” concern subscriptions to units of the 360 Capital Partners managed 360-PoliMI investment fund; the fund specializes in the advanced manufacturing sector (high-technological content industrial solutions); the Milan Polytechnic, an initiative partner, supports the manager in the scouting, selection and assessment of initiatives invested in by the fund; this investment is valued as a financial asset at fair value with impact on the income statement; the increase in the year is due to the subscription of further units.

Other receivables amount to Euro 7,545 thousand, increasing Euro 2,738 thousand; this account includes financial receivables from factoring companies and banks for the residual portion of advances received, receivables from some minor consortiums for special purpose projects of the Neosia Group, deposits, financial prepayments and accrued income and other financial receivables. The increase for the year is due to the short-term portion of a financial receivable arising from the closure of a final settlement with a customer; for further details, see the note "Other non-current financial assets".
For all financial assets, the book value approximates the fair value which is calculated as described in the accounting policies section.

28.16. Other current assets

(In Euro thousands)	2019	Changes in year	2020
Other receivables within 12 months	174,369	67,883	242,252
Commercial prepayments	10,893	3,060	13,952
Total	**185,262**	**70,942**	**256,204**

Other current assets at December 31, 2020 amount to Euro 256,204 thousand, an increase of Euro 70,942 thousand compared to December 31, 2019.

The increase in the account is mainly due to the increased receivables from suppliers and subcontractors for contractual penalties charged and the increase in accrued income and prepayments.

The account therefore mainly comprises receivables from suppliers and subcontractors for contractual penalties charged as accrued to them in the course of supplying materials and/or providing services, under tender and otherwise, due to delays, production flaws and/or costs incurred on their account, including as a result of additional work, and then subsequently recharged.

To safeguard against these situations, the Group normally makes either deductions from the fees to be paid to counterparties over the life of supply/service contracts, and/or bank or insurance guarantees are requested to compensate for their improper performance.

The account also comprises commercial discounts, employee receivables, social security and tax receivables, VAT and taxes of foreign companies and other various receivables, in addition to receivables from the other shareholders of the consolidated consortium companies.

The breakdown of other receivables due within 12 months is shown in the table below:

(In Euro thousands)	2019	Changes in year	2020
Receivables from consortiums and JV’s	7,261	(4,939)	2,322
Contractual penalties to suppliers and sub-contractors	107,438	69,852	177,290
Other debtors	34,783	(5,977)	28,806
Taxes, VAT and levies (foreign companies)	18,767	7,201	25,968
Guarantee deposits	1,662	1,982	3,644
Other prepayments (rental, commissions, assistance)	10,893	3,060	13,952

(In Euro thousands)	2019	Changes in year	2020
Employee receivables	1,616	(500)	1,116
Social security institutions	2,111	264	2,375
Receivables for unpaid contributions from other shareholders	730	0	730
Total	**185,262**	**70,942**	**256,204**

The decrease in receivables from other shareholders of the consolidated consortium companies principally concerns the receivables from the consolidated consortiums for the third party portion related to the Rapid Malaysia projects with Petronas which at December 31, 2020 were at a very advanced stage and the works were almost concluded.

All current assets in the accounts substantially approximate fair value.

28.17. Cash and cash equivalents

(In Euro thousands)	2019	Changes in year	2020
Bank deposits	727,144	(22,015)	705,129
Cash in hand and similar	250	(52)	198
Total	**727,394**	**(22,067)**	**705,327**

Cash and cash equivalents at December 31, 2020 amount to Euro 705,327 thousand, a decrease of Euro 22,067 thousand compared to December 31, 2019.

Operating cash flow was absorbed in the year of Euro 20,587 thousand, though this improved from the second quarter of 2020.

Net working capital had performed particularly negatively in the first quarter of 2020 due to two particular concurrent circumstances: the concrete manifestation of the effects of the Covid-19 pandemic, which deferred planned collection for services already rendered, as well as the approval process for work executed due to the inability of certain clients to operate remotely. Finally, in the first quarter of 2020 the financial phasing of the Amursky project experienced an intensive phase of payments for the supply of equipment and construction work, not offset by the previous collections during the period. The combination of the two factors above resulted in a deterioration of working capital by approx. Euro 369 million, representing the main reason for the declined in cash and cash equivalents and the net financial position.

In the second quarter of 2020, in accordance with the temporary improvement in the conditions caused by COVID-19 in certain regions, and thanks to the acquisition of new projects such as Bir-Seba in Algeria on behalf of Sonatrach, Horizon in France on behalf of Total and the EP project for the construction of the petrochemical complex in the Amur region on behalf of Gazprom, net working capital improved consistently, with the consequent positive effect on cash and cash equivalents and the net financial position.

Subsequently, in the third quarter of 2020, net working capital generated cash of approximately Euro 62 million, and in the last quarter of 2020 operating activities generated further cash flow of approx. Euro 358 million; operating activities on the main projects underway continued to be partly affected by the effects of the pandemic, although activities were gradually restarted and recognition was given for construction work carried out earlier, resulting in higher receipts for the period. This also includes the Amursky project, which saw a positive recovery in Q4 2020 with further recovery of cash flows for the Group.

Cash flows from operating activities include also income tax payments, which in 2020 totaled Euro 52,725 thousand.

Cash flow from investing activities absorbed cash totaling Euro 14,783 thousand, mainly due to the net effect of disbursements related to new software and related implementations in connection with initiatives related to the Digital Transformation program undertaken by the Group, the signing of the investment agreement with GranBio for 2G technology for Bio-Ethanol and further efforts for the development of new technologies and intellectual property rights (patents and licenses) mainly from Stamicarbon B.V and the Nextchem Group.

Cash flow from investing activities also benefited from the payment for "Closing 1" for the sale by Neosia S.p.A. to HISI S.p.A. of the share capital of MGR Verduno 2005 S.p.A. for approx. Euro 9.5 million.

Cash flow from financing activities generated cash of Euro 13,303 thousand; in order to boost the Group's financial flexibility and to establish a more solid equity structure to deal with any upsurge in the pandemic's effects, and to support projects, in the third quarter (July 2020) a Euro 365 million loan contract was signed, backed for 80% by SACE's Italy Guarantee. The loan is in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total term of 6 years, including a 2 year grace period. At the same time, there was a decrease in current account overdrafts and a repayment of both overdraft lines used to manage short-term commercial cash flow and working capital lines to support short-term needs as part of the management of working capital for some projects and the repayment of two portions of the medium/long-term loan with a nominal value of Euro 185 million from the subsidiary Tecnimont S.p.A. for approx. Euro 25 million.

The estimate of the "fair value" of bank and postal deposits at December 31, 2020 approximates their book value.

28.18. Non-current assets classified as held-for-sale

(In Euro thousands)	2019	Changes in year	2020
Assets held-for-sale	97,314	(97,314)	0
Elimination assets to and from discontinued operations	(17,988)	17,988	0
Total Assets	**79,327**	**(79,327)**	**0**
Liabilities directly associated with assets classified as held-for-sale	(80,775)	80,775	0
Elimination liabilities to and from discontinued operations	17,988	(17,988)	0
Total Liabilities	**(62,788)**	**62,788**	**0**
Total	**16,539**	**(16,539)**	**0**

The assets and liabilities held-for-sale reported a net positive value of Euro 16,539 thousand and concerned the project company MGR Verduno S.p.A. involved in the "Alba-Bra Hospital concession" initiative regarding the contract for the "construction and management" of the structure signed with ASL CN2.

On November 11, 2019 – Maire Tecnimont S.p.A. and HISI Srl (Holding di Investimento in Sanità e Infrastrutture – "HISI") signed an agreement for the sale of MGR Verduno 2005 S.p.A. ("MGR"). The agreement stipulated, as a first step, the immediate transfer of the majority shareholding of MGR and, subsequent to the fulfilment of certain standard clauses for such transactions, the transfer of the remaining stake.

On June 5, 2020, "Closing 1" took place for the sale by Neosia S.p.A. to HISI S.p.A. of 50.003% of the share capital of MGR Verduno 2005 S.p.A., involving class A shares. Neosia S.p.A. will maintain ownership of the remaining portion of the share capital comprising class B shares, although without administrative or Shareholders' Meeting voting rights. As a result of "Closing 1" above, Neosia S.p.A. collected from HISI S.p.A. the amount of approx. Euro 9.5 million, with MGR Verduno 2005 S.p.A. deconsolidated following the loss of control of the vehicle company; “Closing 2” may take place in 2021 following the conclusion of the testing works.

28.19. Shareholders’ Equity

Group Shareholders' equity at December 31, 2020 amounts to Euro 412,836 thousand, a net increase of Euro 4,289 thousand compared to December 31, 2019 (Euro 408,547 thousand).

Total consolidated Shareholders’ Equity, considering minority interests, at December 31, 2020 amounts to Euro 448,278 thousand, a decrease of Euro 657 thousand compared to December 31, 2019.

The overall decrease in consolidated Shareholders’ Equity, despite the net income in the year of Euro 54,207 thousand, is mainly due to the negative change in the Cash Flow Hedge reserve of the derivative instruments, which mainly relates to the temporary mark-to-market losses of the derivative instruments to hedge the currency risk of the revenues and costs from the projects, net of the relative tax effect for Euro 24,739 thousand and of the reserve for the translation of items in foreign currencies, also in this case negative for Euro 34,298 thousand.

The changes are due to the currency movements principally of the Dollar and the Ruble against the Euro in 2020, as a result of the situation created on the currency markets following the pandemic and market uncertainties, which had a negative impact on the valuation of derivative instruments stipulated to hedge job orders. The negative mark to market which had a negative impact on Cash Flow Hedge will be offset by future operating cash inflows of the same amount. The same currency movements, principally in relation to the deterioration of the Ruble against the Euro, negatively impacted the translation reserve of financial statements in foreign currencies, supported by the adoption of the current exchange rate conversion method for the overseas companies which prepare their financial statements in a functional currency other than the Euro, in particular for the Russian subsidiary, MT Russia.

SHARE CAPITAL

The Share capital at December 31, 2020 was Euro 19,920,679 and was comprised of 328,640,432 shares without par value and with normal rights.

SHARE PREMIUM RESERVE

The Share Premium Reserve at December 31, 2020 amounted to Euro 272,921 thousand, broken down as follows:

The reserve comprises for Euro 25,000 thousand the share premium prior to November 26, 2007 and for Euro 58,045 thousand the share premium on the capital increase of 2007 net of the listing costs of Euro 3,971 thousand, net of the tax effect.

The change in 2013 was Euro 141,653 thousand, comprising share premium paid following the reserved share capital increase and from other shareholders amounting to Euro 146,417 thousand, offset for Euro 4,167 thousand for share capital increase charges net of the tax effect.

The increase in 2018 was Euro 48,223 thousand, following the share capital increase in service of conversion of the “€80,000,000 5.75 per cent equity-linked bonds due 2019” equity-linked bond loan.

This reserve may be utilized for share capital increases without consideration and/or for the coverage of losses. In accordance with Article 2431 of the Civil Code, this reserve may be distributed to the shareholders following a Shareholders’ Meeting motion.

OTHER RESERVES

The other reserves at December 31, 2020 were negative and amount to Euro -21,253 thousand and comprise:

- Legal Reserve of the Parent Company Maire Tecnimont S.p.A. at December 31, 2020 of Euro 5,328 thousand;

- Asset revaluation reserve of Euro 9,772 thousand recorded following the accounting of the purchase of the residual 50% of Tecnimont Private Limited, and the revaluation of other buildings;
- Translation reserve at December 31, 2020 of a negative Euro 55,161 thousand and comprising the temporary translation differences of the financial statements in foreign currencies; the change in the year was a decrease of Euro 34,298 thousand, impacted by currency movements as previously described;
- Statutory reserves, which at December 31, 2020 amount to Euro 27,532 thousand;
- Other reserves, which at December 31, 2020 amounted to a negative Euro 20,063;
- IFRS2 Reserve for Euro 11,388 thousand, which includes the valuation of the Restricted Stock plan (2017-2019), the 2020-2022 General Share Plan and the 2019-2021 LTI Plan, the latter following the favorable opinion of the Remuneration Committee and having consulted the Board of Statutory Auditors, resolved in 2020 to proceed with the conversion of the Long Term Incentive Plan from monetary to based on Maire Tecnimont S.p.A. Shares. During the year, the Reserve recorded a net increase of Euro 5,584 thousand; the movement in the year derives from the provisions accrued in 2020 for the same amount.

  The afore-mentioned plans are represented as "Equity Settled" plans as the Group has allocated its own equity instruments as additional remuneration for the services received (the work performance). The Group did not however assume any liability to be settled with cash and cash equivalents or with other assets for employees. Given the impossibility to reliably estimate the fair value of the services received from the employees, the benefit cost to the employees is represented by the fair value of the shares granted, calculated at the grant date, to be recognized in the income statement under personnel costs and in a specific “IFRS 2 reserve” under equity.

  Finally, it should be noted that, following a top management initiative that was positively received by the Remuneration Committee, the Board of Directors' meeting of May 7, 2020 resolved, as a precautionary measure, to suspend delivery to Beneficiaries of the Shares awarded under the 2017-2019 Restricted Stock Plan, whose income statement effects had already been incurred in preceding years.

VALUATION RESERVE

The valuation reserve, which at December 31, 2020 was negative for Euro 7,821 thousand, comprises the Cash Flow Hedge reserve, the Cost of Hedging Reserve (containing the effects of the costs of hedging in relation to the time value of the options), the actuarial gains and losses reserve and the financial assets measured at fair value reserve. The changes in the valuation reserve are shown below:

(In Euro thousands)	Cash Flow Hedge Reserve & Cost of Hedging Reserve	Actuarial Gains/Losses	Financial assets measured at fair value reserve	Total
Net book value at December 31, 2019	**13,768**	**(1,604)**	**(8,932)**	**3,232**
Actuarial gain/(losses)	0	(399)	0	(399)
Relative tax effect	0	96	0	96
Valuation derivative instruments	(31,744)	0	0	(31,744)
Relative tax effect	7,619	0	0	7,619
Fair value changes of investments with OCI effects	0	0	(310)	(310)
Net book value at December 31, 2020	**(10,357)**	**(1,907)**	**(9,242)**	**(21,507)**

The decrease in the Cash Flow Hedge reserve of the derivative instruments, as previously illustrated, mainly relates to the mark-to-market losses of the derivative instruments to hedge the currency risk on project revenues and costs, net of the relative tax effect. The changes are due to the currency movements principally of the Dollar and the Ruble against the Euro in 2020, as a result of the situation created on the currency markets following the pandemic and market uncertainties, which had a negative impact on the valuation of derivative instruments stipulated to hedge job orders. The negative mark to market which had a negative impact on Cash Flow Hedge will be offset by future operating cash inflows of the same amount.

The decrease in the reserve for financial assets at fair value is essentially due to
the decrease in the investment in Kafco L.T.D. following the reduction in its present value and the consequent negative effect on the reserve for financial assets at fair value.

The decrease in the actuarial provision was due to the effect of the actuarial losses deriving from the change in the technical assumptions utilized for the present valuation compared to the previous, in addition to the change in the demographic and financial assumptions of the previous calculation model compared to that which effectively occurred during the valuation period.

The reconciliation between the "net income of Maire Tecnimont S.p.A. and Group net income" and the "Net equity of Maire Tecnimont S.p.A. and Group net equity" is shown below.

RECONCILIATION BETWEEN NET INCOME OF MAIRE TECNIMONT S.P.A. AND GROUP NET INCOME

(In Euro thousands)	2019	2020
Maire Tecnimont S.p.A. net income	30,727	(13,202)
Inter-company dividends eliminated in consolidated financial statements	(69,770)	(14,000)
Result reported by subsidiaries	143,232	85,780
Elimination of inter-company profits and write-downs	1,998	(2,719)
Other consolidation adjustments	6,511	4,233
Current and deferred taxes	282	(2,291)
Group net income	**112,981**	**57,801**

RECONCILIATION BETWEEN NET EQUITY OF MAIRE TECNIMONT S.P.A. AND GROUP NET EQUITY

(In Euro thousands)	2019	2020
Maire Tecnimont S.p.A. shareholders' equity	452,828	444,071
Elimination of the book value of consolidated investments	(767,710)	(771,231)
Recognition of net equity of the consolidated investments	570,102	583,541
Other consolidation adjustments	153,326	156,455
Group Shareholders' Equity	**408,547**	**412,836**
Minority interest	40,389	35,442
Consolidated Shareholders' Equity	**448,936**	**448,279**

28.20. Financial payables - non-current portion

(In Euro thousands)	2019	Changes in year	2020
Bank payables beyond 12 months	244,274	322,915	567,189
Total	**244,274**	**322,915**	**567,189**

Financial debt, net of the current portion amounts to Euro 567,189 thousand, up by Euro 322,915 thousand compared to December 31, 2019 mainly as a result of the signing of the loan agreement for Euro 365 million, 80% of which was backed by SACE's "Garanzia Italia" (Italy Guarantee), net of the reclassification to short-term of some portions of the medium-long term loan for a nominal Euro 185 million from the subsidiary Tecnimont S.p.A. and portions of a loan with Creval and Pasha Bank.

At December 31, 2020 financial debt net of the current portion was composed as follows:

- For Euro 365,175 thousand from the new loan with 80% of the amount covered by SACE's "Garanzia Italia" (Italy Guarantee).

On July 8, 2020, Maire Tecnimont S.p.A. signed a loan agreement for Euro 365 million, 80% of which was backed by SACE's "Garanzia Italia" (Italy Guarantee), and disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan will mainly support the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee. The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

- For Euro 128,078 thousand of the medium/long term loan attributable to Tecnimont, net of the related additional charges, with an initial nominal value of Euro 185 million.

In 2018, the subsidiary Tecnimont S.p.A. agreed a medium/long-term cash loan for a total amount of Euro 285 million. The operation stipulated the issue of a new medium/long-term cash credit line for Euro 185 million, with Euro 175 million allocated for the full repayment of the residual part of the original Euro 350 million loan undertaken by Tecnimont and Euro 10 million to top up the original loan, in addition to the increase of the "Revolving Facility" credit line issued in favor of Tecnimont from Euro 50 million to Euro 100 million. The loan agreement made it possible to further reduce the applicable margin of the Group's medium to long-term bank debt from 1.95% to 1.70%, extending the repayment period from March 2022 to June 30, 2023, and remodeling the repayment plan. The loan agreement thus has a duration of 5 years, with repayment beginning in June 2020 and the last instalment due on June 30, 2023. During 2020, repayments were made for a total principal amount of Euro 20 million.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

- For Euro 62,025 thousand of the ESG-linked Schuldschein loan attributable to Maire Tecnimont, net of the related additional charges, with a nominal value of Euro 62.5 million.

In 2019, Maire Tecnimont made a further commitment to its Green Acceleration project, launched in 2018, by taking out a loan to support Group investments in green technologies. The instrument is divided in two tranches with an average duration of approximately 5 years, total repayment at maturity, and an average rate of approximately 2.3%. The cost of the instrument may also vary – including downwards – in relation to the achievement of the Group's CO2 emission reduction targets.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and EBITDA on a yearly basis, with the next measurement based on the figures at December 31, 2020.

- For Euro 8,559 thousand loan from Banca Popolare di Sondrio for a nominal value of Euro 10 million functional to the activities of MyReplast Industries S.r.l., net of the relative ancillary charges.

- For Euro 3,352 thousand the medium/long-term loan with Creval granted to Tecnimont S.p.A..

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants. The bond covenants, which regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA to be next measured on the figures at December 31, 2020, have been complied with according to the results currently available.

28.21. Provisions for charges - beyond 12 months

(In Euro thousands)	2019	Changes in year	2020
Provisions for charges - beyond 12 months	23,256	8,256	31,512
Total	**23,256**	**8,256**	**31,512**

The provision for charges amounts to Euro 31,512 thousand, an increase of Euro 8,256 thousand compared to December 31, 2019.

The account mainly includes provisions for charges relating to remuneration and incentive policies with maturity beyond 12 months that matured in the last year, the portion of the Leaving Indemnity of the Chief Executive Officer of Maire Tecnimont, other charges related to legal cases and disputes in course including fiscal, in addition to personnel disputes and contractual risks on projects closed. This account also includes the measurement at equity of companies with a negative net equity for which the company has the intention - although not immediate given the absence of regulatory obligations - to contribute to the coverage of the negative net equity of the investee.

The main decreases are related to probable charges linked to personnel policies for amounts due beyond 12 months, mainly in relation to the long-term incentive plan dedicated to the CEO and selected top executives (LTI 2019-2021) which, following the approval in 2020 of the conversion of the Plan from monetary to based on Maire Tecnimont S.p.A. Shares, was represented as an "Equity Settled" plan and classified in the IFRS 2 equity reserve. Other decreases relate to utilization of provisions accrued in previous years not offset by new provisions. Indeed, in view of the ongoing global scenario resulting from the COVID-19 emergency, the Board of Directors' meeting held on May 7, 2020, in order to continue to pursue the long-term interests, business sustainability and market competitiveness of the Group as a whole - resolved to suspend, for the current year, assignment of the objectives relating to short and medium-term monetary incentive plans (the so-called "MBO").

Additional decreases are related to a decrease in the provision in connection with certain tax risks closed during the year.

Increases primarily regard contractual risks on closed contracts and disputes arising from periodic legal monitoring of the progress of overall litigation.

The composition and changes in the year are shown below:

(In Euro thousands)	2019	Provisions	Util.	Reclass. /Chane in consolidation scope	2020
Provision for personnel charges	**8,810**	**238**	**(3,341)**	**(1,133)**	**4,574**
Other provisions	8,611	238	(3,341)	(1,133)	4,375
Disputes provision	199	0	0	0	199
Provision for fiscal risks	**6,549**	**95**	**(443)**	**0**	**6,201**
Provision for other charges:	**7,897**	**17,207**	**(3,293)**	**(1,074)**	**20,737**
Legal, contract and other risks	6,502	16,854	(3,293)	(1,074)	18,989
Coverage for losses in associates	1,395	353	0	0	1,748
Total	**23,256**	**17,540**	**(7,077)**	**(2,207)**	**31,511**

28.22. Post-employment & other employee benefits

(In Euro thousands)	2019	Changes in year	2020
Post-employment & other employee benefits	10,926	(436)	10,489
Total	**10,926**	**(436)**	**10,489**

The Group has a liability to all employees of the Italian companies regarding the statutory TFR (Post-employment benefit) provision, while the employees of some foreign companies of the Tecnimont Group are recognized defined contribution plans.

In accordance with IAS 19 (Employee benefits), the Group estimated the liability for defined benefit plans at December 31, 2020; the changes in the year are shown below:

(In Euro thousands)	POST-EMPLOYMENT BENEFIT PROVISION	OTHER PLANS	Total
Balance at December 31, 2019	**10,900**	**25**	**10,926**
Changes in the year	(411)	(24)	(437)
Balance at December 31, 2020	**10,488**	**1**	**10,489**

The change in the post-employment benefit provision was due to the net effect of the decreases relating to departures of employees and the increase following the actuarial losses deriving from the change in the technical assumptions utilized for the present valuation compared to the previous, in addition to the change in the demographic and financial assumptions of the previous calculation model compared to that which effectively occurred during the valuation period.

The changes in the other plans relate to the departure of employees.

The Cost relating to current employment services is recognized in the Income Statement under "Personnel expense". Financial expenses on obligations assumed are recognized in the Income Statement under financial expenses - other charges. Actuarial gains and losses and recognized in a specific valuation reserve under Equity.

In particular, the assumptions adopted in the valuation of the Post-employment benefit provision relate to:

• Inflation: With reference to the first assumption, based on an examination of the macroeconomic scenario presented in the most recent Economic and Financial Document and Update Note with respect to the date of intervention, an annual rate of 1.5% was adopted;

• Salary increases: with reference to the salary increases, in line with that for the demographic technical bases, new salary line accounts were created for the companies which do not deposit the Employee Leaving Indemnity Provision with the INPS Treasury Fund; a salary growth rate of 3% annually was assumed for all employees, including inflation.

• Discount rate: determined with reference to bond market rates of primary companies at the valuation date. Specifically, the "Composite" interest rate curve of corporate issuers with "Investment Grade" AA ratings in the Eurozone was utilized (source: Bloomberg) at December 31, 2020.

• Workforce reference: for the internal workforce subject to analysis of the Maire Tecnimont Group, the average age and length of service were considered (Post-employment benefit base) and an estimate of staff turnover.

Sensitivity analysis was also undertaken based on the changes in the following parameters: a) discount rate, b) inflation rate, c) salary increase, d) probability of departure and advances on Post-employment benefit provision; on the basis of these analyses, the range of values of the liabilities for defined benefit plans was established which did not highlight any significant impacts.

In relation to the liabilities at December 31, 2020, a change of +0.5% in the discount rate applied to the calculation would produce a positive effect equal to Euro 0.4 million and in the same manner a change of -0.5% would produce a negative effect of Euro 0.4 million. A change of +0.5% in the inflation rate applied to the calculation would produce a negative effect of Euro 0.3 million and in the same manner a change of -0.5% would produce a positive effect of Euro 0.2 million. A change of +0.5% in the salaries applied to the calculation would produce a negative effect of Euro 0.01 million and in the same manner a change of -0.5% would produce a positive effect of Euro 0.01 million. A change of +0.5% in the probability of the termination of employment applied to the calculation would produce a positive effect of Euro 0.1 million and in the same manner a change of -0.5% would produce a negative effect of Euro 0.1 million.

28.23. Other non-current liabilities

(In Euro thousands)	2019	Changes in year	2020
Trade payables beyond 12 months	82,170	(3,803)	78,367
Tax payables beyond 12 months	24	(21)	3
Total	**82,194**	**(3,824)**	**78,371**

Other non-current other liabilities at December 31, 2020 amount to Euro 78,371 thousand and mainly refer to the withholdings made by the Group to suppliers/sub-contractors in accordance with contractual guarantees for the correct completion of works.

The decrease concerns the advancement of orders and the contractual terms with suppliers, against which withholding taxes were lower at December 31, 2019, due in part to the completion of some of the main orders.

28.24. Financial instruments - Derivatives - Non-current

(in Euro thousands)	2019	Changes in year	2020
Financial instruments - Currency hedging derivatives	1	11,605	11,606
Financial instruments - Interest rate hedging derivatives	0	1,027	1,027
Total	**1**	**12,631**	**12,632**

Derivative financial instruments at December 31, 2020 amount to Euro 12,632 thousand, with an increase of Euro 12,631 thousand compared to December 31, 2019 and concern the fair value measurement of the derivative contracts in force.

The account relates to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs. The mark-to-market is negative as exchange rates between the subscription date of the derivative instruments and the reporting date saw a revaluation principally of the Dollar and the Ruble against the Euro; the negative mark-to-market will be offset by future operating cash flows of a similar amount.

This component increased on the previous year due to swap point movements (differences between Eurozone and US interest rates and also in relation to the Ruble) as well as from the differing composition of the notional hedges expiring beyond 12 months.

The interest rate derivatives refer to the valuation of the Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk on variable interest rate movements on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE's Garanzia Italia (Italy Guarantee).

For further information and analysis of the Fair Value Hierarchy, reference should be made to the "FINANCIAL RISKS" section.

28.25. Other non-current financial liabilities

(In Euro thousands)	2019	Changes in year	2020
Payables to other lenders – Bonds	183,152	420	183,572
Other financial liabilities	14,933	56	14,989
Payables to other shareholders	9	0	9
Total	**198,094**	**476**	**198,570**

"Other non-current financial liabilities" include Bond payables:

- For Euro 19,935 thousand, the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the pan-European fund managed by Amundi Group companies.

The bonds are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A. The bonds were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro

100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, on a half-yearly basis, next measured on the December 31, 2020 figures.

- For Euro 163,637 thousand, the non-convertible Bond Loan for a total Euro 165 million, net of accessory charges, issued in 2018.

In this regard, we report the following:

On May 3, 2018, Maire Tecnimont issued 165,000 Non-Convertible Bonds at a price equal to 100% of the nominal value, and with a unitary minimum value of Euro 1,000 (thousand), for a total of Euro 165 million. The Bond interest rate is 2.625% annually, with interest paid on a deferred basis on April 30 and October 31 of each year, from October 31, 2018. The Bonds shall be settled at the nominal value on April 30, 2024 where not previously settled or cancelled.

The Bond issue terms and conditions stipulate incurrence-type covenants regarding the debt level; specifically, the bond financial covenants require the maintenance of a stated net financial position/EBITDA ratio, measured annually and next measured on the December 31, 2020 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants. The bond covenants, which regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA to be next measured on the figures at December 31, 2020, have been complied with according to the results currently available.

“Other non-current financial liabilities” include other financial payables:

- Other financial payables due beyond 12 months for Euro 14,900 thousand concern the valuation of the repurchase obligation of the minority share of SIMEST Spa in Met Dev 1 S.r.l, a Maire Tecnimont Group company which incorporated together with PJSC KuibyshevAzot (a Russian chemical sector leader) the Volgafert LLC joint venture. Volgafert LLC’s corporate scope concerns the development, construction, funding, maintenance and management of a new urea plant in Togliatti, in the Samara region of the Russian Federation. As part of the investment agreement signed between Met Development S.p.A. and Simest S.p.A., the Maire Tecnimont Group commits to repurchase on maturity the investment of Simest S.p.A. against a charge for the payment extension granted. The agreements stipulates also put and call options among the parties.
- Oher financial payables beyond 12 months, amounting to a residual Euro 89 thousand, mainly refers to payables to public bodies for subsidized loans for research projects.

“Payables to other shareholders” include payables for loans of other shareholders outside of the Maire Tecnimont Group received by BIO-P S.r.l.

28.26. Financial liabilities - Leasing

(In Euro thousands)	2019	Increases	Decreases	Interest	Payments	Other changes	2020
Financial liabilities - Leasing	150,084	16,133	(5,188)	5,988	(30,315)	(807)	135,895
Total	**150,084**	**16,133**	**(5,188)**	**5,988**	**(30,315)**	**(807)**	**135,895**
of which:							

(In Euro thousands)	2019	Increases	Decreases	Interest	Payments	Other changes	2020
Non-current financial liabilities - Leasing	*127,876*						*115,139*
Current financial liabilities - Leasing	*22,208*						*20,756*
Total	***150,084***						***135,895***

The value of current and non-current financial leasing liabilities related to Right-of-Use at December 31, 2020 was Euro 135,895 thousand, of which Euro 20,756 thousand short term and Euro 115,139 thousand beyond 12 months.

The lease liabilities are valued on recognition, discounting all future payments due for leases utilizing the implied lease rate, where this may easily be determined or alternatively utilizing its debt rate. Future cash flows are therefore discounted at the risk free rate of the respective currencies, plus a spread for the specific risk of the Group, established as the difference between the yield on listed Group debt securities against an instrument with similar features but without risk.

In 2020, the changes mainly relate to the payment of scheduled installments, interest accrued and new contracts entered into during the year net of early closure of contracts, The other changes mainly refer to the translation effect of amounts in foreign currencies.

The account was recognised following the introduction of the IFRS 16 standard and mainly concerns the financial liabilities related to the usage rights for the office use buildings hosting Group offices and also at various work sites, some key Group assets and also motor vehicles.

The following table analyses the breakdown and maturities of lease liabilities carried as at December 31, 2020 presented according to future cash flows, inclusive of interest:

(In Euro thousands)	31.12.2020
Current financial liabilities - Leasing	24,884
Non-current financial liabilities - Leasing	131,866
Total	**156,750**

(In Euro thousands)	Due within 1 year	Due between 1 & 5 years	Due beyond 5 years	Total
Financial liabilities - Leasing	24,884	79,226	52,640	156,750
Total	**24,884**	**79,226**	**52,640**	**156,750**
Of which Capital portion				*135,895*

28.27. Short-term financial payables

(In Euro thousands)	2019	Changes in year	2020
Bank payables	240,335	(182,444)	57,891
Other lenders	100,970	(41,961)	59,009
Accrued liabilities	1,162	245	1,408
Total	**342,468**	**(224,160)**	**118,308**

Short-term financial payables amount to Euro 118,308 thousand, decreasing Euro 224,160 thousand on December 31, 2019, principally due to decreases in current account overdrafts and the reduction in the use of credit lines to manage current commercial requirements and the use of working capital lines in support of short-term requirements within the framework of working capital management for several projects.

At December 31, 2020, short-term bank payables mainly refer to:

- for Euro 28,153 thousand the current capital portion of the nominal Euro 185 million loan of the subsidiary Tecnimont S.p.A.;

- for Euro 6,627 thousand the current capital portion of a loan with Creval;

- for Euro 1,018 thousand the current capital portion of a loan from Banca Popolare di Sondrio for use in connection with the activities of MyReplast Industries S.r.l.

- for Euro 10,000 thousand the uncommitted line granted to the subsidiary Tecnimont S.p.A.;

- for Euro 10,502 thousand the credit line granted to the subsidiary KT S.p.A.;

- for Euro 1,591 thousand current account overdrafts for the utilization of credit lines granted and commercial advances relating to projects in progress.

Other current lenders amount to Euro 59,009 thousand, decreasing Euro 41,961 thousand and mainly relate to the factoring operations within the management of the working capital of some projects.

Interest due on loans and bonds and bank overdrafts matured and not yet paid amount to Euro 1,408 thousand.

The composition of the net financial position is reported in the paragraph “Group balance sheet and financial position” in the Directors’ Report, to which reference should be made for further information on the changes compared to the previous period.

The following table reports the Group’s net financial debt at December 31, 2020 and December 31, 2019, in line with Consob communication No. DEM/6064293/2006 of July 28, 2006:

	NET FINANCIAL DEBT MAIRE TECNIMONT GROUP		
	In Euro thousands	**31/12/2020**	**31/12/2019**
A.	Cash	(198)	(250)
B.	Bank and postal deposits	(705,129)	(727,144)
C.	Securities	(490)	(211)
D.	**Liquidity (A+B+C)**	**(705,817)**	**(727,604)**
E.	**Current financial receivables**	**(14,189)**	**(29,951)**
F.	Current bank payables	82,510	318,659
G.	Current portion of non-current debt	35,798	23,808
H.	Other current financial payables	48,444	30,447
I.	**Current financial debt (F+G+H)**	**166,752**	**372,915**
J.	**Net current financial debt (I-E-D)**	**(553,254)**	**(384,640)**
K.	Non-current bank payables	567,189	244,274
L.	Bonds issued	183,572	183,152
M.	Other non-current payables	142,770	142,819
N.	**Non-current financial debt (K+L+M)**	**893,531**	**570,245**
O.	**Net financial debt (J+N)**	**340,277**	**185,605**

The following table presents the reconciliation between the net financial debt and the net financial position of the Group at December 31, 2020 and December 31, 2019:

	RECONCILIATION NFD & NFP		
	In Euro thousands	**31/12/2020**	**31/12/2019**
O.	**Net financial position**	**340,277**	**185,605**
	Net financial debt of discontinued operations	-	48,111
	Other non-current financial assets	(62,096)	(42,726)
	Financial instruments - Non-current derivatives	(635)	(5,500)
	"Project Financing - Non Recourse"	(9,577)	(59,441)
	Other non-current assets - Expected repayments	(15,158)	(16,557)
	Trade Receivables - Admissible Financial Assets	-	(38,273)
	Finance lease payables IFRS 16	(135,895)	(150,084)
	Adjusted Net Financial Position	**116,916**	**(78,864)**

The adjusted net financial position at December 31, 2020 was a Net Debt of Euro 116.9 million, reducing on Euro 195.8 million at December 31, 2019, but in continual improvement since the second quarter of 2020.

In the early months of FY 2020, as a result of the Covid-19 pandemic, restrictions imposed by various government institutions on the mobility of people and goods generated increasingly severe consequences as the effects of the pandemic progressed. The almost total worldwide blockade of commercial activities and uncertainties regarding possible future developments of the pandemic have caused a sudden and drastic reduction in energy consumption with a consequent equally drastic drop in oil and natural gas prices, although the latter to a lesser extent. Faced with the sudden and unpredictable reduction in production volumes and in the price of gas and oil, with a consequent significant reduction in cash generation, the energy companies (supermajors, majors, state-owned entities - nationals, private companies) reacted by adopting behaviors that in various ways affected the economic and financial performance of the Maire Tecnimont Group, particularly in the first part of the year 2020.

The most immediate reaction, implemented by a number of clients, involved postponing the settlement of services rendered under ongoing contracts. The postponement of payments was the consequence of either a unilateral voluntary decision by some clients, on the basis of temporary disorientation and while waiting to better understand how the pandemic would evolve, or of the impossibility of being able to manage the approval processes of the works carried out and of payment, since there had not been previously developed a digital platform suitable to allow operating remotely, even in emergency conditions.

The latter also had a major impact on two very important parts of the projects' financial profile: 1) the issue of preliminary acceptance of completion for certain plants, with payment of the last portion of the contractual fee, and 2) the definition of the fees requested from clients as remuneration for additional work or for changes made with respect to that contractually agreed. The settlement of these situations, due to the pandemic, suffered a temporary interruption and therefore, the expected related cash flows for the first part of the year 2020 could only have a positive effect on financial management in the second part of the year, albeit to a partial extent, given the continued uncertainty.

Moreover, as mentioned above, the significant reduction in financial resources has led almost all energy companies to review their investment programs, postponing the final decision on the implementation of new projects. The postponement of the assignment of new works, originally expected in the first part of the 2020 financial year, negatively affected the group's financial position, as an important source of self-financing from the advances paid upon the signing of new contracts was lacking.

The adjusted net financial position at December 31, 2020 continues to show further improvement, confirming the steady upturn since the second quarter of 2020.

Net working capital had performed particularly negatively in the first quarter of 2020 due to two particular concurrent circumstances: the concrete manifestation of the effects of the Covid-19 pandemic, which deferred planned collection for services already rendered, as well as the approval process for work executed due to the inability of certain clients to operate remotely. Finally, in the first quarter of 2020 the financial phasing of the Amursky project experienced an intensive phase of payments for the supply of equipment and construction work, not offset by the previous collections during the period. The combination of the two factors above resulted in a deterioration of working capital by approx. Euro 369 million, representing the main reason for the deterioration in the net financial position.

In the second quarter of 2020, in accordance with the temporary improvement in the conditions caused by COVID-19 in certain regions, and thanks to the acquisition of new projects such as Bir-Seba in Algeria on behalf of Sonatrach, Horizon in France on behalf of Total and the EP project for the construction of the petrochemical complex in the Amur region on behalf of Gazprom, net working capital improved consistently, with the consequent positive effect on cash and cash equivalents and the net financial position.

Subsequently, in the third quarter of 2020, net working capital reflected the generation of approx. Euro 62 million in cash, only partially offset by the decrease of approx. Euro 20 million caused by the mark-to-market of the derivative instruments contracted primarily to hedge foreign exchange risk and investments for the period of approx. Euro 6 million.

In the last quarter of 2020, operating activities generated further cash flow of approx. Euro 110 million; operating activities on the main projects underway continued to be partly affected by the effects of the pandemic, although activities were gradually restarted and recognition was given for construction work carried out earlier, resulting in higher receipts for the period. This also includes the Amursky project, which saw a positive recovery in Q4 2020 with a further recovery of Group cash flows.

These effects impacted cash and cash equivalents at December 31, 2020 which amount to Euro 705,327 thousand, a decrease of Euro 22,067 thousand compared to December 31, 2019 and consequently the negative change in the net financial position at December 31, 2020.

The further negative changes in the financial position in 2020 are related to an increase in the gross debt of approx. Euro 99.2 million; in order to boost the Group's financial flexibility and to establish a more solid equity structure to deal with any upsurge in the pandemic's effects, and to support projects, in the third quarter (July 2020) a Euro 365 million loan contract was signed, backed for 80% by SACE's "Garanzia Italia" (Italy Guarantee). The loan is in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total term of 6 years, including a 2 year grace period. At the same time, there was a decrease in current account overdrafts and a repayment of both overdraft lines used to manage short-term commercial cash flow and working capital lines to support short-term needs as part of the management of working capital for some projects and the repayment of two portions of the medium/long-term loan with a nominal value of Euro 185 million from the subsidiary Tecnimont S.p.A. for approx. Euro 25 million.

Finally, there was a decrease in the financial position related to the temporary negative changes in the mark-to-market of derivative instruments which had a negative impact for Euro 55,388 thousand, mainly in relation to the derivative instruments undertaken to hedge the cash flow risk related to order revenues and costs, including raw materials, principally as a result of the performance of the Euro on the Dollar and on the Ruble in 2020 and which was particularly negative as a result of the situation on the currency markets caused by the pandemic. The negative mark-to-market is offset by incoming future operating cash flows of an equal amount.

"Non-recourse financial payables" refers to the loan granted to MyReplast Industries S.r.l by Banca Popolare di Sondrio for the company's Circular Economy activities. The "Non-Recourse" financial payables in the previous year included also the loan of the project company MGR Verduno S.p.A., engaged in the "Alba-Bra Hospital concession" construction and management contract agreed with ASL CN2, an initiative which was subsequently sold in 2020.

The “adjusted net financial position” in Management’s view includes the value of the assets related to the compensation for the events in India on the basis of the opinion of the legal experts and the insurance coverage provided by leading insurers, undertaken to protect against such events (as illustrated in paragraph 23.8), and excludes financial payables under IFRS 16 Leasing of Euro 135,895 thousand, which have only been recognized in view of the application of the accounting standard IFRS 16.

The estimate of the “fair value” of these financial instruments, calculated as indicated in the accounting policies section, at December 31, 2020 substantially approximated their book value. The breakdown by maturity of the gross financial debt is reported in the financial risks section.

28.28. Provisions for charges - within 12 months

(In Euro thousands)	2019	Changes in year	2020
Provisions for charges - within 12 months	23,179	(17,020)	6,159
Total	**23,179**	**(17,020)**	**6,159**

The provision for charges within 12 months amounts to Euro 6,159 thousand and concerns the estimated costs for remuneration and incentive policies due within 12 months, essentially referring to the flexible benefits plans ("Maire4You") and the participation bonus pertaining to 2020 The decrease in the year is essentially due to the payment in 2020 of the employee flexible benefit plans, the participation bonus for 2019 and the portion of the MBO Plan for 2019.

As already reported during the six months ended June 30, 2020, in view of the ongoing global scenario resulting from the COVID-19 emergency, the Board of Directors' meeting held on May 7, 2020, in order to continue to pursue the long-term interests, business sustainability and market competitiveness of the Group as a whole - resolved not to implement the 2020-2022 LTI Plan and to suspend, for the current year, assignment of the objectives relating to short-term monetary incentive plans (the so-called "MBO").

28.29. Tax payables

(In Euro thousands)	2019	Changes in year	2020
Current income tax payables	14,504	(11,026)	3,478
Other tax payables	46,231	(21,098)	25,133
Total	**60,735**	**(32,124)**	**28,611**

Tax payables were Euro 28,611 thousand, decreasing Euro 32,124 thousand on December 31, 2019, primarily due to the decrease in the amount payable to the Treasury for VAT due from certain overseas entities and current income taxes.

The account mainly includes IRES income tax payables of the companies not taking part in the tax consolidation and the IRAP of the Italian entities for Euro 1,079 thousand; however, as disclosed above in the note “Current tax assets”, the Group’s tax consolidation of the Parent Company Maire Tecnimont S.p.A. recorded a receivable of Euro 8,763 thousand as a consequence of the greater payments on account made in 2019 and 2020, compared with the estimated tax charge in 2020, which was lower as a result of a pre-tax result that was affected by the effects of the pandemic particularly in the initial months of 2020.

The account also includes for Euro 2,399 thousand income tax liabilities for overseas companies, mainly concerning TPI, Stamicarbon BV, Tecnimont Arabia Ltd and TCM-KT JV Azerbaijan LLC.

Other tax payables relate to VAT payables of Euro 16,717 thousand, primarily attributable to the subsidiary TCM-KT JV Azerbaijan LLC and MT Russia, and, to a residual extent, to the VAT of several international and Italian entities not participating in Group VAT consolidation.

The other residual tax payables include IRPEF personnel withholding tax payables and withholding taxes on account for third party compensation and other tax payables.

At December 31, 2020, tax payables were as follows:

(In Euro thousands)	2019	Changes in year	2020
Current income tax payables - Ires/Irap	9,655	(8,576)	1,079
Current income taxes payable – Overseas Tax	4,849	(2,450)	2,399
VAT payables	36,281	(19,564)	16,717
Substitute taxes payable	7,522	(616)	6,906
Other tax payables	2,428	(918)	1,510
Total	**60,735**	**(32,124)**	**28,611**

28.30. Financial instruments - Derivatives

(in Euro thousands)	2019	Changes in year	2020
Financial instruments - Currency hedging derivatives	1,290	17,513	18,803
Financial instruments - Interest rate hedging derivatives	0	452	452
Financial instruments - Raw material hedging derivatives	1,733	(1,733)	0
Financial instruments - Total Return Equity SWAP (TRES) derivatives	4,887	3,216	8,103
Total	**7,909**	**19,448**	**27,358**

Derivative financial instruments at December 31, 2020 amount to Euro 27,358 thousand, with an increase of Euro 19,448 thousand compared to December 31, 2019 and concern the fair value measurement of the derivative contracts in force.

The account for Euro 18,803 thousand relates to the measurement of the derivative instruments to hedge against currency risks on the cash flows related to project revenues and costs. The mark-to-market is negative as exchange rates between the subscription date of the derivative instruments and the reporting date saw a revaluation principally of the Dollar and the Ruble against the Euro; the negative mark-to-market will be offset by future operating cash flows of a similar amount. The change in the year is a consequence of the movements in exchange rates in 2020, as well as the different composition of the outstanding hedged notional amounts falling due within 12 months.

The interest rate derivatives, amounting to Euro 452 thousand, refer to the valuation of the current portion of the Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk of variable interest rates on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE’s Garanzia Italia (Italy Guarantee).

The reduction in the account derivative financial instruments to hedge against changes in the prices of raw materials (mainly copper) follows the closure of the instruments during 2020.

The account for Euro 8,103 thousand concerns the negative fair value of the residual portion of two cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price essentially tied to the personnel incentive plans in place. The residual portions of the instruments as at December 31, 2020 hedged the risk relating to approx. 5.6 million shares.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Contractual maturity is December 31, 2021. For accounting purposes the TRES is measured in accordance with IFRS 9 as a fair value derivative through P&L. For accounting purposes the TRES is measured in accordance with IFRS 9 as a fair value derivative through P&L.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the “FINANCIAL RISKS” section.

28.31. Other current financial liabilities

(in Euro thousands)	2019	Changes in year	2020
Other current financial liabilities	330	0	330
Total	**330**	**0**	**330**

Other current financial liabilities of Euro 330 thousand do not relate to bank debt but rather loans received from consortium companies. Other current financial liabilities specifically relates to the consortium company Cavtomi.

28.32. Client advance payments

(In Euro thousands)	2019	Changes in year	2020
Client advance payments	684,272	(34,912)	649,360
Total	**684,272**	**(34,912)**	**649,360**

They concern contractual advances from clients on the signing of construction contracts, usually also covered by the related bond issued to the benefit of the principal. Client advance payments at December 31, 2020 were Euro 649,360 thousand, decreasing Euro 34,912 thousand on December 31, 2019 mainly following the reabsorption, through invoicing on account, of the advances received in prior periods associated with revenues in 2020.

It should be recalled that in the first half of 2020 client advances were received on the new Bir Seba contracts in Algeria, the Total Horizon Project for the Donges refinery and a portion of the Amur AGCC petrochemical project; in the final part of 2020, advances were received on the Kingisepp 2 project and a further portion of the new Amur AGCC petrochemical project.

28.33. Contractual Liabilities

(In Euro thousands)	2019	Changes in year	2020
(Works-in-progress)	(16,062,882)	(1,790,278)	(17,853,161)
Advances received on work-in-progress	16,367,895	2,062,651	18,430,546
Total	**305,013**	**272,373**	**577,386**

"Contract liabilities" are the net negative amount, by individual order, resulting from the difference between progressive production or the amount of works-in-progress recorded according to the percentage of completion net of losses realized or estimated at the reporting date and invoicing on account relating to the advancement of works.

The gross change on works carried out and advances received on work-in-progress is also impacted by the values of the projects closed during the year and transferred to revenues from sales.

The increase in the net value of construction contract liabilities, amounting to Euro 272,373 thousand, relates to the advancement of the projects and their contractual terms, against which the value of works carried out in the year was lower than the invoicing on account following a substantial decrease in production volumes in the year due to projects that had a negative balance in the previous year and the start-up of new initiatives such as the Amur AGCC petrochemical project, which recorded an initial invoicing on account higher than the progress of the project.

The contractual liabilities, as already reported in Note 28.11 "Contractual Assets" and to which reference should be made, are also affected by the slowdown in operating activities as a result of the Covid-19 outbreak.

The value of construction liabilities includes additional requests on contracts for the quota considered highly probable to be accepted by the client; the variable components were recorded in accordance with the guidelines illustrated in the accounting policies.

28.34. Trade payables

(In Euro thousands)	2019	Changes in year	2020
Suppliers - within 12 months	1,956,114	(254,678)	1,701,436
Subsidiaries - within 12 months	690	(0)	690
Associates - within 12 months	281	155	436
Parent companies - within 12 months	151	22	174
Group companies - within 12 months	3,355	442	3,798
Total	**1,960,592**	**(254,058)**	**1,706,534**

Trade payables at December 31, 2020 amount to Euro 1,706,534 thousand, a decrease of Euro 254,058 thousand compared to December 31, 2019. The account includes also accruals at period-end for invoices to be received.

The decrease was due particularly to the significant amounts of payments made in Q1 2020 for the equipment and construction activities for the main projects in progress, not offset in the second quarter by new orders and supplier activities, which did not occur due to the effects of the pandemic which slowed operations following the measures gradually introduced by the governments of the affected countries which became increasingly stringent. The stringent measures to prevent the spread of the pandemic have also at times gone beyond slowdowns in operations and, in limited cases, to the closure of operational sites. In the middle part of 2020 and especially in the latter part of the year, activities still picked up but not in a way that compensated for previous slowdowns.

Trade payables essentially relate to the general working capital performance of the main orders, including those substantially concluded, which similarly to the contract with the client influences the contractual terms of the goods and services provided by supplier and subcontractors, payment of which is essentially tied also to the final project milestones.

Trade payables to non-consolidated subsidiaries and those in liquidation amounted to Euro 690 thousand, of which Euro 677 thousand were due to the Metrofiera consortium in liquidation, with the remainder due to Coav S.c.a.r.l. in liquidation.

Trade payables to associates were Euro 436 thousand and principally concern Studio Geotecnico Italiano for Euro 231 thousand, MCM Servizi Roma for Euro 95 thousand and TSJ Limited for Euro 110 thousand.

Payables to parent companies amount to Euro 174 thousand and concern GLV Capital S.p.A., for Euro 85 thousand for the leasing of office spaces, the use of brands and for Euro 88 thousand to balances for the Group tax and VAT consolidation accrued in the previous year by MDG Real Estate S.r.l., when it was controlled by Maire Investments S.p.A.

Payables to group companies of Euro 3,798 thousand principally concern payables to consortia and infrastructure initiatives, mainly relating to the Metro B1 Consortium for Euro 3,152 thousand, the Cavtomi consortium for Euro 439 thousand and Cavet for Euro 199 thousand.

28.35. Other current liabilities

(In Euro thousands)	2019	Changes in year	2020
Matured by personnel, not yet settled	30,958	(5,318)	25,641
Payables due to social security institutions	13,481	(682)	12,799
Expropriation payables	3,928	(2,647)	1,281
Tax payables (overseas states)	9,989	3,095	13,084
Accrued liabilities and deferred income	1,759	(677)	1,081
Other payables (other creditors)	142,634	106,001	248,636
Total	**202,749**	**99,772**	**302,521**

Other current liabilities at December 31, 2020 amount to Euro 302,521 thousand, increasing Euro 99,772 thousand on December 31, 2019.

The principal current other liability accounts refer to staff remuneration matured and not yet settled, principally payments for vacation and 14^{th} month, and payables to Italian and foreign social security institutions including on contributions not yet matured. The decrease is primarily related to the higher utilization of leave during the year compared to the accrual for 2020.

“Expropriation payables” concern the payable for expropriations accumulated to date related to the “Fiumetorto-Cefalù” project managed by the company Cefalù 20 S.c.a r.l.; this payable is subject to reimbursement from the client which is pending.

“Other payables” principally concern the VAT payables of overseas branches.

The remaining other current liabilities concern various payables including deferred income.

Other payables (other receivables) includes the accounting treatment of transactions with third parties who have acquired the right to the reserves of the "Raddoppio Ferroviario Fiumetorto Cefalù” (Fiumetorto Cefalù” Double Railway Line) initiative and the additional claims relating to the "Tempa Rossa" initiative. It bears recalling that the sale involves an initial price already paid on a definitive basis, regardless of the course of the negotiations, and a deferred price on the portion in excess of the amount already paid. In view of this deferred amount, the portion deemed highly probable affects the variability of the residual cash flows and therefore did not permit the assets to be fully derecognized as per IAS 32 paragraph 42. The value of the payable shown under "Other payables" and the contractual asset of the same amount shown under "Contractual assets" also include the portion pertaining to third party counterparties for a total of approx. Euro 242.5 million.

Public grants in accordance with Law No. 124/2017

With regards to the rules on the transparency of public grants as per Article 1, paragraphs 125-129 of Law No. 124/2017, as subsequently amended by Article 35 of Decree-Law No. 34/2019 ("Growth Decree"), published in Italy's Official Journal no. 100 of April 30, 2019, the Maire Tecnimont Group analyzed its situation and decided to present in this paragraph the amounts received in 2019 in the form of contributions and grants:

• As part of funded training plans, Euro 207 thousand was received from Fondimpresa and Euro 20 thousand from Fondirigenti;

• Public grants were received in relation to technological research and innovation projects funded by the Ministry for Economic Development for Euro 52 thousand, by Lazio Innova S.p.A for Euro 16 thousand, by the European Community (ENEA) for Euro 2,345 thousand and by the Ministry for Education, Universities and Research for Euro 15 thousand;

• Euro 3 thousand in previous subsidized loans received from the Ministry of Economic Development and Euro 11 thousand in previous subsidies received from the Ministry of Education, Universities and Research were repaid;

See the National register of State Aid for the de minimis state aid included for Maire Tecnimont Group companies.

29. Commitments and contingent liabilities

The Maire Tecnimont Group's financial guarantees at December 31, 2020 and December 31, 2019 were as follows:

MAIRE TECNIMONT GROUP FINANCIAL GUARANTEES *(in Euro thousands)*	31/12/2020	31/12/2019
GUARANTEES ISSUED IN THE INTEREST OF THE GROUP		
Sureties issued by third parties in favor of third parties, of which:		
Issued in favor of clients for orders under execution		
Performance bonds (banks and insurance)	1,549,080	1,553,521
Advance Bonds (banks and insurance)	848,790	1,147,360
Others	258,856	164,364
TOTAL GUARANTEES	**2,656,726**	**2,865,245**

"Guarantees issued in the interest of the Group" of Euro 2,656,726 thousand concern guarantees issued by Banks or Insurance companies in the interest of Group operating companies in relation to commitments undertaken upon core operations. In particular:

- "Performance Bonds": contract "successful execution" guarantee. With this guarantee, the bank undertakes the obligation to repay the client, up to a set amount, in the case of non-compliant execution of the contract by the contractor. In the case of large orders, SACE insurance cover may be requested for these risks in favor of the Bank.

- "Advance Bonds": repayment guarantee, requested for payment of contractual advances. With this guarantee the bank undertakes the obligation to repay the client a set amount, as reimbursement for amounts advanced, in the case of contractual non-compliance by the party requesting the guarantee (the contractor). In the case of large orders, SACE insurance cover may be requested for these risks in favor of the Bank.

Commitments

The Parent Company assumed commitments to clients and/or other beneficiaries to fulfil obligations, contractually undertaken by the company and/or subsidiaries awarded tenders as part of their core operations and therefore in the execution of orders, in the case of non-fulfilment of such and for the reimbursement for any damage from such non-fulfilment.

These commitments, which involve the undertaking of an obligation to complete, guarantee contracts whose total value amounts to Euro 13,591 million (Euro 12,645 million at December 31, 2019), including works already executed and the residual backlog at December 31, 2020.

The Parent Company also undertook other residual commitments (letters of Patronage) in favor of banks in the interest of some subsidiaries, principally Tecnimont S.p.A..

30. Related party transactions

At December 31, 2020 the company's receivables/payables (including financial) and cost/revenue transactions with related parties for the period are presented in the tables below.

31/12/2020 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial payables	Costs	Revenues
G.L.V. Capital S.p.A.	1	(175)	0	0	(613)	1
Maire Investments Group	325	0	0	0	(204)	770
Luigi Alfieri	0	(34)	0	0	(338)	0
Total	**327**	**(209)**	**0**	**0**	**(1,155)**	**771**

In particular, payable contracts refer to the lease of office buildings from Group companies, the use of the "Maire" trademark and other minor recharges from the parent G.L.V. Capital S.p.A. and from transactions with the Maire Investments Group, a company owned by the majority shareholder of Maire Tecnimont S.p.A. for administrative services and the purchase of flight hours used by the Group. Luigi Alfieri is a Director of Maire Tecnimont S.p.A.; the costs refer to an annual contract for assistance and consulting services in the financial field. The Maire Tecnimont Group's contracts with clients involve facility management services and other services connected to the execution of civil works.

Transactions with other non-consolidated and/or associated Group companies, or subsidiaries over which another related party exercises a significant influence (Nextchem, Bio-P, MDG Real Estate, MyReplast Industries and Stamicarbon, US) are purely commercial and relate to specific activities linked to contracts or commercial development initiatives; in addition, certain consortiums, having substantially concluded operations, are in liquidation:

31/12/2020 (in Euro thousands)	Trade Receivables	Trade Payables	Financial Receivables	Financial payables	Costs	Revenues
MCM servizi Roma S.c.a.r.l. in liquidation	0	(95)	0	0	0	0
Studio Geotecnico Italiano S.r.l.	0	(300)	0	0	(154)	0
Villaggio Olimpico MOI S.c.a.r.l. in liquidation	0	0	55	0	(2)	0
Desimont Contracting Nigeria Limited	1,173	0	0	0	0	0
Biolevano S.r.l	0	0	0	0	0	10
Nextchem S.p.A.	1,023	(3,435)	12,418	0	(3,561)	1,144
BIO P S.r.l	40	(46)	51	0	(46)	40
Mdg Real Estate S.r.l.	0	(283)	0	0	(265)	0
UCOAT S.p.A.	6	0	0	0	0	0
My Replast Industries	141	0	1,500	0	0	109
TCM KTR LLP	53	0	525	0	0	12
Exportadora de Ingenieria y Servicios Tcm Spa	0	0	0	(67)	0	0
Volgafert LLC	9,299	0	0	0	0	101,560
GCB General trading	0	0	13	0	0	197
Gulf Compound&Blending Ind.	35	0	1	0	0	0
Stamicarbon US	144	(26)	1,045	0	(251)	90
Total	**11,914**	**(4,184)**	**15,608**	**(67)**	**(4,278)**	**103,162**

Remuneration of Directors, Statutory Auditors and Senior Executives is outlined below:

31/12/2020 *(in Euro thousands)*	Remuneration
Directors	3,683
Statutory Auditors	288
Total	**3,971**

The remuneration concerns emoluments and all other payments, pension-related or social security deriving from the role of Director or Statutory Auditor in Maire Tecnimont S.p.A..

31. Independent Audit Firm fees

The following table, prepared pursuant to Article 149 of the Consob Issuer's Regulation, reports the payments made in 2020 for audit services and other services carried out by the Audit Firm.

Type of service *(in Euro thousands)*	Provider	Company	2020 Fees
Audit	PricewaterhouseCoopers S.p.A.	Parent Company - Maire Tecnimont	229
	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	1,803
	Pricewaterhousecoopers Network	Maire Tecnimont Group	503
Certification services (*)	PricewaterhouseCoopers S.p.A.	Parent Company - Maire Tecnimont	4
	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	60
Other services **	PricewaterhouseCoopers S.p.A.	Parent Company - Maire Tecnimont	93
	Pricewaterhousecoopers Network	Parent Company - Maire Tecnimont	385
	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	68

The fees do not include VAT, expenses and any Consob oversight contribution repayments

(*) Certification services include the signing of tax declarations.

(**) The other services of the Parent Company include the audit fee for the Sustainability Report - containing the Non-Financial Statement as per Legislative Decree No. 254/2016 and the fee for support with development of the In-Country value method and the limited review assignment of the scope 3 issues present in the questionnaire of the carbon disclosure project climate change.

The other services for the Group include auditing procedures regarding the research and development tax credit and training expenses.

32. Financial risk management

The Group's ordinary operations are exposed to financial risks. Specifically:

- credit risk, both in relation to normal commercial transactions with clients and financial activities;
- liquidity risk, concerning difficulties in liquidating positions held within necessary timeframes or in sourcing operating funding;
- market risk, relating to fluctuations in interest rates, exchange rates and the prices of goods, as the Group operates at an international level in various currencies and utilizes financial instruments which generate interest;
- default and debt covenant risk regarding the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

The Maire Tecnimont Group constantly controls Group financial risks, anticipating potential negative impacts and undertaking appropriate corrective actions.

The following section provides qualitative and quantitative information on the impact of these risks on the Maire Tecnimont Group. The following quantitative data may not be used for forecasting purposes, in particular the sensitivity analysis on market risks may not reflect the complexity and the related market reactions from any change in assumptions.

32.1. Credit risk

The Maire Tecnimont Group credit risk represents the exposure to potential losses deriving from the non-compliance with obligations by counterparties. Credit risk stems from normal operations and is monitored by the operating and financial departments on the basis of set procedures, which establish the methods for quantifying and controlling client risk.

They are managed according to procedures, including credit recovery and dispute management. Presently, there is no significant concentration of credit risk by region or by Client, as the Group operates on geographically diversified markets and through a range of clients and business lines.

The maximum theoretical exposure to the credit risk for the Group at December 31, 2020 is the carrying value of the financial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties.

Receivables at December 31, 2020 were recognized net of write-downs calculated according to counterparty non-compliance risk, based on client reliability (third parties, related parties and public sector clients).

For IFRS 9, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures.

Credit risk is represented by the exposure to potential losses deriving from the non-compliance of obligations by buyers, who are almost entirely connected to sovereign states, government bodies, overseas state entities, public administrations or large oil companies. Credit risk is, therefore, essentially linked to country risk.

At December 31, 2020, Trade receivables from third parties due within and beyond 12 months, respectively totaled Euro 631,508 thousand (Euro 528,653 thousand at December 31, 2019) and Euro 84,184 thousand (Euro 111,820 thousand at December 31, 2019), net of the doubtful debt provision of Euro 10,864 thousand (Euro 11,383 thousand at December 31, 2019).

Trade receivables from third parties by maturity and business unit are summarized below:

(In Euro thousands)	Overdue at 31/12/2020					
	Not overdue	From 0 to 90 days	From 90 to 365 days	From 365 to 731 days	Over 731 days	Total
Hydrocarbons	334,032	88,405	97,099	25,187	111,227	655,950
Green Energy	47,714	4,618	495	2,066	4,829	59,722
Other	0	0	21	0	0	21
Total trade receivables - third parties	**381,746**	**93,023**	**97,615**	**27,253**	**116,056**	**715,693**
Of which:						
Trade receivables due within 12 months Report note 28.12						***631,508***
Trade receivables beyond 12 months Report note 28.8						***84,184***

For comparative purposes, the prior year amounts are presented below:

(In Euro thousands)	Overdue at 31/12/2019					
	Not overdue	From 0 to 90 days	From 90 to 365 days	From 365 to 731 days	Over 731 days	Total
Hydrocarbons	399,705	41,808	33,383	28,226	98,695	601,817
Green Energy	24,275	4,257	1,591	701	4,408	35,232
Other	1,734	1,373	144	0	172	3,423
Total trade receivables - third parties	**425,714**	**47,438**	**35,118**	**28,927**	**103,275**	**640,473**
Of which:						
Trade receivables due within 12 months Report note 28.12						***528,653***
Trade receivables beyond 12 months Report note 28.8						***111,820***

Trade receivables are recorded net of the doubtful debt provision of Euro 17,280 thousand at December 31, 2020 (Euro 10,864 thousand at December 31, 2019).

(In Euro thousands)	2019	Provisions	Utilizations	Change in consolidation scope	Other changes	2020
Doubtful debt provision - customers	10,864	4,713	(1,928)	0	3,631	17,280
Total	**10,864**	**4,713**	**(1,928)**	**0**	**3,631**	**17,280**

The doubtful debt provision increased compared to the previous year. The account in 2020 reported greater provisions as a consequence of a greater amount of receivables than in the previous year, which for some positions was also affected by a deterioration of counterparty risk.

For IFRS 9, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures.

In the consolidated financial statements at December 31, 2020, due to the events related to the Covid-19 pandemic emergency, which caused a situation of severe economic and financial tension at the global level, particular attention has been devoted to the main accounts affected by such situations of uncertainty, with the resulting updates of the related estimates. In the case of financial assets in particular, the assessment of counterparty risk was updated with the most recent available market information.

Overdue trade receivables principally refer to the Green Energy Business Unit and concern Italian public sector entities for Infrastructure and Civil Engineering activities; in relation to the Hydrocarbons BU, they refer to a few positions and are constantly monitored. Neither client categories provide concern from a solvency viewpoint (Italian and foreign state bodies), or for the recoverability of the amounts.

All trade receivables in the accounts substantially approximate fair value which was calculated as indicated in the accounting policies section.

32.2. Liquidity risk

This risk concerns the difficulty in sourcing new funding or access to liquid assets, resulting in the enterprise's failure to satisfy payment commitments, being forced to incur additional funding costs or, in extreme instances, being faced with potential insolvency which may put its going concern at risk.

At the present moment, Maire Tecnimont considers that the good levels of liquidity held and prudent and functional management of the credit lines available are important elements for stability and sufficient to guarantee the resources necessary for operating continuity. The management of liquidity risk is based above all on the strategy of containing debt and maintaining financial equilibrium.

Cash and cash equivalents at December 31, 2020 amounted to Euro 705,327 thousand, with an overall decrease compared to December 31, 2019 of Euro 22,067 thousand; cash flows from operating activities in 2020 absorbed Euro 20,587 thousand, but saw a steady improvement from the second quarter of 2020.

Liquidity levels ensure short-term financial stability, which was further strengthened following the disbursement of the new loan; in fact, in order to boost the Group's financial flexibility and to establish a more solid equity structure to deal with any upsurge in the pandemic's effects, and to support projects, in the third quarter (July 2020) a Euro 365 million loan contract was signed, backed for 80% by SACE's Garanzia Italia (Italy Guarantee). The loan is in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total term of 6 years, including a 2 year grace period.

The initiatives launched during the year will permit a total saving of approx. Euro 60 million; in addition to improving the Group's competitiveness, these savings may contribute to gradually normalizing net working capital, with a consequent improvement for the capital structure.

The Group also believes that when business recovers - as already seen in part towards the end of 2020 - there will be normalization of the effects on production volumes, invoicing and consequently also cash flows, that within the framework of the pandemic caused a number of clients to defer scheduled payments and also the approval process of works, due to the impossibility to operate normally remotely, also with regards to certain settlement activities under negotiation.

The following table shows the lines of credit available to the Group as of December 31, 2020, broken down by type, distinguishing between amounts granted and used:

Lines of credit granted to and used by the Group as of December 31, 2020			
Description	Amt. Granted (€)	Amt. Used (€)	Amt. available
Overdraft facilities, revolving facilities and lines of credit	286,968,442	10,501,997	261,466,446
Advances on invoices - Factoring	91,934,512	11,576,609	80,357,903
M/L loans - Bonds	792,159,294	792,159,294	-
Total	**1,171,062,248**	**814,237,899**	**341,824,349**

The following table analyses the breakdown and maturities of financial liabilities according to non-discounted future cash flows:

31.12.2020 *(in thousands of Euro)*	Due within 1 year	Due between 1 & 5 years	Due beyond 5 years	TOTAL CASH FLOWS
Financial debt - non-current portion	13,454	562,783	50,355	626,591
Other non-current financial liabilities	5,592	214,156	16	219,764
Short-term debt	124,068			124,068
Other current financial liabilities	332			332
Finance lease liabilities - current and non-current	24,884	79,226	52,640	156,750
Financial instruments - Current and non-current derivatives	27,358	12,632		39,990
Total financial liabilities (current and non-current)	**195,687**	**868,797**	**103,010**	**1,167,494**

Future interest is estimated on the basis of existing market conditions at the preparation date of the financial statements.

The “beyond 5 years" portion of financial payables refers to a portion of the new loan of Euro 365 million, 80% of which is backed by SACE “Garanzia Italia” (Italy Guarantee), and a portion of a loan with Banca Popolare di Sondrio for the activities of MyReplast Industries S.r.l..

The portion of leasing financial liabilities “Beyond 5 years” is the value of the financial liability relating to the right-of-use assets recognised, primarily attributable to the properties in which the Group’s offices are located.

For comparative purposes, the prior year amounts are presented below:

31.12.2019 (in thousands of Euro)	Due within 1 year	Due between 1 & 5 years	Due beyond 5 years	TOTAL CASH FLOWS
Financial debt - non-current portion	2,012	259,958	0	261,970
Other non-current financial liabilities	5,634	203,349	15,481	224,464
Short-term debt	351,548			351,548
Other current financial liabilities	332			332
Finance lease liabilities - current and non-current	27,138	82,450	70,634	180,222
Financial instruments - Current and non-current derivatives	7,910			7,910
Total financial liabilities (current and non-current)	**394,574**	**545,756**	**86,115**	**1,026,446**

32.3. Market risks

Currency risk

The Group is exposed to risks deriving from exchange rate fluctuations, which may impact on the result and on the net equity value. In particular, where the companies of the Group incur costs and revenues in currencies which do not offset each other, the variance in the exchange rate may impact on the operating result of these companies.

The principal exchange rates the Group is exposed to are:

- USD/EUR, in relation to US Dollar sales on contracts whose revenues are entirely or principally denominated in USD, as acquired in markets where the Dollar is the benchmark for commercial trading;
- EUR/USD, in relation to purchases of Dollars on contracts whose revenues are entirely or mainly denominated in EUR, although the costs are partly sustained in USD.
- EUR/USD, in relation to purchases of Rubles on contracts whose revenues are entirely or mainly denominated in EUR, although the costs are partly sustained in USD.
- EUR/CNY, in relation to purchases of Renminbi on contracts whose revenues are entirely or mainly denominated in EUR, although the costs are partly sustained in CNY.

Other lesser exposures concerning USD/JPY, USD/MYR and EUR/PLN exchange rates.

In order to reduce currency risk, the Maire Tecnimont Group companies have adopted the following strategies:

- on signing the individual contracts, the part of receipts to cover payments in differing currencies, calculated during the entire duration of the order, are hedged through currency derivatives (cash flow hedging).
- contracts, where possible, are agreed in the payment currency in order to reduce hedging costs.

In the case of loans drawn down by companies of the Group in currencies other than the currency of the individual entities, they assess the need to hedge the currency risk through swap contracts.

The assets and liabilities of companies consolidated in currencies other than the Euro may be translated into Euro at varying exchange rates. In accordance with the accounting principles adopted, the effects of these changes are recorded directly in equity, in the account Translation reserve.

Raw material price change risk

The Group is exposed to risks deriving from raw material price fluctuations, which may impact on the result and on the net equity value. In particular, where Group companies incur semi-finished or finished product procurement costs (e.g. machinery, piping, cables), for which the raw material content is a significant portion of the overall project margin, price changes in this commodity may impact the operating results of these companies.

Interest rate risk

Maire Tecnimont Group interest rate risk essentially concerns its variable medium/long-term loans. Variable rate debt interest rate risk not hedged through derivative instruments is however partly mitigated by liquidity remunerated at rates indexed to the same debt parameter (euribor). Any consequent interest rate fluctuations may create similar effects upon cash flows generated from inventories, although in an opposing manner than those produced on cash flows related to debt positions.

The Group also has Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk of variable interest rates on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE’s Garanzia Italia (Italy Guarantee).

Maire Tecnimont share price change risk

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program to satisfy the “Equity Settled” employee plans, as the Group has assigned its capital instruments as additional remuneration for services received (employment). Maire Tecnimont S.p.A therefore subscribed to two cash-settled Total Return Equity Swap (TRES) derivative instruments, undertaken to hedge against movements in the Maire Tecnimont share price. The TRES derivative instruments for accounting purposes are measured in accordance with IFRS 9 at fair value through P&L.

Sensitivity analysis

The potential fair value loss (see table below) of currency risk derivatives (currency forwards, currency swaps and currency options) and derivatives on raw material price changes (commodity forwards), on interest rates (Interest rate swap) and on changes in TRES contracts held by the Group at December 31, 2020, following a hypothetical unfavorable and immediate change of 10% in the exchange and interest rates and the price of raw materials and shares of Maire Tecnimont, would result in a reduction in shareholders’ equity of approx. Euro 58,254 thousand, net of the tax effect.

Financial instrument (In Euro thousands)	Book value at 31/12/2020	Income statement impact	Shareholders' equity impact	Income statement impact	Shareholders' equity impact
Net Financial Assets/Liabilities		+10%		-10%	
Currency Option (*)	(29,031)		(83,287)		87,763
Currency Forward (*)	4,519	(32)	6,487	51	(7,929)
Interest Rate Swap (*)	(1,478)		151		(151)
Tres (*)	(8,103)	1,014		(1,014)	
Impact on financial assets/liabilities before tax effect		983	(76,649)	(963)	79,683
Tax rate		24.00%	24.00%	24.00%	24.00%
Impact on financial assets/liabilities, net of tax effect		747	(58,254)	(732)	60,559
Total increase (decrease)		747	(58,254)	(732)	60,559

(*) "Level 2" of Fair-Value

Receivables, payables and future cash flows are not considered where hedging operations have been undertaken. It is considered reasonable that currency movements may produce an opposing impact, of an equal amount, on the hedged underlying transactions.

32.4. Interest rate risk

The Maire Tecnimont Group is exposed to interest rate risk in relation to debt service costs.

Net Debt *(In Euro thousands)*	**Total**	**Hedged portion**	**Non-hedged portion**
Short-term debt	118,638	0	118,638
Medium/long-term debt	765,759	150,000	615,759
Total debt (*)	**884,398**	**150,000**	**734,398**
Total Cash and Cash Equivalents	*(705,327)*	*0*	*(705,327)*

(*) The account does not include the IFRS 16 - Leasing financial liability

The risk on the variable rate debt is presently essentially mitigated by the fact that Group cash deposits are remunerated at interest rates indexed to the same debt parameter (Euribor).

The Group also has Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk of variable interest rates on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE's Garanzia Italia (Italy Guarantee).

32.5. Default and debt covenant risk

This concerns the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

In 2018, the subsidiary Tecnimont S.p.A. agreed a medium/long-term cash loan for a total amount of Euro 285 million. The operation stipulated the issue of a new medium/long-term cash credit line for Euro 185 million, with Euro 175 million allocated for the full repayment of the residual part of the original Euro 350 million loan undertaken by Tecnimont and Euro 10 million to top up the original loan, in addition to the increase of the "Revolving Facility" credit line issued in favor of Tecnimont from Euro 50 million to Euro 100 million. The loan agreement made it possible to further reduce the applicable margin of the Group's medium to long-term bank debt from 1.95% to 1.70%, extending the repayment period from March 2022 to June 30, 2023, and remodeling the repayment plan. The loan agreement thus has a duration of 5 years, with repayment beginning in June 2020 and the last instalment due on June 30, 2023. During 2020, repayments were made for a total principal amount of Euro 20 million.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

In 2019, Maire Tecnimont made a further commitment to its Green Acceleration project, launched in 2018, by taking out a "ESG Linked Schuldschein Loan" to support Group investments in green technologies. The instrument is divided in two tranches with an average duration of approximately 5 years, total repayment at maturity, and an average rate of approximately 2.3%. The cost of the instrument may also vary – including downwards – in relation to the achievement of the Group's CO_2 emission reduction targets.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and EBITDA on a yearly basis, with the next measurement based on the figures at December 31, 2020.

The Group holds non-convertible bonds subscribed on a private placement basis by the pan-European fund managed by companies of the Amundi group.

The bonds are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A.. The bonds were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, on a half-yearly basis, next measured on the December 31, 2020 figures.

On May 3, 2018, Maire Tecnimont issued 165,000 Non-Convertible Bonds at a price equal to 100% of the nominal value, and with a unitary minimum value of Euro 1,000 (thousand), for a total of Euro 165 million. The Bond interest rate is 2.625% annually, with interest paid on a deferred basis on April 30 and October 31 of each year, from October 31, 2018. The Bonds shall be settled at the nominal value on April 30, 2024 where not previously settled or cancelled.

The Bond issue terms and conditions stipulate incurrence-type covenants regarding the debt level; specifically, the bond financial covenants require the maintenance of a stated net financial position/EBITDA ratio, measured annually and next measured on the December 31, 2020 figures.

On July 8, 2020, Maire Tecnimont S.p.A. signed a loan agreement for Euro 365 million, 80% of which was backed by SACE's "Garanzia Italia" (Italy Guarantee), and disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan will mainly support the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and will have a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee. The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants. The bond covenants, which regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA to be next measured on the figures at December 31, 2020, have been complied with according to the results currently available.

RISKS CONCERNING THE GROUP CAPACITY TO OBTAIN AND RETAIN GUARANTEED CREDIT LINES AND BANK GUARANTEES

In the course of operations and, in particular, for participation in tenders, the signing of contracts with operators or receiving advances and payments from such during order execution, the Group is required to issue bank and/or insurance guarantees in favor of operators.

The Group's capacity to obtain such guarantees from banks and/or insurance companies depends on an assessment of the Group's financial statements and, in particular, of the Group company involved, from analysis of the order risk, experience and the Group companies competitive positioning within its sector.

A constant stream of information is sent to the national and international banks and insurance companies with which the Group operates and which are involved in supporting the Group with the granting of the aforementioned banking and/or insurance guarantees in connection with projects for which bidding is in progress. In addition to the existing lines of credit, normally financial counterparties are selected and grant dedicated lines of credit after the Group company is awarded the contract.

At the present moment, Maire Tecnimont is satisfied with the level of credit lines available, which are considered sufficient to guarantee the resources necessary for operating continuity.

FORWARD OPERATION AND DERIVATIVES INSTRUMENTS

In presenting hedges, the IFRS 9 requirements are verified for application of hedge accounting. In particular:

- hedges under IFRS 9: these are broken down between cash flow hedges and fair value hedges. For cash flow hedges, which are currently the only category present, the matured result, where realized, is included in EBITDA with regards to currency hedges, while the fair value change is recognized to shareholders' equity for the effective portion and to the income statement for the ineffective portion.
- not considered hedges under IFRS 9: the result and the fair value change are recognized to the financial statements under EBITDA in financial income and expenses.

Derivative instruments at December 31, 2020

The table below shows the outstanding amounts of derivatives in place at the reporting date, analyzed by maturity:

(In Euro thousands)	Book value at 31/12/2020	Notional			
	MTM	Projected cash flows	Within 1 year	Between 2 and 5 years	Over 5 years
Currency Option (*)	(29,031)	912,895	321,710	591,185	
Currency Forward (*)	4,519	77,966	72,985	4,980	
Interest Rate Swap (*)	(1,478)	150,000		150,000	
Commodity (*)					
Tres (*)	(8,103)	18,192	18,192		

(*) "Level 2" of Fair-Value

The Group has the following forward currency contracts:

Description	Currency	Notional in foreign currency	Notional in Euro	Fair value at 31.12.2020
Forward purchases CNY against EUR sales	CNY	170,000,000	20,800,202	242,441
Forward purchases JPY against EUR sales	JPY	50,000,000	409,769	(15,105)
Forward purchases RUB against EUR sales	RUB	70,209,494,438	734,249,902	(25,855,938)
Forward purchases RUB against EUR sales	RUB	927,623,000	10,196,180	126,320
Forward purchases USD against EUR sales	USD	136,900,000	114,520,777	(4,063,801)
Forward purchases USD against EUR sales	USD	91,954,000	79,337,792	4,652,471
Forward purchases PLN against EUR sales	PLN	141,000,000	30,221,250	372,645
Forward sale of PLN against purchase of EUR	PLN	5,000,000	1,124,354	28,801
Total commitments			**990,860,225**	**(24,512,167)**

The Group has the following forward interest rate contracts:

Description	IRS	Interest Rate	Notional in Euro	Fair value at 31.12.2020
Interest Rate Swap 1	IRS 1	-0.23%	60,576,923	(593,589)
Interest Rate Swap 2	IRS 2	-0.23%	60,576,923	(604,322)
Interest Rate Swap 3	IRS 3	-0.23%	28,846,154	(280,295)
Total commitments			**150,000,000**	**(1,478,206)**

The Group has the following Total Return Equity Swap (TRES) contracts on the share price:

Description	Shares	Pieces	Notional in Euro	Fair value at 31.12.2020
TRES 3	Maire Tecnimont	2,067,800	8,687,345	(5,050,072)
TRES 4	Maire Tecnimont	1,500,000	5,064,750	(2,267,526)
TRES 5	Maire Tecnimont	2,000,000	4,439,424	(785,227)
Total commitments			**18,191,519**	**(8,102,825)**

Currency derivatives

The Group utilizes currency derivatives to offset any future order receipt and/or payment cash flow fluctuations from unfavorable currency movements. At December 31, 2020, derivative financial instruments concerned forward operations and, particularly, currency hedges related to Maire Tecnimont Group foreign currency orders.

Currency derivatives are undertaken with leading Italian and overseas banks in order to hedge operations and also for accounting purposes. These instruments qualify as hedging instruments. The changes in the fair value of the derivative instruments designated, and which are efficient, to hedge future cash flows relating to the Group contractual commitments are directly recorded under Shareholders' Equity, while the non-efficient portion are immediately recorded in the Income Statement.

The amounts recorded directly under Shareholders' Equity are included in the Income Statement in the same period that the cash flow hedged is included.

32.6. Classification of the financial instruments

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value. The IFRS 7 classification implies the following hierarchy:

- Level 1: fair value calculation according to active market prices. Group instruments do not fall within this category;
- Level 2: fair value measurement according to market prices or similar assets or through measurement techniques for which all significant factors are directly or indirectly based on observable market data. Group instruments fall within this category.
- Level 3: fair value measurement according to valuation models whose input is not based on observable market data ("unobservable inputs"). Some instruments whose value is based on models with inputs not directly based on observable market data are currently in place, particularly in relation to the valuation of minority holdings.

For all derivative instruments used by the Group, the fair value is calculated according to measurement techniques based on observable market parameters ("Level 2"); during the period, no transfers were made between Level 1 and Level 2 and vice versa.

As required, we report the type of financial instruments present in the financial statements, with indication of the accounting policies applied. The book value of financial assets and liabilities substantially coincide with their fair value.

31.12.2020 *(in thousands of Euro)*	Loans and Receivables - Amortized Cost	Derivative Instruments - Fair value (*)	Derivative Instruments - Hedge Accounting - Fair Value (*)	Capital instruments - Fair Value OCI (**)	Capital instruments - Fair Value to PL(**)	Total
Other non-current financial assets	57,037	-		9,867	-	66,904
Other non-current assets	112,325	-	-	-	-	112,325
Trade receivables	649,187	-	-	-	-	649,187
Financial instruments - Current and non-current derivatives	-	0	5,897	-	-	5,897
Other current financial assets	8,927	-	-	-	490	9,417
Other current assets	256,204	-	-	-	-	256,204
Cash and cash equivalents	705,327	-	-	-	-	705,327
Total Financial Assets	**1,789,007**	**0**	**5,897**	**9,867**	**490**	**1,805,261**

(*) *"Level 2" of the Fair-Value*

(**) *"Level 3" of Fair-Value*

31.12.2019 *(in thousands of Euro)*	Loans and Receivables - Amortized Cost	Derivative Instruments - Fair value (*)	Derivative Instruments - Hedge Accounting - Fair Value (*)	Capital instruments - Fair Value OCI (**)	Capital instruments - Fair Value to PL(**)	Total
Other non-current financial assets	37,356	-		10,792	-	48,148
Other non-current assets	143,389	-	-	-	-	143,389
Trade receivables	555,286	-	-	-	-	555,286
Financial instruments - Current and non-current derivatives	-	3,465	25,223	-	-	28,688
Other current financial assets	6,246	-	-	-	211	6,457
Other current assets	185,262	-	-	-	-	185,262
Cash and cash equivalents	727,394	-	-	-	-	727,394
Total Financial Assets	**1,654,931**	**3,465**	**25,223**	**10,792**	**211**	**1,694,622**

(*) *"Level 2" of the Fair-Value*

(**) *"Level 3" of Fair-Value*

31.12.2020 (in thousands of Euro)	Financial Liabilities - Amortized Cost	Derivative Instruments - Fair value (*)	Derivative Instruments - Hedge Accounting - Fair Value (*)	Total
Financial debt - non-current portion	567,189			567,189
Other non-current financial liabilities	198,570			198,570
Short-term debt	118,308			118,308
Other current financial liabilities	330			330
Finance lease liabilities - current and non-current	135,895			135,895
Financial instruments - Current and non-current derivatives		8,103	31,887	39,990
Trade payables	1,706,534			1,706,534
Other Current Liabilities	302,521			302,521
Total Financial Liabilities	**3,029,347**	**8,103**	**31,887**	**3,069,337**

(*) *"Level 2" of the Fair-Value*

31.12.2019 (in thousands of Euro)	Financial Liabilities - Amortized Cost	Derivative Instruments - Fair value (*)	Derivative Instruments - Hedge Accounting - Fair Value (*)	Total
Financial debt - non-current portion	244,274			244,274
Other non-current financial liabilities	198,094			198,094
Short-term debt	342,468			342,468
Other current financial liabilities	330			330
Finance lease liabilities - current and non-current	150,084			150,084
Financial instruments - Current and non-current derivatives		6,619	1,291	7,910
Trade payables	1,960,592			1,960,592
Other Current Liabilities	202,749			202,749
Total Financial Liabilities	**3,098,592**	**6,619**	**1,291**	**3,106,502**

(*) *"Level 2" of the Fair-Value*

33. Positions or transactions arising from atypical and/or unusual operations

In accordance with Consob Communication of July 28, 2006 No. DEM/6064293, the Group did not undertake any atypical and/or unusual operations, as defined in the communication.

34. Significant non-recurring events and operations

In 2020, the Group did not execute any significant non-recurring operations in accordance with Consob Communication No. DEM/6064293 of July 28, 2006.

35. Subsequent events after December 31, 2020

For significant events following year-end, reference should be made to the accompanying Directors' Report.

36. Statement on the consolidated financial statements as per Article 154-bis, paragraph 5 of Legislative Decree No. 58/98 and subsequent amendments and supplements

1. The undersigned Pierroberto Folgiero, as "Chief Executive Officer" and Dario Michelangeli as "Executive Officer for Financial Reporting" of MAIRE TECNIMONT S.p.A. declare, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
   - the adequacy considering the company`s characteristics and
   - the effective application of the administrative and accounting procedures for the compilation of the consolidated financial statements for 2020.
2. In addition, we declare that the consolidated financial statements:
   - are drawn up in conformity with the applicable international accounting standards recognized by the European Union in accordance with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
   - correspond to the underlying accounting documents and records;
   - are drawn up as per Article 154-*ter* of the above-stated Legislative Decree No. 58/98 and subsequent amendments and supplements and provide a true and fair view of the balance sheet, income statement and financial position of the issuer and the companies included in the consolidation.
3. The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

This statement is provided also in accordance with Article 154-*bis*, paragraph 2 of Legislative Decree No. 58 of February 24, 1998.

Milan, March 10, 2021

The Chief Executive Officer	The Executive Officer for Financial Reporting
Pierroberto Folgiero	**Dario Michelangeli**

Financial Statements and Explanatory Notes

December 31, 2020

37. Financial Statements

37.1. Income Statement

(in Euro)	Note	2020	2019
Revenues	*41.1*	33,127,676	91,689,512
Other operating income	*41.2*	3,415,003	4,029,097
Total Revenues		**36,542,679**	**95,718,610**
Raw materials and consumables	*41.3*	(46,386)	(26,659)
Service costs	*41.4*	(21,550,560)	(20,547,793)
Personnel expenses	*41.5*	(21,023,721)	(27,827,552)
Other operating expenses	*41.6*	(3,142,605)	(1,441,056)
Total Costs		**(45,763,272)**	**(49,843,061)**
EBITDA		**(9,220,593)**	**45,875,549**
Amortization, depreciation and write-downs	*41.7*	(1,003,406)	(962,617)
EBIT		**(10,223,999)**	**44,912,932**
Financial income	*41.8*	11,233,660	7,994,261
Financial expenses	*41.9*	(22,343,087)	(18,252,646)
Investment income/(expense)	*41.10*	0	(10,000,000)
Income/(loss) before taxes		**(21,333,427)**	**24,654,547**
Income taxes	*41.11*	8,131,888	6,072,921
Net income/(loss) for the year		**(13,201,539)**	**30,727,468**
Basic earnings per share	*41.12*	**(0.04)**	**0.09**
Diluted earnings per share	*41.12*	**(0.04)**	**0.09**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”, while in the tables no separate indication was provided as not considered significant.

37.2. Comprehensive Income Statement

(in Euro)	Note	2020	2019
Net income(loss) for the year		**(13,201,539)**	**30,727,468**
Other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the year:			
Actuarial losses	*42.14*	(21,523)	(38,868)
Relative tax effect	*42.14*	5,166	10,689
Total other comprehensive expense which may not be subsequently reclassified to loss for the year:		**(16,357)**	**(28,179)**
Other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the year:			
Net valuation of derivatives instruments:			
Valuation derivative instruments	*42.14*	**(1,478,206)**	**0**
Relative tax effect	*42.14*	**354,769**	**0**
Total other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the year:		**(1,123,437)**	**0**
Total other comprehensive income/(losses), net of tax effect		**(1,139,794)**	**(28,179)**
Total comprehensive income/(loss)		**(14,341,333)**	**30,699,289**

37.3. Balance Sheet

(in Euro)	Note	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	*42.1*	355,570	511,912
Other intangible assets	*42.2*	4,638,905	3,643,878
Right-of-use - Leasing	*42.3*	2,771,370	3,182,517
Investments in subsidiaries	*42.4*	771,231,025	767,709,713
Financial receivables	*42.5*	320,741,779	0
Other non-current assets	*42.6*	1,100,000	1,100,000
Deferred tax assets	*42.7*	1,110,390	1,554,889
Total non-current assets		**1,101,949,041**	**777,702,909**
Current assets			
Trade receivables	*42.8*	27,036,228	28,081,918
Current tax assets	*42.9*	17,324,996	38,593,658
Financial instruments - Derivatives	*42.10*	0	517,252
Other current financial assets	*42.11*	141,438,143	145,486,582
Other current assets	*42.12*	1,373,537	507,562
Cash and cash equivalents	*42.13*	265,432,302	102,463,347
Total current assets		**452,605,205**	**315,650,320**
Total Assets		**1,554,554,245**	**1,093,353,229**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure “Related Party Transactions”, while in the tables no separate indication was provided as not considered significant.

(in Euro)	Note	2020	2019
Shareholders' Equity & Liabilities			
Shareholders' Equity			
Share capital	*42.14*	19,920,679	19,920,679
Share premium reserve	*42.14*	272,921,086	272,921,086
Other reserves	*42.14*	118,203,150	112,618,788
Valuation reserve	*42.14*	(1,228,694)	(88,900)
Total shareholders' equity & reserves	*42.14*	**409,816,221**	**405,371,653**
Retained earnings (accumulated losses)	*42.14*	47,456,373	16,728,905
Net income for the year	*42.14*	(13,201,539)	30,727,468
Total Shareholders' Equity		**444,071,055**	**452,828,026**
Non-current liabilities			
Financial debt - non-current portion	*42.15*	427,200,139	61,905,553
Provisions for risks and charges - beyond 12 months	*42.16*	2,073,326	719,749
Deferred tax liabilities	*42.7*	656,334	581,609
Post-employment & other employee benefits	*42.17*	524,722	502,449
Financial instruments - Non-current derivatives	*42.18*	1,026,541	0
Other non-current financial liabilities	*42.19*	183,572,150	183,152,246
Non-current financial liabilities - Leasing	*42.20*	2,138,761	2,548,347
Total non-current liabilities		**617,191,972**	**249,409,953**
Current liabilities			
Short-term debt	*42.21*	969,595	7,217,005
Current financial liabilities - Leasing	*42.20*	642,762	667,731
Provisions for risks and charges - within 12 months	*42.22*	194,345	5,017,618
Tax payables	*42.23*	595,922	614,913
Financial instruments – Derivatives	*42.24*	8,554,490	4,886,862
Other current financial liabilities -current	*42.25*	462,540,072	323,210,898
Trade payables	*42.26*	12,226,470	15,174,929
Other Current Liabilities	*42.27*	7,567,560	34,325,294
Total current liabilities		**493,291,218**	**391,115,250**
Total Shareholders' Equity and Liabilities		**1,554,554,245**	**1,093,353,229**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions", while in the tables no separate indication was provided as not considered significant.

38. Statement of changes in Shareholders' Equity

(in Euro)	Share capital	Share premium reserve	Legal reserve	Other reserves	Valuation reserve	Retained earnings/ (acc. losses)	Income/(losses) for year	Shareholders' Equity
Balance at December 31, 2018	**19.920.679**	**272.921.086**	**5.328.333**	**109.447.200**	**(60.721)**	**16.370.907**	**39.466.209**	**463.393.694**
Allocation of the result						39.466.209	(39.466.209)	0
Dividends distributed						(39.108.211)		(39.108.211)
IFRS 2 (Employee share plans)				(2.156.745)				(2.156.745)
Acquisition of Treasury Shares 2019				(3.162.443)				(3.162.443)
Utilization Treasury Shares 2019 for PAD 2018				3.162.443				3.162.443
Comprehensive income/(loss) for the year					(28.179)		30.727.468	30.699.289
Balance at December 31, 2019	**19.920.679**	**272.921.086**	**5.328.333**	**107.290.455**	**(88.900)**	**16.728.905**	**30.727.468**	**452.828.026**
Balance at December 31, 2019	**19.920.679**	**272.921.086**	**5.328.333**	**107.290.455**	**(88.900)**	**16.728.905**	**30.727.468**	**452.828.026**
Allocation of the result						30.727.468	(30.727.468)	0
Dividends distributed								0
IFRS 2 (Employee share plans)				5.584.362				5.584.362
Comprehensive income/(loss) for the year					(1.139.794)		(13.201.539)	(14.341.333)
Balance at December 31, 2020	**19.920.679**	**272.921.086**	**5.328.333**	**112.874.817**	**(1.228.694)**	**47.456.373**	**(13.201.539)**	**444.071.055**

39. Cash Flow Statement (indirect method)

(in Euro)	2020	2019
Cash and cash equivalents at beginning of the year (A)	**102,463,347**	**41,993,341**
Operations		
Net Income	(13,201,539)	30,727,468
Adjustments:		
Amortization of intangible assets	91,455	92,065
Depreciation of non-current tangible assets	156,342	158,768
Depreciation of right-of-use - Leasing	755,609	711,784
Provisions	-	-
(Revaluations)/Write-downs of investments	-	10,000,000
Financial Charges	22,343,087	18,252,646
Financial (Income)	(11,233,660)	(7,994,261)
Income & deferred tax	(8,131,888)	(6,072,921)
(Gains)/Losses	1,372	-
(Increase) / Decrease in trade receivables	1,045,691	23,811,134
Increase/(Decrease) in other liabilities	(26,776,725)	31,221,965
(Increase)/Decrease in other assets	21,767,975	2,046,021
(Increase)/Decrease deferred tax assets and liabilities	7,646,003	(16,974,567)
Increase/(Decrease) in trade payables	(4,025,739)	(323,425)
Increase / (Decrease) in provisions (incl. post-employ. benefits)	(1,405,895)	(10,576,981)
Income taxes paid	-	(11,327,086)
Cash flow from operations (B)	**(10,967,910)**	**63,752,610**
Investments		
(Investment)/Disposal of non-current tangible assets		-
(Investment)/Disposal of intangible assets	(9,202)	(134,000)
(Increase)/Decrease in other investments	-	(12,344,642)
Cash flow from investments (C)	**(9,202)**	**(12,478,642)**
Financing		
Repayments of principal finance lease liabilities	(780,635)	(671,520)
Payment interest on finance lease liabilities	(105,764)	(113,263)
Increase/(Decrease) in short-term debt	(11,745,068)	(6,318,348)
Proceeds from long-term debt	365,000,000	61,905,553
Increase securities/bonds	-	(20,000,000)
Change in other financial assets/liabilities	(178,422,467)	16,664,270
Dividends	-	(39,108,211)
Treasury Shares-Buyback	-	(3,162,443)
Cash flow from financing (D)	**173,946,067**	**9,196,038**
Increase/(Decrease) in cash and cash equivalents (B+C+D)	**162,968,955**	**60,470,006**
Cash and cash equivalents at year end (A+B+C+D)	**265,432,302**	**102,463,347**

The transactions with related parties, pursuant to Consob Resolution No. 15519 of July 27, 2006, are illustrated in the separate disclosure "Related Party Transactions", while in the tables no separate indication was provided as not considered significant.

40. Explanatory Notes at December 31,2020

BASIS OF PREPARATION

INTRODUCTION

Maire Tecnimont S.p.A. is a company incorporated in Italy at the Rome Companies Registration Office. According to the provisions of the first paragraph of Article 4 of Legislative Decree 38/2005, the statutory financial statements of Maire Tecnimont S.p.A. (separate financial statements), as listed on an Italian regulated market, have been prepared according to International Financial Reporting Standards (hereafter "IFRS" or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure at Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002. The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption.

The financial statements are presented in Euro which is the Company's functional currency.

FINANCIAL STATEMENTS

The financial statements and disclosure reported in these statutory financial statements were prepared as per IAS 1 REVISED, CONSOB communication No. 1559 and CONSOB communication No. 6064293, issued on July 28, 2006.

The Balance Sheet accounts are classified between current and non-current, while the Income Statement and Comprehensive Income Statement are classified by nature of expenses.

The Cash Flow Statement is presented in accordance with the indirect method, adjusting the income for the period with non-cash items.

The Statement of change in Shareholders' Equity reports comprehensive income (charges) for the period and the changes in Shareholders' Equity.

GOING CONCERN

The Group and the Company consider the going concern principle appropriate for the preparation of the consolidated and separate financial statements at December 31, 2020.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE FROM 2020

The following amendments and interpretations applied from January 1, 2020 did not have a significant impact on the Group consolidated financial statements.

- The International Accounting Standards Board has modified certain hedge accounting requirements. The amendments are designed to support the disclosure of useful financial information by companies during the uncertain period resulting from the gradual elimination of interest rate benchmarks such as interbank offered rates (IBORs). The Board amended its new and old standards on financial instruments, IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, in addition to the related standard IFRS 7 - Financial Instruments: Disclosures. These changes mainly concern interest rate hedging transactions in cases where there are uncertainties regarding: (i) the benchmark index for determining interest rates designated as hedged risk; and/or (ii) the timing or amount of cash flows correlated to the benchmark indices for determining interest rates of the hedged item or hedging instrument.

- On October 22, 2018, the IASB published the document "Amendments to IFRS 3 Business Combinations". The amendments introduced by the document make it easier to classify a transaction as the acquisition of a business or of a group of activities. Specifically, there is a business acquisition if the contract provides for the acquisition of one (or more) input and a substantial process that, together, contribute significantly to the ability to create an output. On the other hand, if all the conditions described above are not met, this represents the acquisition of a group of assets, which leads to the capitalization of their acquisition cost and amortization on the basis of the provisions of IAS 16.

- On October 31, 2018, the IASB published the document “Amendments to IAS 1 and IAS 8: Definition of Material”. The document redrew and clarified the definition of “material” with regards to the following concepts: (i) “obscuring”: obscuring relevant information with other information which may be omitted may have a similar effect as omission or misrepresentation; (ii) “could reasonably be expected to influence”: the amount of information to be provided should not be affected by the remote risk of influencing the users of financial statements; (iii) “primary users”: these and not all possible users of the financial statements are those to be considered when establishing the disclosure to be provided.

- With Regulation No. 2019/2075, issued by the European Commission on November 29, 2019, the document "Amendments to References to the Conceptual Framework in IFRS Standards" was endorsed, which contains amendments, essentially of a technical and editorial nature, to the international accounting standards aimed at transposing the new reference framework of IFRS (so-called Conceptual Framework for Financial Reporting), published by the IASB on March 29, 2019.

The following amendments and interpretations applied from June 1, 2020 did not have a significant impact on the Group consolidated financial statements.

- On May 28, 2020, the IASB issued amendments to IFRS 16 "Leases" - "COVID-19 - Related Rent Concessions - Amendment to IFRS 16”, which introduced a practical expedient whereby lessees are permitted to recognize rent concessions, arising from the COVID-19 pandemic, as negative variable rent without having to remeasure lease assets and liabilities, subject to the following requirements: (i) the concessions relate to reductions in only payments due by June 30, 2021; (ii) the total contractual payments, after rent concessions, are equal to or less than the payments originally provided for in the contracts; and (iii) no other material changes have been agreed to with the lessor.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION AT DECEMBER 31, 2020

At the date of the present Annual Report, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and financial expenses described below:

- On June 25, 2020, the IASB issued amendments to IFRS 17 "Insurance Contracts" that define the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which go beyond those currently envisaged by IFRS 4 "Insurance Contracts", are intended to help businesses implement the standard and (i) reduce costs by simplifying the requirements of the standard; (ii) make it easier to make disclosures in the financial statements; (iii) facilitate the transition to the new standard by postponing its entry into force. The amendments are effective from years beginning on, or subsequent to, January 1, 2023.

- On May 14, 2020, the IASB issued the document "Annual Improvements to IFRS Standards 2018-2020 Cycle" and published amendments to IAS 16 "Property, plant and equipment", IAS 37 "Provisions, contingent liabilities and contingent assets", and IFRS 3 "Business combinations". Changes in standards are effective on or after January 1, 2022.

- On July 15, 2020, the IASB issued an Amendment to IAS 1 "Classification of Liabilities as Current or Non-current - Deferral of Effective Date" whereby, due to the COVID-19 pandemic, the effective date of the amendments was postponed to January 1, 2023.

40.1. Accounting policies

The main accounting policies adopted in the preparation of the financial statements are illustrated below.

The accounting policies utilized in the preparation of the financial statements at December 31, 2020 are the same as those adopted for the preparation of the financial statements at December 31, 2019.

BUSINESS COMBINATIONS

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Company, in exchange for control of the company acquired, plus any costs directly attributable to the business combination.

The identifiable assets, liabilities and contingent liabilities of the company acquired that comply with the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, with the exception of non-current assets (or disposal groups) which are classified as held-for-sale in accordance with IFRS 5 and are recognized and measured at fair value, net of sales costs.

Goodwill deriving from acquisition is recognized under assets and initially measured at cost, represented by the excess of the acquisition cost compared to the Group share in the present value of the identifiable assets, liabilities and contingent liabilities recognized. Where, after the measurement of these values, the Group share in the present value of the identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost, the excess is immediately recorded in the Income Statement.

INVESTMENTS

Investments in subsidiaries, in jointly held subsidiaries and in associates, differing from those held-for-sale, are measured at purchase cost including direct accessory costs. Where there is an indication of a reduction in the value of an asset, its recovery is verified comparing the carrying value with the relative recoverable value, represented by the higher between the fair value, net of selling costs, and the value in use. In the absence of a binding sales agreement, the fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is generally established, within the limits of the corresponding portion of net equity of the investee from the consolidated financial statements, by discounting the projected cash flows of the asset and, if significant and reasonably calculable, from its disposal, less disposal costs. The cash flow is determined on the basis of reasonable and documented assumptions represented by the best estimates of the expected economic conditions, giving greater significance to the indications obtained from outside sources. Discounting is carried out at a rate which takes account of the implied risk within the company's operating sector. The risk deriving from any losses exceeding the net equity is recorded in a specific account up to the amount the parent company is committed to comply with legal or implicit obligations in relation to the investee or in any case to cover the losses.

If the reasons for the recognition of the impairment loss no longer exist, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in the income statement under investment income/expense. Other investments are measured at fair value with recognition of the effects to the income statement if held-for-trading, or to the "Other reserves" net equity account; in this latter case, the reserve is recognized to the income statement on write-down or realization. Where the fair value may not be reliably calculated, the investments are valued at cost, adjusted for impairments; impairments may be not written back.

Investments held-for-sale are measured at the lower of their book value and fair value, less selling costs.

NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held-for-sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying value and market value less selling costs.

REVENUE RECOGNITION

Revenues are recorded at the fair value of the amount received less returns, discounts and allowances as follows:

- revenue from sales: on the effective transfer of the risks and rewards typically connected with ownership;
- revenue from services: on the provision of the service.

The Company classifies exchange differences deriving from commercial operations under operating results, and in particular in the accounts other operating revenues and other operating costs depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

Dividends received

Dividends are recognized where the shareholder right to receipt arises, normally the year in which the Shareholders' Meeting of the investee is held approving the distribution of profits or reserves.

PROPERTY, PLANT AND EQUIPMENT

Plant and machinery utilized for the production or the provision of goods and services are recorded in the financial statements at historic cost, including any accessory and direct costs necessary for the asset to be available for use.

Plant, machinery & equipment are recognized at cost, net of accumulated depreciation and any write-down for loss in value.

Depreciation is calculated on a straight-line basis on the cost of the assets, according to their estimated useful life, which is reviewed annually at following rates:

Asset Category	Rate
Land	0%
Buildings	from 2% to 10%
Plant & machinery	from 7.5% to 15%
Industrial and commercial equipment	15%
Furniture	12%
EDP	20%
Motor vehicles	from 20% to 25%

Gains and losses deriving from the disposal or sale of assets are determined as the difference between the sales revenue and the net book value of the asset and are recorded in the Income Statement in the year.

Ordinary maintenance costs are fully charged to the income statement.

Improvements on the original value of the assets are capitalized and depreciated based on their residual utilization.

Leasehold improvements which may be recorded as an asset are recognized under property, plant and equipment and depreciated at the lower between the residual duration of the contract and the residual useful life of the asset.

Grants

Capital grants are recognised when there is reasonable certainty that they will be received and that the conditions will be satisfied for their attainment.

Capital grants are recorded as a direct reduction of the asset to which they refer. The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset.

INTANGIBLE ASSETS

Intangible assets acquired separately are recorded at cost less amortization and any net loss in value. Amortization is calculated on a straight-line basis over the useful life of the asset. The amortization method and the residual useful life are reviewed at the end of each accounting period. The effects deriving from the change in the amortization method and the residual useful life are recorded prospectively.

Intangible assets generated internally – research and development costs

Research costs are expensed to the income statement in the period in which they are incurred.

Intangible assets generated internally deriving from the development phase of a Company internal project are only recognized under assets when the following conditions are met:

- There is the technical feasibility to complete the intangible asset for its use or sale;
- There is the intention to complete the intangible asset and utilize or sell the asset;
- There is the capacity to utilize or sell the intangible asset;
- It is probable that the asset created will generate future economic benefits;
- There exists the technical, financial and other resources in order to complete the development and utilize or sell the asset during the development phase.

The initial amount recognized of the intangible assets generated internally corresponds to the sum of the expenses incurred at the date in which the asset meets the criteria described above. Where these expenses may not be recorded as intangible assets generated internally, the development expenses are expensed in the Income Statement in the period in which they are incurred.

Subsequent to initial recognition, the intangible assets generated internally are recorded at cost less any accumulated loss in value, as occurs for intangible assets acquired separately.

Intangible assets acquired through a Business Combination

Intangible assets acquired in a business combination are identified and the amortization is recorded where they satisfy the definition of intangible assets and their fair value may be determined reliably. The cost of these intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets acquired in a business combination are recorded at cost less amortization and any accumulated loss in value, as occurs for intangible assets acquired separately.

RIGHT-OF-USE - LEASING

IFRS 16 establishes a single model for accounting for lease contracts involving the recognition by the lessee of a right-of-use asset and a lease liability representing the obligation to make the payments required under the contract. At the commencement date (the date on which the asset is made available for use), the right of use is initially measured at cost as the sum of the following:

- the initial amount of the lease liability;

- the payments due for the lease made on or before the commencement date, net of any incentives received for the lease;

- the initial direct costs incurred by the lessee;

- the estimated costs that the lessee expects to pay to dismantle and remove the underlying asset and restore the site in which it is located or to restore the underlying asset to the conditions provided for in the terms and conditions indicated in the lease contract.

After initial recognition, the right of use is amortized, tested for impairment and adjusted to reflect any restatement of the lease liability. Amortization is applied on a straight-line basis according to the term of the contract, taking account of renewal/termination options that are highly likely to be exercised. Only if the lease provides for a reasonably certain purchase option is the right-of-use asset amortized systematically over the entire useful life of the underlying asset.

After initial recognition, the right of use is amortized, tested for impairment and adjusted to reflect any restatement of the lease liability. Amortization is applied on a straight-line basis according to the term of the contract, taking account of renewal/termination options that are highly likely to be exercised. Only if the lease provides for a reasonably certain purchase option is the right-of-use asset amortized systematically over the entire useful life of the underlying asset.

IMPAIRMENT OF TANGIBLE, INTANGIBLE AND FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying value of its intangible, tangible and financial assets to determine if there are indications that these assets have incurred a loss in value. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to. When it is established that a potential loss exists, an estimate of the recoverable amount is made in order to identify the amount of the loss.

The indefinite intangible assets, such as goodwill and brands, are verified annually and whenever there is an indication of a possible loss in value, in order to determine if there has been a loss in value.

The recoverable value is the higher between fair value less costs to sell and value in use. In determining the value in use, the estimated future cash flows are discounted on a pre-tax basis which reflects the market assessment of the time value of money and the risks specific to the asset. In the determination of this value various cash flow scenarios are utilized (sensitivity analysis).

If the recoverable value of an asset (or a CGU) is considered lower than its carrying value, it is reduced to its recoverable value. A loss in value is recognized in the income statement immediately.

Where, subsequently, the loss in value no longer exists or reduces, the book value of the asset is increased up to the new estimate of the recoverable value and may not exceed the value which would be determined where no loss in value had been recorded. The reversal of a loss in value is immediately recorded in the income statement.

In addition, IFRS 16 requires that lessees test rights of use associated with leased assets for impairment in accordance with IAS 36, similarly to other owned company assets. Accordingly, when there are signs of impairment, it must be determined whether the right of use may be tested on a stand-alone basis or at the level of CGU.

With reference to the recoverability test of the “Right-of-Use”, the Company decided to include the right-of-use net of the related lease liability in the CGU being assessed and determine the value in use considering the outlays for lease rentals using a pre-IFRS 16 discounting rate.

FINANCIAL INSTRUMENTS

The classification of the financial instruments as per IFRS 9 is based on the “business model” and on the characteristics of the contractual cash flows of the instruments. The “business model” represents the management model of the financial assets held by the company on the basis of the strategic objectives defined, in order to generate cash flows by collecting the contractual cash flows, selling financial assets or managing both models.

Financial assets and liabilities are recorded in the financial statements when the Company has the contractual obligations of the instrument.

FINANCIAL ASSETS

The “business models” utilized by the company are:

- Held To Collect (HTC), managed to collect contractual cash flows: corresponding to the wish to hold the instruments until maturity;

- Held To Collect and Sell (HTC&S), managed to collect contractual cash flows and for sale: corresponding to the wish to meet liquidity needs and minimize liquidity management cost and maintain the risk profile;

- Other – residual category, managed for trading; corresponding to the wish to maximize contractual cash flows through sale.

Receivables

In considering the classification of financial assets, the company’s business model and cash flow characteristics were taken into account. In particular trade receivables are classified in the category of the receivables Held-to-collect, corresponding to the wish to hold the instruments until maturity.

Receivables are initially recognized at fair value and subsequently measured at amortized cost, utilizing the effective interest rate method, net of the relative losses in value with reference to amounts considered non-recoverable, recorded in a specific doubtful debt provision. The original amount is restated whenever the reasons for the adjustment no longer apply. In this case, any reversal of previous provisions are recorded in the income statement and may not exceed the amortized cost of the receivable in the absence of the previous adjustments.

Trade receivables which mature within the normal commercial terms are not discounted. Receivables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

Other financial assets

Financial assets are recognized at cost, recorded at the trading date, represented by the fair value of the initial amount given in exchange, increased by any transaction costs (for example: commissions, consultancy etc.) directly attributable to the acquisition of the asset. After initial recognition, these assets are measured at amortized cost using the original effective interest method.

Financial assets held for speculative purposes in the short-term are recognized and measured at fair value, with changes recorded in the income statement.

With regards to the valuation of financial assets concerning minority investments, IFRS 9 requires fair value measurement. These investments are measured at fair value with changes to the statement of comprehensive income, although as not listed on an active market, the fair value is therefore estimated, although does not vary from the cost and the relative portion of equity.

Cash and cash equivalents

Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on-demand, plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

Impairment model

The method is based on a predictive approach (expected credit losses model), based on the probability of default and the capacity of recovery in the event of a loss given default.

In the estimate of the impairment of receivables official ratings are utilized where available or internal ratings, to determine the probability of default of the counterparty; the capacity of recovery was also identified in the case of a loss given default of the counterparty based on historical experiences and different possible recovery methods.

Currently, all company receivables are inter-company and in consideration of the net exposure of the company towards these parties, no impairment effects are indicated.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Company are classified based on the substance of the contractual agreements that generated them and in accordance with the respective definitions of financial liabilities and equity instruments. These latter are defined as those contracts which give the right to benefit from the residual interest of the assets of the company after the reduction of the liabilities. The accounting policies adopted for specific financial liabilities and Equity instruments are described below.

Payables

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of directly attributable transaction costs.

Subsequent to initial recognition, the payables are measured under the amortized cost method, utilizing the effective interest rate method. This category includes interest bearing bank loans, overdrafts, non-convertible bonds and trade payables.

The trade payables which mature within the normal commercial terms are not discounted. Payables in currencies other than the operational currency of the individual companies are recorded at the period-end exchange rates.

FAIR VALUE MEASUREMENT

Fair value is the amount in which an asset (or a liability) may be exchanged in a transaction between independent counterparties with reasonable knowledge of the market conditions and significant events related to the item under negotiation. The presumption that an entity is fully operational and does not need to liquidate or significantly reduce activities, or undertake operations at unfavorable conditions, is fundamental to the definition of fair value. The fair value reflects the credit quality of the instrument as it incorporates the counterparty risk.

Receivables and Payables:

For receivables and payables recorded in the financial statements at cost or amortized cost, the fair value for the purposes of the disclosure to be provided in the Explanatory Notes is determined as follows:

- for short-term receivables and payables, it is considered that the value paid/received reasonably approximates fair value;
- for medium/long-term receivables/payables, the measurement is principally undertaken through the discounting of future cash flows. The discounting of the expected cash flows is normally undertaken through the zero coupon curve increased by the margin represented by the specific credit risk of the counterparty.

Other financial instruments (Debt and equity securities)

The fair value for this category of financial asset is measured taking as reference the listed prices at the reporting date of the financial statements where existing, otherwise with reference to technical valuations utilizing as input exclusively market data.

Other financial instruments (Minority holdings)

The fair value for this category of financial assets is calculated according to valuation models whose input is not based on observable market data (“unobservable inputs”).

FINANCIAL LIABILITIES - LEASING

Under IFRS 16, the lease liability is initially measured at the present value of the payments due at the commencement date, which include:

- the fixed payments that are reasonably certain to be paid, net of any lease incentives to be received;

- the variable payments due that depend on an index or a rate (variable payments such as rentals based on the use of the leased asset, are not included in the lease liability, but taken to the income statement as operating costs over the term of the lease contract);

- any amounts expected to be paid as security for the residual value granted to the lessor;

- the exercise price of the purchase option, if the lessee is reasonably certain to exercise it;

- the penalty payments for breaking the lease, if the lessee is reasonably certain to exercise this option.

The present value of these payments is calculated by adopting a discount rate equal to the implicit interest rate on the lease or, where this cannot be easily determined, using the lessee’s incremental financing rate. The lessee’s incremental financing rate is determined on the basis of the frequency and duration of the payments provided for in the lease contract, the currency in which they are denominated and the characteristics of the lessee’s economic environment.

Future cash flows are therefore discounted at the risk free rate of the respective currencies, plus a spread for the specific risk of the Company, established as the difference between the yield on the listed Maire Tecnimont S.p.A. debt securities against an instrument with similar features but without risk.

After initial recognition, the lease liability is measured at amortized cost (i.e., by increasing its carrying amount to take account of the interest on the liability and decreasing it to take account of the payments made) using the effective interest rate and is redetermined, with a balancing entry to the carrying amount of the related right-of-use, to reflect any modifications to the lease following contractual renegotiations, changes in indices or rates or modifications relating to the exercise of contractually established renewal, early termination or leased asset purchase options.

The new Standard eliminates the classification, for the lessee, of leases as operating or financial, with limited exceptions to the application of the accounting treatment (allocation of lease rentals to the income statement on an accrual basis for leases that qualify as “short-term” or “low-value”). For the financial statements of lessors, however, the separation is maintained between operating and financing leases.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recognized based on the amount received, net of direct issue costs.

CONVERTIBLE BONDS

In accordance with IAS 32 “Financial Instruments: Presentation in the financial statements” convertible bonds are recorded as hybrid financial instruments, formed by two components which are treated separately only if significant: a liability and a conversion option. The liability corresponds to the present value of the future cash flows based on the current interest rate at the issue date for an equivalent non-convertible bond. The value of the option is defined as the difference between the net amount received and the amount of the liability and is recorded under equity. The value of the conversion option in shares does not change in subsequent periods. On the contrary, where the characteristics of the bond result in, on the exercise of the conversion right, the right of the company to deliver shares or offer a combination of shares and cash, the option is recognized as a financial liability for the incorporated host, measured at fair value through P&L, while the difference compared to the original nominal value or rather the financial liability (host) is recorded at amortized cost.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program. The structure of the contracts in place is in line with the Group "hedging" policy.

The TRES derivative instruments for accounting purposes are measured in accordance with IFRS 9 at fair value through P&L.

The accounting of the hedging instruments differs depending on the objective of the hedge: cash flow hedges or fair value hedges.

Fair value calculation

The fair value of financial instruments is represented by the current market price or, in their absence the application of appropriate financial valuation models which take into consideration all the factors adopted by market operators and the prices obtained in a real market transaction.

In particular, the fair value of the TRES is measured discounting the expected cash flows, calculated on the basis of market interest rate at the reference date and the price of the underlying listed shares.

Cash flow hedge

The changes in the fair value of the derivative instruments which are designated, and which are efficient, to hedge future cash flows relating to the Company contractual commitments are directly recorded under Equity, while the non-efficient portion are immediately recorded in the Income Statement.

The amounts recorded directly under Equity are included in the Income Statement in the same period that the contractual commitment hedged is included in the Income Statement.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets are eliminated from the balance sheet when the right to receive the cash flows no longer exists and all the related risks and benefits are substantially transferred (so-called derecognition) or where the item is considered definitively non-recoverable after the completion of all the necessary recovery procedures. Financial liabilities are derecognized from the balance sheet when the specific contractual obligations are extinct. Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. With recourse receivables and non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred; in this case a financial liability of a similar amount is recorded under liabilities against advances received.

SHAREHOLDERS' EQUITY

Share capital

The share capital is the amount of the subscribed and paid-in capital of the Company. The costs strictly related to the issue of new shares are classified as a reduction of the share capital when they refers to costs directly attributable to the equity operation.

Treasury Shares

They are recorded as a decrease of the shareholders' equity. The costs incurred for the issue of new shares by the Company are recorded as a reduction in equity, net of any deferred tax effect. The gains or losses for the purchase, sale, issue or cancellation of treasury shares are not recorded in the income statement.

Retained earnings/ (accumulated losses)

This refers to the results of previous years for the part not distributed or recorded under reserves (in the case of profit) or recapitalized (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Other reserves

These include, among others, the legal reserve and the extraordinary reserve.

Valuation reserve

These include, among others, the actuarial reserve on defined benefit plans recognized directly to equity.

CONTRACTUAL LIABILITIES DERIVING FROM FINANCIAL GUARANTEES

The contractual liabilities deriving from financial guarantees are initially measured at their fair value and subsequently measured at the higher between:

- the amount of the contractual obligation, determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;
- the initial amount recorded net, where applicable, of the accumulated amount recorded in accordance with the recognition of the revenues as described above.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recorded in the financial statements when the Company has a present obligation (legal or implied) that is the result of a past event and it is probable that the obligation must be met. Provisions are made based on the best estimate of the cost of fulfilling the obligation at the reporting date, and are discounted when the effect is significant.

When the Company considers a provision for risks and charges must be in part or in full reimbursed, the indemnity is recorded under assets only when the reimbursement is almost certain and the amount of reimbursement may be determined reliably.

Onerous contracts

Where the Company has an onerous contract, the current obligation contained in the contract must be recognized and measured as a provision.

An onerous contract is a contract in which the non-discretional costs necessary to settle the obligations exceed the economic benefits deriving from such.

Guarantees

The provisions for guarantee costs are accrued when it is considered probable that the request to honor the guarantee will be made. The calculation of the provision is made based on the best estimate by Management of the costs required to comply with the obligation.

POST-EMPLOYMENT BENEFITS

The payments for defined contribution plans are recognized in the Income Statement of the period in which they are due.

For the defined benefit plans, the cost relating to the benefits recognized is determined using the projected unit credit method, making actuarial valuations at the end of each period. Actuarial gains and losses are recognized in the period they arise and recorded directly in a specific equity reserve. The cost relating to past employment service is immediately recorded when the benefits have already matured.
The liabilities for post-employment benefits recorded in the balance sheet represent the present value of the liabilities for the defined benefit plans adjusted to take into account any actuarial gains or losses not recorded and costs relating to past employment services not recorded, and reduced by the fair value of the asset plan.
Any net assets resulting from this calculation are limited to the value of the actuarial losses not recorded and costs relating to past employment services not recorded, plus the present value of any repayments and reductions in future contributions to the plan.

Other long-term employee benefits

The accounting treatment of the other long-term benefits is similar to those of the plans for post-employment benefits with the exception of the fact that the actuarial gains and losses and costs deriving from past employment services are recognized in the income statement fully in the year in which they arise.

SHARE-BASED PAYMENTS

The company recognizes additional benefits to employees through equity participation plans. The above-mentioned plans are recognized in accordance with IFRS 2 (Share-based payments). In accordance with IFRS 2, these plans represent a remuneration component of the beneficiaries; therefore, for the equity participation plans, the cost is represented by the fair value of these instruments at the granting date, and recognized in the income statement under “Personnel expense” over the period between the granting date and that of maturity, and in the “IFRS 2 reserve” under equity. Changes subsequent to the granting date in the fair value do not have an effect on the initial value. At the end of each year the estimate is updated on the number of rights which will mature on maturity. The change in the estimate reduces the amount in the “IFRS 2 reserve” and is recorded under “Personnel expense” in the P&L.

FINANCIAL INCOME AND EXPENSES

Interest is recognized in accordance with the effective interest rate method, utilizing therefore the interest rate which is financially equivalent to all the cash inflows and outflows (including premiums, discounts, commissions etc.) which comprise an operation. The Company classifies in this account the exchange differences deriving from financial operations, while the exchange differences from commercial operations are classified under operating results, and in particular in the accounts other operating revenues and other operating costs, depending on whether the net effect is a gain or loss, with detailed information provided in the Explanatory Notes.

INCOME TAXES

Income taxes for the year represent the sum of current and deferred taxation.

Current income taxes

Current income taxes for the year and previous years are recorded for the amount expected to be paid to the fiscal authorities.

Current income tax liabilities are calculated using applicable rates and tax regulations or those substantially approved at the reporting date. Maire Tecnimont S.p.A. and the main subsidiaries resident in Italy have opted for a consolidated tax regime. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies.

Deferred taxes

Deferred taxes are the taxes that it is expected to pay or recover on the temporary differences between the carrying value of the assets and of the liabilities in the financial statements and the corresponding fiscal value used in the calculation of the assessable income.

Deferred tax liabilities are generally recorded on all temporary assessable differences, while deferred tax assets are recorded based on the probability that the future assessable results will permit the use of the temporary deductible differences.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxes are calculated based on the fiscal rates that are expected to be in force at the moment of the realization of the asset or the settlement of the liability. Deferred taxes are recognized directly in the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

USE OF ESTIMATES

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the reporting date. The estimates and assumptions used are based on past experience and other factors considered relevant. The actual results may differ from such estimates. The estimates and assumptions are reviewed periodically and the effects of any changes are recorded in the income statement in the period of the revision of the estimate, if the revision has effect only on that period, or also in subsequent periods if the revision has effect on the current year and on future years. In this context it is reported that the economic and financial situation resulted in the need to make assumptions on a future outlook characterized by significant uncertainty, for which it cannot be excluded that results in the next year will be different from such estimates and which therefore could require adjustment, currently not possible to estimate or forecast, which may even be significant, to the book value of the relative items.

The accounts principally affected by such uncertainty are:

- bad debt provision;
- Impairments of financial assets;
- depreciation and amortization;
- asset write-downs;
- employee benefits;
- income taxes;
- provisions;
- measurement of derivatives and relative underlying assets.

41. Notes to the income statement

41.1. Revenues

Revenues in 2020 amounted to Euro 33,128 thousand, a decrease of Euro 58,562 thousand compared to the previous year and broken down as follows:

(In Euro thousands)	2020	2019
Revenues from sales and services	19,128	21,920
Dividends from subsidiaries	14,000	69,770
Total	**33,128**	**91,690**

Revenues from dividends from subsidiaries amount to Euro 14,000 thousand and refer to dividends received from the foreign subsidiary Stamicarbon B.V.. The decrease compared to the previous year is due to the non-distribution by the Italian subsidiaries Tecnimont S.p.A. and KT-Kinetics Technology S.p.A. of dividends relating to the 2019 financial year as a result of the regulatory measures issued following the epidemiological emergency from COVID-19, including Decree Law No. 23 of April 8, 2020, effective from April 9, 2020.

Revenues from sales and services were Euro 19,128 thousand and principally concern "Inter-company services" provided to the direct subsidiaries. Service revenues specifically concern those provided by the Parent Company as part of the management, co-ordination and control from a legal, administrative, tax, financial and strategic viewpoint in the interest of Group companies.

41.2. Other operating revenues

(in Euro thousands)	2020	2019
Cost recoveries	1	2
Gains on disposals	3	0
Other income	3,411	4,027
Total	**3,415**	**4,029**

Other operating revenues in the year amounted to Euro 3,415 thousand and concerned principally income from specific administrative, tax, legal and procurement service contracts undertaken between Maire Tecnimont S.p.A. and a number of Group subsidiaries (Tecnimont S.p.A, Neosia S.p.A.., Met Development S.p.A.).

41.3. Raw materials and consumables

Raw materials and consumables costs for the year were Euro 46 thousand.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Consumables	(35)	(11)
Fuel	(11)	(16)
Total	**(46)**	**(27)**

The account principally concerns the purchase of stationary for Euro 35 thousand and fuel consumption for Euro 11 thousand for company vehicles.

41.4. Service costs

Service costs for the year amount to Euro 21,551 thousand, an increase of Euro 1,003 thousand on the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Utilities	(269)	(257)
Maintenance	(397)	(91)
Consultants and related services	(6,352)	(4,787)
Director and Statutory Auditor Remuneration	(2,766)	(2,626)
Bank expenses and sureties	(462)	(180)
Selling & advertising costs	(441)	(655)
Accessory personnel costs	(3,990)	(4,629)
Post & telephone and similar	(10)	(8)
Insurance	(542)	(374)
Increase in internal work capitalized	1,077	120
Other	(7,399)	(7,061)
Total	**(21,551)**	**(20,548)**

Consultants and related services include professional fees, principally legal services and consultancy and administrative services and audit and tax and commercial consultancy fees; the increase is due to the greater number of projects initiated in the year, resulting in an increase use of outside consultants.

Director and Statutory Auditor Remuneration concerns that matured by the members of the Board of Directors, the Board of Statutory Auditors' emoluments, those of the Supervisory Committee, the Remuneration Committee, the Internal Control Committee and the Related Parties Committee.

Ancillary personnel costs mainly refers to travel and other ancillary costs incurred by personnel, the decrease is a consequence of the reduction in travel due to restrictions following the pandemic.

The Other account mainly concerns inter-company services for the Via Gaetano de Castillia (Milan) offices, including office canteen expenses, maintenance and other accessory activities. The account in addition includes non-capitalized IT costs, application package maintenance expenses and printing and reproduction service costs.

41.5. Personnel expense

Personnel expense amounts to Euro 21,024 thousand, a decrease of Euro 6,804 thousand compared to the previous year.

(In Euro thousands)	2020	2019
Wages and salaries	(15,869)	(20,879)
Social security contributions	(4,117)	(5,517)
Post-employment benefits	(1,021)	(1,407)
Other costs	**(17)**	**(25)**
Total	**(21,024)**	**(27,828)**

The breakdown of the account is as follows: The workforce at December 31, 2020 numbered 151, increasing 5 on the previous year; the average headcount increased from 141 to 150.

The movement in the company's workforce by category is as follows:

Category	Workforce 31/12/2019	Hires	Departures	Infra-group transfers	Promotions	Workforce 31/12/2020
Executives	49	2	(2)	(1)	1	49
Managers	51	3	(4)	2	1	53
White-collar	46	6	(3)	2	(2)	49
Blue-collar	0	0	0	0	0	0
Total	146	11	(9)	3	0	151
Average headcount	**141**					**150**

In 2020, there was a decrease in the cost of personnel due to a lower burden of variable remuneration policies and incentives to employees, which had a greater impact in the previous year. This effect was partially offset by the increase in the average number of employees, as discussed above.

Compensation activities in early 2020 focused on the definition of the Remuneration Policy for the current year, which is set out in the "Remuneration Report 2020". This was approved by the Board of Directors on March 11, 2020. Approving the contents of the aforementioned Policy, the Shareholders' Meeting of April 30, 2020, considered the conversion of the 2019-2021 Long-Term Incentive Plan (LTI), the adoption of the 2020-2022 LTI Plan and the 2020-2022 General Share Plan.

However, in view of the ongoing global scenario resulting from the COVID-19 emergency, the Board of Directors' meeting held on May 7, 2020, in order to continue to pursue the long-term interests, business sustainability and market competitiveness of the Group as a whole - resolved not to implement the 2020-2022 LTI Plan and to suspend, for the current year, assignment of the objectives relating to short-term monetary incentive plans (the so-called "MBO").

Instead, the Board of Directors' meeting confirmed the implementation of the 2020-2022 General Share Plan, which will begin in the second half of 2020. This reflected the Board's desire to adopt incentivization plans aimed at the general workforce.

Finally, it should be noted that, following a top management initiative that was positively received by the Remuneration Committee, the aforementioned Board of Directors' meeting of May 7 resolved, as a precautionary measure, to suspend delivery to Beneficiaries of the Shares awarded under the 2017-2019 Restricted Stock Plan, whose income statement effects had already been incurred in preceding years.

The account "Personnel expense" in 2020 includes the share in the period of the long-term incentive plan dedicated to the Chief Executive Officer and selected senior executives (LTI) approved by Maire Tecnimont's Board of Directors in July 2019, the accrued share of the severance benefits for Maire Tecnimont's Chief Executive Officer approved by the same Board of Directors, the additional charges of the employee flexible benefits plans ("Maire4You") and the participation bonus.

41.6. Other operating costs

Other operating costs in the year amounted to Euro 3,143 thousand, an increase of Euro 1,702 thousand compared to the previous year.

The breakdown of the account is as follows:

(In Euro thousands)	2020	2019
Hire	(31)	(375)
Rental	(60)	(28)
Operating currency losses	(2,135)	(159)
Other costs	(917)	(879)
Total	**(3,143)**	**(1,441)**

The item Rentals mainly refers to the short-term rental of vehicles and therefore excluded from the application of IFRS 16.

Rental charges concern the accessory charges related to the leasing of the office use buildings, in particular those at Piazzale Flaminio (Rome) and Via Castello della Magliana (Rome).

"Operating exchange differences" reflect the net loss between currency gains and losses; the reduction follows currency market movements and those on foreign currencies regarding ongoing projects.

Other costs of Euro 917 thousand principally concern membership fees, sales representative costs and other general costs.

41.7. Amortization, depreciation & write-downs

Amortization, depreciation and write-down of fixed assets in the year amount to Euro 1,003 thousand, an increase of Euro 40 thousand compared to the previous year.

This item may be analyzed as follows:

(In Euro thousands)	2020	2019
Amortization	(91)	(92)
Depreciation	(156)	(159)
Depreciation of right-of-use - Leasing	(756)	(712)
Total	**(1,003)**	**(963)**

Amortization of intangible assets of Euro 91 thousand relates to concessions and licenses (company software applications) and other intangible assets, principally concerning consultancy costs for the installation and launch of these applications.

Depreciation decreased to Euro 156 thousand and concerns EDP, miscellaneous equipment and improvements at the Rome offices in Piazzale Flaminio.

The depreciation of right-of-use - leasing of Euro 756 thousand mainly concerns the usage rights recognised on the buildings and motor vehicles.

41.8. Financial income

(In Euro thousands)	2020	2019
Income from subsidiaries	11,118	6,881
Other income	115	140
Income on derivatives	0	973
Total	**11,234**	**7,994**

Income from subsidiaries of Euro 11,118 thousand concerns interest matured on loans, financial instruments classified as loans and receivables at amortized cost, granted to Neosia S.p.A., Neosia Renewables S.p.A., Met Development S.p.A., Met Dev 1 S.r.l., Met Gas Processing Technologies S.p.A., M.s.t. S.r.l., Tecnimont Nigeria and Nextchem S.p.A., and interest income accrued on current accounts; we recall that the Company adopted with the subsidiaries cash pooling systems to streamline the management of Group cash flows, avoiding the dispersion of liquidity and minimizing financial charges and other costs.

41.9. Financial expenses

(In Euro thousands)	2020	2019
Charges from group companies	(5,950)	(7,426)
Other charges	(7,117)	(989)
Equity Linked Bond interest & other charges	(5,437)	(6,806)
Charges on derivatives	(3,733)	(2,918)
Financial charges on rights-of-use	(106)	(113)
Total	**(22,343)**	**(18,253)**

Financial expenses were Euro 22,343 thousand and concern for Euro 5,950 thousand interest charges on loans received from KT-Kinetics Technology S.p.A. and Tecnimont-KT JV S.r.l.. These charges are measured at amortized cost using the effective interest rate method and financial charges for cash pooling related to the interest paid to the subsidiaries on the current account balances of the cash pooling during the year.

Other charges increased considerably compared with the previous year and refer to interest expense on bank loans.

In 2020, Maire Tecnimont S.p.A. negotiated a loan agreement for Euro 365 million, 80% of which was backed by SACE's “Garanzia Italia” (Italy Guarantee) and disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan mainly supported the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and has a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee

The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

The “Interest Bond” charges, amounting to Euro 5,437 thousand, specifically refer to:

- for Euro 709 thousand the monetary and non-monetary component of the interest on the non-convertible bonds subscribed in 2017 through private placement, by the Pan-European Fund and the Export Development Fund (created by SACE), both managed by Amundi Group companies. The reduction in charges on the previous year is due to the early settlement of a tranche of these Bonds for a nominal amount of Euro 20 million at the end of 2019.

- for Euro 4,728 thousand the cash and non-cash components of interest on non-convertible bonds of Euro 165 million issued on May 3, 2018 by Maire Tecnimont S.p.A.;

The charges on derivatives equal to Euro 3,733 thousand refer to the negative fair value change of the residual portion of two cash-settled Total Return Equity Swap derivative instruments (TRES); to hedge against movements in the Maire Tecnimont share price essentially tied to the personnel incentive plans in place. The residual portions of the instruments as at December 31, 2020 hedged the risk relating to approx. 5.6 million shares.

The derivative contracts (TRES) were underwritten with a financial intermediary, with no obligation for Maire Tecnimont to acquire the treasury shares, but only the obligation for the settlement between the parties of the differential between the exercise price and the Maire Tecnimont share price on the maturity of the instruments. Contracts for the entire amount are scheduled to expire by December 31, 2021. For accounting purposes the TRES is measured in accordance with IFRS 9 as a fair value derivative through P&L.

Right-of-use leasing financial expense at Euro 106 thousand concerns the financial expense matured in 2020 on finance lease liabilities.

41.10. Investment income/(expenses)

No write-downs of equity investments or other financial assets were recorded in 2020, also following impairment tests, as described in detail in the item "Investments in subsidiaries"; in the previous year, the item included a write-down related to the equity investment in MET Gas Processing Technologies S.p.A.

41.11. Income taxes

(In Euro thousands)	2020	2019
Current income taxes	7,749	8,773
Prior year taxes	1,262	(587)
Deferred tax income	(804)	(2,139)
Deferred tax charges	(75)	26
Total	**8,132**	**6,073**

Income taxes reports tax income of Euro 8,132 thousand with an increase of Euro 2,059 thousand compared to the previous financial year; the change is essentially due to tax income relating to previous financial years and to lower deferred tax assets. The current income taxes account presents income of Euro 7,749 thousand and concerns the remuneration of the tax loss and the interest charges transferred to the consolidated company CNM for FY 2020 and utilized in the calculation of the assessable income for the tax consolidation.

Tax income relating to previous years for Euro 1,262 thousand mainly refers to the difference between the provision for taxes calculated at December 31, 2019 and the amount prepared in the CNM model for the year 2020.

Maire Tecnimont S.p.A. and the subsidiaries Tecnimont S.p.A., Met Gas Processing Technologies S.p.A., Met Development S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., KT-Kinetics Technology S.p.A., Mst S.r.l, Met Dev 1 S.r.l. and Tecnimont KT-JV S.r.l. opted to apply the Tax Consolidation regime which permits the calculation of the IRES corporation tax on a tax basis representing the aggregate of the taxable income and losses of the individual companies.

Deferred tax assets, negative for Euro 804 thousand, refers to the net utilizations for the year; these utilizations mainly refer to charges for personnel incentive plans.

Deferred tax liabilities, amounting to Euro 75 thousand, refers to unrealized currency gains and to the fiscal amortization of the trademarks with an indefinite useful life of Tecnimont, KT-Kinetics Technology Nextchem and MST.

An analysis of the difference between the theoretical and effective tax charge for the year follows:

IRES	
Description	31/12/2020
Income before tax	**(21,333)**
Theoretical Rate (*)	24.0%
Theoretical tax charge	(5,120)
Temporary differences deductible in future years	9,452
Temporary differences assessable in future years	(309)
reversal of temporary differences from previous years:	
Deductible temporary differences	(4,914)
Taxable temporary differences	0
Total	(4,914)
Non-reversing differences in future years:	
Increases	4,281
Decreases	(13,300)
Total	(9,019)
Total changes	(4,790)
Tax loss	**(26,123)**
Current taxes (A)	(6,270)
Effective IRES rate	N/A
Effect tax consolidation	
Temporary differences deductible in future years	(7,703)
Income from the tax consolidation (B)	**(1,849)**
Charge from the tax consolidation (C)	**370**
Current income taxes (A) + (B) + (C)	(7,749)

(*) *For the purposes of a better understanding on the reconciliation between the tax charge recorded in the accounts and the theoretical tax charge, no account is taken of the IRAP regional tax charge, as consisting of a tax with a different assessable base would generate distortions between each year. Therefore, theoretical taxes were calculated applying only the applicable rate in Italy (24% for IRES in 2019) to the pre-tax result.*

(**) *The account principally concerns dividends received from subsidiaries and the write-down of investments.*

41.12. Earnings per share

The share capital of Maire Tecnimont S.p.A. comprises ordinary shares, whose earnings (loss) per share is calculated dividing the net income in 2020 by the weighted average number of Maire Tecnimont S.p.A. shares in circulation in the period considered.

At the reporting date, the number of shares in circulation was 328,640,432. This figure was used as the denominator for the calculation of the earnings (loss) per share at December 31, 2020.

The basic loss per share was Euro (0.04).

(in Euro)	2020	2019
Number of shares in circulation	328,640,432	328,640,432
(Treasury shares)	0	0
Number of shares to calculate earnings per share	328,640,432	328,640,432
Net income	(13,201,539)	30,727,468
Earnings per share (Euro)		
Earnings per share - basic (in euro)	**(0.04)**	**0.09**
Earnings per share - basic (in euro)	**(0.04)**	**0.09**

Diluted earnings equate to basic earnings in the absence of dilutive elements.

42. Notes to the Balance Sheet

42.1. Property, plant and equipment

(In Euro thousands)	2019	Changes in year	2020
Other assets	512	(156)	356
Total	512	(156)	356

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values for the year 2020:

(In Euro thousands)	Plant & equipment	Industrial & commercial equipment	Assets in progress and advances	Other assets	Total
Net book value at December 31, 2019	**0**	**0**	**0**	**512**	**512**
Increases	0	0	0	0	0
Depreciation & write-downs	0	0	0	(156)	(156)
Other changes	0	0	0	0	0
Net book value at December 31, 2020	**0**	**0**	**0**	**356**	**356**
Historic cost	2	20	0	1,262	1,284
Accumulated depreciation	(2)	(20)	0	(906)	(928)

The main decreases concerned depreciation in the year.

The account other assets also includes the vast historical archive of the former Fiat Engineering complex comprising approx. 7,000 boxes, 6,000 dossiers and 65,000 microfilms in addition to enumerable reports, notes and photographs; a wealth of civil and industrial projects and among the most important engineering works are included personalities which have marked the Italian engineering panorama: Quaroni, Danusso, Covre, Albini, Nervi, Morandi, Zevi, Aulenti, Gabetti, Isola, Piano, Halprin, Rogers, Krier.

The archive is bound by the Department of Cultural Heritage; its value has been estimated at almost Euro 26 million, but at the moment, the book value is zero.

For comparative purposes the changes relating to the previous year are shown below:

(In Euro thousands)	Plant & equipment	Industrial & commercial equipment	Assets in progress and advances	Other assets	Total
Net book value at December 31, 2018	**0**	**0**	**60**	**611**	**671**
Increases	0	0	0	60	60
Depreciation & write-downs	0	0	0	(159)	(159)
Other changes	0	0	(60)	0	(60)
Net book value at December 31, 2019	**0**	**0**	**0**	**512**	**512**
Historic cost	2	20	0	1,262	1,284
Accumulated depreciation	(2)	(20)	0	(750)	(772)

42.2. Other intangible assets

(In Euro thousands)	2019	Changes in year	2020
Concessions, licenses, trademarks and similar rights	3,150	(21)	3,129
Other	123	(61)	62
Assets in progress and advances	371	1,077	1,448
Total	**3,644**	**995**	**4,639**

The following table illustrates the changes in the historical cost, accumulated depreciation and net book values for the year 2020:

(In Euro thousands)	Concessions, licenses, trademarks & others	Other	Assets under construction and payments on account	Total
Net book value at December 31, 2019	**3,150**	**123**	**371**	**3,644**
Increases	9	0	1,077	1,086
Disposals	0	0	0	0
Amortization & write-downs	(30)	(61)	0	(91)
Other changes	0	0	0	0
Net book value at December 31, 2020	**3,129**	**62**	**1,448**	**4,639**
Historic cost	4,495	4,815	1,448	10,758
Accumulated amortization	(1,366)	(4,753)	0	(6,119)

The breakdown of the trademarks with indefinite useful lives is shown in the table below.

(in Euro thousands)	2020
Tecnimont brand	3,016
KT- Kinetics Technology brand	70
Nextchem brand	5
MST Brand	4
Total	**3,095**

The Company verifies the recovery of the indefinite useful lives of the trademarks at least on an annual basis or more frequently when there is an indication of a loss in value. The recoverable value of trademarks with indefinite life was compared to the value in use.

For comparative purposes the changes relating to the previous year are shown below:

(In Euro thousands)	Concessions, licenses, trademarks & others	Other	Assets under construction and payments on account	Total
Net book value at December 31, 2018	**3,181**	**184**	**237**	**3,602**
Amortization & write-downs	(31)	(61)	0	(92)
Other changes	0	0	134	134
Net book value at December 31, 2019	**3,150**	**123**	**371**	**3,644**
Historic cost	4,486	4,815	371	9,672
Accumulated amortization	(1,336)	(4,692)	0	(6,028)

42.3. Right-of-use - Leasing

(In Euro thousands)	2019	Increases	Decreases	Depreciation for the year	2020
Right-of-use - Leasing - Historical cost	3,894	481	(195)	0	4,180
(Right-of-use - Leasing - Accumulated depreciation)	(711)	0	58	(756)	(1,409)
Total	**3,183**	**481**	**(137)**	**(756)**	**2,771**

The value of rights-of-use at December 31, 2020 is Euro 2,771 thousand; the change relates to depreciation in the year, net of new contracts.

The account right-of-use - leasing mainly refers to rights of use recognised for office use buildings and motor vehicles, as follows:

(In Euro thousands)	2020
Buildings	2,217
Other assets	554
Total	**2,771**

42.4. Investments in subsidiaries

(In Euro thousands)	2019	Changes in year	2020
Subsidiary companies:			
Investment in Tecnimont S.p.A.	610,117	2,547	612,664
Investment in Neosia S.p.A.	26,435	106	26,541
Investment in Neosia Renewables S.p.A.	35,169	5	35,174
Investment in Met Development S.p.A.	10,005	12	10,017
Investment in KT S.p.A.	27,303	549	27,852
Investment in MET GAS Processing Technologies S.p.A.	8,180	0	8,180
Investment in Stamicarbon B.V.	40,129	230	40,359
Shareholding in Nextchem S.p.A.	10,372	72	10,444
Total	**767,710**	**3,521**	**771,231**

The value of equity investments in subsidiaries amounts to Euro 771,231 thousand, an increase of Euro 3,521 thousand on the previous year.

The main increase is linked to the adjustment of the value of the equity investments held as a result of the free assignment of shares to the employees of some Group companies, as provided for by IFRS 2. In fact, the compensation component from shares granted by Maire Tecnimont S.p.A. to employees of some Group companies is recognized as a capital contribution to the subsidiaries which employ beneficiaries of the stock option plans, and, as a result, is recorded as an increase in the carrying amount of the investment, with a balancing entry recognized directly in equity. The effects in the financial statements of the Plans, estimated through adequately weighting the defined maturity conditions (including the probability of employees remaining in the Group for the duration of the Plan), will be recognized over the maturity period of the benefit, or rather over the duration of the Plan.

Investments in subsidiaries are measured at cost.

The last column of the following table shows the differences between the book value at cost and the relative share of Net Equity:

Company (in Euro thousands)	Registered Office	Share capital	Currency	Book Net Equity (Group share)	% held	Book net equity share (A)	Book value (B)	Change (A-B)
Tecnimont S.p.A.	Via G. De Castillia 6/A (MI)	1,000	Euro	403,817 (*)	100%	403,817	612,665	(208,848)
Neosia S.p.A.	Via G. De Castillia 6/A (MI)	6,000	Euro	43,679 (*)	100%	43,679	26,541	17,138
Neosia Renewables S.p.A.	Via G. De Castillia 6/A (MI)	50	Euro	6,932 (*)	100%	6,932	35,174	(28,242)
MET Development S.p.A.	Via G. De Castillia 6/A (MI	10,005	Euro	9,929 (*)	100%	9,929	10,017	(88)
KT S.p.A.	Viale Castello Della Malian (RM)	6,000	Euro	42,603 (*)	100%	42,603	27,852	14,751
MET Gas Processing Technologies S.p.A.	Via G. De Castillia 6/A (MI)	50	Euro	644 (**)	100%	644	8,180	(7,536)
Stamicarbon B.V.	Sittard-The Netherlands	9,080	Euro	60,292 (*)	100%	60,292	40,359	20,552
Nextchem S.p.A.	Via di Vannina 88/94 (RM)	18,095	Euro	15,483 (*)	56.67%	8,774	10,444	(1,670)

(*) As per the latest consolidated financial statements approved by the respective Boards of Directors, or where not available, the consolidated reporting packages.

(**) As per the latest financial statements approved by the respective Boards of Directors.

An impairment test was carried out on the investment in Tecnimont S.p.A. as the book value of the investment was significantly higher than the pro-quota net equity at December 31, 2020, as was the case also in the previous year.

An impairment test was carried out on the investment in MET GAS Processing Technologies S.p.A. as the book value of the investment was significantly higher than the pro-quota net equity at December 31, 2020 and a write-down was recorded in the previous year.

An impairment test was carried out on the investment in Neosia Renewables S.p.A. as the book value of the investment was significantly higher than the pro-quota net equity at December 31, 2020, as was the case also in the previous year and there was a delay in the process of acquiring new contracts compared to the plan.

During the year, mainly as a result of a delay in the process of acquiring new contracts against the plan and the fact that the infrastructure sector is becoming increasingly competitive, events occurred that led to the presumption of a reduction in value, and therefore the possible non-recoverability of the book value of the equity investment in Neosia S.p.A..

With reference to the equity investment in Nextchem S.p.A., an impairment test was carried out since the book value of the investment was higher than the pro-quota net equity at December 31, 2020 and in consideration of the start-up phase of the new perimeter created in the previous year that is active in the energy transition.

No impairment tests were carried out on other investments as no events occurred indicating a reduction in value.

This analysis was undertaken in conjunction with an independent expert, utilizing the cash flows based on the 2021 Budget and the 2021-2025 Business Plan approved by the Board of Directors on March 10, 2021.

These cash flows confirm the assumptions and the strategic projections of the Group plan and reflect the best estimates made by Management in relation to the main assumptions concerning business operations (macro-economic and price movements and the business development picture), including the estimated effects from the Covid-19 pandemic. The underlying assumptions and the corresponding financials are considered appropriate for the impairment test. The plan, in addition to the project margins, includes commercial, general and administrative costs.

The main assumptions reflected in the 2021 Budget and the Industrial Plan take account of the significant backlog at the end of 2020 and the contracts signed with international clients since the beginning of the current year, which indicate the maintenance of the strong industrial performances delivered in 2020.

The market is expected to remain challenging, although the recognised technological know-how of the Group continues to develop and extend to adjacent technologies, in synergy with existing technologies and a flexible business model offering innovative services and products that can anticipate market demand. We can therefore forecast the maintenance of a significant backlog. This forecast is backed up by a strong commercial pipeline and the expectation of additional new contracts over the coming quarters, which will also extend our geographic reach.

The configuration of the value utilized for the calculation of the recoverable value of the investments indicated above is the value in use which is obtained estimating the operating value (OV), the net financial position (NFP) and the value of accessory assets (ACC).

The operating value of each unit was determined based on the estimated future cash flows discounted which the CGU will be capable of producing in the future. The estimated cash flows include the recharge of general and administration costs (G&A) of the Group for all the CGU's. The value of the cash flows was expressed net of the notional imposition, considering the tax benefit relating to any deductibility of amortization and depreciation.

For the determination of the recoverable value, the cash flows refer to the business plan, as well as a final value (Terminal Value) beyond the plan horizon, in line with the nature of the investments and with sector operations. Relating to the estimate of the Terminal Value, the last year of the cash flows was not taken as an expression of the "normalized" cash flow, but rather the average margin of the Plan future cash flows was considered. The "normalized" cash flow was capitalized at a g growth rate as detailed in the subsequent tables.

For the purposes of the discounting of the operating cash flows, the interest rate identified was the weighted average cost of capital (WACC) post tax. The parameters used to estimate the discount rates (Beta and Net Financial Position) were determined on the basis of a basket of comparable companies operating in the "Infrastructure", "Plant Engineering", "Licensing" and "Green Chemistry" sectors, respectively, calculating for each the key financial indicators, as well as the most significant market values.

The risk-free rate utilized considered the Eurirs average 12 months (S&P Capital IQ) rate, the expected medium/long-term inflation rate for the reference countries and the relative Country Risk Premium (determined on the basis of the differential between the country CDS spread and the country benchmark CDS spread). The market risk premium was estimated at 6%. It was considered appropriate to consider a specific risk for each investment above the relative discounting rate; this premium was determined based on the comparison between the size of the investment and the companies utilized for the estimate of the Beta Unlevered. This risk was increased by a Company Specific Risk Premium in relation to the conditions of the individual investments.

With regard to the cost of equity component, therefore, the rates were prudentially increased by 1.4 percentage points for the equity investment in Tecnimont, 5 percentage points for the equity investments in Neosia S.p.A. and Neosia Renewables S.p.A. also considering the prospects of the two companies following the redefinition of their structure, the commercial repositioning as well as the enhancement of synergies and skills, and 5 percentage points for the equity investment in Nextchem S.p.A. considering the start-up phase of the new perimeter created in the previous year that is active in the energy transition.

The principal accessory asset/liability (ACC) included in the valuation were the tax benefits from prior year tax losses over the Plan duration and other minor assets.

The analysis undertaken based on the parameters outlined above did not result in any loss in value in relation to the investments.

The recoverable value amounts to approx. Euro 1,418.4 million in Tecnimont S.p.A., amounting to Euro 48 million in Neosia S.p.A, amounting to approx. Euro 99.5 million in Neosia Renewables S.p.A., amounting to approx. Euro 10.6 million in MET GAS Processing Technologies S.p.A. and amounting to approx. Euro 55.4 million in Nextchem S.p.A..

A sensitivity analysis was also undertaken on the basis of the changes in the following parameters: i) discount rate, ii) growth rate for the estimate of the Terminal Value, and iii) cash flows for the plans under consideration (-10%/+10%); based on this analysis, the range of the recoverable value of the investments was determined.

Discount rate (WACC post tax)	Lower extreme	Higher extreme
Investment in Tecnimont S.p.A.	9%	11%
Investment in Neosia S.p.A.	8.1%	10.1%
Investment in Neosia Renewables S.p.A.	7.7%	9.7%
Investment in Met Gas Processing Technologies S.p.A.	10.3%	12.3%
Investment in Nextchem S.p.A.	12.75%	14.75%

Growth rate beyond plan period	Lower extreme	Higher extreme
Investment in Tecnimont S.p.A.	0%	1.9%
Investment in Neosia S.p.A.	0%	0.2%
Investment in Neosia Renewables S.p.A.	0%	2.6%
Investment in Met Gas Processing Technologies S.p.A.	0%	1.7%
Investment in Nextchem S.p.A.	0%	0.4%

The results of the sensitivity analysis did not highlight any impacts on the investments.

In the application of this method, management utilized assumptions, including the estimate of the future increases in the backlog, revenues, gross margin, operating costs, growth rate of the terminal value, investments and average weighed cost of capital (discount rate). And /revision of

the cash flows refer to current business conditions and therefore do not include cash flows related to events of an extraordinary nature.

The estimates and the budget data were determined by company management based on past experience and forecasts relating to the development of the Group and company markets. However, the estimate of the recoverable value of the investments requires discretionary interpretation and the use of estimates by management. The company cannot guarantee that there will not be a loss in value of the investments in future years. In fact, various market environment factors may require a review of the value of the investments. The circumstances and events which could give rise to a further loss in value will be monitored constantly by the company and the Group.

42.5. Financial receivables

(In Euro thousands)	2019	Change in the year	2020
Financial receivables	0	320,742	320,742
Total	**0**	**320,742**	**320,742**

At December 31, 2020, financial receivables amounted to Euro 320,742,000; Maire Tecnimont S.p.A. on July 14, 2020 provided a loan to two of its main operating companies in Italy, Tecnimont S.p.A. and KT-Kinetics Technology S.p.A., for Euro 250 million and Euro 70 million respectively. These loans were granted following the subscription by Maire Tecnimont of a loan agreement of Euro 365 million with an 80% guarantee from the SACE Italy Guarantee. This loan was disbursed by a syndicate of major Italian financial institutions made up of Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit.

In accordance with the provisions of the Liquidity Decree of April 9, 2020, these loans granted, like that received by Maire Tecnimont S.p.A., will have a total term of six years, of which two years of grace period and a rate of 1.7% per annum, in addition to the cost of the SACE Italy Guarantee.

42.6. Other non-current assets

(In Euro thousands)	2019	Change in the year	2020
Trade receivables beyond 12 months	1,100	0	1,100
Total	**1,100**	**0**	**1,100**

Other non-current assets concern disputed receivables from clients due beyond 12 months and specifically from the Calabria Region for Euro 1,100 thousand.

With regards to this receivable, the arbitral award accepted most of the company's demands. The counterparty has proposed an appeal against the arbitral award and in 2013 the Catanzaro Court of Appeal nullified the award on the basis only of formal errors; the company therefore decided to challenge the judgement filed on May 6, 2013 and to appeal to the Cassation Court. The appeal was accepted with notification of 20/6/14; the Calabria Region did not make a counter appeal and the hearing date for discussion and subsequent decision is awaited. The above amount is currently considered recoverable on the basis of the strong grounds previously expressed in the arbitral award.

These receivables were due to the company Protecma S.r.l (now MET Gas Processioning Tecchnologies S.p.A.) from the client for works executed in the past.

42.7. Deferred tax assets and liabilities

(In Euro thousands)	2019	Change in the year	2020
Deferred tax assets	1,555	(445)	1,110
Deferred tax liabilities	(582)	(74)	(656)
Total	**973**	**(519)**	**454**

Deferred tax assets and liabilities report a positive balance of Euro 454 thousand, reducing Euro 519 thousand on the previous year and comprising deferred tax assets for Euro 1,110 thousand and deferred tax liabilities for Euro 656 thousand.

Maire Tecnimont S.p.A. and the subsidiaries Tecnimont S.p.A., Met Gas Processing Technologies S.p.A., Met Development S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., KT-Kinetics Technology S.p.A., Mst S.r.l, Met Dev 1 S.r.l. and Tecnimont KT-JV S.r.l. opted to apply the Tax Consolidation regime which permits the calculation of the IRES corporation tax on a tax basis representing the aggregate of the taxable income and losses of the individual companies. Deferred tax assets on fiscal losses and carried forward are recognized only for those amounts for which it is probable there will be future assessable income to recover the amounts.

The deferred tax assets amount to Euro 1,110 thousand, the decrease of Euro 445 thousand relates to the combined effect of the allocation of deferred tax assets on temporary differences deductible in future years and the reversal of temporary differences from previous years reversed in the period relating to remuneration policies and bonuses for personnel.

Deferred tax liabilities of Euro 656 thousand mainly concern fiscally recognized amortization of the Tecnimont and KT-Kinetics Technology trademarks and from 2020 also the Trademarks Nextchem and M.s.t. which, as considered of indefinite useful life, were not subject to statutory amortization and recognized the benefit only for tax purposes.

The breakdown and changes in the deferred tax assets and liabilities is shown below:

(In Euro thousands)	2019	Provisions	Utilizations	Reclassifications /transfers	2020
Deferred tax assets					
Charges related to remuneration policies and personnel bonuses	1,315	199	(1,081)	0	434
Other	215	220	(143)	0	292
Post-employment benefits	25	5	0	0	30
Interest Rate Swap	0	355	0		355
Total deferred tax assets	**1,555**	**779**	**(1,224)**	**0**	**1,110**
Deferred tax liabilities					
Difference in intangible asset values (Trademarks)	(555)	(50)	0	0	(605)
Unrealized exchange gains	(27)	(24)	0	0	(51)
Total deferred tax liabilities	**(582)**	**(74)**	**0**	**0**	**(656)**
Total	**973**	**705**	**(1,224)**	**0**	**454**

42.8. Trade receivables

(In Euro thousands)	2019	Changes in year	2020
Trade receivables - within 12 months	4	21	25
Subsidiaries - within 12 months	28,078	(1,066)	27,012
Total	**28,082**	**(1,046)**	**27,036**

Trade receivables amount to Euro 27,036 thousand, Euro 25 thousand of which refer to receivables from clients and Euro 27,012 to receivables from subsidiaries:

- Euro 11,813 thousand relate to control and coordination activities, tax, financial and legal services, staff service agreements, Bank Guarantee chargebacks and other chargebacks.
- Euro 7,450 thousand refer to credits for excess IRES transferred to the subsidiaries; on the basis of the provisions of Presidential Decree 29/09/1973, these may be used to offset other payables to the tax authorities.
- Euro 7,749 thousand relates to receivables for the tax consolidation; the amount concerns the net balance of advances and tax credit and debit positions transferred to the consolidating company by the subsidiaries involved in the tax consolidation.

42.9. Current tax assets

(In Euro thousands)	2019	Changes in year	2020
Current tax receivables	10,555	771	11,326
Other tax assets	28,038	(22,040)	5,999
Total	**38,594**	**(21,269)**	**17,325**

Current tax assets at December 31, 2020 amount to Euro 17,325 thousand, reducing on the previous year. This movement relates principally to the reduction in the Group VAT.

Current tax receivables principally refer to:

- Receivables for excess IRES for Euro 7,753 thousand;
- Receivables for excess IRAP for Euro 227 thousand;
- Receivables for excess IRES for offset for Euro 1,000 thousand;
- Tax receivables for withholdings on account Euro 9 thousand;
- Tax receivables for advertising investments Euro 19 thousand;
- The residual Euro 2,317 thousand refers to receivables from the tax authorities for various reimbursements.

Other tax receivables concern receivables for Group VAT paid as tax consolidating company for Euro 5,999 thousand.

In 2020, the Group VAT consolidation was renewed and Maire Tecnimont S.p.A. as parent company consolidated the debit and/or credit balances of the subsidiaries involved in the consolidation.

42.10. Financial instruments - Derivatives

(In Euro thousands)	2019	Change in the year	2020
DERIVATIVE FINANCIAL INSTRUMENTS - TRES	517	(517)	0
Total	**517**	**(517)**	**0**

The reduction in cash-settled Total Return Equity Swap (TRES) derivatives is due to the mark to market movements in the year, which were negative and therefore are now classified to liabilities.

42.11. Other current financial assets

(In Euro thousands)	2019	Changes in year	2020
Financial receivables within 12 months:			
Subsidiaries	145,487	(4,049)	141,438
Total	**145,487**	**(4,049)**	**141,438**

Other current financial assets amount to Euro 141,438 thousand; other non-current financial assets were reclassified to current, relating to financial receivables claimed from Neosia S.p.A., Neosia Renewables S.p.A., MST S.r.l., Tecnimont Nigeria Ltd., Met Development S.p.A., Nextchem S.p.A., Met Dev 1 S.r.l. and MET Gas Processing Technologies S.p.A., as well as receivables for correspondence accounts with subsidiaries.

From 2018 Maire Tecnimont S.p.A. adopted the cash pooling system to streamline the management of Group cash flows, avoiding the dispersion of liquidity and minimizing financial charges. Financial receivables and cash pooling account receivables are interest bearing, in accordance with market rates.

For all financial assets, the book value approximates the fair value which is calculated as described in the accounting policies section.

42.12. Other current assets

(In Euro thousands)	2019	Changes in year	2020
Other receivables - within 12 months	413	759	1,172
Commercial prepayments	94	108	202
Total	**508**	**866**	**1,374**

Other current assets at December 31, 2020 amounted to Euro 1,374 thousand and concern Euro 202 thousand for prepayments for costs incurred in advance and deposits and Euro 1,172 thousand for the receivable from parent companies in respect of the Group's consolidated VAT. Again in 2020 a number of Group companies renewed the tax consolidation, transferring their VAT settlement debit/credit balances to the consolidating Maire Tecnimont S.p.A..

42.13. Cash and cash equivalents

(In Euro thousands)	2019	Changes in year	2020
Bank and postal deposits	102,453	162,971	265,424
Cash in hand and similar	11	(2)	8
Total	**102,463**	**162,969**	**265,432**

Cash and cash equivalents at December 31, 2020 amount to Euro 265,432 thousand, an increase of Euro 162,969 thousand compared to December 31, 2019.

Operating cash flow absorbed Euro 10,968 thousand, decreasing on 2019 which reported the generation of Euro 63,753 thousand. Cash flows from operating activities in 2019 included the dividends received from the subsidiaries, net of outlays for tax payments, which in 2019 totaled Euro 11,327 thousand.

On the other hand, investing activities absorbed cash of Euro 9 thousand, mainly for the Nextchem and MST trademarks.

Financing activities generated total cash of Euro 173,946 thousand, mainly due to the subscription of the "SACE" loan with a nominal value of Euro 365 million.

This effect was partially offset by the granting of loans to the subsidiaries Tecnimont S.p.A and KT-Kinetics Technology S.p.A for Euro 320 million.

The estimate of the "fair value" of bank and postal deposits at December 31, 2020 approximates their book value.

42.14. Shareholders' Equity

SHAREHOLDERS' EQUITY

Shareholders' Equity at December 31, 2020 was Euro 444,071 thousand, a net decrease on the previous year of Euro 8,757 thousand.

SHARE CAPITAL

The Share Capital of Euro 19,920,679 thousand comprises 328,640,432 shares, without nominal value and with full rights.

SHARE PREMIUM RESERVE

The reserve comprises for Euro 25,000 thousand the share premium prior to November 26, 2007 and for Euro 58,045 thousand the share premium on the capital increase of 2007 net of the listing costs amounting to Euro 3,971 thousand, net of the tax effect.

The change was Euro 141,653 thousand, comprising the share premium paid by the shareholder Ardeco and the other shareholders amounting to Euro 146,417 thousand, offset for Euro 4,764 thousand for share capital increase charges net of the tax effect.

The increase in 2018 was Euro 48,223 thousand, following the share capital increase in service of conversion of the “€80,000,000 5.75 per cent equity-linked bonds due 2019” equity-linked bond loan.

The share premium reserve may be utilized for share capital increases without consideration and/or for the coverage of losses. In accordance with Article 2431 of the Civil Code, this reserve may be distributed to the shareholders following a Shareholders’ Meeting motion.

OTHER RESERVES

The other reserves at December 31, 2020 amount to Euro 118,203 thousand and comprise:

- Legal Reserve which at December 31, 2020 amounts to Euro 5,328 thousand.
- Statutory reserves, which at December 31, 2020 amounted to Euro 121,550 thousand, and did not change in the year.
- IFRS2 reserve at December 31, 2020 amounts to Euro 11,388,000; the reserve increased Euro 5,584,000 during the year, of which Euro 1,759,000 for the valuation of the 2020-2022 General Share Plan, a share capital participation plan offered to employees as additional benefit and Euro 3,825,000 for the valuation of the 2019-2021 LTI plan, for the latter the Board of Directors of March 11, 2020, with the favorable opinion of the Remuneration Committee and having consulted the Board of Statutory Auditors for their remit, resolved to proceed with the conversion of the Long Term Incentive Plan for the Chief Executive Officer and selected Senior Managers from monetary to based on Maire Tecnimont S.p.A. Shares.

  Both these plans are recognized in accordance with the provisions for share-based payments. In accordance with IFRS 2, these plans represent a remuneration component of the beneficiaries; therefore, for the equity participation plans, the cost is represented by the fair value of these instruments at the granting date, and recognized in the income statement under “Personnel expense” over the period between the granting date and that of maturity, and in the “IFRS 2 reserve” under equity.
- Other reserves, which at December 31, 2020 are negative for Euro 20,063 thousand, have not changed compared to the previous year.

VALUATION RESERVE

The valuation reserve, which at December 31, 2020 was negative and amounted to Euro 1,229 thousand, consists of Euro 1,124 thousand from the Cash Flow Hedge reserve and Euro 105 thousand from the reserve for actuarial gains and losses as per IAS 19.

The changes compared to the previous year are shown below:

(in Euro thousands)	Cash Flow Hedge Reserve	Actuarial gains/(loss)	Total
Net book value at December 31, 2019	**0**	**(89)**	**(89)**
Actuarial gain/(losses)		(21)	(21)
Relative tax effect		5	5
Valuation derivative instruments	(1,478)		(1,478)
Relative tax effect	355		355
Net book value at December 31, 2020	**(1,123)**	**(105)**	**(1,228)**

The Cash Flow Hedge Reserve includes the valuation of the Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk of variable interest rates on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE's Garanzia Italia (Italy Guarantee).

RETAINED EARNINGS/(ACCUMULATED LOSSES)

This amounts to Euro 47,456 thousand following the Shareholders' Meeting decision to carry forward the 2019 profit.

In relation to the equity reserves the following is noted:

AVAILABILITY OF RESERVES FOR DISTRIBUTION

(in Euro thousands)	2020	Possibility of use	Quota available
Share capital	19,920		-
Share premium reserve	272,921	A,B,C	272,921
Legal reserve	5,328	B	-
Extraordinary Reserve	121,549	A,B,C	121,549
Other reserves – IFRS 2 (*)	11,388	B	-
Other reserves	(20,063)		-
Valuation reserve	(1,229)		
Retained Earnings/(Accum. Losses)	47,456	A,B,C	47,456

Key:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

Note: (*) In accordance with Article 6, paragraph 5 of Legislative Decree No. 38 of 2005 these reserves are only available to cover losses with prior utilization of the profit reserves available and the legal reserve. In this case the above-mention reserves must be reintegrated covering the retained earnings.

SUMMARY OF UTILIZATIONS IN LAST 3 YEARS

(in Euro thousands)	To cover losses	Distribution	Transfer to other reserves	Other
Share capital				
Share premium reserve				
Legal reserve				
Extraordinary Reserve				
Other reserves				

42.15. Financial payables - non-current portion

(In Euro thousands)	2019	Changes in year	2020
Bank payables beyond 12 months	61,906	365,294	427,200
Total	**61,906**	**365,294**	**427,200**

At December 31, 2020, financial payables net of the current portion of Euro 427,200 thousand, increasing on December 31, 2019, mainly concern the subscription by Maire Tecnimont of a loan agreement of Euro 365 million with an 80% guarantee from the SACE Italy Guarantee. This loan was disbursed by a syndicate of major Italian financial institutions made up of Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit.

The loan mainly supported the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and has a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

During 2019, an ESG Linked Schuldschein Loan with a nominal value of Euro 62.5 million had been signed; this loan has the main purpose of supporting the Group's investments in green technologies. The instrument is divided in two tranches with an average duration of approximately 5 years, total repayment at maturity, and an average rate of approximately 2.3%. The cost of the instrument may also vary – including downwards – in relation to the achievement of the Group's CO2 emission reduction targets. A portion of the loan – Euro 20 million – will be used to refinance an existing bond, leading to reduction in the rate of more than 110 bps and to an extension of the maturity by about three years.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and EBITDA on a yearly basis, with the next measurement based on the figures at December 31, 2020.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

42.16. Provisions for risks and charges - beyond 12 months

(In Euro thousands)	2019	Changes in year	2020
Provisions for risks & charges - within 12 months	720	1,353	2,073
Total	**720**	**1,353**	**2,073**

The balance of the provisions for risks and charges concerns the deferred component accrued in previous years of the MBO Plan, partially offset by the conversion during the year of the long-term incentive plan for the Chief Executive Officer and selected top executives (LTI); the Board of Directors of March 11, 2020, with the favorable opinion of the Remuneration Committee and having consulted the Board of Statutory Auditors for their remit, resolved to proceed with the conversion of the 2019-2021 LTI Plan from monetary to based on Maire Tecnimont S.p.A. shares. This plan was then reclassified under other

Reserves - "IFRS2 Reserve". This item also includes the accrued portion of the Termination Indemnity for the Chief Executive Officer of Maire Tecnimont approved by the same Board of Directors.

The following table indicates the movements in provisions in 2020:

(In Euro thousands)	Balance at December 31, 2019	Provisions	Utilizations	Reclassification / releases	Balance at December 31, 2020
Provision for personnel charges	720	238	0	1,115	2,073
Total	**720**	**238**	**(0)**	**1,115**	**2,073**

42.17. Post-employment & other employee benefits

Euro thousands	2019	Change in the year	2020
Post-employment & other employee benefits	502	23	525
Total	**502**	**23**	**525**

The company has a liability to all employees of the Italian companies of the statutory TFR (Post-employment benefit) provision, similar to defined benefit plans.

In accordance with IAS 19 (Employee benefits), the company estimated, with the support of an actuary, the liability for defined benefit plans at December 31, 2020. The changes in this liability in 2020 are shown below:

(In Euro thousands)	Post-employment benefit provision	Total
December 31, 2019	**502**	**502**
+ costs relating to current employee services	0	0
+ net actuarial losses/(profits)	21	21
+ financial charges on obligations undertaken	(1)	(1)
+ other changes	3	3
- utilizations	0	0
December 31, 2020	**525**	**525**

Financial expenses on obligations assumed are recognized in the Income Statement under financial expenses - other charges. Actuarial gains and losses and recognized in a specific valuation reserve under Equity. The changes primarily relate to departures of employees.

In particular, the assumptions adopted in the valuation of the Post-employment benefit provision relate to:

• First assumption: it was decided to adopt a rate of 1.5% as the average inflation taken from the "2019 Economic and Finance Document".

• Salary increases: in line with that carried out for the demographic technical parameters, new salary lines were constructed for the companies which do not deposit Post-Employment Benefits to the INPS Treasury Fund.

In agreement with Group Management, a salary growth rate of 3% annually was assumed for all employees, including inflation.

• Discount rate: determined with reference to bond market rates of primary companies at the valuation date.
Specifically, the "Composite" interest rate curve of corporate issuers with "Investment Grade" AA ratings in the Eurozone was utilized (source: Bloomberg) at 31.12.2020.

• Workforce reference: for the internal workforce subject to analysis of Maire Tecnimont S.p.A., the average age and length of service were respectively 43.7 and 9.3 years.

Sensitivity analysis was also undertaken based on the changes in the following parameters: a) discount rate, b) inflation rate, c) salary increase, d) probability of departure and advances on Post-employment benefit provision; on the basis of these analyses, the range of values of the liabilities for defined benefit plans was established which did not highlight any significant impacts.
In relation to the liabilities at December 31, 2020, a change of +0.5% in the discount rate applied to the calculation would produce a positive effect equal to Euro 22 thousand and in the same manner a change of -0.5% would produce a negative effect of Euro 23 thousand.
A change of +0.5% in the inflation rate applied to the calculation would produce a negative effect of Euro 14 thousand and in the same manner a change of -0.5% would produce a positive effect of Euro 13 thousand.
A change of +0.5% - 0.5% on salary increases applied to the calculation would have an immaterial effect.
A change of +0.5% in the employee turnover rate would produce a positive effect of Euro 4 thousand and in the same manner a change of -0.5% would produce a negative effect of Euro 4 thousand. A change of +0.5% in the post-employment benefits advance rate would produce a positive effect of Euro 4 thousand and in the same manner a change of -0.5% would produce a negative effect of Euro 4 thousand.

42.18. Financial instruments - Derivatives - Non-current

Euro thousands	2019	Change in the year	2020
Non-current interest rate hedging derivatives	0	1,027	1,027
Total	**0**	**1,027**	**1,027**

The item refers for Euro 1,027 thousand to the valuation of the Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk on variable interest rate movements on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE's Garanzia Italia (Italy Guarantee).

42.19. Other non-current financial liabilities

(In Euro thousands)	2019	Changes in year	2020
Ordinary bonds beyond one year	183,152	420	183,572
Total	**183,152**	**420**	**183,572**

"Other non-current financial liabilities" include Bond payables:

- For Euro 19,935 thousand, the non-convertible bonds, net of accessory charges, subscribed in 2017 through private placement by the pan-European fund managed by Amundi Group companies.

The bonds are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A.. The bonds were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, on a half-yearly basis, next measured on the December 31, 2020 figures.

In 2019 Maire Tecnimont redeemed a tranche of these bonds with a nominal amount of Euro 20 million in advance.

- For Euro 163,637 thousand, the non-convertible Bond Loan for a total Euro 165 million, net of accessory charges, issued in 2018.

In this regard, we report the following:

On May 3, 2018, Maire Tecnimont issued 165,000 Non-Convertible Bonds at a price equal to 100% of the nominal value, and with a unitary minimum value of Euro 1,000 (thousand), for a total of Euro 165 million. The Bond interest rate is 2.625% annually, with interest paid on a deferred basis on April 30 and October 31 of each year, from October 31, 2018. The Bonds shall be settled at the nominal value on April 30, 2024 where not previously settled or cancelled.

The Bond issue terms and conditions stipulate incurrence-type covenants regarding the debt level; specifically, the bond financial covenants require the maintenance of a stated net financial position/EBITDA ratio, measured annually and next measured on the December 31, 2020 figures.

The Maire Tecnimont Group is currently not aware of any default situations regarding the above-mentioned covenants.

42.20. Financial liabilities - Leasing

(In Euro thousands)	2019	Increases	Decreases	Interest	Payments	2020
Financial liabilities - Leasing	3,216	481	(135)	106	(886)	2,782
Total	**3,216**	**481**	**(135)**	**106**	**(886)**	**2,782**
of which:						
Non-current financial liabilities - Leasing						*2,139*
Current financial liabilities - Leasing						*643*
Total						***2,782***

The value of current and non-current financial leasing liabilities related to Right-of-Use at December 31, 2020 was Euro 2,782 thousand, of which Euro 643 thousand short term and Euro 2,139 thousand beyond 12 months.

The following table analyses the breakdown and maturities of lease liabilities carried as at December 31, 2020 presented according to future cash flows, inclusive of interest:

(In Euro thousands)	Due within 1 year	Due between 2 & 5 years	Due beyond 5 years	Total
Financial liabilities - Leasing	713	2,161	137	3,010
Total	**713**	**2,161**	**137**	**3,010**
Of which Capital portion				*2,782*

42.21. Short-term financial payables

Euro thousands	2019	Changes in year	2020
Bank payables	7,217	(6,247)	970
Total	**7,217**	**(6,247)**	**970**

Short-term financial payables amount to Euro 970 thousand and refer to accrued expenses on loans and bonds matured and not yet paid, the decrease mainly refers to an import loan of Euro 6,195 thousand which was repaid in the first quarter of 2020.

The estimate of the “fair value” of these financial instruments, calculated as indicated in the accounting policies section, at December 31, 2020 substantially approximated their book value.

The breakdown by maturity of the gross financial debt is reported in the financial risks section.

42.22. Provisions for risks & charges - within 12 months

Euro thousands	2019	Changes in year	2020
Provisions for charges - within 12 months	5,018	(4,824)	194
Total	**5,018**	**(4,824)**	**194**

The provision for charges within 12 months amounts to Euro 194 thousand and concerns the estimated costs for remuneration and incentive policies due within 12 months. The net decrease for the year is primarily the result of the payment during 2020 of portions of the MBO Plan that were accrued in prior years, and the 2019 production bonus.

Indeed, in view of the ongoing global scenario resulting from the COVID-19 emergency, the Board of Directors' meeting held on May 7, 2020, in order to continue to pursue the long-term interests, business sustainability and market competitiveness of the Group as a whole - resolved to suspend, for the current year, assignment of the objectives relating to short and medium-term monetary incentive plans (the so-called "MBO").

42.23. Tax payables

(In Euro thousands)	2019	Changes in year	2020
Tax payables	615	(19)	596
Total	**615**	**(19)**	**596**

Tax payables amount to Euro 596 thousand and concern employee IRPEF.

42.24. Financial instruments - Derivatives

(In Euro thousands)	2019	Change in the year	2020
Current interest rate hedging derivatives	0	451	451
Derivative financial instruments - TRES	4,887	3,216	8,103
Total	**4,887**	**3,668**	**8,554**

Derivative financial instruments at December 31, 2020 amount to Euro 8,554 thousand and refer to:

- For Euro 451 thousand the current portion of the valuation of the Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk on variable interest rate movements on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE’s Garanzia Italia (Italy Guarantee).

- For Euro 8,103 thousand the negative fair value of three cash-settled Total Return Equity Swap derivative instruments (TRES), to hedge against movements in the Maire Tecnimont share price essentially tied to the personnel incentive plans in place. The residual portions of the instruments as at December 31, 2020 hedged the risk relating to approx. 5.6 million shares.

The derivative contracts (TRES) have been entered into with a financial intermediary and do not entail any obligation for Maire Tecnimont to purchase treasury shares, but exclusively
a settlement obligation between the parties of the differential between the exercise price and the current price of Maire Tecnimont stock at the maturity of the instruments. Contracts for the entire amount are scheduled to expire by December 31, 2021.

For accounting purposes the TRES is measured in accordance with IFRS 9 as a fair value derivative through P&L.

For further information and analysis of the Fair Value Hierarchy, reference should be made to the "FINANCIAL RISKS" section.

42.25. Other current financial liabilities

(In Euro thousands)	2019	Changes in year	2020
Other current financial liabilities	202,211	12,329	214,540
Payable to subsidiaries	121,000	127,000	248,000
Total	**323,211**	**139,329**	**462,540**

Other current financial liabilities of Euro 214,540 thousand concern payables to subsidiaries for current accounts, while in 2018, the company adopted the cash pooling system to streamline the management of Group cash flows, avoiding the dispersion of liquidity and minimizing financial charges. The cash pooling account receivables are interest bearing, in accordance with market rates.

Payables to subsidiary companies for intercompany loans amount to Euro 248,000 thousand and refer to payables to TCM-KT JV S.r.l. of Euro 140,000 thousand and payables to KT S.p.A. of Euro 108,000 thousand.

These loans were principally received in order to grant loans to other Group companies requiring liquidity for ordinary operating activities, as well as for the working capital management of Maire Tecnimont S.p.A.. All loans are interest-bearing at market rates and maturity is scheduled within the subsequent year.

The following table reports the company's net financial debt at December 31, 2020 and December 31, 2019, in line with Consob communication No. DEM/6064293/2006 of July 28, 2006:

	NET FINANCIAL DEBT MAIRE TECNIMONT S.P.A.		
	In Euro thousands	**2020**	**2019**
A.	Cash	(8)	(11)
B.	Bank and postal deposits	(265,424)	(102,453)
C.	Securities	-	-
D.	**Liquidity (A+B+C)**	**(265,432)**	**(102,463)**
E.	**Current financial receivables**	**(141,438)**	**(146,004)**
F.	Current bank payables	970	7,217
G.	Current portion of non-current debt	-	-
H.	Other current financial payables	471,737	328,765
I.	**Current financial debt (F+G+H)**	**472,707**	**335,982**
J.	**Net current financial debt (I-E-D)**	**65,836**	**87,515**
K.	Non-current bank payables	427,200	61,906
L.	Bonds issued	183,572	183,152
M.	Other non-current payables	3,165	2,548
N.	**Non-current financial debt (K+L+M)**	**613,938**	**247,606**
O.	**Net financial debt (J+N)**	**679,774**	**335,121**

The following table presents the reconciliation between the net financial debt and the net financial position of the company at December 31, 2020 and December 31, 2019:

	RECONCILIATION NFD & NFP		
	In Euro thousands	**2020**	**2019**
O.	**Net financial debt**	**679,774**	**335,121**
	Financial receivables	(320,742)	-
	Finance lease payables IFRS 16	(2,782)	(3,216)
	Adjusted Net Financial Debt	**356,250**	**331,905**

42.26. Trade payables

This account amounts to Euro 12,226 thousand and decreased on the previous year Euro 2,949 thousand.

Euro thousands	2019	Changes in year	2020
Suppliers - within 12 months	4,955	287	5,242
Subsidiaries - within 12 months	10,149	(3,250)	6,899
Parent companies - within 12 months	71	14	85
Total	**15,175**	**(2,949)**	**12,226**

Payables to suppliers of Euro 5,242 thousand concern trade payables for ordinary operations.

Payables to subsidiary companies amount to Euro 6,899 thousand, decreasing on the previous year, and refer to interest payable on loans received from subsidiaries,
in particular, from Tecnimont S.p.A. and Tecnimont-KT JV S.r.l. and from other services received; Maire Tecnimont structurally benefits from certain services, including the availability of space in buildings, related services (general services, facilities, security, equipment) and other services in AFC and personnel management.

Payables to parent companies for Euro 85 thousand relate to the payable to G.L.V. Capital S.p.A..

42.27. Other current liabilities

(In Euro thousands)	2019	Changes in year	2020
Payables to social security institutions	791	89	880
Matured by personnel, not yet settled	737	(313)	424
Other liabilities	32,795	(26,531)	6,264
Commercial accrued liabilities and deferred income	3	(3)	0
Total	**34,325**	**(26,757)**	**7,568**

Other current liabilities at December 31, 2020 amount to Euro 7,568 thousand, reducing Euro 26,757 thousand on December 31, 2019.

The account concerns Social Security Institution payables, those matured by personnel and other various payables. Other payables amounting to Euro 6,264 thousand refer to payables to subsidiaries for Group VAT, the decrease compared to the previous year is due to the combined effect of the reimbursement received from the tax authorities and the payment to the subsidiaries.

Again in 2020 a number of Group companies renewed the tax consolidation, transferring their VAT settlement credit balances to the consolidating Maire Tecnimont S.p.A..

Public grants in accordance with Law No. 124/2017

With regards to the rules on the transparency of public grants as per Article 1, paragraphs 125-129 of Law No. 124/2017, as subsequently amended by Article 35 of Decree-Law No. 34/2019 ("Growth Decree"), published in Italy's Official Journal no. 100 of April 30, 2019, Maire Tecnimont analyzed its situation and decided to present in this paragraph the amounts received in 2020 in the form of contributions and grants:

- As part of funded training plans, Euro 7 thousand was received from Fondimpresa;

See the National register of State Aid for the de minimis state aid included for the Company Maire Tecnimont.

43. Commitments and contingent liabilities

Maire Tecnimont S.p.A financial guarantees at December 31, 2020 and December 2019 were as follows:

(in Euro thousands)	31.12.2020	31.12.2019
Guarantees granted in the interest of the company		
Sureties issued by third parties in favor of third parties	168,223	157,918
Total guarantees	168,223	157,918

Sureties issued in favor of third parties concern those in favor of the Milan Polytechnic for a 15-year agreement and the Lazio/Lombardy Regional Tax Agency and Provincial Section II of the Rome/Milan Large Contributions Office for Repayments and Offsets for Group VAT, in addition to the Advance and Performance and Warranty Bond issued in the interest METNEWEN MEXICO S.A., MST S.r.l., MT Russia, NEXTCHEM S.p.A. and Tecnimont S.p.A., respectively for the Energia Limpia de Amistad, Beni Stabili/COVIVIO, Terna Rete Italia and Cattolica di Milano University, ENI Raffineria di Mestre, AGPP AMUR and Kingisepp 2, and Centro Trattamento Olii Tempa Rossa orders.

Other commitments of Euro 12,879,217,482 thousand concern "Parent Company Guarantees" issued in favor of clients of Subsidiaries, in relation to commitments undertaken in the execution of core operations and therefore orders undertaken.

These commitments, which involve the undertaking of an obligation to complete, guarantee contracts whose total value amounts includes works already executed and the residual backlog at December 31, 2020.

"Other Unsecured Guarantees" residually concern other guarantees (letters of Patronage) in favor of banks in the interest of some subsidiaries, principally Tecnimont S.p.A.. and KT Kinetics Technology SpA..

44. Related party transactions

In view of the transactions carried out by Maire Tecnimont in 2020, related parties principally concern:

- from group and associated companies (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., M.S.T S.r.l., Stamicarbon B.V., MET Gas Processing Technologies S.p.A., Met Development S.p.A., Met Dev 1S.r.l., Nextchem S.p.A., Cefalù 20 S.c.a.r.l.; TCM do Brasil, OOO MT Russia, TPI, TCM-KT JV S.r.l, Met T&S Limited, Tecnimont USA Inc., Tecnimont Nigeria, Tecnimont Philippines and Tecnimont Arabia Ltd);
- from the parent company G.L.V Capital S.p.A. and from the consolidation scope of Maire Investments S.p.A.

Commercial contract payables refer to the lease of the properties housing the Company's offices, particularly the office on Piazzale Flaminio (Rome), the use of the "Maire" trademark and other minor recharges (relations with GLV Capital S.p.A.); dealings with the Maire Investments Group mainly refer to purchases of flight hours used by Maire Tecnimont.

Maire Tecnimont structurally benefitted from services provided by Tecnimont S.p.A, specifically the availability of office spaces, in addition to the provision of other related services (general services, facilities, security, equipment) and other AFC services from the subsidiary KT.

Financial contract payables refer to payables for financing received (TCM-KT JV S.r.l. and KT-Kinetics Technology S.p.A.). The loans are interest-bearing at market rates.

Financial contract receivables concern the loans granted to the subsidiaries (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., Met Development S.p.A. Met Dev 1 S.r.l., M.S.T S.r.l, METGas Processing Technologies S.p.A., TCM Nigeria and Nextchem S.p.A.) for the management of their operating activities. All loans are interest-bearing at market rates.

The balances of bank current accounts payable and receivable arise from the cash pooling contract adopted by Maire Tecnimont S.p.A to which several Group companies have subscribed; interest accrues on the balances at market rates.

Commercial contract receivables principally concern services provided by Maire Tecnimont S.p.A. in favor of the subsidiaries the administrative, tax and legal service and the recharge of a number of costs incurred on behalf of the subsidiaries.

The residual balances are payables arising under the tax consolidation agreement (Tecnimont S.p.A., KT-Kinetics Technology S.p.A., Neosia S.p.A., Neosia Renewables S.p.A., MET Gas Processing Technologies S.p.A., M.S.T S.r.l., Met Development S.p.A. Met Dev 1 S.r.l. and TCM-KT JV S.r.l.) and payables and receivables arising following the VAT consolidation (M.S.T S.r.l., Neosia S.p.A., Neosia Renewables S.p.A, Tecnimont S.p.A., KT-Kinetics Technology S.p.A., MET Gas Processing Technologies S.p.A., Met Development S.p.A., TCM-KT JV S.r.l. and Cefalù S.c.a r.l).

Luigi Alfieri is a Director of Maire Tecnimont S.p.A.; the costs refer to an annual contract for assistance and consulting services in the financial field.

The Company’s receivables/payables and cost/revenue transactions with related parties for 2020 are presented in the tables below:

(in Euro thousands) 31/12/2020	Trade Receivables	Trade Payables	Financial Receivables	Financial Payables	Receivables (Payables) for VAT consol.	Receivables (Payables) for tax consol.	Receivables for excess IRES transferred	Receivables (Payables) for cash pooling	Revenues	Costs	Financial income	Financial expenses
Tecnimont S.p.A.	7.429	(2.521)	250.609		(2.913)	915	700	(125.523)	18.573	(5.179)	6.272	(566)
KT S.p.A.	2.107	(344)	70.133	(108.000)	(842)	3.891	2.000	(52.280)	4.358	(439)	1.245	(1.756)
Neosia S.p.A.	476		55.713		(288)	(413)		3.901	428		1.556	(78)
Neosia Renewables S.p.A.	1		35.330		(36)	(203)	800	2.859			1.027	(44)
Stamicarbon B.V.	37	(79)						(13.843)	14.201		3	(212)
Met Gas Processing Technologies S.p.A.	3		490		(10)	(43)		(334)	10		8	
G.L.V Capital S.p.A.		(86)								(613)		
MDG S.r.l										(6)		
MST S.r.l.	28	(38)	3.700		(1.920)	(44)	1.000	1.819		(166)	99	(1)
Met Development S.p.A.	110	(1)	16.400		418	(83)	150	(3.409)	80		362	(1)
Met Dev 1 S.r.l.	15		1.364			752	400				14	
OOO MT Russia	503								131		146	
TPI	81	(255)							5			
TCM France	35	(678)									21	
MET T&S LIMITED	122							5.488	7		66	
Cefalù S.c.a.r.l.	5				319		300				3	
Tecnimont Private Limited	90						1.000		45		29	
TCM Do Brasil	23								5			
Tecnimont Cile	23								5			
Tecnimont México	1								5			
Tecnimont USA Inc.	1								5			
Tecnimont Arabia Ltd	30								5		7	
TecnimontHQC Sdn. Bhd.	23								5			
Met Newen Mexico S.A. de C.V.	516								160			
Biolevano S.r.l.									10			
Cosorzio Turbigo 800									1			
Nextchem S.p.A	8		9.850				700	2.568	6		128	
TCM Nigeria	152		1.956								103	
TCM Philippines											1	
TCM-KT JV S.r.l.	1	(2.983)		(140.000)	(226)	2.976	400	(19.151)			25	(3.293)
kt india	1											
MyReplast Industries Srl	1										1	
Esperia										(1)		
U-Coat S.p.A	2											
Luigi Alfieri		(34)								(338)		
Total	**11.823**	**(7.019)**	**445.545**	**(248.000)**	**(5.497)**	**7.749**	**7.450**	**(197.905)**	**38.043**	**(6.742)**	**11.118**	**(5.950)**

Remuneration of Directors, Statutory Auditors and Senior Executives is outlined below:

31/12/2020 *(in Euro thousands)*	Remuneration
Directors	3,683
Statutory Auditors	200
Total	**3,883**

The remuneration concerns emoluments and all other payments, pension-related or social security deriving from the role of Director or Statutory Auditor in Maire Tecnimont S.p.A..

The remuneration of Directors and Statutory Auditors and Senior Executives, appears in the 2020 Corporate Governance and Ownership Structure Report and the 2021 Remuneration Report, both available on the company website at www.mairetecnimont.it in the “Governance” section.

45. Financial risk management

For more complete disclosure on financial risks, reference should be made to the “FINANCIAL RISKS” section of the Explanatory Notes of the Consolidated Financial Statements of the Maire Tecnimont Group. Maire Tecnimont S.p.A`s ordinary operations are exposed to financial risks. Specifically:

- Credit risk, both in relation to normal commercial transactions with clients and financial activities;
- Liquidity risk, concerning difficulties in liquidating positions held within necessary timeframes or in sourcing operating funding;
- Market risk, relating to fluctuations in interest rates for financial instruments which generate interest;
- Default and debt covenant risk regarding the possibility that loan contracts include clauses permitting the lending Banks to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

Maire Tecnimont S.p.A constantly controls financial risks, anticipating potential negative impacts and undertaking appropriate corrective actions.

The following section provides qualitative and quantitative information on the impact of these risks on Maire Tecnimont S.p.A.. The following quantitative data may not be used for forecasting purposes. Market risks may not reflect the complexity and the related market reactions from any change in assumptions.

IFRS 7 requires that the classification of financial instruments measured at fair value is determined based on the quality of the input sources used in the measurement of the fair value (level 1, 2 and 3); the financial statements of Maire Tecnimont S.p.A. includes financial instruments measured at fair value.

CREDIT RISK

Maire Tecnimont credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties. Credit risk stems from normal operations and is monitored by the operating and financial departments on the basis of set procedures, which establish the methods for quantifying and controlling client risk.

They are managed according to procedures, including credit recovery and dispute management.

The maximum theoretical exposure to the credit risk for the Company at December 31, 2020 is the carrying value of the financial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties.

At December 31, 2020, Trade receivables within and beyond 12 months respectively were Euro 27,036 thousand and Euro 1,100 thousand. A summary of the trade receivables and the relative doubtful debt provisions is reported below:

Receivables by expiry date

(in Euro thousands)	Overdue at 31/12/2020				
	Not overdue	Up to 365 days	From 365 to 731 days	Over 731 days	Total
TRADE RECEIVABLES	1,433	24,944	305	354	27,036
OTHER NON-CURRENT ASSETS	0	0	0	1,100	1,100
Total trade receivables	1,433	24,944	305	1,454	28,136
Of which: Within 12 months (Note 42.5, 42.7)					27,036 1,100

(Euro thousands)		Overdue at 31/12/2019			
	Not overdue	Up to 365 days	From 365 to 731 days	Over 731 days	Total
TRADE RECEIVABLES	1,471	25,816	795	0	28,082
OTHER NON-CURRENT ASSETS	0	0	0	1,100	1,100
Total trade receivables	1,471	25,816	795	1,100	29,182
Of which: Within 12 months (Note 42.5, 42.7)					28,082 1,100

Other non-current assets overdue more than 731 days concern disputed receivables from clients due beyond 12 months and specifically from the Calabria Region for Euro 1,100 thousand. With regards to this receivable, the arbitral award accepted most of the company's demands. The counterparty has proposed an appeal against the arbitral award and in 2013 the Catanzaro Court of Appeal nullified the award on the basis only of formal errors; the company therefore decided to challenge the judgement filed on May 6, 2013 and to appeal to the Cassation Court. The appeal was accepted with notification of 20/6/14; the Calabria Region did not make a counter appeal and the hearing date for discussion and subsequent decision is awaited. The above amount is currently considered recoverable on the basis of the strong grounds previously expressed in the arbitral award.

The trade receivables are all from subsidiaries and therefore are considered without credit risk.

For IFRS 9, the impairment requirements are based on an expected credit loss (ECL) model utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures. The credit risk of the subsidiary counterparties was however assessed and found to be immaterial.

LIQUIDITY RISK

This risk concerns the difficulty in sourcing new funding or access to liquid assets, resulting in the enterprise's failure to satisfy payment commitments, being forced to incur additional funding costs or, in extreme instances, being faced with potential insolvency which may put its going concern at risk.

At the present moment, Maire Tecnimont considers that the good levels of liquidity held and prudent and functional management of the credit lines available are important elements for stability and sufficient to guarantee the resources necessary for operating continuity. The management of liquidity risk is based above all on the strategy of containing debt and maintaining financial equilibrium.

The cash and cash equivalents of Maire Tecnimont S.p.A at December 31, 2020 amounted to Euro 265,432 thousand, an increase on December 31, 2019 (Euro 102,463 thousand).

The following table analyses the breakdown and maturities of financial liabilities according to non-discounted future cash flows:

31.12.2020 *(in thousands of Euro)*	Due within 1 year	Due between 2 & 5 years	Due beyond 5 years	Total
Financial debt - non-current portion	13,454	421,487	45,917	480,858
Other non-current financial liabilities	5,011	196,847	0	201,858
Short-term debt	970	0	0	970
Other current financial liabilities	469,813	0	0	469,813
Finance lease liabilities - current and non-current	713	2,161	137	3,010
Financial instruments - Current and non-current derivatives	8,554	1,027	0	9,581
Total financial liabilities (current and non-current)	**498,515**	**621,522**	**46,054**	**1,166,091**

Future interest is estimated on the basis of existing market conditions at the preparation date of the financial statements.

The other inter-companies financial liabilities concern the payables to subsidiaries for loans and the payables to subsidiaries for current accounts; in 2018, Maire Tecnimont S.p.A. adopted the cash pooling system to streamline the management of Group cash flows, avoiding the dispersion of liquidity and minimizing financial charges. The maturity dates and the interest estimates are based on the residual contractual duration or the earliest date when payment may be demanded.

The portion of leasing financial liabilities "Beyond 5 years" is the value of the financial liability relating to the right-of-use assets recognised, primarily attributable to the properties in which the Company's offices are located.

MARKET RISKS

CURRENCY RISK

The Company is theoretically exposed to risks deriving from changes in the exchange rate although the amount of financial assets and liabilities in currencies other than the Euro which may impact the income statement or value of the net equity are minimal.

INTEREST RATE RISK

The Company is exposed to interest rate risk in relation to debt service costs.

The residual risk on the variable rate debt is in part mitigated by the fact that Group cash deposits are remunerated at interest rates indexed to the same debt parameter (Euribor).

DEFAULT AND DEBT COVENANT RISK

This concerns the possibility that loan contracts include clauses permitting the lending Banks and other lenders to request immediate repayment on the occurrence of certain events, resulting therefore in a liquidity risk.

During 2019, Maire Tecnimont subscribed to the ESG Linked Schuldschein Loan with a nominal value of Euro 62.5 million. The loan was taken out with the main purpose of supporting the Group's investments in green technologies. The instrument is divided in two tranches with an average duration of approximately 5 years, total repayment at maturity, and an average rate of approximately 2.3%. The cost of the instrument may also vary – including downwards – in relation to the achievement of the Group's CO2 emission reduction targets.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and EBITDA on a yearly basis, with the next measurement based on the figures at December 31, 2020.

The Company holds non-convertible bonds subscribed on a private placement basis by the pan-European fund managed by companies of the Amundi group.

The bonds are priced all-in at 340 basis points, plus the Euribor at 6 months, with a six-year maturity and bullet repayment on maturity and are supported by guarantees issued by Tecnimont S.p.A.. The bonds were for exclusive subscription by qualifying investors; the securities - with unitary values of Euro 100,000 each - are not be listed or admitted to trading on any market (regulated or non-regulated) or multi-lateral trading systems, nor assigned a rating.

The bonds are supported by covenants in line with market practice; specifically, the bond covenants regard the maintenance of a ratio between the net financial position and net equity, as well as between the net financial position and EBITDA, on a half-yearly basis, next measured on the December 31, 2020 figures.

On May 3, 2018, Maire Tecnimont issued 165,000 Non-Convertible Bonds at a price equal to 100% of the nominal value, and with a unitary minimum value of Euro 1,000 (thousand), for a total of Euro 165 million. The Bond interest rate is 2.625% annually, with interest paid on a deferred basis on April 30 and

October 31 of each year, from October 31, 2018. The Bonds shall be settled at the nominal value on April 30, 2024 where not previously settled or cancelled.

The Bond issue terms and conditions stipulate incurrence-type covenants regarding the debt level; specifically, the bond financial covenants require the maintenance of a stated net financial position/EBITDA ratio, measured annually and next measured on the December 31, 2020 figures.

On July 8, 2020, Maire Tecnimont S.p.A. signed a loan agreement for Euro 365 million, 80% of which was backed by SACE's "Garanzia Italia" (Italy Guarantee), and disbursed by a syndicate of leading Italian financial institutions comprising Banco BPM, Cassa Depositi e Prestiti, Intesa Sanpaolo and Unicredit. The loan mainly supported the working capital needs of the parent company Maire Tecnimont and its main operating companies in Italy, in line with the provisions of the Liquidity Decree of April 9, 2020 and has a total duration of 6 years, of which 2 years grace period and a rate of 1.7% per annum, plus the cost of SACE's Italy Guarantee The financing, with extremely flexible features, as it can be repaid in whole or in part at any time without additional cost, will contribute to strengthening the group's financial structure to cope with the volatility of the markets caused by Covid 19.

The loan includes covenants in line with normal business practice for such operations; specifically, the loan's financial covenants concern the ratio between the net financial position and net equity, as well as between the net financial position and EBITDA on a half-yearly basis, with next measurement on the FY 2020 figures.

Maire Tecnimont is currently not aware of any default situations regarding the above-mentioned covenants.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The company utilizes derivative instruments to hedge against movements in the Maire Tecnimont share price, in view of the implementation of a buy-back program to satisfy the "Equity Settled" employee plans, as the Group has assigned its capital instruments as additional remuneration for services received (employment).

Maire Tecnimont S.p.A therefore subscribed cash-settled Total Return Equity Swap (TRES) derivative instruments, undertaken to hedge against movements in the Maire Tecnimont share price. The TRES derivative instruments for accounting purposes are measured in accordance with IFRS 9 at fair value through P&L.

The accounting of the hedging instruments differs depending on the objective of the hedge: cash flow hedges or fair value hedges.
Maire Tecnimont S.p.A. has Interest Rate Swap (IRS) derivatives to hedge the exposure to the risk of variable interest rates on a portion of the new loan signed by Maire Tecnimont S.p.A. for Euro 365 million, 80% of which is backed by SACE's Garanzia Italia (Italy Guarantee).

Fair value calculation

The fair value of financial instruments is represented by the current market price or, in their absence the application of appropriate financial valuation models which take into consideration all the factors adopted by market operators and the prices obtained in a real market transaction.

In particular, the fair value of the TRES is measured discounting the expected cash flows, calculated on the basis of market interest rate at the reference date and the price of the underlying listed shares.

Cash flow hedge

The changes in the fair value of the derivative instruments which are designated, and which are efficient, to hedge future cash flows relating to the Company contractual commitments are directly recorded under Equity, while the non-efficient portion are immediately recorded in the Income Statement.

CLASSIFICATION OF THE FINANCIAL INSTRUMENTS

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value. The IFRS 7 classification implies the following hierarchy:

- Level 1: fair value calculation according to active market prices. Company instruments do not fall within this category;
- Level 2: fair value measurement according to market prices or similar assets or through measurement techniques for which all significant factors are directly or indirectly based on observable market data. Company instruments fall within this category.
- Level 3: fair value measurement according to valuation models whose input is not based on observable market data ("unobservable inputs"). Instruments whose value is based on models with inputs not directly based on observable market data are currently in place.

For all derivative instruments used by the Company, the fair value is calculated according to measurement techniques based on observable market parameters ("Level 2"); no transfers were made between Level 1 and Level 2 and vice versa.

As required, we report the type of financial instruments present in the financial statements, with indication of the accounting policies applied. The book value of financial assets and liabilities substantially coincide with their fair value.

At 31/12/2020 (in Euro thousands)	Loans and Receivables - Amortized Cost	Derivative Instruments - Fair value	Derivative Instruments - Hedge Accounting - Fair Value	Capital instruments - Fair Value OCI	Total
Non-current financial receivables	320,742				320,742
Other non-current assets	1,100				1,100
Trade receivables	27,036				27,036
Other financial assets	141,438				141,438
Other current assets	1,374				1,374
Cash and cash equivalents	265,432				265,432
Total	**757,122**	**0**	**0**	**0**	**757,122**

*"Level 2" of Fair-Value

At 31/12/2019 (in Euro thousands)	Loans and Receivables - Amortized Cost	Derivative Instruments - Fair value	Derivative Instruments - Hedge Accounting - Fair Value	Capital instruments - Fair Value OCI	Total
Other non-current assets	1,100				1,100
Trade receivables	28,082				28,082
Financial instruments - Derivatives		*517			517
Other financial assets	145,486				145,486
Other current assets	507				507
Cash and cash equivalents	102,463				102,463
Total	**277,638**	**517**	**0**	**0**	**278,155**

*"Level 2" of Fair-Value

At 31/12/2020 (in Euro thousands)	Financial Liabilities - Amortized Cost	Derivative Instruments - Fair value (*)	Derivative Instruments - Hedge Accounting - Fair Value (*)	Total
Financial debt - non-current portion	427,200			427,200
Other non-current financial liabilities	183,572			183,572
Current loans and borrowings	970			970
Finance lease liabilities - current and non-current	2,782			2,782
Current and non-current financial instruments-derivatives		8,103	1,478	9,581
Other current financial liabilities	462,540			462,540
Trade payables	12,226			12,226
Other current liabilities	7,568			7,568
Total	**1,096,858**	**8,103**	**1,478**	**1,106,439**

*"Level 2" of Fair-Value

At 31/12/2019 (in Euro thousands)	Financial Liabilities - Amortized Cost	Derivative Instruments - Fair value	Derivative Instruments - Hedge Accounting - Fair Value	Total
Financial debt - non-current portion	61,906			61,906
Other non-current financial liabilities	183,152			183,152
Current loans and borrowings	7,217			7,217
Finance lease liabilities - current and non-current	3,216			3,216
Financial instruments - Derivatives	0	*4.886		4,886
Other current financial liabilities	323,211			323,211
Trade payables	15,174			15,174
Other current liabilities	34,325			34,325
Total	**628,201**	**4,886**		**633,087**

*"Level 2" of Fair-Value

The book value of financial assets and liabilities substantially coincide with their fair value.

46. Independent Audit Firm fees

The following table, prepared pursuant to Article 149 of the Consob Issuers' Regulations, reports the payments made in 2020 for services carried out by the audit firm.

Type of service *(in Euro thousands)*	Provider	Company	2020 Fees
Audit	PricewaterhouseCoopers S.p.A.	Maire Tecnimont S.p.A.	229
Certification services (*)	PricewaterhouseCoopers S.p.A.	Maire Tecnimont S.p.A.	4
Other services **	Pricewaterhousecoopers Network	Maire Tecnimont S.p.A.	385
	PricewaterhouseCoopers S.p.A.	Maire Tecnimont S.p.A.	93

The fees do not include VAT, expenses and any Consob oversight contribution repayments

(*) Certification services include the signing of tax declarations.
(**) The other services include the audit fee for the Sustainability Report - containing the Non-Financial Statement as per Legislative Decree No. 254/2016 and the fee for support with development of the In-Country value method and the limited review assignment of the scope 3 issues present in the questionnaire of the carbon disclosure project climate change.

47. Significant non-recurring events and operations

In 2020, the company did not execute any significant non-recurring operations in accordance with Consob Communication No. DEM/6064293 of July 28, 2006.

48. Transactions relating to atypical or unusual operations

In accordance with Consob Communication of July 28, 2006 No. DEM/6064293, the Company did not undertake any atypical and/or unusual operations, as defined in the communication.

49. Subsequent events after December 31, 2020

For significant events following year-end, reference should be made to the accompanying Directors' Report.

50. Statement on the financial statements as per Article 154-bis, paragraph 5 of Legislative Decree No. 58/98 and subsequent amendments and supplements

1. The undersigned Pierroberto Folgiero, as “Chief Executive Officer” and Dario Michelangeli as “Executive Officer for Financial Reporting” of MAIRE TECNIMONT S.p.A. declare, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
    - the consistency in relation to the characteristics of the company.
    - the effective application of the administrative and accounting procedures for the compilation of the financial statements at December 31, 2020.
2. In addition, we certify that the financial statements:
    - are drawn up in conformity with the applicable international accounting standards recognized by the European Union in accordance with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
    - correspond to the underlying accounting documents and records;
    - provide a true and correct representation of the balance sheet, financial situation and result for the year of the Issuer.
3. The Directors’ Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

This statement is provided also in accordance with Article 154-*bis*, paragraph 2 of Legislative Decree No. 58 of February 24, 1998.

Milan, March 10, 2021

The Chief Executive Officer	The Executive Officer for Financial Reporting
Pierroberto Folgiero	**Dario Michelangeli**

51. Board of Directors proposal

Dear Shareholders,

we consider that the financial statements of the company have been exhaustively outlined and we trust in your approval of the presentation and policies adopted for the 2020 financial statements, which report a loss of Euro 13,201,538.89.

We invite you to approve the 2020 financial statements, together with the proposal to cover the loss for the year amounting to Euro 13,201,538.89, through the use of the "Retained earnings reserve" of Euro 47,456,372.98, which, following coverage of the loss, will amount to Euro 34,254,834.09. The aforementioned use of the "Retained earnings reserve" is to be considered fully attributable to retained earnings formed during the year ended December 31, 2019.

In view of the fact that the legal reserve has reached one-fifth of the share capital pursuant to Article 2430 of the Civil Code, it is proposed that shareholders are paid a dividend totaling Euro 38,122,290.11 on the 328,640,432 ordinary shares with no par value currently outstanding with dividend rights, and thus a dividend of Euro 0.116[5], gross of withholding taxes, per share through the use of available reserves as follows:

i. Euro 34,254,834.09 through the full use of the "Retained earnings reserve", to be considered primarily attributable to retained earnings relating to the year ended December 31, 2019, for the portion not used to cover the loss for the year ended December 31, 2020, and retained earnings relating to the year ended December 31, 2018, and

ii. Euro 3,867,456.02 through the partial use of the "Extraordinary reserve" formed from profits arising in years prior to the year ended December 31, 2018.

It is also proposed to pay the above dividend on April 21, 2021 (so-called payment date), with an ex-dividend date of April 19, 2021 (so-called ex-date). The shareholders of Maire Tecnimont on April 20, 2021 (record date) have the right to receive a dividend. It should be noted that the total amount of the distribution could vary if the number of dividend-entitled shares changes.

We also invite you to authorize individually the Chairman of the Board of Directors and the Chief Executive Officer, in the event that transactions involving the purchase or sale of treasury shares are carried out before coupon detachment, to allocate and/or withdraw from retained earnings the amount of the ordinary dividend due to such shares.

Milan, March 10, 2021

On behalf of the Board of Directors

The Chairman

[5] *Subject to the amount of the unitary dividend, the total dividend amount may change depending on the number of treasury shares held in portfolio by the company at the coupon date, consequently increasing or decreasing the amount to be allocated to retained earnings.*

52. Board of Statutory Auditors' Report

Report of the Board of Statutory Auditors to the Shareholders' Meeting

called for the approval of the 2020 Annual Accounts

(Article 153, Legislative Decree No. 58/98)

Dear Shareholders,

The Board of Statutory Auditors of Maire Tecnimont S.p.A. (hereafter also "**Maire Tecnimont**" or the "**Company**") in accordance with Article 153 of Legislative Decree No. 58/1998, Consolidated Finance Act ("**CFA**") and Article 2429, paragraph 2 of the Civil Code, is required to report to the Shareholders' Meeting on the results for the financial year and on the activities carried out in fulfilment of its duties, as well as report observations and proposals regarding the financial statements and their approval and on the matters within its scope.

In 2020, the Board of Statutory Auditors carried out its supervisory duties in accordance with applicable regulations and taking account also of the conduct principles of the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), in addition to the Consob provisions concerning corporate controls and Boards of Statutory Auditors' activities and the indications contained in the Self-Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the "**2018 Code**"), with which the company complied and which was in effect for the 2020 financial year. In this regard, it should be noted that, on February 11, 2021, the Company's Board of Directors resolved to adopt the Recommendations and Principles of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020 as promoted by Borsa Italiana S.p.A. This code went into effect on January 1, 2021 (the "**2020 Code**").

For these purposes, in addition to attending the meetings of the Board of Directors, board committees and meetings of the independent directors of the company, the Board of Statutory Auditors also undertook the ongoing exchange of information with the Executive Officer for Financial Reporting, the heads of the administration, audit, compliance, risk management and sustainability reporting functions of the company, with the Boards of Statutory Auditors of the main subsidiaries and the Supervisory Board ("**SB**") and those of the main Italian subsidiaries tasked with overseeing the efficacy, compliance and updating of the Organisation, Management and Control Model for the purposes of Legislative Decree No. 231/01 of the company, as well as with PricewaterhouseCoopers S.p.A. ("**PWC**"), the Appointed Auditor tasked with the audit of the accounts and, as the Designated Auditor, with verification of compliance regarding the Non-financial Statement as per Legislative Decree 254/2016 (the "**Non-Financial Statement**") and issue of the relative report.

Appointment of the Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting of April 29, 2019, and comprises:

- Mr. Francesco Fallacara (Chairman);
- Ms. Antonia Di Bella (Statutory Auditor);
- Mr. Giorgio Loli (Statutory Auditor).

Mr. Massimiliano Leoni, Ms. Alessandra Conte and Mr. Andrea Lorenzatti are Alternate Auditors.

The mandate of the Board of Statutory Auditors concludes at the Shareholders' Meeting called to approve the 2021 Annual Accounts.

The main offices held by the members of the Board of Statutory Auditors are also indicated in the "*Corporate Governance Ownership Structure Report 2020*" of the company, drawn up as per Article 123-*bis* of the CFA, made available to the public in accordance with law on the website www.mairetecnimont.com and according to the other means set out by the applicable regulation.

The Board of Statutory Auditors reports that all of its members comply with Consob's regulations concerning the cumulative number of appointments permitted.

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We report that the financial statements of the company at December 31, 2020 were prepared in accordance with IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at December 31, 2020, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005.

The separate financial statements and the consolidated financial statements at December 31, 2020, of Maire Tecnimont include the statements of compliance by the Chief Executive Officer and the Executive Officer for financial reporting.

Inter-company and related party transactions

In accordance with Article 2391-*bis* of the Civil Code and Consob motion No. 17221 of March 12, 2010, enacting the *"Related parties transactions regulation"*, subsequently amended with Consob motion No. 17389 of June 23, 2010, the Board of Directors, on November 12, 2010, approved the *"Related parties transactions policy"* (the "**Policy**"). In accordance with Consob regulation No. DEM/10078683 of September 24, 2010, the Policy is reviewed every three years.

The Policy adopted by the company and implemented for transactions undertaken in 2020 (i) complied with the principles contained in the stated Consob Regulation in effect in 2020 and (ii) was published on the company website (www.mairetecnimont.com).

In this regard, it should be noted that, following publication of Consob motion No. 21624 of December 10, 2020, on the amendments to the "*Related parties transactions regulation*" adopted by way of Consob motion No. 17221 of March 12, 2010, and subsequently amended by Consob motion No. 17389 of June 23, 2010, and which will go into effect on July 1, 2021, the Company has, under the transitory regime established for such purpose, begun taking the necessary steps to adapt the Policy to the new provisions of the "*Related parties transactions regulation*".

We attended the meetings of the Related Parties Committee, during which we reviewed the related party transactions undertaken in 2020.

In particular, we analysed the inter-company transactions and those with the parent or with companies of the majority shareholder, all of which were of an ordinary nature and related essentially to the provision of administrative services related to property management and of a residual nature, which were, therefore, categorised as exempt from the Policy as either "inter-company" or "minor" transactions. Furthermore, all of the above transactions, in addition to being of an ordinary nature, were carried out at arm's length.
In the same way, we examined the transactions during the year in relation to the members of the Company's Board of Directors that were categorised as exempt from the Policy as "minor transactions".
The Committee was therefore never called upon in 2020 to give an opinion on such transactions.
These transactions were periodically communicated to us by the Company.
The Related Party transactions are indicated in the notes to the Financial Statements and to the Consolidated Financial Statements of the company, in which the income and equity effects are also reported.
We verified compliance with the Policy and the correctness of the process followed by the Board of Directors and the Committee charged with qualifying related parties and we have no matters to report.

Atypical or unusual transactions

The company did not undertake any atypical or unusual transactions as defined by Consob communication DEM/6064293 of July 28, 2006.

Impairment Test Procedure

On July 28, 2020, following the ESMA Public Statement of May 20, 2020, and the Consob clarification No. 8/20 of July 16, 2020, and in line with the joint Bank of Italy/Consob/ISVAP document of March 3, 2010, the Board of Directors, separate from and prior to approval of the half-year report of the Maire Tecnimont Group as at June 30, 2020, approved the compliance of the impairment test procedure, updated as at June 30, 2020, with the provisions of IAS 36.

This approval was then most recently reiterated by the Board of Directors on March 4, 2020, separate from and prior to approval of the annual report for the year ended December 31, 2020.

The Company carried out the impairment tests on the goodwill allocated to the "**Hydrocarbons**", "**Renewables & Infrastructure**", "**Licensing**" and "**Green Energy**" cash generating units (CGUs) for the 2020 half-year and annual reports of the Maire Tecnimont Group and on the carrying value of equity investments recognised on the separate financial statements at December 31, 2020.

The explanatory notes to the half-year report for the Maire Tecnimont Group at June 30, 2020, and the annual report at December 31, 2020, provide information on the measurement process conducted with the help of a qualified expert.

The Board of Statutory Auditors considers that the impairment test policy adopted by the company is adequate.

Board of Statutory Auditors' activities in 2020

In executing our activities:

- we verified the compliance of law and the By-Laws of the company;
- we verified compliance with the principles of correct administration;
- we attended the meetings of the Board of Directors, the Control, Risks and Sustainability Committee, the Remuneration Committee, the Related Parties Committee and of the Independent Directors and obtained from the Directors periodic information, at least on a quarterly basis, on the general operating performance, on the outlook and on the major economic, financial and equity transactions carried out by Maire Tecnimont and the Group companies, verifying that the decisions undertaken and executed were not manifestly imprudent, risky, in potential conflict of interest, conflicting with the motions adopted by the Shareholders' Meetings or such as to compromise the integrity of the company's assets;

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- we oversaw the adequacy of the organisational structure, including the process of defining and assigning responsibilities, of note also for how the organisation has evolved. This included direct observations, gathering information from the heads of the various functions, and attending meetings of board committees. In this regard, the Board of Statutory Auditors considers the organisational structure of the company to be adequate to its needs and suitable to ensure respect for the principles of correct administration;
- we supervised the adequacy and the functioning of the internal control and risk management system through attending the meetings of the Control, Risks and Sustainability Committee, meetings with the Group HSE, Project Quality & Risk Management Manager and with the Head of the Compliance Department, through obtaining information from the Chief Executive Officer (CEO) responsible for the internal control and risk management system, from Departmental Managers, from representatives of the Independent Audit Firm and from the Supervisory Board. We also held meetings with the Internal Audit Manager of the company, at which we obtained information on the state of implementation of the Audit Plan for the year, on the results of the audits carried out and on the resolution measures implemented or planned, in addition to the relative follow up activities;
- we oversaw the adequacy of the administrative-accounting system through meetings with the Chief Financial Officer and the Executive Officer for Financial Reporting of the company and with the independent audit firm PricewaterhouseCoopers S.p.A., also for the purposes of exchanging data and information;
- we oversaw implementation of the rules of corporate governance adopted by the Company, including in accordance with the principles of the 2018 Code which the Company had adopted and, from February 11, 2021, also with the Principles and Recommendations of the 2020 Code. In particular:
    - we verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members;
    - we verified the independence of the Independent Audit Firm;

- we confirmed our independence;

- we verified the adequacy of the instructions issued to subsidiaries in accordance with Article 114, paragraph 2 of the CFA. These instructions also permitted these latter to provide in a timely manner the company with the information necessary to fulfil its communication obligations under applicable legal provisions;
- we verified the transactions with related parties and inter-company transactions; in this regard, we consider the information provided as adequate;
- we oversaw the correct implementation of the measures required to be taken by the company under the market abuse rules ("Market Abuse Regulation"), including those relating to "internal dealing" transactions and on "Savings protection", in addition to corporate disclosure;
- we verified – in accordance with Article 15 of Consob Markets Regulation adopted with motion No. 20249 of December 28, 2018 (the "**Consob Markets Regulation**") – that the organisation and the procedures adopted permit Maire Tecnimont to verify that the companies controlled and incorporated and regulated under laws of States not belonging to the European Union of relevance, have an appropriate administrative-accounting system to permit management and the auditor of the company to receive regularly the necessary financial statements for the preparation of the consolidated financial statements. At December 31, 2020, the subsidiaries incorporated and governed under the laws of State not belonging to the European Union of relevance in accordance with Article 15 of the Consob Markets Regulation are: Tecnimont Private Ltd (India), Tecnimont HQC Sdn Bhd (Malesia), MT Russia LLC (Russia) (previously Tecnimont Russia LLC), Tecnimont Arabia Ltd (Saudi Arabia) and TCM-KT JV Azerbaijan LLC (Azerbaijan).
- we have not received petitions or complaints as per Article 2408 of the Civil Code.

During the controls described above, no significant matters arose that would require reporting to the oversight and control Authority Body or specific mention in this report.

Internal Audit, the Compliance Function, Group HSE, Project Quality & Risk Management and the Supervisory Board, with whom we periodically met, did not highlight any particular issues with regards to the matters within their respective scopes.

The annual Corporate Governance and Ownership Structure Report of the Board of Directors did not indicate any issues to be highlighted in this report.

During the meetings of the Board of Statutory Auditors with the corresponding boards of the main subsidiaries and with their SBs, no significant matters arose that warranted bringing them to your attention.

Supervisory activities on the financial disclosure process

We verified the existence of adequate rules and processes to oversee the process for the collation, formation and circulation of financial disclosure.

We, in addition, noted that the Executive Officer for financial reporting confirmed:

i) the adequacy and appropriateness of the powers and the means assigned to him by the Board of Directors;

ii) to have had direct access to all information necessary for the production of the accounting data, without the need for authorisations;

iii) to have been involved in internal information flows for accounting purposes and to have approved all of the relative company procedures.

Therefore, the Board of Statutory Auditors expresses an opinion of adequacy in terms of the process for the formation of the financial disclosure and do not raise any issues to be submitted to the Shareholders' Meeting.

Oversight of the non-financial disclosure process

We oversaw compliance with the provisions of Legislative Decree 254/2016, verifying the existence of adequate rules and processes to oversee the process for its collation, formation and presentation.

The Board of Statutory Auditors expresses, therefore, an assessment upon the adequacy of the process for the drafting of the non-financial disclosure, on the basis of the socio-environmental strategic objectives of the Group, and does not raise any issues to be submitted to the Shareholders' Meeting.

In drawing up the Non-Financial Disclosure, the company did not avail of the option to omit information concerning imminent developments and transactions under negotiation, as per Article 3, paragraph 8 of Legislative Decree 254/2016.

Remuneration of the directors, of the general manager and of the senior executives

The Board of Statutory Auditors in 2020 expressed its opinion as required by Article 2389, paragraph 3, of the Civil Code concerning the proposal for the remuneration of senior executives.

In particular, on December 16, 2020, within the scope of its purview, the Board of Statutory Auditors expressed its favourable opinion on approval by the Board of Directors, as recommended by the Remuneration Committee, of implementation of the "*2020-2024 Long Term Investment Plan to support the Green Acceleration Project of the Maire Tecnimont Group, based on the financial instruments of the subsidiary NextChem*", as approved by the Company's Shareholders on April 30, 2020, particularly as concerns the responsibilities of the CEO and General Manager, Mr. Pierroberto Folgiero.

It should also be noted that the Board of Statutory Auditors, during the meeting of the Board of Directors held on March 9, 2021, expressed, to the extent of its remit, its favourable opinion on the proposed adoption of the "*2021-2023 Long-Term Incentive Plan of the Maire Tecnimont Group*" established pursuant to Article 114-*bis* of the Consolidated Finance Act (CFA) for, *inter alia*, the Chief Executive Officer and General Manager of Maire Tecnimont, Mr. Pierroberto Folgiero.

Additional Board of Statutory Auditors opinions

During the meeting of the Board of Directors of May 7, 2020, the Board of Statutory Auditors, to the extent of its remit, also expressed a favourable opinion with regard to:

- suspension, for 2020, of the allocation of targets related to the MBO short-term monetary incentive plans;
- suspension, on a prudent basis for 2020, of the delivery of Maire Tecnimont shares allocated to beneficiaries of the 2017-2019 Restricted Stock Plan;
- not executing the 2020-2022 Long-Term Incentive Plan approved by the Shareholders on April 30, 2020

approved by the Board of Directors, based on the favourable opinion of the Remuneration Committee, on the same date.

For the sake of full disclosure, it should also be noted that these recommendations were issued and approved in response to developments in the global landscape brought about by the COVID-19 health emergency and its impact on the range of action of the Maire Tecnimont Group. This led to the need for general reflection on the decisions of Remuneration Policy for 2020 so as to identify potential efficiencies and support, to the extent of its remit, the cost-optimisation plan launched by the Company in early 2020 in response to the emergency and its impact on business.

Oversight in accordance with Legislative Decree 39/2010 - verification of the independence of the Independent Audit Firm

We also oversaw the audit of the Annual Accounts and of the Consolidated Annual Accounts, the independence of the independent audit firm, with particular regards to any non-audit services provided and on the outcome of the audit.

With regards to the independence of the Independent Audit Firm, PricewaterhouseCoopers S.p.A., the Board of Statutory Auditors was informed in a timely manner on the other services assigned.

In 2020, the independent audit firm carried out the following activities on behalf of the Group:

Type of service	Provider	Company	2020 Fees (in thousands of Euros)
Audit	PricewaterhouseCoopers S.p.A.	Parent Company Maire Tecnimont S.p.A.	229
Audit	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	1,803
Audit	PricewaterhouseCoopers S.p.A. Network	Maire Tecnimont Group	503
Certification services (*)	PricewaterhouseCoopers S.p.A.	Parent Company Maire Tecnimont S.p.A.	4
Certification services (*)	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	60
Other services (**)	PricewaterhouseCoopers S.p.A.	Parent Company Maire Tecnimont S.p.A.	93
Other services (**)	PricewaterhouseCoopers network	Parent Company Maire Tecnimont S.p.A.	385
Other services (**)	PricewaterhouseCoopers S.p.A.	Maire Tecnimont Group	68

The fees do not include VAT, expenses and any Consob oversight contribution repayments.

(*) Certification services include the signing of tax declarations.

(**) The other services of the Parent Company include the audit fee for the Sustainability Report - containing the Non-Financial Statement as per Legislative Decree No. 254/2016 and the fee for support with development of the In-Country value method and the limited review assignment of the scope 3 issues present in the Carbon Disclosure Project Climate Change questionnaire. The other services for the Group include auditing procedures regarding the research and development tax credit and training expenses.

The Board of Statutory Auditors reports that the fees reported in the table are appropriate to the size, complexity and characteristics of the work carried out and that the other services assigned do not affect its independence.

It should also be noted that, since PricewaterhouseCoopers S.p.A., the company appointed to carry out the statutory audit of Maire Tecnimont, provided services other than the statutory audit to the Company and the Group during the three financial years prior to the financial year 2020, as from January 1, 2020, the Company's Board of Statutory Auditors, as Internal Control and Audit Committee, is required - pursuant to the European Union Regulation No. 537/2014 of April 16, 2014 - to monitor the non-audit appointments assigned to the Independent Audit Firm not only for the issue of the prior authorizations for which it is responsible, but also in order to verify that the fees paid for this purpose do not exceed for the financial year 2020 the so-called "70% limit", to be calculated on the average fees paid in the financial years 2017, 2018 and 2019 for the statutory audit activity performed. In order to allow the Board of Statutory Auditors to carry out the checks for which it is responsible, the Company confirmed the implementation of specific internal procedures for monitoring the above fees, in line with the relevant regulations.

PricewaterhouseCoopers S.p.A. on March 25, 2021, issued:

- as **Appointed Auditor**, the reports as per Article 14 of Legislative Decree 39/2010 and 10 of Regulation EC 537/2014, prepared as per the provisions contained in the stated decree, as amended by Legislative Decree 135/2016; the reports contain an opinion without raising any issues with regards to the separate and consolidated financial statements at December 31, 2020 and they provide a true and fair view of the financial statements of the company and of the Group at December 31, 2020, of the net result and of the cash flows, in compliance with the applicable accounting standards, in addition to

- the Additional Report as per Article 11 of Regulation EC 537/2014, which did not indicate any significant deficiencies within the internal control and risk management system with regards to the financial disclosure process, with the statement as per Article 6 of Regulation EC 537/2014 annexed, which did not indicate any situations which may compromise its independence;
- as **Designated Auditor**, the statement on the "*2020 Sustainability Report*", containing the Consolidated Non-Financial Disclosure; in this statement the Designated Auditor concludes that no elements came to its attention which may indicate that the Group's Consolidated Non-Financial Disclosure, contained within the 2020 Sustainability Report, concerning the year ended December 31, 2020, was not prepared, from all significant aspects, in compliance with that required by Legislative Decree No. 254/2016 and by the GRI Standards.

In accordance with the recommendations and indications of CONSOB, the Board of Statutory Auditors notes that:

- the consolidated financial statements at December 31, 2020, report revenues of Euro 2,630,778,000, EBITDA of Euro 172,218,000 and net income of Euro 54,207,000;
- the Maire Tecnimont Group Adjusted Net Financial Position at December 31, 2020, was a debt position of Euro 116,916,000;
- the parent company Maire Tecnimont reports a net loss of Euro 13,201,539 (net income of Euro 30,727,468 in 2019).

Board of Statutory Auditors' annual self-assessment

In accordance with the "*Conduct rules for Boards of Statutory Auditors of listed companies*" of the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), which established that Boards of Statutory Auditors are required to carry out, following appointment and subsequently on an annual basis, an assessment of its

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functioning with regards to the overall planning of its activities, the suitability of its members, the adequate composition of the Board in terms of the requirements of professionalism, competence, good-standing and independence, as well as on the adequacy of the time and resources available with respect to the complexity of the assignment (the "**Self-Assessment**"), we inform that the Board of Statutory Auditors of the Company carried out the Self-Assessment for 2020, the result of which is outlined in the "*Corporate Governance and Ownership Structure Report 2020*" as per Article 123-*bis* of the CFA of the company, made available to the public in accordance with law on the Maire Tecnimont website (www.mairetecnimont.com), and according to the means required by the applicable regulation.

Meetings of the Board of Statutory Auditors, of the Board of Directors and of the Board Committees

During 2020:

- 19 meetings of the Board of Statutory Auditors were held, of an average duration of 1 hour and 5 minutes;
- the Board of Statutory Auditors held meetings and exchanged information with the representatives of PricewaterhouseCoopers S.p.A., both as Appointed Auditor and Designated Auditor;
- the Board of Directors held 11 meetings. In this regard, the Board of Directors of the company comprises nine Directors, of which five independent. Of these, one is from the minority slate. Four Directors out of nine are female;
- in addition, the Control, Risks and Sustainability Committee met 9 times, the Remuneration Committee met 7 times and the Related Parties Transactions Committee met 3 times.

The Board of Statutory Auditors attended all meetings of the Board of Directors and of the Internal Committees.

Finally, the Board reports to have attended the ordinary Shareholders' Meeting of April 30, 2020, and overseen its proper execution in accordance with Article 106 of the "Health Care Decree".

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The Board of Statutory Auditors reports that, as at the date of this report, the COVID-19 (coronavirus) health emergency continues in Italy and around the world.

In this regard, the Board of Statutory Auditors - in addition to monitoring on an ongoing basis the developing regulatory framework and the measures issued by the competent authorities to deal with the current epidemiological emergency, to the extent of their interest with respect to the supervisory activities within its scope with reference to Maire Tecnimont - has been constantly informed by the competent Company functions of the assessments made by management, as well as of the actions taken to monitor the possible social, economic and financial effects of this emergency situation for the Group. This exchange of information continued throughout 2020 and will extend until the state of emergency has ended.

Throughout 2020, the Board of Statutory Auditors has also constantly monitored, to the extent of its remit, the issuance of: *i)* recommendations by the competent European and national authorities that could have an impact on the operations of the Company and of the Group and, in particular, on the periodic financial reporting process, and *ii)* guidelines from trade associations and the company appointed to audit the accounts, PricewaterhouseCoopers S.p.A., regarding the interpretation and consequent application of certain international accounting standards.

More specifically, in the performance of its duties and for the purpose of issuing this report, factors that the Board took into account included:

- the ESMA recommendations contained in the public statement of May 20, 2020, entitled "Implications of the COVID-19 outbreak on the half-yearly financial Reports";
- Consob clarification No. 8/20 of July 16, 2020;
- Consob clarification No. 9/20 of July 30, 2020;
- the ESMA recommendations contained in the public statement of October 28, 2020, entitled "European common enforcement priorities for 2020 annual financial reports";
- Consob clarification No. 1/21 of February 16, 2021; and
- Consob clarification No. 4/21 of March 15, 2021.

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To this end, the Board reports that:

- we received thorough and accurate flows of information from the Board of Directors, the Executive Officer for Financial Reporting, the Chief Executive Officer, and the Company's competent functions concerning the training process and, on the information, provided in the Company's draft annual accounts for 2020 and the Group's consolidated annual accounts for 2020;
- we maintained constant, intensive dialogue with the independent auditors concerning the training process and the information provided in the Company's draft annual report for 2020 and the Group's consolidated annual accounts for 2020, as well as concerning the issues that emerged their audits. No issues meriting inclusion in this report emerged from these discussions;
- we exchanged constant flows of information, including in accordance with Article 151(2) of the CFA, with the corresponding boards of the primary subsidiaries. No issues meriting inclusion in this report emerged from these interactions;
- there are no particular issues that would lead the Board not to agree with the assessments of the Board of Directors as to the validity of going-concern assumption;
- the Company did not opt for suspension of the provisions of Articles 2446 and 2447 of the Civil Code;
- the national and international travel restrictions imposed in response to the COVID-19 emergency did not entail particular limitations either on the oversight activities of the Company's Board of Statutory Auditors and of the corresponding bodies of the primary subsidiaries or of the auditing duties of the Appointed Auditor or of the Designated Auditor.

With regard to the COVID-19 health emergency, the Board of Statutory Auditors also reports that the 2020 Annual Financial Report approved by the Company's Board of Directors on March 10, 2020, and made available to the public as required by applicable law includes:

- in Section 2, "Key Events in the Year", of the Directors' Report on operations as at December 31, 2020, a paragraph entitled "Coronavirus" providing specific information concerning the impacts of the COVID-19 pandemic on the Group and the

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steps taken by the Company in response to the health emergency brought about, nationally and internationally, by the COVID-19 infection;

- in the Explanatory Notes, a paragraph entitled "Impacts of the Covid-19 pandemic on the 2020 income statement"; and
- additional information in the section of the Directors' Report on operations as at December 31, 2020, related to the business outlook.

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It should be noted that the Board of Statutory Auditors was promptly informed by the Company of the requests for news, data and documents sent by CONSOB, as per Article 115 of the CFA, reporting that timely responses to the requests received were provided according to the established and/or agreed terms.

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The Chief Executive Officer and the Executive Officer for Financial Reporting issued on March 10, 2021, the declarations as per Article 154-*bis* of the CFA, declaring that the separate and consolidated financial statements for the year ended December 31, 2020, were prepared in compliance with the international accounting standards applicable and recognised by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002, correspond to the accounting records and provide a true and fair view of the equity, earnings and financial situation of the Company and of the Group.

The Board of Statutory Auditors considers the information provided by the Board of Directors in its reports as complete and adequate, also with regards to the risks, uncertainties and disputes to which the company and the Group are exposed.

As indicated in the Directors' Report, no significant events arose after year-end.

The Board of Statutory Auditors expresses a favourable opinion on the approval of the Financial Statements at December 31, 2020, and agrees with the proposals presented by the Board of Directors concerning:

- the allocation of the result for the year, which calls for covering the net loss for the year ended December 31, 2020, for Maire Tecnimont, in the amount of Euro 13,201,538.89, through utilising "retained earnings" for Euro 47,456,372.98 attributable entirely to the carrying forward of earnings for the year ended December 31, 2019, to leave a remaining balance of retained earnings of Euro 34,254,834.09; and
- the distribution of a dividend from available reserves such that shareholders are paid a dividend totalling Euro 38,122,290.11, on the 328,640,432 ordinary shares with no par value currently outstanding with dividend rights, and thus a dividend of Euro 0.116, gross of withholding taxes, per share through the use of available reserves as follows: *i)* Euro 34,254,834.09 through the full use of the "Retained earnings reserve", to be considered primarily attributable to retained earnings relating to the year ended December 31, 2019, for the portion not used to cover the loss for the year ended December 31, 2020, and retained earnings relating to the year ended December 31, 2018; and *ii)* Euro 3,867,456.02 through the partial use of the "Extraordinary reserve" formed from profits arising in years prior to the year ended December 31, 2018.

Milan, March 25, 2021

Signed by

Mr. Francesco Fallacara (Chairman)

Ms. Antonia Di Bella

Mr. Giorgio Loli

This report has been translated into English from Italian original solely for the convenience of international readers.

53. Independent Auditors' Report on the Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) N° 537/2014

MAIRE TECNIMONT SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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Independent auditor's report

in accordance with article 14 of Legislative Decree N° 39 of 27 January 2010 and article 10 of Regulation (EU) N° 537/2014

To the shareholders of Maire Tecnimont SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Maire Tecnimont group (the Group), which comprise the consolidated balance sheet as of 31 December 2020, the consolidated income statement, consolidated comprehensive income statement, statement of changes in consolidated shareholders' equity, consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Maire Tecnimont SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Measurement of revenues and contractual assets and liabilities *Note 26 to the consolidated financial statements "Explanatory notes as of 31 December 2020" (paragraphs "Contractual assets and liabilities" and "Use of estimates"), note 27.1 to the consolidated financial statements "Revenues", note 28.11 to the consolidated financial statements "Contractual assets" and note 28.33 to the consolidated financial statements "Contractual liabilities".*	
Revenues of Maire Tecnimont Group are generated from engineering and construction services in the following fields: - Hydrocarbons; - Green Energy. Revenues generated during 2020 totalled Euro 2,569 million and refer for 97.2 per cent to the Hydrocarbons business and for the remainder to the Green Energy business. Revenues also include the positive impact of the recognition of changes to works not yet approved, incentives and any reserves ("claims") posted for the updated amount, measured reliably, for which collection from clients is highly probable. In detail, as yet unapproved revenues are measured by the Group based on the favourable outcomes that can be reasonably foreseen from ongoing negotiations with clients to agree payment for additional costs incurred or from litigation pending, which by nature may carry a risk of occurrence. Recognition of contract revenues takes place over the length of each project based on the fulfilment of the performance obligation determined based on the percentage of completion.	We understood and evaluated the internal control relevant to this financial statements area, paying special attention to the process of identification of loss-making contracts and the recognition of additional payments relating to changes to contracts, and we analysed the design and the effectiveness of certain manual and automated relevant controls. We selected a sample of construction contracts based on quantitative and qualitative elements that include: - significant revenues accounted for in the reporting period; - loss-making contracts; - existence of claims for additional payments and significant changes to contracts. For the sample of contracts selected we carried out the following main auditing procedures: - reconciliation of revenues to the contractual agreements with the counterparty; - reconciliation of costs resulting from the

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The percentage of completion of each project is measured on the basis of the contract costs incurred to the reporting date as a percentage of the total costs incurred or to be incurred to complete the project. Contractual payments, in additional to the base consideration agreed in the contract, include additional payments related to claims for additional costs incurred and/or to be incurred for unforeseeable reasons or events attributable to the client, changes to contracts following additional works performed and/or to be performed or changes to works not formalised in additional documents. The determination of the additional payments is subject by nature to a degree of uncertainty in terms of both the amounts that will be agreed to by clients and of the timing of collection, which usually depend on the outcome of negotiations between the parties or on decisions by courts or arbitrators. Once the enforceable right has been identified, in order to recognise claims and amounts of additional payments, to adjust the transaction price as a result of the additional payments, it is necessary to define whether it is considered highly probable that the related revenues will not be reversed in future. For the purpose of the above assessment the Group considers all relevant aspects and circumstances, including the terms of the underlying contract, commercial and negotiation practice in the industry and other supporting evidence, including technical/legal evaluations, also considering the documents generated by third parties (board of arbitrators, dispute adjudication board, etc.).	management accounts to the amounts resulting from the general ledger; - verification, on test basis, of the actual costs of a contract for the period by obtaining documentary evidence from third parties (invoices, contracts, transport documents); - recalculation of the percentage of completion of the contract using the cost-to-cost method; - submission of inquiries to the law firms that assisted the Company in the existing litigations in order to verify the valuation of any claims to counterparties for additional payments. For the examination of total contract costs and additional payments recognised in relation to claims for changes to contracts we used also the support of technical-engineering experts belonging to the PwC network. For the sample of contracts selected, they supported us in: - analyses of total contract costs, on a test basis, by meeting the project managers to assess the reasonableness of the amount booked; - investigation of the key variances from the total costs included in the previous budget for the same contract; - analyses of the additional payments booked (when applicable) in terms of reasonableness and compliance with corporate procedures, and verification of documentation supporting the Group's evaluations; - alternative procedures to the site visit through the observation by video of the construction site development for a sample of projects.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
We paid special attention to this financial statements area because of aspects that can make the measurement process difficult, such as the technical complexity of projects, the scope and duration of construction work, the existence of additional payments, changes to contracts and price revisions.	
Assessment of the recoverability of the carrying amount of goodwill *Note 26 to the consolidated financial statements "Explanatory notes as of 31 December 2020" (paragraphs "Goodwill" and "Use of estimates") and note 28.2 to the consolidated financial statements "Goodwill".* The consolidated financial statements of Maire Tecnimont Group as of 31 December 2020 include goodwill for Euro 294.3 million (6 per cent of Total Assets), allocated to four cash generating units ("CGUs"): Hydrocarbons; Renewables & Infrastructure; Green Energy and Licensing. Goodwill originated mainly from the acquisitions in previous years of the Tecnimont Group, Maire Engineering, Tecnimont Private Ltd, the KT Group and Stamicarbon BV and from the acquisitions during the year 2019 of MyReplast Industries Srl and Protomation BV. The recoverability of goodwill is verified at least once a year even if impairment indicators are not present. The recoverable amounts of the CGUs to which goodwill amounts have been allocated is verified through the calculation of value in use, which is the present value of the estimated future cash flows determined using a discount rate that reflects the risks specific to each CGU at the measurement date.	We understood the methodology adopted by the Company in the preparation of the impairment test, which was approved by the Company's Board of Directors. We carried out auditing procedures, on a test basis, on the amounts included in the business plan for the period 2021-2025 in order to verify the reasonableness of the inputs with particular reference to estimated future revenues and cash flows. In detail, our activities involved obtaining adequate information to understand the make-up of estimated future revenues included in the plan. In order to assess the reliability of the forecasts we also performed a comparison of the actual revenues reported for the year 2020 with the forecast for the same year included in the previous business plan (2020-2024). We analysed the consistency with the Group's structure of the criteria used to identify the CGUs, the consistency of the cash flows used in the valuation against the amounts included

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The Group performed the impairment test with the help of an independent expert, using cash flows based on the projections set out in the 2021 budget and in the business plan for the period 2021-2025 approved by the Company's Board of Directors on 10 March 2021. In determining the recoverable amount the Group also considered a terminal value determined as the arithmetical average of the margins of the cash flow projections included in the business plan for the period 2021-2025. The Group also performed a sensitivity analysis based on changes to the discount rate and growth rate. The valuation of goodwill was considered a key audit matter because of both the magnitude of the balance and the complexity of the process of estimating the recoverable amount of goodwill, this being based on assumptions affected by economic and market conditions that are subject to uncertainties, referred in particular to the calculation of prospective cash flows and of the discount rate.	in the business plan for the period 2021-2025, and the reasonableness of the methodology used for the determination of the terminal value. We also verified the mathematical accuracy of the key figures included in the impairment test, the adequacy of the discount and growth rates used and their consistency with the methodology approved by the Company's Board of Directors. Finally, we verified the sensitivity analysis performed by the Group. Those activities were performed also with the help of experts in valuation models belonging to the PwC network. We verified the completeness and accuracy of disclosures in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Maire Tecnimont SpA or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of

the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) N° 537/2014

On 15 December 2015, the shareholders of Maire Tecnimont SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) N° 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree N° 39/10 and Article 123-bis, paragraph 4, of Legislative Decree N° 58/98

The directors of Maire Tecnimont SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Maire Tecnimont Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N° 58/98, with the consolidated financial statements of the Maire Tecnimont Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Maire Tecnimont SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N° 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree N° 254 of 30 December 2016

The directors of Maire Tecnimont SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree N° 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree N° 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, 25 March 2021

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

54. Independent Auditors' Report on the Statutory Financial Statements

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) N° 537/2014

MAIRE TECNIMONT SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

Independent auditor's report

in accordance with article 14 of Legislative Decree N 39 of 27 January 2010 and article 10 of Regulation (EU) N 537/2014

To the shareholders of Maire Tecnimont SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maire Tecnimont SpA (the Company), which comprise the balance sheet as of 31 December 2020, the income statement, comprehensive income statement, statement of changes in shareholders' equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the recoverability of the carrying amounts of investments	
Note 40.1 to the financial statements "Accounting policies" (paragraphs "Investments" and "Use of estimates"), note 41.10 to the financial statements "Investment income/(expenses)" and note 42.4 to the financial statements "Investments in subsidiaries".	
The financial statements of Maire Tecnimont SpA as of 31 December 2020 include eight investments in subsidiaries for a total carrying amount of Euro 771,2 million (Tecnimont SpA, Neosia SpA, Neosia Renewables SpA, Met Development SpA, KT SpA, MET Gas Processing Technologies SpA, Stamicarbon BV and Nextchem SpA) corresponding to 50 per cent of Total Assets. Investments in subsidiaries are measured at purchase cost including of direct accessory costs. Where indicators of impairment are present, the recoverability of the carrying amounts of investment is tested by comparing the carrying amount with the recoverable amount. During the year 2020 events occurred that were considered indicators of impairment, i.e. that it might not be possible to recover the carrying amount of the investment, in Neosia SpA and Neosia Renewables SpA and Nextchem SpA. In detail, in 2020 the acquisition of new orders was delayed compared the assumptions reflected in the business plan. Also with reference to the investments in Tecnimont SpA and MET Gas Processing Technologies SpA the Company identified possible impairment indicators, as the carrying amount was significantly higher than the value of the proportionate share of the subsidiaries' equity as of 31 December 2020, and therefore tested the investment for impairment.	We understood the methodology adopted by the Company in the preparation of the impairment test, which was approved by the Company's Board of Directors. With reference to those investments for which impairment indicators were identified (Tecnimont SpA, Neosia SpA, Neosia Renewables SpA and MET Gas Processing Technologies SpA) we carried out auditing procedures, on a test basis, on the amounts included in the business plan for the period 2021-2025 in order to verify the reasonableness of the inputs with particular reference to estimated future revenues and cash flows. In detail, our activities involved obtaining adequate information to understand the make-up of estimated future revenues included in the plan. In order to assess the reliability of the forecasts we also performed a comparison of the actual revenues reported for the year 2020 with the forecast for the same year included in the previous business plan (2020-2024). In order to verify the recoverability of the carrying amounts of the above-mentioned investments we analysed the consistency of the cash flows used in the valuation against the amounts included in the business plan for the period 2021-2025 and the reasonableness of the methodology used for the determination of the terminal value.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The value configuration used by the Company to determine the recoverable amount of the investments indicated above is value in use, which was obtained considering the operating value (OV), determined by discounting the estimated future cash flows, the value of the net financial position (NFP) and the value of accessory assets (ACC). That value in use was determined with the help of an independent expert. The OV was determined using cash flows based on the projections set out in the 2021 budget and in the business plan for the period 2021-2025 approved by the Board of Directors on 10 March 2021. In determining the recoverable amount the Company also considered a terminal value determined as the arithmetical average of the margins of the cash flow projections included in the business plan for the period 2021-2025. The Company also performed a sensitivity analysis based on changes to the discount rate and growth rate. The analyses carried out by the Company through the determination of the value in use did not indicate an impairment loss. The valuation of investments was considered a key audit matter because of both the magnitude of the balance and the complexity of the process of estimating the recoverable amount of investments, this being based on assumptions affected by economic and market conditions that are subject to uncertainties, referred in particular to the calculation of prospective cash flows and of the discount rate.	We also verified the mathematical accuracy of the key figures included in the impairment test, the adequacy of the discount and growth rates used and their consistency with the methodology approved by the Company's Board of Directors. Finally, we verified the sensitivity analysis performed by the Company. Those activities were performed also with the help of experts in valuation models belonging to the PwC network. We verified the completeness and accuracy of disclosures in the notes to the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) N° 537/2014

On 15 December 2015, the shareholders of Maire Tecnimont SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) N° 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree N° 39/10 and Article 123-bis, paragraph 4, of Legislative Decree N° 58/98

The directors of Maire Tecnimont SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Maire Tecnimont SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N° 58/98, with the financial statements of Maire Tecnimont SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Maire Tecnimont SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N° 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 25 March 2021

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.