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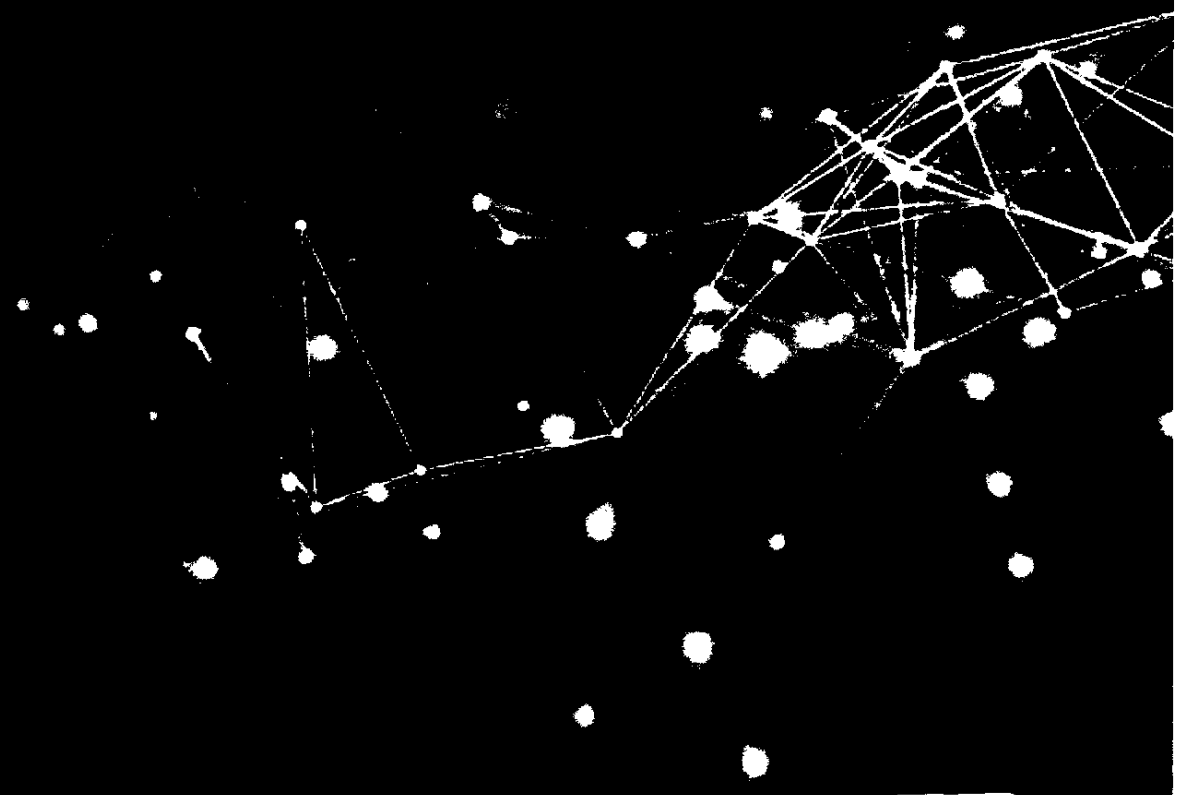

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2019

CONSOLIDATED FINANCIAL STATEMENTS

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Annex 1 forms part of the notes to these financial statements

These financial statements have been translated from those issued in Italy, from Italian into English solely for the convenience of international readers.

REPORT ON OPERATIONS

at 31 December 2019

LETTER TO SHAREHOLDERS

Dear Shareholders,

These consolidated financial statements presented for your approval, with a detailed analysis in the Notes, offer a true overview of the RINA Group's ("RINA" or "the Group") financial position at 31 December 2019. The report intends to provide you with a complete and accurate analysis of the Group's situation and performance last year.

The Group, which operates through 5 Business Units, reported a very positive 2019 with a growth of over 6% vs. 2018 accompanied by a further improvement in profitability.
Attention to process efficacy and efficiency, an ever-increasing focus on commercial action and KAs (Key Accounts), continuous attention to innovation and digitisation are key points of the Group's growth and strategy.

MARKET SCENARIOS AND MACRO-ECONOMIC CONTEXT

2019 was characterised by a weaker than expected macroeconomic scenario but recorded an improvement in some key indicators, albeit with latent risks, such as the possible slowdown of China higher than expected and the effects of uncertainty on the United Kingdom's exit modalities from the European Community.
The price of oil remained above USD 60 per barrel and - together with the significant reduction in the Oil Major break even point, the need for higher stocks and the obsolescence of some structures, contributed to a restart of investments after more than two years of reductions.

Consistently, 2019 witnessed an improvement in the performance of the main players in the reference segments on the Equity market over 2018, returning to values close to historic highs.
Expectations for 2020 indicated a material growth in GDP, especially in the Euro and Apac areas: The OPEC-Russia agreement, and the very positive opening of the Equity and bond markets in 2020 confirmed a scenario of growth and opportunities.
This scenario has radically changed with the progressive spread of the Covid 19 virus (CoronaVirus) to all countries with the declaration of the pandemic state by the WHO on 11 March 2020. This - and the relative containment measures that countries have had to implement, together with a sudden drop in the price of oil - inevitably depict a very different and uncertain context.

RINA AND ITS INTERNATIONAL NETWORK

RINA S.p.A. ("RINA") was created by the Italian Naval Registry as a private company founded in Genoa, 1861, by a group of ship-owners and insurers aiming to guarantee ship quality. Over time, RINA has gradually expanded its business interests, extending them to certification, testing, inspections and consulting engineering, increasingly becoming a player that offers complete solutions to complex problems, partners of its customers.

RINA is now an international player, with a European core and a global footprint with over 170 offices in more than 60 countries, able to offer a portfolio of integrated services to over 40 thousand customers.

RINA is a market competitor, providing evaluation, control, certification and research services in compliance with national and international regulations for materials, design, technology, products and systems, including duties assigned by public administration and other authorities.
RINA is a founding member of the IACS (International Association of Classification Societies) and actively participates in technical, research and regulatory work groups in various institutional contexts at national and international level, including Conforma and the TIC Council within which it chairs the European Regional Steering Committee (aimed at promoting the ICT role in European institutions; monitoring and directing regulatory developments at European level; collecting indications from national ICT associations)

RINA's global presence

MISSION, VISION & VALUES

RINA has always been committed to offering solutions in its reference markets by building partnership relationships to be recognised by customers as the best choice to support them at every stage of project development.
RINA wants to evolve hand in hand with a changing world, transforming challenges into opportunities and ideas into solutions.

In a changing world, our purpose is to bring people, business and our planet together to anticipate the challenges of the future and improve the quality of life. Our method is solving complexities thanks to our experience, completing even what doesn't seem possible.

This is possible thanks to our values, founding principles of our organisation that inspire everything we do:

- Integrity and transparency
- Accountability and result-oriented
- Determination and flexibility
- Curiosity and expertise
- Collaboration and reliability

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

(2017-2019 period)*

Corporate bodies

Chair and CEO	SALERNO Ugo
Vice Presidents	CERRINA FERONI Marco
	DRAGO Giorgio
Directors	CERNI Nazzareno
	GRIMALDI Emanuele
	PIERANTONI Paolo
	GAVIOLI Donatella

BOARD OF STATUTORY AUDITORS

(2017-2019 period)*

Chair	ILLUZZI Francesco
Statutory Auditors	GRAZZINI Giovanni
	GUASTONI Antonio
Alternate Auditors	MARESCA Enrico Giuseppe
	CAPPELLOTTO Lara

* Appointed by the Ordinary Assembly on 17 May 2017

INDEPENDENT AUDITOR

(2019-2021 period)

PRICEWATERHOUSECOOPERS S.p.A.

CORPORATE GOVERNANCE

RINA's corporate governance is the set of processes and relationships that define the distribution of powers, duties and responsibilities between the roles and functions of the Group (parent company, subsidiaries, boards of directors, boards of statutory auditors, shareholders, managing directors, chief executive officers, managers, creditors, auditors, regulatory bodies and other stakeholders) and through which the direction and control of the activities and services provided is exercised.

Corporate governance also minimises the emergence of conflicts of interest between stakeholders and between the various operating companies.

Corporate governance therefore incorporates the tools through which they are defined: the Group's policy, strategies and economic objectives within the social, regulatory and market context in which it operates; the organisational structure for achieving the objectives; the criteria for controlling the ways in which the objectives are pursued and achieved.

It seeks to strike the best possible balance between the need for flexibility and rapid decision-making, while striving for transparent relations between the various managerial centres and external bodies, clearly indicating roles and responsibilities.

It requires the presence of a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting. The former is responsible for defining investment strategies and business development strategies and is invested with the broadest powers of ordinary and extraordinary administration. The Board of Auditors ensures that we comply with the law and the company by-laws, as well as correctly managing our corporate affairs. It also checks that the Company's organisational structure, internal control and accounting-administration systems are adequate. External auditing activities are performed by a company on the CONSOB roll, appointed by the Shareholders' assembly.
A central element of RINA's corporate governance is the exercise of the management and coordination activity by the parent company RINA S.p.A. towards the subsidiaries RINA Services S.p.A. and RINA Consulting S.p.A., and the indirect subsidiaries, on strategic, macro-organisational, qualitative, managerial, business surveillance, financial and administrative levels, while the direction and coordination from a technical and operational point of view is excluded, which remains the responsibility of the Subsidiaries.

The direction and coordination is carried out by the Parent Company through: the central management of staff functions by the Parent Company, provided as "services" for the benefit of the Subsidiaries, in order to *achieve economies of scale and ensure management uniformity and effectiveness of the control*; *functional* coordination between the corporate administration and control bodies of the Parent Company and those of the Subsidiaries; the definition of operational tools such as policies, directives, information flows and coordination and sharing consultative committees; the creation of a system of formal acknowledgements by the Parent Company on initiatives, programs and investments of particular importance to be made by the Subsidiaries, to ensure the consistency of the management choices of each subsidiary with the strategic Group choices and policies.

The mechanisms by which the Parent Company exercises the power of direction and coordination over the Subsidiaries (with the exclusion of technical control) are governed by a specific Group Regulation, which is adopted by the Governing Bodies of the Parent Company and of the Subsidiaries.

Belonging to the Group and meeting the Regulations do not compromise the autonomy of the Subsidiaries, as subjects who independently carry out their business activities within the framework of the unitary design of the Group.

ORGANISATIONAL STRUCTURE

The RINA Group is made up of the parent company RINA S.p.A., which controls the two operating companies RINA Services S.p.A. and RINA Consulting S.p.A., which in turn control other companies in the area.

The operating subsidiaries provide services in 5 markets: maritime, certification, energy, industry and infrastructure and transport.

The parent company supports the operating companies by making available the so-called "central" services (administration, finance and control; marketing; human resources management; IT; supplies; legal office).

Subsidiaries can be grouped into two macro service categories: companies that mainly perform so-called "ICT" (Testing, Inspection & Certification) conformity assessment services, generally by virtue of authorisations such as accreditations, authorisations and notifications and companies that perform mainly so-called "CE" engineering consultancy.

The strict separation of functions in the governing bodies and the management of conflict of interest, which through risk analysis identifies and manages the threats deriving from intra-group relations, guarantee compliance with the applicable rules on impartiality.

This allows the operating companies to serve the customer in all phases of asset management, from design to commissioning, up to maintenance during operation and allows RINA to face market challenges and guarantee increasing visibility of performance flexibility and greater space for innovation and enhancement of the company's strengths, with a view to continuous improvement.

The RINA Group's new organisational structure, implemented during 2018, is focused on five key markets for the Group so that it is able to better meet the challenges of the markets and guarantee visibility of performance, increasing flexibility and greater scope for innovating and enhancing its strong points to improve customer service.

In order to further strengthen the Group's trade action, a "Marketing & Sales" department was also created, focused on the Key Accounts and on the definition of business plans and initiatives.

In addition to the Business Units, and to support all the Group's activities, there are the staff departments which - always with a view to providing the best and most effective service possible - have implemented important changes during the year.

In particular, the foreign administrative departments were centralised, creating an International Administration department, to further strengthen the coordination and adoption of homogeneous processes and procedures.

In addition, the Operational Excellence and Human Capital departments were created within HR, to guarantee, on one hand, the continuous improvement of operating processes and, on the other, to maximise human capital and its skills, the main asset of the company.

SIGNIFICANT EVENTS DURING THE PERIOD

From an operational point of view, the Group recorded an organic growth of 6.2% in revenue compared to 2018, which is decidedly higher than the average of the reference markets - and the operating performance in terms of profitability is even better with a growth of around 10%. compared to the previous year. Also from a financial point of view, the performance was positive, with a net financial position of € -127.6 million and an improvement of over 10% in collections.

During the year, the Group as a whole achieved operating revenue of around EUR 465 million, with a profit of 10.5%.

Consistent with the 2018-2021 Business Plan approved by the Board of Directors in February 2018, the Group continued to focus on the organic business, consolidating the new organisation. Additionally, two subsidiaries (Soa Rina and the ITA laboratory) and a business unit pertaining to businesses no longer considered strategic for the Group were sold to improve the focus on activities with higher margins, with an overall gain on the income statement of € 1.8 million. Furthermore, at the end of the year, an operation was concluded as part of the development plan for the real estate certification and evaluation technical services sector in partnership with Axia Re S.p.A., a leader in the real estate services sector and in particular for real estate appraisal as an independent expert which involved an outlay of around € 5 million. This operation, concluded at 11:59 pm on December 31st, resulted in the consolidation of the balance sheet only, while the economic data was used to determine the Proforma Ebitda indicated in the table on page 22.

At the level of the individual businesses, Marine and Certification performed excellently. The former had a new fleet record of 46 million GT, bringing its revenue to approximately EUR 128 million with growth up by 6.5% on the previous year, while the latter had growth of 6.4%, exceeding EUR 68 million.
Similarly, the Transport and Infrastructure segment performed well, up +6% on the previous year, as did the Industry segment with growth up 11% over 2018.
The Energy sector recorded an important recovery also as a consequence of the trend in oil prices and the trend of investments in the sector, revenue totalled EUR 174 million compared to 159 million in the previous year.

We also stepped up our investment plan in research and digitisation during the year, focusing on new products, new technology, human resources training and internal quality control. These moves were deemed necessary to maintain and boost the technical professional skills of our employees and the Group's ability to compete internationally.

During 2019, Group employees followed a total of around 52,000 hours of classroom and on the job training courses in addition to a total of 184,000 hours of research and development activities.
At 31 December 2019, the Group had 3,870 employees, of whom 71% are graduates, belonging to around 69 different nationalities and with an average age of 42.3.

Phase II of the implementation of the Group's ERP system – Rinew ended in 2019 to include the system's extension to foreign subsidiaries. More specifically, RINew (MS Dynamics AX and CRM) was launched in 39 legal entities in 18 different nations.
The so-called "localisation" of the MS Dynamics-AX package, which allows all the official tax and accounting reports to be generated via RINew, was implemented in five nations (UK, China, India, Indonesia and Turkey).

In March 2019, Phase II included the launch of RINew to 66 legal entities in 38 nations, covering approximately 70% of revenue generated for the Group outside of Italy and approximately 65% of foreign FTEs.The launches of the remaining 50 legal entities were completed in the following months.

We provide detailed comments on the Group's main business areas below.

Marine

The Marine business area (in which we operate through our subsidiary, RINA Services S.p.A. and its international subsidiaries) achieved a total of EUR 128 million in revenue, the equivalent of approximately 28% of total revenue. The figure was up by 6.5% on the prior year, with 5% growth in the classified fleet, closing 2019 with 46 M GT.
The cruise/passenger Sector and added value and digital service portfolio confirm two strategic trends for the Group

In particular, the main revenue components are:

- the new construction supervision and testing sector recorded EUR 34 million, up by 8% on the previous year, confirming RINA's consolidated position in the field of the construction of passenger ships and high-tech units, such as Ro-Ro ships and offshore units; also for 2019 there was marked growth given the particularly unfavourable market context.
- revenue for services on ships in operation reached a total value of over EUR 66 million with a growth of 9% compared to 2018, achieved mainly thanks to the acquisition of new classification contracts and also as a consequence of the recovery of growth the value of freight rates following the reabsorption of world overcapacity.
- the naval technical sector activities achieved revenue of almost EUR 11 million, with a slight decrease compared to last year, mainly due to the temporary drop in the demand for digital products and services, mainly due to the decreased need for shipowners to make investments to adapt their new ships and stringent environmental regulatory requirements.
- the classification, construction surveillance and certification in the pleasure craft sector remained in line with the results of the previous year, settling at EUR 11.3 million, in a sector affected by a slight slowdown after a few years of growth.

Market growth was confirmed in 2019 for the main shipbuilders, both in the passenger, specialised and cargo ship sectors, the latter primarily in Greece, Northern Europe and Asia. In the passenger ship and high-tech unit segments, we received additional orders, with deliveries scheduled until 2027. In addition, during the year, the foundations were laid for the acquisition of further orders for LNG passenger Ro-Ro ships and other innovative technological features. During the year, the shipping sector continued to show interest in activities related to the improvement of fleet management efficiency, energy efficiency and other big data and cyber security analysis services. However, the main investments were aimed at activities necessary to adapt the fleets to the requirements of the international regulations that came into force in the year or to be soon applied, in particular linked to sulphur emissions and ship recycling. In this context, important contracts were acquired during 2019 for a series of activities related to the certification of inventories of hazardous materials during ship demolition and fuel analysis to verify their quality and compliance with the new regulations, which will be carried out during 2020. This did not stop the digital solution development activities aimed at optimising fleet management, based on the RINA Cube digital platform. The result of the development of these innovative systems was the launch of interesting pilot cases for the implementation of RINA digital solutions, especially in the Greek armament sector.

As mentioned, the classified fleet increased to 46 million GT, up by 5% on 2019. This result has particular relevance since, despite the significant growth mainly due to the entry of ships already in operation, the average age of the fleet has remained constant compared to the previous year, thanks to the entry into the class of medium young vessels in operation. Also in 2019, the number of vessels declassified for demolition remained low in response to the reabsorption of the surplus hold capacity created after the financial crisis. Finally, in terms of tonnage, at the end of 2019 the fleet of foreign interests continued to grow over those of Italian interests, settling at over 65% of the total, confirming the growth seen primarily in Greece, Northern Europe and Asia.

As in previous years, performance in the Port State Control programs once again kept RINA in an excellent position in the international panorama.

At 31 December 2019, the new construction portfolio included around 580 vessels for a total of 5 MGT, mainly to be built in shipyards in Italy, Germany, Finland, China and Turkey. Following the trend of recent years, orders for passenger ships and specialised units with high technological content continue to balance the geographical distribution of new buildings between Europe and Asia.

In 2019, the Group consolidated its recognitions from 116 Italian public authorities, while we are currently negotiating with other public authorities. As regards the pleasure craft segment, it has remained constant, even in a market context that marked a stopping phase compared to previous years, thanks to the surveillance of the construction and classification of a good number of units in the yacht sector over 40 metres in length and the consolidation of advisory services with high added value, such as activities aimed at the mitigation of noise and vibrations and the certification of masts and rigging of large sailing units. In the smaller vessel sector (EC marking and operating vessel safety certifications), volumes remained in line with 2018. In particular, RINA continued to be the leader in the classified yachts sector, with over 90 new projects delivered during the year in Italy, the UK, Holland, Turkey, UAE and Hong Kong, up by 16% on the previous year.

In the military vessel sector the excellent results of the previous year were confirmed in 2019 thanks to the progress in orders for the Qatar Navy for four corvettes, the ongoing construction of new units foreseen by the Italian Naval Law and the acquisition of contracts for patrol boats for the Guardia di Finanza (Italian tax police) and for the Algerian Navy. In addition, numerous RINA class military units were delivered for the Italian Navy, including the FREMM-class missile frigate Antonio Marceglia. Lastly, the launch of the LHD - helicopter carrier - Trieste, which will be the flagship of the Italian Navy fleet once delivered.

The forecast for 2020, in line with what has also been demonstrated by our main competitors, confirm the ongoing positive trend.

Certification

2019 consolidates the strong growth trend recorded in 2018 as regards industrial services, management systems and personnel certification. Food also confirms growth forecasts, also achieving +56% compared to 2018 for the regulated market in Italy (PDO, PGI, organic and SQNPI).
The geographical focus strategy started in 2018 produced a 6.4% increase in revenue compared to 2018, with an increase in the international share of approximately 20% of total revenue at the end of the year
2019 also witnessed the emergence of new services, especially for the Italian market and in the field of circular economy sustainability and the certification of personnel as "bridge and viaduct inspectors" and schemes for medical/healthcare personnel.
Growth in the certification range for Industry 4.0 continues thanks to the collaboration with the Industry Business unit.
The creation of teams dedicated to business development in various countries starting from Italy has allowed for growth in the key customer market which by more than 33% compared to 2018 (customers to whom the Certification BU invoices more than € 200,000 a year). Revenue from key customers has practically doubled between 2018 and 2019.
In order to grow on key customers, the team dedicated to tenders has also grown, which has produced more than EUR 2.5 million in orders acquired.
Furthermore, it should be noted that 40% of all worldwide sites certified according to the ISO 37001 anti-corruption scheme are RINA certified (source ISO Survey 2019), a rapidly growing scheme in Romania and Brazil.
The market leader position was confirmed in Italy for the main certification schemes (ISO 9001, ISO 14001, BS OHSAS 18001, EMAS, ISO 37001) with specific growth in the quality, environment, workplace health and safety, and IT areas (ISO 27001).
Our leadership in social responsibility management system certification in Italy (SA 8000) was also confirmed.
In Italy, the market share of the management systems monitored by Accredia rose from 14.3% to 14.8%, further distancing the other competitors.
Our leadership for the certification of biofuels in Italy has also been confirmed.
The interest shown in the bridge and viaduct inspector certification scheme should be mentioned. RINA, with approximately 400 issued certificates, is the Italian market leader in this sector with a 50% market share.
There was a 28% increase compared to the 2018 budget in professional certification, in particular in the plant and management sector, with excellent margins.
In China, the Group is the leader in the ISCC scheme biofuel sustainability certification market. CNCA authorisation was also extended for the FSC scheme, where efforts will be made to invest in the scheme in 2020.
In Indonesia, to further drive growth, 9001 KAN accreditation has been obtained and the ISO 37001 extension will be carried out where there will be growth. The investment in the Food sector is also important with the BRC scheme where a resource was qualified.
The growth of IATF 16949 schemes relating to Automotive in South Korea was positive with a good team of NES qualified IATF with the CISQ Automotive Consortium.
In India the Group is the first certification body for Ship re-cycling Management Systems in accordance with ISO30000 and according to the SA8000 scheme. Significant volumes of training were recorded in accordance with the Basic Course SA 8000. The range of services is also diversifying, focusing on the food sector.

During 2019, resources were focused in EMEA on countries that have posted excellent business returns, such as Spain, or recently invested as the UK.

In the meantime, the consolidation of Romania continues, where we are now the leader in the sector of voluntary certification and industrial inspections, and in Poland and Turkey, where we are focused on the food and sustainability market.
In the EMEA Region, during the year under review, services relating to the sphere of Compliance were provided in a decidedly increasing number, in particular for the ethical control of the supply chain (SA8000 and SMETA), anti-corruption certification (ISO37001) and Sustainability, with particular reference to biofuels and responsible forest management.
During 2019, the growth of certifications in Italy according to specific standards for the food sector (BRC, IFS, Globalgap) relating to production, logistics, storage, marketing and packaging was sustained, equal to about 30%.
We continued to certify products obtained using both organic and integrated lot methods in 2019 with a 30% increase over the previous year. The acquisition of wines with designation of origin and geographical indication of the Molise region consolidated our presence in the segment and in the geographic area of southern Italy.
In line with the group's focus strategy, the sale of the food analysis laboratory, ITA, was concluded in 2019, as the laboratories were not included in assets deemed strategic. The transaction completed in the last quarter of the year also gave rise to a capital gain of € 1,124 thousand.

Energy

The activities of the Energy Business Unit include all the Oil & Gas, electric generation and Environmental and Sustainability initiatives and achieved a total of EUR 174 million revenue compared to EUR 159 million in the previous year.

Oil & Gas (Consulting & Operations)

The price of oil, ranging between 60 and 70 US $ per barrel, characterised the O&G market in 2019. In general, these were values that supported the growth of all the major oil companies and a significant recovery in the relative investments.
In this general climate, the trade effort and the continuous attention to updating the service portfolio have led to excellent results, above all from the point of view of the acquisition of new orders. From this point of view, 2019 was certainly a positive year, in particular as regards geotechnical and geophysical surveys. In fact, one of the most important contracts for the company was signed in this segment with Mellitah Oil & Gas Company in Libya, worth approximately EUR 33 million. Rina was commissioned to carry out all geotechnical, geophysical and environmental surveys relating to the development of Block NC41 offshore Libya. Another important contract was also acquired in the survey segment with Eni Angola on the Northern Gas Complex (NGC) project.

As for consulting engineering activities in a broader sense, 2019 marked important developments in all the main disciplines. In the HSE segment, for example, RINA supported SAIPEM for the preparation of Risk Assessment Studies and Fire Protection and Safety Equipment Analysis Neart for the offshore wind field na Gaoithe (NnG) with a power of 450MW in the North Sea.
Activities also continued in the small scale LNG segment. In fact, in 2019, among others, the Group worked on an interesting and innovative project in Greece, aimed at distributing LNG in the main islands of the archipelago starting from the Revithoussa Terminal.

2019 was a very positive year for the engineering activities in Indonesia, with the management, for example, of the LAWE-LAWE BALIKPAPAN project, in which RINA provides Project Management Consultancy (PMC) Services for the EPC phase of the repair of the offshore pipeline from Penajam to Balikpapan (East Kalimantan, Indonesia).

Asset integrity activities on refining and petrochemical plants in Italy and abroad experienced significant growth, where the inspection and coordination capabilities are well integrated with the engineering expertise on plant processes, as well as in corrosion, design and security. The framework contract for ENI and specialist activities carried out in North America, South Korea and the United Arab Emirates should be noted.

Also in the international sphere, the support management maintenance activities offered in Iraq for the Zubhair project, third party surveys in India for ONGC, project management support services in Nigeria for NAOC, engineering activities for ENI in Turkmenistan on the TAPI project, new framework contract with Saudi Aramco for Vendor Inspections and Expediting services were of significance.

The geographical presence, the ample portfolio of services offered and the multiplicity of internal skills were the main levers that allowed the Group to achieve these important results in 2019 and to also build an important order backlog, continuing the expansion of the foreign customer base (50% of the new orders acquired during the year), among other things.

Power

In 2019, activities in the Power segment fell into three broad categories:
Renewables: here owner engineering services accompanied the more traditional independent engineering services, formerly provided by OST Energy, acquired as part of the Edif group;
Conventional Power: where the Business Unit is mainly involved in design engineering consulting projects;
Grid: sector heavily centred in Great Britain, where consultancy services are provided, mainly relating to electricity, on the distribution grids, substations, lightening protection and grounding systems.

The Renewables sphere records significant growth compared to 2018 in almost all regions. Business in Europe, Asia, in particular Australia, and Sub-Saharan Africa are growing strongly. In the Americas, the growth phase continues after the problems that occurred in 2018.
2019 also marked the creation of new operating bases for the renewables team in Spain, with the aim of seizing the new wave of solar and wind projects, and in Singapore, as the first outpost of growth in South-East Asia. Comete's integration into the group also brought the first results in the renewable energy sector during 2019, through the collaboration with the offices in Paris and Cape Town on opportunities in French-speaking Africa.
The past year has seen the further diversification of the renewables customer base, which is already very large and includes the leading plant developers and investors globally. In fact, important projects have been won with leading international financial institutions: World Bank, European Bank for Reconstruction and Development, Asian Development Bank, KfW. Worthy of note is the project carried out in Ethiopia with the World Bank, focused on the realisation of wind projects through a new holistic method aimed at reducing environmental, social, technical and trade risks in the initial stages of development to encourage the involvement of international investors.
Also as regards Owner Engineering activities, very interesting progress was made involving business with important customers in Australia, Africa, Central Asia and Italy. Another important development in renewables has been the building of closer professional relationships with many of the traditional oil & gas leaders on solar and wind projects, starting with ENI, Equinor and Total.

The renewables team has also successfully pursued applications related to digital technologies, developing some tools for managing plants (Optimum Solar and Optimum Wind) and also using machine learning and AI to identify operational problems on operating wind turbines.

On the other hand, the conventional Power segment suffers from a market experiencing serious lack of growth in the construction of large traditional plants, in particular in Western countries. In 2019, the group completed the sale of the company branch that has historically dealt with these activities to another corporation, since this branch - in line with the market context and development guidelines - was not considered strategic for the growth of the Group itself.

In the Grid area, 2019 posted good growth in turnover, always mainly focused in the United Kingdom and provided by the team there. This occurred due to the good exploitation of framework agreements with the main UK utilities (Scottish Southern Electric SSE, Electricity North West ENW) and the opening of new lines. In particular, the activities for the electrical dimensioning of data centers are consolidated, also thanks to the consolidated relationship with the Irish general contractor PM Group that works with the main companies in the sector. The integration between renewables and grid businesses also continued, leading to new important contracts for grid connection studies for offshore wind plants and, especially, work on the Baltic Eagle project, an offshore wind field with a power of 476MW, consisting of 52 turbines of 9.5MW each.
2019 also marked the start of a project of extraordinary and not only technical importance in the United Kingdom: the construction of a new motorway tunnel from Amesbury to Berwick, which will be adjacent to the UNESCO site of Stonehenge and will aim to avoid the traffic jams that currently occur on the provincial road due to tourists. The Grid team was commissioned to design the 132kV cable reinforcement between Mannington and Salisbury, providing multidisciplinary skills in civil and electrical design, above-ground line design, archaeological and environmental studies and geotechnical analysis.
Earthing and lighting consultancy, focused in the Cardiff and Dyss offices, were stable compared to the previous year with a good outlook in light of the new framework agreement signed with the National Grid in the UK.

Environment and sustainability

In this segment, the services provided by the Energy Business Unit include environmental and social studies; assistance in permitting works and infrastructures in Italy and abroad; environmental modelling and monitoring; characterisation of contaminated industrial sites in preparation for environmental risk analysis and design of reclamation and restoration interventions of water and soil matrices where contaminated; third-party technical and environmental audits and due diligences in the context of Merger & Acquisition transactions or on behalf of financial investors in Italy and abroad; environmental sustainability analysis for products and processes; studies in the field of energy efficiency (civil buildings, "high energy consumption" industrial processes, renewable plants, etc.), technical assistance (TA) to International Financial Institutions (IFIs) in the context of large investments in developing countries.

The significant investments recorded in the energy segment in 2019 led to an interesting growth in business compared to 2018.

In the Development Financial Institution (DFI) sector, the growth trend continued both in terms of specialist consultancy in the environment and social sector in support of large projects funded by pools of commercial banks and credit agencies in support of investments, but also as technical advisers for the monitoring of financing programmes for green energy projects and supporting small and medium businesses. On this last

aspect, the consolidation of RINA's leading position in support of EBRD is of note, participating in the program to support the competitiveness of SMEs in the Western Balkans (up to € 7.2 million in 5 years). The aim is to implement and manage a EUR 200 million credit line made available by EBRD to the participating private banks in the western Balkan countries to finance investments in the competitiveness of SMEs.

In terms of permitting and support during the authorisation process, activities in this area continued in a profitable way both in Italy with established customers (ENI, Edison, Saipem, etc.) and with new global acquisitions relating to projects in the Oil & Gas and Power sectors and certain large infrastructures. Among the various important projects followed by the permitting team, mention should be made of the support provided to Trans Adriatic Pipeline AG (TAP) for the fulfilment of the obligation deriving from the authorisation decrees with particular reference to marine environment habitats and species, contributing to the good outcome of pipe laying activities. Rina will continue to support the customer during the execution of maritime works, *for example by referring to the observation of marine mammals.*

In 2019, some important framework contracts on Environmental & Social issues were also acquired with development banks, such as the Inter American Development Bank (IDB), and similar activities with KfW, the most important German development bank, are continuing successfully for environmental and social services, and with the European Investment Bank for energy efficiency and climate change activities in China.

In the environmental and social due diligence sector, 2019 experienced a significant increase in orders acquired in Africa (Guinea, Mozambique, Ghana, Rwanda, Tunisia, Egypt.), in Central Asia and in South America (Mexico, Colombia, Dominican Republic, Cuba, El Salvador, Jamaica).
During 2019, some investments in recent years are also capitalised in new sectors such as agribusiness, with a large order for the study of the dairy value chain in Egypt for the Ministry of Agriculture and Territory (SASME) co-funded by the African Development Bank. In the capacity building segment, an order for the ECOWAS Renewable Energy and Energy Efficiency Center in Ghana, Ivory Coast, Nigeria, and Senegal is worth mentioning, with the aim of preparing a feasibility study to identify opportunities for greater inclusion of women in the energy value chain.

Transport and Infrastructure

T&I unites the distinctive skills in both the transport and infrastructure segments and closed 2019 with approximately EUR 45 million in revenue which, pro-formed, become EUR 51 million in consideration of the RINA PRIME operation completed at the end of the year.

The positioning and skills have enabled the BU to win the works management for the Morandi bridge, a project of clear relevance for its complexities and for the repercussions also on the territory.

On the one hand, 2019 was therefore characterised by the development of the new structure (e.g. tender scouting) and on the other by the consolidation of the Comete acquisition and by the implementation of the business plan for the technical certification and evaluation service segment in real estate, through a partnership with the company that already works with RINA Services, also through Axia Re S.p.A., a leader in the real estate services segment. It is in this context that a partnership was outlined between Axia Re, RINA Prime Value Services with the contribution of the real estate technical certification business directly provided by RINA Services, which will allow the skills acquired in the reference segment, concentrating them in a single entity, which, obviously in compliance with the applicable regulatory systems of both voluntary and mandatory matrix, can therefore provide a wide range of services.
For railway certification activities, 2019 saw further growth in activities in terms of volumes, development of new services, expansion onto the international market, strengthening of structures and profit.

The Group is a leader on the domestic market and has an ever increasing presence on the international one, where it operates in approximately 30 countries (which accounts for 70% or overall volumes), with 2 local offices that experienced strong growth in Scandinavia and China, significant activities in Central and Eastern Europe and new developments under way in Latin America and in other Asian countries.

In Denmark, in addition to the continuation of the undersea tunnel which will link Denmark and Germany and the project for the first high-speed route between Copenhagen and Ringsted, a new important project was launched for the Roskilde-Korsor route.

In China, the expansion of the local team based in Beijing and Shanghai followed the strong development of signalling and rolling stock projects. The first significant projects were also acquired in Japan.

In Central and Eastern Europe, important new projects were begun in Russia/CIS, Latvia, Bulgaria and Greece.

In verifying the design for validation purposes, the Rina Check Group company confirmed its leadership in a fast growing market that continues to exploit the favourable conditions that occurred following the entry into force of Legislative Decree 18 April 2016 no. 50 which regulates public procurement.

Rina Check took part in over 200 tenders, winning contracts for road design testing, Ghedi airport project testing, Fortore aqueduct testing and the Andria station and railway network project testing. The extreme competitiveness in every infrastructure sector is confirmed.

One of the projects that characterised 2019 was the development of high digital content services such as the development of tools for computerised building maintenance integrated with the processing of the SLAs of the suppliers of the underlying services and the development of evaluation KPIs and data synthesis all implemented in a single tool to guarantee faster processes.

2019 therefore lays the foundations for a further growth and confirmation of the Business Unit, also engaged on the important front of works management linked to the Morandi bridge.
In 2019, consulting and engineering activities in the Transportation and Infrastructure sector recorded an increase over the previous year, confirming the positive trend of the last two years. Development activities focused on strengthening the competitiveness and supply of engineering services, both on transport and on infrastructure, through agreements/partnerships with strategic parties for participation in international tenders.

The important and prestigious contract that involves RINA in the reconstruction of the Polcevera Viaduct stands out on the Italian market. RINA plays a key role in the project, being the technical entity in charge of supporting the Commissioner Structure for Project Management Consultant, Works Management and Safety Coordination activities. This project concerns a strategic infrastructure for the national economy, with international visibility and constitutes a key reference for future international PMC tenders. Due to these aspects, the skills and capabilities of RINA's technical staff are continually tested and highlighted.

Also on the Italian market, the acquisition of important framework contracts with ANAS, manager of the national road network, allowed RINA to be involved in the detailed design of the motorway link between the A4 motorway and Val Trompia (BS). This is the design of an important mobility infrastructure in northern Italy, including the engineering services of relevant civil works, which therefore require a high level of experience and skills from RINA's civil engineering team (structural engineering, geotechnical engineering, road engineering, hydraulics).

Internationally, the activities involving RINA in the design and construction of the structural health monitoring system (SHMS) for the suspension bridge over the Danube located in Braila (Romania) are worth mentioning. The project started in October 2018. RINA is currently carrying out the design of a distributed network of hybrid sensors to provide permanent real-time monitoring of the structural conditions of the Braila Bridge during its working life. This project is particularly strategic in the context of the capital integrity of large infrastructures for both the domestic and foreign markets.

In line with the development of previous years, project activities continued during 2019 in geographic areas already controlled such as Turkey, Kuwait, Israel, Tanzania and Australia.
In fact, railway engineering activities are under way for the Marmaray project in the city of Istanbul (transport system that connects the European and Asian sides of the city) and an important task of technical support in defining the management and optimisation strategies for port activities in Kuwait. Furthermore, the task of technical assistance and supervision of works for a railway line in Tanzania, technical assistance and multi-year support for the construction of the urban transport system of the city of Tel Aviv and assistance to the contractor in charge of the construction of the new metro connection between the airport and the city centre in Perth are all under way. These projects allow for the possibility of pursuing commercial opportunities and promoting all corporate services and skills, also through the related foreign offices to support orders.

The positive prospects at an international level, and in particular in Italy, in the infrastructure and mobility market and the drive put in place on the trade scene offer a positive impact on 2020.
Furthermore, the positive results in some important projects enrich the company's reference set, thus increasing the credibility and success rate during international competitions.

Industry

The Industry Business Unit provides high value-added integrated services in many industrial sectors, from manufacturing to steel and heavy industry, to the aerospace and defence industries. It supports customers in increasing their competitiveness where specialised skills, materials, technologies and innovation play a fundamental role, providing confidential skills for many types of strategic industrial initiatives.
2019 was a positive year for the BU with EUR 54 million in revenue, +10.7 over 2018, and with a clear improvement in margins (+9% over the 2019 budget, +23% over 2018 margins).
The Industry business unit covers a wide range of capabilities and market segments but is united by a shared approach on innovation issues and a common goal: to provide 360-degree support to customers with industrial needs during the entire life cycle of a project.
The business unit grew from 489 to 524 FTE in 2019, with particular attention to the introduction of highly potential young talents.
The combination of skills and the exploitation of synergies has allowed us to face increasingly complex projects in 2019.
The experimentation of much greater knowledge sharing across the business unit and between the various RINA Bus was successful and this can only benefit from a further drive for business development, especially at an international level. This is also a key target for 2020.

In 2019, improved participation in research programs at national and European level continued, in particular on:

- Industry 4.0 technologies including artificial intelligence and additive manufacturing
- Circular economy and sustainability - in particular with projects that aim to develop sustainable industrial solutions by reusing and recycling materials, thus reducing the volume of waste and trying to identify a solution to reduce carbon emissions
- Security and resilience - with projects dedicated to critical infrastructures

There was a strong demand for services that require specialist skills not only in advanced technologies and innovation processes, but in training, impact assessment, integrated security and IT security.

Also in 2019 proactive support to the European Space Agency (ESA) technology transfer program is an extraordinary example of a project that combines experience in space technologies with knowledge of advanced technologies, production processes, materials and needs, together with a creative and agile mentality.
The experience acquired by RINA in highly demanding sectors such as space and defence, has given the Business line the unique ability to be an important partner in strategic development programs for governments and public bodies and the ability to support industrial operators in the development of projects. Engineering services cover the entire project life cycle, in compliance with engineering and military standards. RINA has an unparalleled expertise in the development of new materials and processes, in the application of innovative production techniques, the integration of critical systems, the design and implementation of training programs, the development of engineering software and ICT solutions.
RINA's participation in the main research and development programmes is a fundamental part of the business model, allowing for the validation of innovative technical solutions and the promotion of technology transfer between different industrial applications.

Materials, Technology & Innovation closed 2019 with revenue of approximately EUR 34.83 million (over EUR 31.2 million in 2018). One of its strong points is the range of services offered to companies looking to innovate their products/processes; these include services such as scenario analysis and technological "road-mapping", technology "scouting" and drawing up industrial exploitation plans, preliminary design and validation, testing and prototyping (using the RINA laboratories in Italy and the UK), managing industrial property and "technology transfer".

In the Defence business, the business line consists of a specific expertise in Space and Defence issues, resulting from the cooperation between the pertinent Italian centre and the RINA Consulting Defence Ltd subsidiary.

In particular, the Space & Defence (S&D) area closed 2018 with approximately EUR 19.6 million in revenue (over EUR 16 million in 2018). The business evolutions implemented in 2018 have allowed for an evident further change of pace and a better integration of Italian and English skills, experiencing important cases of sharing projects, skills and references in the international arena.

The Space & Defence Business Unit underwent important changes during 2019, starting from the transfer from Bristol to Bath which contributed to the improvement of the margin thanks to the associated savings.

But above all, there has been an increase in the average value of contracts, in line with the drive to move to more complex areas of work. In addition, relations have been established with some of the main Prime Contractors also in the United Kingdom: Elbit, Chemring, Ferranti Technologies and SAAB. Framework agreements have been established with them.

The international expansion in 2019 has led to providing support services to our customers operating abroad, such as SAAB in the Netherlands and Sweden.

In 2019, the RINA team also won two Ministry of Defence (MoD) sustainability awards in the United Kingdom for their contribution to integrating sustainable behavioural changes to reduce fuel consumption and carbon emissions.

FINANCIAL HIGHLIGHTS

The main financial highlights are summarised in the table below:

MAIN ECONOMIC, FINANCIAL AND MANAGERIAL HIGHLIGHTS:

In Thousands of EURO	2019	2018
Total revenues	476.178	443.208
EBITDA from Financial Statements, including the effects of IFRS 16 for 2019 financial year (1)	52.268	37.441
Adjusted EBITDA, including the effects of IFRS 16 for 2019 financial year (2)	62.776	51.115
Proforma adjusted EBITDA, including the effects of IFRS 16 for 2019 financial year (3)	63.996	51.115
Adjusted EBITDAexcluding the effects of IFRS 16	51.413	51.115
Operating profit	15.161	15.623
Income (Loss) before tax	10.486	10.104
Profit (Loss) for the year	3.678	3.194
Net invested capital (4)	94.309	78.154
Total net equity	180.165	180.628
-of which: third party	1.186	1.569
Net financial position (5)	(127.540)	(131.061)

(1) EBITDA means earnings before interest, tax, depreciation and amortisation during the year. EBITDA is used by Group management to monitor and assess our operating performance, and is not an IFRS indicator (non-GAAP measure).
(2) Adjusted EBITDA is EBITDA before non-recurrent income and expenses.
(3) Adjusted pro-forma EBITDA means is adjusted and pro-forma EBITDA obtained by subtracting the EBITDA relating to companies sold during the year (SOA RINA S.p.A. and ITA Istituto Tecnologie Avanzate S.r.l.) and adding the EBITDA relating to companies acquired during the course of the year (RINA Prime Value Services S.p.A. and CND Studio S.r.l.) projecting these differences over an entire year.
(4) As calculated in the table reported on page 23 of this Management Report.
(5) For details of the calculation see paragraph 10.11 in the notes. The net financial position thus calculated for financial year 2019 does not include the effects deriving from the application of IFRS 16.

GROUP INCOME AND PERFORMANCE

FINANCIAL PERFORMANCE

In Thousands of EURO	2019	2018
Costs for raw materials	(5.430)	(5.117)
Service costs	(175.300)	(156.647)
Personnel costs	(228.344)	(221.730)
Other costs	(14.836)	(22.273)
Depreciation and amortization	(30.021)	(19.089)
Provisions, impairments and credit losses	(7.085)	(2.729)
Financial income and expenses	(4.678)	(5.519)
Taxes	(6.808)	(6.910)
Net income from asstes held for sale	-	-
Net Group income	3.128	2.604
Net minority income	574	590

RECLASSIFIED FINANCIAL SITUATION

In Thousands of EURO	2019	2018
Non-current assets	327.798	274.006
Current assets net of assets held for sale	276.368	261.619
Non-current assets held for sale	3.754	4.038
Net equity	180.165	180.628
Total non-current liabilities	233.489	195.852
Total current liabilities net of assets held for sale	189.897	156.732
Liabilities held for sale	4.369	6.451
Current assets	276.368	261.619
Current liabilities	(189.897)	(156.732)
Non-current assets	327.798	274.006
Non-current liabilities	(233.489)	(195.852)

STATEMENT OF CASH FLOWS

In Thousands of EURO	2019	2018
Cash flow from operating activities (A)	44.618	13.123
Cash flow from investments (B)	(16.180)	(13.075)
Cash flow from financing activities (C)	(27.424)	728
Cash and cash equivalents at the beginning of the period	63.436	62.835
Exchange rate differences on cash and cash equivalents	(47)	(175)
Cash and cash equivalents related to assets and liabilities held for sale	-	-

The consolidated financial statements are drafted using IFRS international accounting standards, in order to meet the obligatory standards used for Italian listed companies, making the Group's performance easier to compare to that of its main international competitors. The IFRS amendments are applied at a consolidated level for the other Group companies. For the other Group companies the IFRS amendments are applied at a consolidated level.

MAIN RISKS AFFECTING CORPORATE TARGETS

The Risk Management Policy brought in by the RINA Group on 22 July 2015 requires to identify suitable indicators for monitoring, checking and periodically reporting the most significant risks and any new risks that may arise, according to the risk categories outlined in the Group risk profile. The parent company, RINA S.p.A., has set up a Control and Risk Committee including one member of the Board of Directors, who acts as Committee Chair, the Chair and members of the RINA S.p.A. Board of Auditors, the RINA S.p.A: CEO, the Chief Risk Officer, the Chief Financial Officer, the Chief Strategy Office and CEOs of main sub-holdings.

Risk classification

The Control and Risk Committee has introduced the following risk classification system for external and internal risks that could affect the Group's ability to achieve its targets. The classification system applies to all Group companies:

STRATEGIC RISKS;

FINANCIAL RISKS;

OPERATING RISKS;

CONFORMITY RISKS;

The main risks found with reference to the categories described above, and their relative priority, are discussed below. The assessments in this chapter are periodically evaluated by the Control and Risks Committee, in order to constantly improve the Management Control system and the risk analysis methods used in RINA.

Strategic risks

RINA operates in highly competitive areas, coming up against both local operators with strong roots in the territory, and multinational players. In this context, RINA has a strategy focusing on development and diversification on the markets, both through internal and external growth through acquisitions.

As part of our growth and diversification strategy, RINA operates in some high-risk countries from a political and social standpoint. In order to mitigate the impact of these risks, the Group monitors country risk, on the basis of the revenue associated with the activities actually carried out (hours worked) in the Country and on 4 indices provided by external sources, which measure - for each Country - the critical issues of working in that Country, linked to the political, security and legal situation: sanctions (EU/USA), corruption (Corruption Perception Index of Transparency International); security (Country Security Assessment Rating taken from then iJET Worldcue database) and credit (SACE Corporate Credit Index). The results obtained show that the revenue generated in countries in the highest risk band account for a very small percentage of the Group's total revenue.

Financial risks

Financial risks are caused by the economic recession, the performance of oil prices, inflation and interest rates, and the fall in global, national or local market demand in general. Oil prices are the most significant risk, with potentially huge impacts in particular on the energy sector. The oil prices have a strong impact on the Energy sector, as well as all the other Group activities, on our revenue, and to a lesser extent our operating margins, which we have managed to partially offset by diversifying services and introducing cost cutting initiatives. The impact of oil prices on the 2020 budget of the Energy sector underwent a specific risk analysis using the same criteria as in 2018 during when budgeting 2019.
The 2019 budget will be continuously updated during 2020 taking into account the updated forecasts of the analysts.
Among financial risks, credit risk measures how exposed a company is to potential losses caused by failure to meet obligations to trade partners. The credit office constantly monitors the reliability and credit standing of our trade partners and their propensity towards late payment. Moreover, when more than one Group company is dealing with the same client, recovery activities are coordinated with the corporate administrative department. In this respect, the implementation of the group "RInew" ERP has helped to minimise this risk by consolidating credit limits for each client.
See section 5 of the Notes for information on the exchange rate risk and interest rate risk.

Operating risks

Operating risks include risks deriving from external factors, which relate to the arrival of new technologies on the market.

With this in mind, RINI continues to monitor the issue of digitisation, with particular reference to the effects that new technology (digital platforms, big data, blockchain) have on traditional business models. To this end RINA established a special Corporate Digital Innovation organisational unit within the Corporate IT function and takes part in work groups set up by national trade associations (Conforma) and international ones (IFIA).

Conformity risks

In general, the so-called conformity risks concern compliance with regulatory requirements whose compliance constitutes the prerequisite for the provision of services and/or whose failure to comply causes negative repercussions on the company and on business continuity.

The first category includes compliance with the accreditation, authorisation, notification and authorisation rules for the execution of naval classification, third-party certification and inspection, while the second category includes compliance with, for example, the standards on privacy (GDPR), on the administrative responsibility of legal persons (Legislative Decree 231), on health and safety in the workplace (DL 81/08).

To manage these risks, RINA has set up a series of functional reports and exchange of information flows between the compliance functions at the corporate level and the corresponding functions of the operating companies within its organisational and governance system; an articulated risk assessment and management system (including that on impartiality) and a series of control points in operating procedures, whose effectiveness and application is monitored by the Internal Audit function and, for the topics covered by the Decree 231, by the Supervisory Body.

Although the Group pays close attention to risk control and service quality, legal disputes cannot be overlooked a priori. To protect itself, RINA and its subsidiaries are equipped with insurance policies on professional risks with ceilings commensurate with the various risks, based on their historical performance, and with a legal department dedicated to following these cases, which coordinates the intervention, if and when necessary, by external support lawyers.

Main disputes and potential risks:

Al Salam Boccaccio litigation

In relation to the Al Salam Boccaccio affair (which is the subject of two disputes in which the company is defendant) the profiles of responsibility adduced by the actors were extensively examined and the analysis had not highlighted any elements of concern regarding the controls and activities carried out RINA S.p.A. Furthermore, most of the claimants have already obtained compensation for damages in Egypt, as part of a procedure under the control of the local authority, and have waived the right to further actions against other parties.

With reference to the first dispute, the Court of Genoa, in acceptance of the exceptions of the Company, considered that it could not proceed against Rina S.p.A. where the same had carried out the certification activities object of censorship by the claimants acting on behalf of the ship's national administration.

Moreover, again with regards to the first proceeding, the Court of Genoa also ruled in relation RINA S.p.A.'s potential liability deriving from the activities of the Registro Navale Italiano when the ship was flying the Italian flag (i.e. before April 1999). This ruling also upheld the Company's defence, excluding our liability for the Registry's acts prior to the corporate contribution of August 1999.

The Genoa Court of Appeal confirmed the decisions in the Company's favour in a ruling that has been appealed by the claimants and is currently pending.

In relation to the second summons notified in 2014, the plaintiffs applied for jurisdiction before the Supreme Court.

In 2016, the Court ruled that the formal requirements for jurisdiction were not met, and therefore rejected the case without ruling on the issues already resolved in the first summons to the company.

Following the resumption of the proceedings before the judge, the claimants have filed an application for referral to the Constitutional Court (application already rejected) and to the European Court of Justice.

This second application was accepted by the judge who therefore proposed a preliminary question for a preliminary ruling on which the Court of Justice is awaiting a ruling.

We remind you that the second quotation does not quantify the damages claimed, and is based essentially on the same elements as the first case.

Norman Atlantic litigation

At the end of 2016, what we believe to be an unfounded claim was brought against RINA Services S.p.A. at the Court of Bari in relation to the fire that occurred on the Norman Atlantic ferry. The trial is still in the early stages, in particular the preliminary stage has not yet started.

HUMAN RESOURCES & HUMAN CAPITAL

Headcount

At 31 December 2019, the Group had 3,870 employees, of whom 67.66% are graduates, from around 69 different nationalities and with an average age of 42.3.

In 2019, important initiatives relating to human resources were launched, as part of a "HR Strategy" plan viewed and approved by the Board of Directors, aimed at enhancing skills and human capital.

To further strengthen the consolidated model of performance assessments, a new "RINAAppraisaALL" platform was launched for the management and sharing of the quali-quantitative objectives and related feedback. Aware of the importance of constant feedback to its resources, the mid-year evaluation was also introduced for the first time, which also allows - where appropriate - the assigned objectives to be reviewed.

Furthermore, the tool for the proposal of bonuses and level/promotion steps was automated to ensure a harmonious and efficient approach in the group.

Important initiatives were then launched by the new "Human Capital" function for the enhancement of human capital, such as the "People Management Academy", a course that targeted 110 selected Group managers.

In 2019, the Training Incentive Operational, City Training Lisbon was launched, a pilot storytelling project for two groups of surveyors, both Italian and foreign, to develop and strengthen the awareness and perception of the company's attention towards the central role of surveyors, increasing their motivation and professional enthusiasm.

The pilot project "New People Manager Empowerment & Mentoring" was also promoted, a training course to promote the individual potential of a group of highly potential surveyors to develop their managerial skills and move from a technical role to a managerial role. Strategic thinking, employee management, leadership and time management at the centre of this learning path, which also includes a mentorship phase to accompany the new managers in their careers.

The Revamping Docebo project was also launched in 2019, a project to modernise and enhance the existing e-learning platform. Efficiency measures have been taken for the various functions of the platform to automate the activities within the platform as much as possible and make e-learning training easier for users.

Among the Human Capital initiatives, the Induction pilot project was launched at the end of 2019. The pilot phase was launched in three countries (United Kingdom, Romania and Turkey) and was then deployed worldwide by December 2020. This pilot cluster will experience the company onboarding process to facilitate new hires in getting to know and experience the company, according to RINA's values and vision.

Training

Alongside the new initiatives, technical and managerial training activities continue, fundamental in the light of the growth of the workforce and the evolution of skills. During the fiscal year, approximately 90,000 hours of training activities were carried out globally, part of which consisted in technical secondments. In particular, in 2019 approximately 21,000 hours of e-learning courses were made available globally, thanks to the strengthening and efficiency of the current e-learning platform. In addition to e-learning, around 5,000 hours of managerial skills courses and individual coaching sessions were provided in 2019 on topics such as team management and leadership, conducting feedback interviews and motivational coaching.

QUALITY, ENVIRONMENT AND SAFETY

Organisation, Management and Control Model as per Legislative Decree 231/2001

On 12 December 2003, the Board of Directors of RINA S.p.A. approved the introduction of an Organisation, Management and Control Model aimed at preventing possible offences, as well as establishing a control body responsible for overseeing compliance with and the functioning of the Model. The Organisation, Management and Control Model has been periodically updated following the expansion of the list of offences pursuant to Legislative Decree 231/2001 and in response to the continuous expansion of the RINA Group's business.
With the recent regulatory changes, the list of offences has been extended to include "receiving, laundering and using money, assets or benefits of illicit origin, as well as self-laundering"; "Offences against the environment"; "Mafia or publication of false financial information against the public administration". On 27 July 2018, the Board of Directors of RINA S.p.A. therefore approved a new revision of the Organisation Management and Control Model that incorporates the aforementioned regulatory changes.
RINA S.p.A. is attentive to the expectations of its stakeholders, aware of the value of the internal control system for them in preventing the directors, employees, collaborators, representatives and business partners from committing the offences described in Legislative Decree 231/2001.
Within the limits of the activities carried out in the interest of the Company and the Group, all the recipients of the Model - current and potential - are required to adapt to behaviours that do not involve the risk of committing offences.
The principles of ethics, impartiality, independence and honesty are the basis for the voluntary choice to implement this Model, of which the Code of Ethics is an integral part, as well as the protocols necessary to meet international Compliance Codes such as IACS and IFIA, which RINA is associated with.
The Corporate Internal Audit organisational unit supports the Supervisory Body (ODV) in monitoring the effectiveness of the Model.

Health and Safety management

In relation to health and safety in the workplace requirements, Rina S.p.A. applies the terms of Legislative Decree no. 81/08 "Implementation of article 1 of Law no. 123 dated 3 August 2007 on Health and Safety in the Workplace" and subsequent modifications introduced, for all the company's activities. Regarding employee training, internal training sessions are provided in Rina S.p.A. on a monthly basis or on specific request, as required by the State Regions Conference Agreement of 21/12/2011, "Agreement between

the Ministry of Employment and Social Policies, the Ministry of Health, the Regions and the Autonomous Provinces of Trento and Bolzano for the Training of Workers under article 37, paragraph 2, of Legislative Decree no.81 dated 9 April 2008". Rina S.p.A. updates and/or drafts Risk Assessment reports for the activities carried out at the Company's offices internally. At Group level, Rina S.p.A. participates, where requested, in working groups and/or meetings that include the analysis and drafting of health and safety at work procedures, in order to optimise health and safety in the workplace management.

Other key information

On 8 August 2018, Rina S.p.A. renegotiated the pooled loan receiving a disbursement of EUR 150 million from BNP and Unicredit which it used to pay back the residual debt as at July 31, 2018 to the financing banks of EUR 126.4 million taken in July 2016, which had a maturity date of May 2021. The new loan consists of a tranche A of EUR 60 million with maturity 30 June 2023, to be repaid in half-yearly instalments according to a repayment schedule which will start from 30 June 2019, and a tranche B of EUR 90 million with maturity 30 June 2024, to be repaid on the due date, with a clause allowing early repayment that may be exercised by 31 July 2019 in the event a debenture loan of the same amount is issued.
In November 2018, the Company concluded the syndication process of a part of the EUR 150 million loan granted in equal parts in August 2018 by Bnp and Unicredit and an additional tranche of financing was requested, under the same conditions as those obtained last August 8, 2018, of EUR 20 million divided into 8 million to increase Line A (now equal to EUR 68 million) and 12 million to increase Line B (today equal to EUR 102 million).
Due to the evolution of market conditions on the one hand (especially at the beginning of the year) and the strategic guidelines of the group on the other, it was decided not to proceed with the issue of a bond loan.
With regard to tranche B, the zero floor clause was eliminated in 2019 for a portion equal to € 42 million starting from January 1, 2020, while the zero floor clause remains for the remainder of € 60 million.
The aforementioned loans were used to hedge the risk of market rate fluctuations through IRS derivatives.
The loan is jointly and severally guaranteed by Rina S.p.A., Rina Services S.p.A., Rina Consulting S.p.A. and Rina Consulting – Csm S.p.A., as well as from the other main foreign companies belonging to the Rina Group.

The Loan as a whole envisages a Financial Covenant expressed by the Leverage ratio (NFP/Adjusted EBITDA) which must be less than 3.5 and which determines the spread currently equal to 2.25%. On the basis of a preliminary calculation the covenants are respected.

Please refer to paragraph 7 and 10.11 of these Notes for further operating details.

Statutory information as per Law 124/2017

The reference regulations require companies that receive financial contributions from public administrations and their subsidiaries to provide certain details in the explanatory notes.
The standard in question has been clarified several times, without dispelling the doubts as to its practical application. The Company has adopted the position taken by Assonime with Circular no. 5 of 22 February

2019, according to which the statutory information requirement only applies to specific and individual payments.
As a result, the Company has decided to indicate the following information, according to the type of contribution/subsidy granted:

- with regard to paid appointments falling within the company's typical activity and at market conditions, the Company declares that it has received paid appointments from persons belonging to the Public Administration; these appointments, being part of the typical company activity and conducted according to market conditions, are not reported in this section, since they are not subject to the reporting obligations provided for in Article 1, paragraph 25 of Law 124/2017;
- with regard to contributions/subsidies which may have been used and which must be published in the National State Aid Register (transparency), please refer to this document;
- with regard to contributions provided by private entities (e.g. training grants from Fondimpresa), these are not the subject of any information requirements, as they fall outside the scope of this standard;
- with regard to any tax benefits from which the Company has benefited, we believe, also in accordance with the position taken by Assonime in the aforesaid circular, that they are of a general nature and therefore do not have to be disclosed for the purposes of the provision in question.

Performance outlook

Supported by the 2019 trend, by the confirmation of the positive trends in the main reference markets and by the order collection at 31/12, the trend of the 2020 financial year in the first three months substantially confirms the trends forecast in the budget in terms of both revenue and margins
The end of February also witnessed the upcoming of Covid-19 in Italy and subsequently in the rest of Europe and the world with the declaration of pandemic by the WHO in March.
To better cope and manage this situation, the group has set up a dedicated Task Force, which constantly monitors events and regulatory developments - in Italy and abroad - to ensure the operational continuity of its facilities and at the same time protect the health of its employees. Among the main actions, the massive adoption of smart working, the closure of the canteen, the use of unused holidays in case of saturation drops.

Despite the positive closing of the quarter and the ability to operate at full capacity despite the lockdown (Italian and otherwise), the overall situation is expected to have repercussions on the economic and financial performance of the year, with a contraction in volumes in the various businesses/geographies controlled, and related consequences on the collection profile.
To this end, simulations are under way on possible impact scenarios and their recovery, so as to allow the company to promptly undertake all the appropriate mitigation and business strengthening actions.

Furthermore, in 2020, the Board of Directors is expected to appoint a General Manager to support the implementation of the CEO's decisions, the resolutions of the Board of Directors as well as the implementation of the Group's corporate governance rules.

The secondary offices held abroad by the Italian companies belonging to the Group are listed below as of 31 December 2019:

RINA Services S.p.A.	
	Kazakhstan
	Congo (Brazzaville)
	India
RINA Consulting S.p.A.	
	Corea del Sud
	Libia
	Egitto
	Australia
	India
	EAU
	Israele

On behalf of the Board of Directors

The Chair

Mr. Ugo Salerno

INDEPENDENT AUDITOR'S REPORT

at 31 December 2019

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
RINA SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of RINA SpA (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows 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 2019, 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.

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 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.

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 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.

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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 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 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 auditors' 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.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of RINA SpA are responsible for preparing a report on operations of the Group as of 31 December 2019, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as of 31 December 2019 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of RINA SpA as of 31 December 2019 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 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.

Genoa, 11 May 2020

PricewaterhouseCoopers SpA

Signed by

Andrea Manchelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

BOARD OF STATUTORY AUDITORS' REPORT

at 31 December 2019

Consolidated financial statements at 31 December 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euro Thousand

Assets	Notes	31/12/2019	31/12/2018
Property, plant and equipment	10.1	84.772	42.006
Goodwill	10.2	174.173	159.983
Other intangible assets	10.3	49.698	55.072
Investments in associates valued at equity method	10.4	0	12
Financial assets	10.4	365	763
Deferred tax asstes	10.5	15.129	12.563
Other receivables and non-current assets	10.6	3.661	3.607
Non-current Assets		327.798	274.006
Trade receivables	10.7	169.606	164 165
Financial assets	10.4	6.401	2.393
Other receivables and other current assets	10.6	35.958	31.498
Cash and cash equivalents	10.8	64.403	63.557
Current Assets		276.368	261.619
Assets held for sale	10.9	3.754	4.038

Euro Thousand

Liabilities	Notes	31/12/2019	31/12/2018
Issued share capital		49.518	49.518
Translation reserve		-6.429	-5.785
First Time Adoption reserve		1.407	1.407
Other reserves		91.006	91.093
Retained earnings reserve		40.373	40.222
Net profit (loss) of the year		3.104	2.604
Net Equity of the Group		178.979	179.059
Capital/Reserves of third parties		612	979
Result of third parties		574	590
Third parties equity		1.186	1.569
Equity	**10.10**	**180.165**	**180.628**
Payables due to banks and other lenders	10.11	194.274	168.731
Employee benefits	10.12	13.550	14.998
Provisions for risks and charges	10.13	9.485	6.052
Other payables and other non-current liabilities	10.14	16.180	6.071
Non-current liabilities		**233.489**	**195.852**
Payables due to banks and other lenders	10.11	52.098	33.080
Trade payables	10.15	70.838	64.121
Tax payables	10.16	7.075	4.792
Other payables and other current liabilities	10.14	59.886	54.739
Current liabilities		**189.897**	**156.732**
Liabilities connected to assets held for sale	**10.9**	**4.369**	**6.451**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Euro Thousand

Profit and Loss	Notes	31/12/2019	31/12/2018
Revenues	11.1	465.463	433.020
Other revenues	11.2	10.715	10.188
Total revenues		**476.178**	**443.208**
Cost of raw materials	11.3	5.431	5.117
Cost of services	11.4	175.300	156.649
Personnel costs	11.5	228.344	221.730
Depreciation and amortization	11.6	30.021	19.090
Provisions and impairments	11.7	6.546	1.873
Other costs	11.8	15.375	23.126
Total costs		**461.017**	**427.585**
Income (Loss) form equity investments valued at equity method		3	0
Financial revenues	11.9	17.018	13.063
Financial charges	11.9	21.696	18.582
Profi (Loss) from assets held for sale		0	0
Profit (loss) before taxes		**10.486**	**10.104**
Income taxes for the year	11.10	6.808	6.910
Net income from ongoing assets		**3.678**	**3.194**
Assets held for sale		0	0
Profiy (loss) of third parties		**574**	**590**
Components of comprehensive income that will not subsequently be reclassified to the income statement			
Actuarial Gain/Loss on defined benefit plans		(227)	0
Total components of comprehensive income that will not subsequently be reclassified to the income statement		**-227**	**0**
Totale componenti c/ec compless. che non saranno successivamente riclassificate nel conto economico			
Differencies from currencies translation of financial statement of foreign currency		-644	-1.995
Derivatives		-1.161	-774
Tax effect		324	216
Total components of comprehensive income that will subsequently be reclassified to the income statement		**-1.481**	**-2.553**
Comprehensive net income of the Group		1.396	51
Comprehensive net income of third parties		574	590

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro Thousand	As at 31 December 2019	2018
Profit before taxes from continuing operations	10.486	10.104
Profit before taxes (from continuing and held for sale operations)	**10.486**	**10.104**
Ajdustments to reconcile profit fore the year to cash flows from operating activities		
Amortization of tangible and intangible assets	30.021	19.076
Provisions and impairments	6.546	1.873
Net financial expenses/(incomes)	7.659	7.059
Income taxes paid	(9.797)	(9.040)
Profits on disposals of equity investments	(1.840)	0
Other non-monetary changes	(2.337)	(2.594)
Cash flow from operating activities before changes in working capital	**40.738**	**26.478**
Net change in working capital:		
- Trade and other receivables	952	(9.796)
- Trade and other payables	4.400	1.369
- Personnes funds and provisions for risks	(1.471)	(4.929)
Cash flow related to operating activities (A)	**44.618**	**13.123**
Cash flow from investing activities		
Investments (net of disposals) of fixed assets:		
-intangible	(7.929)	(3.667)
-tangible	(4.591)	(3.485)
Disposals of equity investments of the year net of cash and cash equivalents	2.535	0
Acquisitions of the year net of cash and cash equivalents	(6.195)	(5.923)
Cash flow related to investing activities (B)	**(16.180)**	**(13.075)**
Cash flow from financing activities		
Opening of new bank loans and Convertible loan capital	86.289	290.428
Repayment of bank loans and finance leasing	(99.804)	(278.981)
Changes in financial assets	(3.633)	(881)
Financial charges paid	(8.968)	(8.328)
Financial income collected	1.309	1.268
Dividends paid	(2.617)	(2.777)
Cash flow related to financing activities (C)	**(27.424)**	**728**
Net cash flow for the period (A) + (B) + (C)	**1.014**	**776**
of which change in cash and cash equivalents arising from assets and liabilities held for sale	*0*	*0*
Net cash flow for the period (A) + (B) + (C) excluding change of cash and cash equivalents resulting from assets and liabilities held for sale	**1.014**	**776**
Cash and cash equivalents at the beginning of the period	63.436	62.835
Exchange rate differences on cash and cash equivalents	(47)	(175)
Cash and cash equivalents at the end of the period	64.403	63.436

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euro Thousand	Share Capital	Translation reserve	Retained earnings reserve	Other reserves	Equity of the Group	Equity of third parties	Total equity
As at 31 December 2017	**49.518**	**(3.790)**	**62.806**	**92.942**	**201.476**	**2.964**	**204.440**
Net income (loss) for the year 2018			2.604		**2.604**	590	**3.194**
Reclassification of reserves			(343)	343	**-**		**-**
IFRS 9			(20 559)		**(20.559)**		**(20.559)**
Other minor movements			50		**50**		**50**
Other components of comprehensive income					**-**		**-**
Measurement of defined benefits palns				(11)	**(11)**		**(11)**
Financial statements conversion with a functional currency other than Euro		(1.995)			**(1.995)**	(194)	**(2.189)**
Derivatives				(774)	**(774)**		**(774)**
Total result fot the Year	**-**	**(1.995)**	**(18.248)**	**(442)**	**(20.685)**	**396**	**(20.289)**
Changes in the consolidation area					**0**	(746)	**(746)**
Dividend distribution			(1.732)		**(1.732)**	(1.045)	**(2.777)**
Total transactions with shareholders	**-**	**-**	**(1.732)**	**-**	**(1.732)**	**(1.791)**	**(3.523)**
As at 31 December 2018	**49.518**	**(5.785)**	**42.826**	**92.500**	**179.059**	**1.569**	**180.628**
Net income (loss) for the year 2019			3.104		**3.104**	574	**3.678**
Reclassification of reserves			(668)	894	**226**		**226**
Other minor movements			(24)		**(24)**		**(24)**
Other components of comprehensive income					**-**		**-**
Measurement of defined benefits palns				(227)	**(227)**		**(227)**
Financial statements conversion with a functional currency other than Euro		(644)			**(644)**	130	**(514)**
Derivatives				(834)	**(834)**		**(834)**
Total result fot the Year	**-**	**(644)**	**2.412**	**(167)**	**1.601**	**704**	**2.305**
Changes in the consolidation area				80	**80**	(231)	**(151)**
Dividend distribution			(1.761)		**(1.761)**	(856)	**(2.617)**
Total transactions with shareholders	**-**	**-**	**(1.761)**	**80**	**(1.681)**	**(1.087)**	**(2.768)**
As at 31 December 2019	**49.518**	**(6.429)**	**43.477**	**92.413**	**178.979**	**1.186**	**180.165**

NOTES

1. General information

RINA S.p.A. ("RINA" or the "Company" or the "Parent Company") is a company incorporated and domiciled in Italy and organised according to the legal system of the Italian Republic, with its registered offices in Genoa, Via Corsica 12. The Registro Italiano Navale has a controlling share of 69.91% in the Company's share capital.

RINA and its subsidiaries (the "Group" or the "RINA Group") mainly offer services for the classification of ships, certification activities and engineering services and advanced industrial services in general. The Group's historical core business is the classification of ships, consisting in assigning a class to a ship based on the conformity of the design and the materials used according to the type of load and use of the ship, in compliance with international rules and standards.
More details on how the Group performs its business are provided in the management report.

2. Summary of the accounting standards used

The main accounting standards and principles applied in preparing and drafting the consolidated financial statements of the Group (the "Consolidated Financial Statements" or the "Financial Statements") are shown below. These standards have been applied coherently for all financial years presented in this document.

2.1 Basis for preparation

These financial statements have been prepared in compliance with the EU IFRS standards in force on the date of the report's approval. EU IFRS standards mean all the "*International Financial Reporting Standards*", the "*International Accounting Standards*" (IAS), and the interpretations of the "*International Reporting Interpretations Committee*" (IFRIC), previously called "*Standing Interpretations Committee*" (SIC), approved and adopted by the European Union.
The financial statements are based on the best available knowledge of the EU IFRS, and taking into account the best interpretations in this field; any future interpretative guidance and updates will be reflected in subsequent fiscal years in accordance with the methods required by the financial reporting standards, on a case-by-case basis.
These Consolidated Financial Statements have been prepared using the conventional historical cost criterion and with a view to business continuity. They are subject to approval by the Board of Directors of the Company on 24 April 2020.

2.2 Form and content of the financial statements

With regard to the form and content of the consolidated financial statements, the Group has made the following choices:

- the consolidated statement of financial situation shows current and non-current assets separately, and current and non-current liabilities in the same way;
- the consolidated statement of comprehensive income shows a classification of costs and revenues by nature;
- the consolidated statement of cash flows, on the other hand, was prepared using the indirect method.

The Company has chosen to draw up a comprehensive income statement that includes, in addition to the result for the period, changes in shareholders' equity relating to items of an economic nature which, by express provision of international accounting standards, are recognised among the components of shareholders' equity.
The templates used, as specified above, are those that best represent the Group's economic, equity, and financial situation.

These financial statements are subject to audit by the independent auditor PricewaterhouseCoopers S.p.A., statutory auditor of the Company and the Group.

2.3 Consolidation area and variations

These consolidated financial statements include the financial statements of the parent company Rina SpA and its subsidiaries. Where necessary, specific adjustments were made at the consolidated level to standardise the Group's financial statements to the EU-IFRS accounting standards.

The list of companies included in the scope of consolidation at 31 December 2019, indicating the share capital held by the Group, are indicated in annex 1 to this document.

During the 2019 financial year, the consolidation area changed as a result of the establishment or acquisition of the following companies:

- RINA Prime Value Services S.p.A.: in December 2019 the acquisition of the majority of this company with headquarters in Milan, specialised in technical and sales assistance and consultancy in the real estate sector and related subsidiaries (NPLS Re Solutions Srl and Astasy Srl) was completed;
- CND Studio S.r.l.: during 2019 the Group acquired 100% of this company from third-party shareholders, thus becoming the sole shareholder;
- RINA Consulting S.r.o. (Czech Republic), RINA Tech South Africa (Pty) Ltd (South Africa), as *companies established during the 2019 financial year.*

Companies SOA RINA S.p.A. and ITA Istituto Tecnologie Avanzate S.r.l. were sold during the year 2019.

2.4 Consolidation principles

The criteria used by the Group to define the consolidation area and the relative consolidation principles are shown below.

Subsidiaries

The subsidiary companies are those companies that the Group controls. The Group controls a company when it is exposed to the variability of the company's results and has the power to influence these results through its power over the company. Generally, it is assumed that control exists when the company directly or indirectly holds more than half of the voting rights, taking into account the potential exercised or converted voting rights.

All subsidiaries are consolidated using the integral method from the date on which control is transferred to the Group. On the other hand, they are excluded from consolidation starting from the date on which this control is terminated.

Associated companies

Associates are companies over which the Group has significant influence, which is presumed to exist when the investment represents 20% to 50% of the voting rights.
Investments in associated companies are valued according to the net equity method. This evaluation criterion can be described as follows:

i) the group's profits and losses are accounted from the date in which the significant influence or joint control started and until the date it ended; if, as a result of the losses, the company valued using the method in

question shows a negative shareholders' equity, the carrying amount of the investment is cancelled and any excess attributable to the group, if the latter has committed itself to complying with legal or implicit obligations of the subsidiary company, or in any case covering its losses, is recorded in a specific fund;

ii) unrealised gains and losses generated on transactions between the Parent Company and the subsidiary company valued using the equity method are eliminated based on the value of the Group's investment in the subsidiary; unrealised losses are eliminated, with the exception of cases in which they are representative of impairment.

Joint arrangements

The Group applies IFRS 11 in the assessment of joint arrangements. In accordance with the provisions of IFRS 11, a joint arrangement can be classified either as a joint operation or as a joint venture on the basis of a substantial analysis of the rights and obligations of the parties. Joint ventures are joint control agreements in which the parties, joint venturers, who hold joint control, have, among other things, rights to the net assets of the agreement. Joint operations are joint control agreements that give participants the rights to the assets and obligations on the liabilities relating to the agreement. Joint ventures are accounted for using the equity method, while investments in a joint operation involve the recognition of assets/liabilities and costs/revenues related to the agreement on the basis of the rights/obligations, due regardless of the ownership interest held.

Assets held for disposal

Non-current assets or disposal groups whose book value will be recovered mainly through sale rather than through their continuous use are classified as held for sale and are shown separately from other assets and liabilities in the consolidated statement of financial position.
The corresponding values of the previous year are not reclassified in the consolidated statement of financial position, but are instead shown separately in a specific column of variations in the evolution of the assets and liabilities in the year in which the non-current assets destined to be sold or disposal groups are classified as such.
Non-current assets or disposal groups classified as held for sale are first recognised in accordance with the specific reference IFRS applicable to each asset and liability, and subsequently recognised at the lower of the carrying amount and the related fair value, net of sale costs. Any subsequent losses in value are recognised directly as an adjustment to current assets or disposal groups classified as held for sale with a balancing entry in the income statement. On the other hand, a reversal was recorded for each subsequent increase in the fair value of an asset less sales costs, but only up to the amount of the impairment loss previously recognised. In accordance with the provisions of IFRS 5 (Non-current assets held for sale and discontinued operations), non-current assets classified as held for sale or part of a group held for sale are not amortised. Financial charges and other expenses attributable to the liabilities of a disposal group classified as held for sale must continue to be recognised.

Business combinations

Business combinations are recorded according to the acquisition method.
According to this method:

- the amount transferred to a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and of the liabilities assumed by the Group on the acquisition date and of the equity instruments issued in exchange for control of the acquired company. The charges ancillary to the transaction are recorded within the income statement at the time they are incurred.

- the identifiable assets and the liabilities acquired are recognised at fair value at the acquisition date; an exception is deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments relating to share-based payments of the acquired company or payments based on shares relating to the group issued to replace contracts for the company acquired, and assets (or groups of assets and liabilities) held for sale, which are instead valued according to their relevant principle;
- goodwill is calculated as the excess between the sum of the considerations transferred in the business combination, the value of shareholders' equity pertaining to minority interests and the fair value of any equity investment previously held in the company acquired compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets and liabilities acquired at the acquisition date exceeds the sum determined above, the excess is immediately recognised in the income statement as income deriving from the transaction;
- any considerations subject to conditions provided for by the business combination contract are valued at fair value on the acquisition date and included in the value of the amounts transferred in the business combination for the purpose of calculating the goodwill.

In case of business combinations carried out in stages, the investment previously held in the acquired company is revalued at fair value on the date control is acquired, and any resulting gain or loss is posted in the income statement.
If the initial values of a business combination are incomplete at the closing date of the financial period in which the business combination took place, they are posted as provisional values in the Group consolidated financial statements. These provisional values are adjusted in the subsequent measurement period in order to take into account the new information obtained on facts and circumstances existing at the acquisition date which, if known, would have affected the value of the assets and liabilities recorded at that date.

Put options assigned to minority interests

Potential payments relating to put options assigned to minority interests are recognised as payables, as they involve the payment of a predetermined amount of cash and cash equivalents or other financial assets by the company that cannot be avoided if the third-party shareholders decide to exercise the option assigned to them. Liabilities relating to put options on minority interests is initially measured at fair value and subsequently remeasured according to the amortized cost method, using the effective interest rate. At the end of each financial year, the evaluation of this debt in the financial statements is updated; any differences are recorded in the income statement, under financial income and charges.
Payables for put options are classified under current liabilities, as other payables and other current liabilities if they are expected to be settled within 12 months from the balance sheet date; otherwise, they are classified as non-current liabilities.
In the event that the risks and benefits are substantially transferred to the Group, the counterpart of the debt is goodwill.

Transactions with minority shareholders

The Group records transactions with minority shareholders as "equity transactions". Therefore, in the case of acquisitions and sales of additional shares after control is acquired, the difference between the purchase cost and the carrying amount of the minority interests acquired is recognised in the group shareholders' equity.

Conversion of the accounts of foreign companies

The financial statements of subsidiaries are drafted using the currency of the primary economic environment in which they operate. The following rules apply for the translation of the financial statements of companies denominated in currencies other than the Euro, which is the Group's functional currency:

- assets and liabilities are converted using the exchange rates current at the balance sheet date;

- costs and revenues are converted at the average exchange rate for the year;
- exchange rate gains or losses arising from the translation of economic values at a rate that differs from the closing rate and from the translation of opening equity at a rate that differs from the closing rate are recorded in the "translation reserve" in the comprehensive income statement.
- goodwill, where applicable, and fair value adjustments relating to the acquisition of foreign operations are recognised as assets and liabilities of the foreign operation and translated at the closing rate for the period.

Subsidiaries with a functional currency other than the Euro in the consolidation area at 31 December 2019 and 2018 are listed in annex 1.

The exchange rates used for the conversion of the aforementioned balances are shown in the following table:

AED	4,1113	4,1257	4,3371	4,2050
ALL	123,0200	122,0500	127,6200	123,5300
ARS	53,8229	67,2749	32,9094	43,1593
AUD	1,6109	1,5995	1,5797	1,6220
AZN	1,9031	1,9098	2,0077	1,9465
BDT	94,5332	95,3767	98,5604	96,0655
BGL	1,9558	1,9558	1,9558	1,9558
BRL	4,4134	4,5157	4,3085	4,4440
CAD	1,4855	1,4598	1,5294	1,5605
CHF	1,1124	1,0854	1,1550	1,1269
CLP	786,8900	844,8600	756,9400	794,3700
CNY	7,7355	7,8205	7,8081	7,8751
COP	3.674,5200	3.686,6600	3.486,7400	3.721,8100
DKK	7,4661	7,4715	7,4532	7,4673
DZD	133,6757	133,8916	137,6525	135,4881
EGP	18,8383	18,0192	21,0414	20,5108
EUR	1	1	1	1
GBP	0,6778	0,8508	0,6847	0,8945
GEL	3,1543	3,2134	2,9898	3,0675
GHS	6,0158	6,4157	5,5222	5,6218
HKD	8,7715	8,7473	9,2559	8,9675
HRK	7,4180	7,4395	7,4182	7,4125
IDR	15.835,2700	15.595,6000	16.803,2200	16.500,0000
INR	76,8361	80,1870	80,7332	79,7298
IRR	47.018,0000	47.183,0000	48.210,0000	48.090,0000
KRW	1.305,3200	1.296,2600	1.299,0700	1.277,9300
KZT	428,7900	429,5100	406,9100	437,5200
LBP	1.687,6100	1.693,5300	1.780,2900	1.726,0900
LKR	200,0654	203,9475	191,6616	209,4810
MAD	10,7660	10,7810	11,0820	10,9390
MDL	19,6457	19,2986	19,8351	19,5419
MNT	2.961,4900	3.071,7500	2.917,1700	3.027,0300
MXN	21,5565	21,2202	22,7054	22,4921
MYR	4,6374	4,5953	4,7634	4,7317
MZN	69,9400	69,5900	71,2900	70,5100
NGN	343,0512	344,3221	360,9013	350,9425
NOK	9,8511	9,8638	9,5975	9,9483
OMR	0,4304	0,4319	0,4541	0,4403
PAB	1,1195	1,1234	1,1810	1,1450
PEN	3,7364	3,7255	3,8793	3,8630
PHP	57,9851	56,9000	62,2101	60,1130
PLN	4,2976	4,2568	4,2615	4,3014
PYG	6.981,4200	7.249,4600	6.764,2400	6.824,8200
RON	4,7453	4,7830	4,6540	4,6635
RUB	72,4553	69,9563	74,0416	79,7153
SAR	4,1980	4,2128	4,4286	4,2938
SEK	10,5891	10,4468	10,2583	10,2548
SGD	1,5273	1,5111	1,5926	1,5591
THB	34,7570	33,4150	38,1640	37,0520
TMT	3,9182	3,9319	4,1334	4,0075
TND	3,2803	3,1390	3,1106	3,4302
TRY	6,3578	6,6843	5,7077	6,0588
TWD	34,6057	33,7156	35,5864	35,0223
UAH	28,9220	26,7195	32,1091	31,7362
USD	1,1195	1,1234	1,1810	1,1450
UYU	39,4297	41,8418	36,2299	37,0943
VEF	14.692,8696	52.308,3738		729,6027
VND	26.003,0000	26.033,0000	27.180,0000	26.547,0000
XAF	655,9570	655,9570	655,9570	655,9570
XOF	655,9570	655,9570	655,9570	655,9570
ZAR	16,1757	15,7773	15,6186	16,4594
BND	1,5273	1,5111		
ILS	3,9901	3,8845		
CZK	25,6705	25,4080		
LYD	1,5653	1,5709		

Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the exchange rate on the date of the transaction. Cash assets and liabilities held in currencies other than the Euro are subsequently adjusted to the exchange rate at the year-end closing date. Any exchange differences found are reflected in the income statement.

Non-cash assets and liabilities held in currencies other than the Euro are recorded at their historical cost, using the exchange rate at the date when the transaction was initially recorded.

2.5 Valuation criteria

Property, plants and equipment

Property, plants and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes the charges directly incurred to make their use possible, as well as any dismantling and removal charges that will be incurred as a result of contractual obligations requiring the asset to be returned to its original condition.
Pursuant to the IFRS16 standard the identified assets will be represented as assets having the nature of a right of use, in the context of the Assets of the balance sheet (in the same way as a proprietary asset), in exchange for a financial liability. The initial registration value of the asset is equal to the current value of the payments/periodic fees contractually provided for in order to dispose of the asset.
Financial charges directly attributable to the acquisition, construction or production of an asset that justifying capitalisation in accordance with IAS 23R are capitalised on the asset itself as part of its cost.
Costs for ordinary and/or routine maintenance and repairs are taken directly to profit or loss when incurred. Costs to expand, upgrade or improve owned or leased assets are capitalised to the extent they meet the requirements to be classified separately as assets or part of an asset.
After their initial recording, the leased goods are depreciated by applying the criterion and the rates indicated above, unless the duration of the lease is less than the useful life represented by these rates, and there is no reasonable assurance of the transfer of the leased goods' ownership upon the agreement's natural expiry date; in this case, the depreciation period will be represented by the duration of the lease agreement itself.
Leases in which the lessor substantially retains all the risks and benefits of ownership are classified as operating leases. The costs relating to operating leases are recognised on a straight-line basis on the income statement over the term of the lease agreement.
Depreciation is charged on a straight-line basis using rates that allow the assets to be depreciated until the end of their useful life.
The useful life estimated by the Group for the individual categories of property, plants and equipment - which has not changed over 2018 - is as follows:

Buildings	3%-5%
Machinery and equipment	15%-25%
Furnishings	15%-20%
Cars	15%-25%
Electronic office machinery	20%-40%
Ordinary office machinery	12%-33%
Furniture	12%-25%
Improvements to third parties assets	The lower between the useful life of the improvements and the residual duration of the lease contract, taking into account any renew al periods if they are dependent on the lessee.

The useful life of property, plants and equipment and their residual value are reviewed and updated, where necessary, when preparing the financial statements.

Goodwill

Goodwill is calculated as the excess between the sum of the considerations transferred in the business combination, the value of the shareholders' equity and the fair value of any equity investment previously held in the company acquired compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets and liabilities acquired at the purchase date exceeds the sum of the considerations transferred, the value of the shareholders' equity pertaining to minority interests and the fair value of any equity investment previously held in the acquired company, this excess is immediately recognised in the income statement as income.
Goodwill is not amortised, but subjected to an annual valuation aimed at identifying any loss in value (impairment test). This test is carried out with reference to the organisational unit generating the cash flows ("cash generating unit" or "CGU") to which the goodwill is attributed.
Within the group 5 CGUs were identified and the goodwill was reassigned on the basis of the fair value of the CGUs in question on the date on which the CGUs were identified, as required by the accounting standards.
The impairment test was prepared on the basis of the 2020 budget and, for subsequent years, the strategic plan approved by the Board of Directors of the Parent in February 2018. Please refer to paragraph 10.2 of these Notes for more details.
Any impairment of goodwill is recorded if the recoverable amount thereof is less than its carrying value on the financial statements. Recoverable value is defined as the greater of either the fair value of the CGU, less the disposal costs, or the relative value in use, understood as the actual value of the future cash flows for that asset. Impairment of goodwill is not allowed in the case of a previous write-down for losses in value.
If the impairment resulting from the impairment test exceeds the value of the goodwill allocated to the CGU, the remaining surplus is allocated to the non-current assets included in the CGU in proportion to their carrying value.
The test is performed at least once a year, or in any case if loss of value indicators are found.

Other intangible fixed assets

Intangible assets are identifiable non-cash assets without physical substance that generate future economic benefits for the Company. These elements are recognised at purchase and/or production cost, including expenses directly attributable to preparing the asset for use, net of accumulated amortisation and any loss in value.
Amortisation begins when the asset becomes available for use and is calculated systematically over the residual useful life of each asset.
In line with previous years, the useful life estimated by the Group for the various categories of intangible assets is shown below.

Software	33%
Concessions, licenses and trademarks	33%
NDE clients portfolio	8%
ERA Clients portfolio (now Rina Consulting Ltd)	10%
ERA orders portfolio (now Rina Consulting Ltd)	25%
NDE Software	20%
ERA Software (now Rina Consulting Ltd)	20%

Impairment of property, plant and equipment and intangible assets with a finite useful life

At each balance sheet date, the Group assesses the existence of indicators reducing the value of property, plant and equipment and intangible assets with a finite useful life not fully amortised. If such indicators are found, the recoverable value of the assets is estimated, with any amortisation or depreciation with respect to the relative book value being recorded on the income statement. Recoverable value of an asset is defined as the greater of either the fair value, less the disposal costs, or the relative value in use, understood as the actual value of the future cash flows for that asset. For an asset that does not generate largely independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. When calculating the value in use, the expected future cash flows are discounted using a rate that reflects the current market assessments of the cost of money in relation to the period of the investment and risks specific to the asset. A reduction in value is recognised in the income statement when the carrying value of the asset is higher than the recoverable value. If the conditions for a write-down previously carried out no longer subsist, the carrying amount of the asset is restored through registration on the income statement, within the limits of the carrying value that the asset in question would have had if the write-down had never been done and the amortisations or depreciations had been carried out.

Financial assets

The Group's Financial assets are classified on the basis of the business model adopted to manage them and the characteristics of the related cash flows.

a) Financial assets valued at amortised cost

Financial assets which have been verified to meet the following requirements are classified in this category:
(i) the asset is held within a business model whose objective is possession of the asset to collect contractual financial flows; and
(ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These are mainly receivables from customers, loans and other receivables.

Trade receivables that do not contain a significant financial component are recognised at the price defined for the related transaction (determined in accordance with the provisions of IFRS 15 Revenue from customer contracts).

Other receivables and loans are initially recognised in the financial statements at their fair value increased by any directly attributable accessory costs to the transactions that generated them. At the time of subsequent measurement, financial assets are shown at amortised cost, with the exception of loans that do not contain a significant financial component, using the effective interest rate. The effects of this measurement are recognised as a financial income component.

The Group values receivables by adopting an expected loss Expected Loss.

For trade receivables, the Group adopts a simplified approach to valuation (known as Simplified approach) which does not require the recognition of periodic changes in credit risk
but rather the accounting for an Expected Credit Loss (abbreviated as ECL) calculated over the entire life of the credit (so-called lifetime ECL).

In particular, the policy implemented by the Group involves the stratification of receivables, which are broken down by homogeneous risk categories. Different write-down percentages are applied to these categories, which reflect the likelihood of them being recovered. These are based on historical percentages and on any forward-looking data, which may impact the reasonable likelihood of them being recovered. Trade receivables are written down in full if they are not reasonably likely to be recovered (e.g. overdue past a certain point, *bankruptcy and/or start of legal action*).

Write-downs carried out in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects related to releases or restorations of value and are represented under operating costs.

b) Financial assets at fair value through profit or loss ("FVOCI")

Financial assets which have been verified to meet the following requirements are classified in this category:

(i) the asset is held as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of the asset itself; and

(ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These assets are initially recognised in the financial statements at their fair value plus any additional costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the measurement made at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income.
With reference to the impairment model, it follows what is described in paragraph a) detailed above.

c) Financial assets at fair value with a balancing entry in the consolidated income statement ("FVPL")

Financial assets that are not classified in any of the previous categories (i.e. residual category) are classified in this category. These are mainly derivative instruments.
Assets belonging to this category are recorded at fair value upon initial recognition.
Ancillary costs incurred on recognition of the asset are immediately recognised in the consolidated income statement. On subsequent measurement, FVPL financial assets are measured at fair value.

Gains and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised under "Gains (losses) from assets measured at fair value".
Purchases and disposals of financial assets are accounted for at the settlement date.
Financial assets are derecognised when the related contractual rights expire, or when the Group transfers all the risks and benefits of ownership of the financial asset.

Derivative financial instruments

As permitted by IFRS 9, the RINA Group has chosen to continue to apply the hedge accounting provisions of IAS 39 instead of the provisions of IFRS 9.

Derivative instruments are initially valued at fair value and remeasured at each balance sheet date at fair value. The criteria for recognising the gains and losses deriving from the remeasurement of the derivative instruments depend on their initial classification.

Derivative financial instruments subscribed for the purpose of hedging specific financial risks are recorded using hedge accounting rules if the relationship between the derivative financial instrument and the instrument being hedged is formally documented, and the hedge is periodically shown to be highly effective.

In this case, the accounting methods are:

- *Fair value hedge* - if a derivative financial instrument is selected to hedge exposure to changes in the current value of an asset or liability, the change in the fair value of the hedging derivative is recognised in the income statement, along with the valuation of the fair value of the assets and liabilities hedged.
- *Cash flow hedge* - if a derivative financial instrument is selected to hedge the exposure to the variability of the cash flows of a financial asset, liability, or a highly probable forecast transaction that could affect the comprehensive income statement, the effective portion of profits or losses on the financial instrument is recognised in equity; the accumulated profit or loss is reversed from equity and recorded in the income statement in the same period in which the transaction being hedged is recorded; the profit or loss associated with a hedge, or that part of the hedge that has become ineffective, is recorded in the income statement when the ineffectiveness is recognised.

If the conditions for the application of hedge accounting are not met, changes in the fair value of the derivative financial instrument are recorded in the income statement.

Fair value measurement

The Fair value valuations of the financial instruments are carried out by applying IFRS 13 "Fair value measurement" ("IFRS 13"). The fair value represents the price that would be received for the sale of an asset or paid for the transfer of a liability within the context of an ordinary transaction carried out between market operators on the measurement date.

The fair value measurement is based on the assumption that the sale of the asset or the transfer of the liability takes place on the main market, or rather the market with the greatest volume and level of transactions for the asset or liability in question. In the absence of a main market, it is assumed that the transaction takes place on the most advantageous market to which the Group has access, or rather the market most likely to maximise the results of the asset's sale, or minimise the amount to be paid for the transfer of the liability.

The fair value of an asset or liability is determined in consideration of the assumptions that market participants would use to define the price of the asset or liability in question, with the presumption that they are acting in their best economic interests. The market participants are independent and informed buyers and sellers who are capable of entering into a transaction for an asset or liability, and are motivated, but are not obliged or induced, to carry out the transaction.

In carrying out the fair value measurement, the Group takes into account the characteristics of the specific asset or liability, and namely, for non-financial assets, the ability of a market participant to generate economic benefits by employing the asset for its greatest and best possible use, or by selling it to another market participant capable of using it for its greatest and best possible use. The fair value measurement of the assets and liabilities is carried out using techniques appropriate for the circumstances, and for which sufficient data are available, maximising the use of observable inputs.

IFRS 13 identifies the following hierarchy of fair value levels, which reflects the significance of the inputs used in the relative determination:

- Level 1 - Quoted price (active market): the data used in the measurements are prices quoted on markets where the same assets and liabilities in question are exchanged.
- Level 2 - Use of parameters observable on the market (e.g. for derivatives, the exchange rates used by the Bank of Italy, market rate curves, volatility provided by qualified providers, credit spreads calculated based on the CDS, etc.) other than the quoted prices referred to in level 1.
- Level 3 - Use of unobservable market parameters (e.g. internal assumptions, cash flows, risk-adjusted spreads, etc.).

Cash and cash equivalents

Cash and cash equivalents include cash, bank current accounts, deposits repayable on request and other short-term and highly liquid financial investments that are readily convertible into cash, or convertible into cash within 90 days of the original acquisition date, and are subject to a low risk of changes in value.
For the purpose of preparing the statement of cash flows, cash and cash equivalents have been calculated net of current account overdrafts.

Treasury shares

Treasury shares are recorded as a reduction in shareholders' equity. The original cost of treasury shares and the revenue deriving from any subsequent sales are recorded as movements in shareholders' equity.

Financial liabilities (excluding derivatives)

Financial liabilities include financial payables, payables for leases and trade payables.

Amounts due to banks and other lenders are initially recognised at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. If there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change based on the current value of the new expected cash flows and the initially determined internal rate of return.

Leasing payables are initially recognised at the fair value of the capital goods covered by the contract, or, if lower, at the present value of the minimum payments due. Please refer to paragraph 4.1 of this Note regarding the impact on financial liabilities following the adoption of the IFRS 16 accounting standard.

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they are paid within one year of the balance sheet date. Otherwise, these payables are classified as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently measured using the amortised cost method.

When a liability is hedged against interest rate risk by a fair value hedge, changes in fair value due to the hedged risk are not included in the amortised cost calculation. These changes are amortised from the moment in which the fair value hedge accounting is interrupted.

Financial liabilities are eliminated from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

If put and call options are granted to minority shareholders, which guarantee them a cash settlement in exchange for cash or other financial assets, on the basis of IAS 32 the Group records a financial liability equal to the best estimate of the option's exercise price. This liability is subsequently remeasures on each balance-sheet date.

With reference to the derecognition of a financial liability, new records must be created for its extinction and the recognition of a new liability if the contractual terms are substantially different. The terms are considerably different if the actualised value of the financial flow under the new terms, including any fee paid net of the fee received and actualised using the original interest rate, are at least 10% different from the actualised value of the remaining financial flows of the original financial liability. If the exchange of debt instruments or the change in the terms are recognised as an extinction, any costs or fees paid are recorded as income or losses associated with the extinction. If the exchange or modification are not recognised as extinction, any costs or fees sustained will adjust the balance of the liability and will be amortised over the remaining term of the liability in question.

Personnel funds

Funds paid to personnel on or following termination of employment mainly comprise Severance Indemnity (TFR), governed by article 2120 of the Italian Civil Code.
Employee severance indemnity is a formalised program of benefits paid out after termination of the employment relationship; it constitutes a future obligation, and the Group bears the actuarial and investment risks associated with it. As required by IAS 19, the Group uses the Credit Unitary Projection Method to calculate the current value of the bonds and the related social security cost of current services; this calculation method requires the use of objective and compatible actuarial assumptions on demographic (mortality rate, staff turnover rate) and financial variables (discount rate, future increases in salary levels). Actuarial gains and losses are recognised in the comprehensive income statement.

Following the pension reform, from 1 January 2007 the accrued employee severance indemnity is allocated to pension funds, to the treasury fund set up at INPS or, in the case of companies with fewer than 50 employees, can remain in the company in the same way as in previous years.
Employees were offered the right to choose where to invest their severance indemnity up until 30 June 2007. In relation to this, the allocation of the accrued amounts of TFR to the pension funds or to the INPS implies that a portion of the accrued TFR is classified as a defined contribution plan, since the obligation of the company is represented exclusively by the payment of contributions to the pension fund or to the INPS. The liability relating to the previous severance indemnity continues to represent a defined benefit plan to be assessed according to actuarial assumptions.
The other long-term benefits granted to employees, such as long-term bonuses, are also evaluated using actuarial methods, as well as taking into consideration demographic (mortality rate, staff turnover rate) and financial variables (discount rate). Actuarial gains and losses are recognised in comprehensive income statement.

Provisions for risks and charges

Provisions for risks and charges are recorded for specific losses and charges of a specific nature, of certain or probable existence, but the amount and/or date of which is uncertain.
Funds are only recorded when there is a current obligation (legal or implicit) for future payments caused by past events, and the payments are required to meet the obligation. The amount is the best estimate of the discounted outlay required to settle the obligation.
When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the funds are valued at the current value of the expected payment using a rate that reflects the market conditions, the change in the cost of money over time and the specific risk linked to the obligation.
The increase in the value of the fund associated with changes in the cost of money over time is recorded as a financial charge.
Potential risks are indicated in the specific section on disclosures on potential liabilities, and no provision is made for them.

In extremely rare cases, the indication of some or all of the information required by paragraphs 84-89 of IAS 37 could seriously affect the entity's position in a dispute with third parties on the matter underlying the provision, the contingent liability or the potential activity. In such circumstances, the entity is not obliged to provide the information but must indicate the general nature of the dispute, together with the fact that, and the reason why, the information has not been indicated.

Public contributions

Government grants are recognised when there is reasonable assurance that an entity will comply with any conditions attached and that the grant will be received. The contributions are recorded in the income statement throughout the period in which the related costs are recorded.
Benefits deriving from public funding obtained at a subsidised rate are recorded in a similar way to public grants.
This benefit is calculated when funding is first received as the difference between the initial carrying amount of the loan (fair value plus costs directly attributable to obtaining the loan) and the amount collected and is subsequently recognised in the income statement in accordance with the rules established for recognition of public contributions

Recognition of revenue

Revenue from contracts with customers are recorded in accordance with IFRS 15.

On the basis of the 5-phase model introduced by IFRS 15, the Group records revenue after identifying the contracts with its customers and the performance obligations (transfer of goods and/or services), determining the consideration the Group expects to be entitled to in exchange for meeting the performance obligations (at a given point in time versus over the course of a period of time).
The revenues are recorded at the time the performance obligations are satisfied by
transferring the goods or services promised to the customer. This can happen at a given point in time or over the
course of a period of time.
The Group operates in different sectors and the revenues generated cover very different contractual situations.

The majority of contracts stipulated by the Group are short-term, and the related revenues are recognised *when the service is rendered to the final customer.*

For other long-term contracts, mainly relating to marine and certification activities, the Group uses the percentage of completion method in order to calculated the amount of revenue to be recognised in a given period.

The percentage of completion is calculated for each contract based on the costs incurred compared to the estimated total costs or on the basis of the activities carried out with respect to the total planned activities. If a loss is expected as the final result of the contract, this is recorded in the income statement for the year in which the forecast is made for the entire amount envisaged.

Taxes

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in force at the balance sheet date.
Deferred tax assets and liabilities are calculated for all differences between the tax value of an asset or liability and the related carrying amount. Deferred tax assets, including those relating to previous tax losses, for the portion not offset by deferred tax assets, are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred and prepaid taxes are calculated using the tax rates that are expected to be applicable in the financial years in which the differences will be realised or settled, based on the tax rates in force or substantially in force at the balance sheet date.
Current, deferred and prepaid taxes are recorded in the income statement, except for those relating to items directly charged or credited to shareholders' equity, for which the related fiscal effect is also recognised directly in shareholders' equity. Taxes are offset when they are applied by the same tax authority and there is a legal right of compensation.

It should also be noted that the Parent Company and some Italian subsidiaries adhere, starting from the financial year ended 31 December 2011 and subsequently renewed, to the tax consolidation of the Registro Italiano Navale, regulated in articles 117 to 129 of Presidential Decree 917/86, as amended by Legislative Decree no. 344/03.

3. Estimates and assumptions

The preparation of the financial statements requires the directors to apply accounting standards and methodologies which, under certain circumstances, are based on evaluations and estimates, historical experience, and assumptions that are considered to be reasonable and realistic in light of the relative circumstances.
The application of these estimates and evaluations affects the amounts recorded in the financial statements, as well as the information provided. Due to the uncertainty that characterises the assumptions and the conditions upon which the estimates are based, the final results of the items on the financial statements for which these estimates and assumptions have been utilised may differ from those contained in the financial statements showing the effects of the estimated items.
The following is a brief list of the items that, in relation to the Group, require greater subjectivity on the part of the directors in the preparation of estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the Group's economic and financial results.

- *Tangible fixed assets*: following the adoption of IFRS 16, non-current assets include tangible assets (falling under the categories Buildings and Other tangible fixed assets) for which the right of use is recognised as assets held in leasing. The right of use is equal to the initial value of the corresponding leasing liability, plus the payments due for the leasing before the starting date of the leasing and for any initial direct costs. Please refer to paragraph 9 of this Note for a description of the estimates used under IFRS 16.

- *Impairment test*: goodwill undergoes yearly impairment testing to ascertain whether impairment has occurred. The reduction in value, when the net carrying amount of the cash-generating unit to which they are allocated is higher than its recoverable value (defined as the higher value between its value in use and its fair value), must be recorded as a write-down. In order to check this value, the directors need to make subjective assessments based on the information available within the Group and on the market, as well as from historical experience. If a potential impairment is found, the Group will proceed to calculate the amount using appropriate valuation techniques. The same checks and valuation techniques are applied to the intangible and tangible assets with a definite useful life when there are indicators that provide for a reduction in value. Identifying the correct indicators of potential impairment, and the correct estimates to use for its calculation, depend on factors that can change over time, thus affecting the evaluations and estimates made by the directors.
- *Bad debts provision*: the write-down fund for trade receivables reflects the directors' best estimate of the losses relating to the client receivables portfolio. This estimate is based on the Group's forecast losses, calculated based on past experience for similar receivables, current and historical past due, careful monitoring of credit quality and projections of economic and market conditions.
- *Deferred tax assets*: deferred tax assets are shown based on forecast future taxable income. The estimation of future taxable income for the purpose of accounting for deferred tax assets depends on factors that may change over time and have a significant effect on the recoverability of deferred tax assets.

- *Incentives for managers*: the calculation of the incentives paid to managers as part of the incentive plan is based on estimates made by the directors that take into account Group EBITDA and Net Financial Position, based on contractual forecasts. These estimates may vary over time and are difficult to predict, such as the future performance of company management. The change in these components can significantly influence the assessments made by the directors.
- *Provision for risks and charges*: Provisions representing the risk of negative outcomes have been recorded for the legal and tax risks. The value of the provisions recorded on the financial statements for these risks represents the best estimate to date made by the directors. This estimate involves certain assumptions dependent upon factors that can change over time, and which could therefore have a significant effect in relation to the current estimates made by the directors during the preparation of the Group's financial statements.
- *Revenue recognition*: the Group uses the percentage of completion method for recognising revenues in certain types of contracts. The use of the percentage of completion method requires the estimate of the services provided on the total expected services or the costs incurred compared to the total expected costs. This estimate involves assumptions that may change over time, and which could have significant effects on calculating the Group's revenues.
- *Employee benefits*: the recognition of employee benefits requires the use of certain financial and demographic variables estimated by company management, such as the discount rate, the expected mortality and resignation rate. These variables are difficult to predict and may vary over time. Their variation can significantly affect the assessments made by directors in relation to the calculation of liabilities for employee benefits.

4. Accounting standards in force from 01 January 2019 and interpretations applicable at a future date

The accounting standards described below have been applied consistently throughout the periods included in these consolidated financial statements.

The accounting principles and the most significant valuation criteria used by the Company when drafting the financial statements remained unchanged compared to those used in the financial statements as at 31 December 2018, except as described in the following paragraph.

4.1. Accounting standards and interpretations of initial application

The following is applicable from January 1, 2019:

- **IFRS 16** - Leasing, adopted by EU Regulation 1986/2017. The new principle is aimed at improving the recording of lease agreements, providing users of the financial statements with useful information for evaluating the effect of the lease on the financial situation, the net result and on the cash flows of the lessee. This discipline involves a considerable revision of the current accounting recognition of passive leasing contacts by introducing, for the lessor, a unified model for the different types of leasing (both financial and operational). Please refer to paragraph 9 of this Note regarding the adoption of the IFRS 16 accounting standard.

  IFRS is applied retrospectively as of 1 January 2019 - or one of the following methods may be chosen in alternative:

- the "complete retrospective method" which involves recalculating all periods presented for comparison in the financial statements;
- the "simplified retrospective method" which calculates the cumulative effect of the first application of the principle to adjust the opening shareholders' equity for the period in which the principle is introduced, without therefore recalculating the periods presented for comparison.

The main provisions for the financial statements of the lessee company are:
a) for the contracts in the field, the identified asset will be represented as an asset having the nature of a right of use, in the context of the Assets of the balance sheet (in the same way as a proprietary asset), in exchange for a financial liability;
b) the initial registration value of the asset must be equal to the current value of the payments/periodic fees contractually provided for in order to dispose of the asset;
c) on the occasion of accounting closures following the initial registration of the asset, and for *the entire duration of the contract, the asset is amortised on the basis of a systematic criterion, while* the financial liability is increased for accrued interest payable to be calculated based on internal rate of the lease;
d) when paying the periodic fee, the financial liability is reduced by the same amount.

The scope of application of the principle does not include the so-called "short-term" contracts (no more than twelve months) and those so-called "low value" contracts (with items of value not exceeding $ 5,000); for these contracts the lessor has the right to exercise the option not to apply IFRS 16, and therefore to continue to refer to the current accounting regime.

As a result, the main impacts on the Group's consolidated financial statements can be summarised as follows:

- statement of financial position: higher non-current assets for recording the "right to use the asset leased" as a balancing-entry to financial debts;
- income statement: different nature, type and classification of expenses (amortisation of the "right to use the asset" *and "financial expenses for interest" compared to "operating lease payments"*, as per IAS 17) with consequent impact on operating profit (gross and net). Furthermore, in comparison to IAS 17, the combination of the amortisation of the "right to use the asset" and the effective interest rate method applied to the leasing payables result in higher charges on the income statement in the early years of the leasing contract and decreasing charges in the last years of the leasing contract.

For a detailed description of the main changes introduced by the standard, see paragraph 9 of this Note.

- **Annual improvements to IFRS: 2015 - 2017 cycle**, adopted with EU Regulation 2019/412.

The changes affected:

- **IFRS 3 - Business combinations**: an entity remeasures its previous interest in a Joint Operation when it gains control of the business.
- **IFRS 11 - Joint control arrangements**: an entity does not remeasure its previous interest in a Joint Operation when it obtains joint control of the business.
- **IAS 12 - Income taxes**: an entity must record the tax effects of dividends for the purposes of *income taxes in the profit (loss) for the year, in the other components of the comprehensive income* statement or in shareholders' equity, depending on where the entity originally disclosed transactions that generated distributable earnings.

- **IAS 23 - Financial charges**: an entity determines the amount of financial charges that can be capitalised excluding the financial charges applicable to loans obtained specifically for the purpose of acquiring an asset that justifies a capitalization, until all the operations necessary for the asset to be usable or saleable are not completed.

- **Amendments to IAS 19: Modification, reduction or termination of the plan**, adopted with Regulation (EU) no. 2019/402. After a change, reduction or settlement of a defined benefit plan, an entity shall update its assumptions and re-measure its defined benefit liability or asset. The company must use the updated assumptions to measure the cost of the current service and net interest for the remainder of the reporting period after the event.
  - The introduction of these amendments did not have any significant impact on the financial statements as at 31 December 2019.

- **Amendments to IAS 28: Long-term interests in associates and Joint Ventures,** adopted with Regulation (EU) no. 2019/237. The entity applies IFRS 9 to those interests in associates and joint ventures for which it does not apply the equity method, including long-term interests and which are essentially part of the net investment in these associated companies and Joint Ventures. The introduction of these amendments did not have any significant impact on the financial statements as at 31 December 2019.

- **IFRIC 23 - Uncertainty over Income Tax Treatments**, adopted with EU Regulation no. 2018/1595. An entity must consider whether the competent authority is likely to accept any tax treatment, or group of tax treatment, that it has used or plans to use in its tax return. If an entity believes that a particular tax treatment is likely to be accepted, it must determine taxable income (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistent with the tax treatment included in their tax documentation. If the entity concludes that a particular tax treatment is not likely to be accepted, the entity must use the most likely amount or expected value of the tax treatment in determining the taxable income (tax loss), tax bases, unused tax losses carried forward, unused tax credits and tax rates. The decision should be based on which method provides better predictions for resolving uncertainty.

- **Amendments to IFRS 9- Financial Instruments - Negative Cleared Prepayments**, adopted by EU Regulation 2018/498. Some financial assets with negative offsetting can be measured at amortised cost. The assets concerned, which include some loans and debt securities, would otherwise be measured at *fair value* through profit or loss (*FVTPL*). Negative offsetting arises where the contractual terms allow for early repayment of the instrument before the contractual expiration, but the amount of the advance payment may be less than the unpaid principal and interest amounts. However, to obtain an evaluation of the amortised cost, the negative offsetting must be "reasonable" for the early termination of the contract. An example of such reasonable offsetting is an amount that reflects the effect of the change in the reference interest rate. In addition, for the purpose of measuring at amortised cost, the asset must be held within a "*Hold to collect*" business model. The introduction of these amendments did not have any significant impact on the financial statements as at 31 December 2019.

4.2 Accounting principles and interpretations applicable at a future date

The following is applicable from January 1, 2020:

- Changes to the references to the *Conceptual Framework* in the body of the IFRS. The amendments update some of the references and citations in the IFRS standards and interpretations so that they refer to the revised *Conceptual Framework* or specify the version of the *Conceptual Framework* to which they refer.
- Amendments to **IAS 1 - Presentation of Financial Statements** and to **IAS 8 - Accounting Standards, Changes in Accounting Estimates and Errors** to Clarify the Definition of "Relevant" in order to make it easier for companies to make judgements about the relevance and to improve the relevance of information in the notes to the financial statements.
- Amendments to **IFRS 9 - Financial instruments**, to **IAS 39 - Financial instruments: recognition and measurement** and to **IFRS 7 - Financial instruments: additional information** with which temporary derogations have been introduced and limited to the application of the provisions relating to the accounting of hedging transactions so that companies can continue to comply with the provisions assuming that the reference indices for determining the existing interest rates have not changed following the reform of the interbank rates (*Interest Rate Benchmark Reform*).

4. 3. Accounting standards, amendments and interpretations issued by the IASB but not yet approved by the European Commission

On the date of approval of the financial statements in question, the following accounting standards, amendments and interpretations had been issued by IASB but had not yet been approved by the European Commission:

- IFRS 17 - *Insurance Contracts*;
- Amendments to IFRS 3 - *Business Combinations*;
- Amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.*

Company management is still studying the potential impact that these standards, amendments and interpretations could have on the financial reporting of the Group when they are applied.

5. Financial risk management

In the business risks area, the main risks identified, monitored and, as specified below, actively managed by the Group are as follows:

- market risk, deriving from the fluctuation of exchange rates between the Euro and the other currencies in which the Group operates and interest rates;
- credit risk, deriving from the possibility of a counter-party default;
- liquidity risk, deriving from the lack of sufficient financial resources to meet financial commitments.

The following section provides qualitative and quantitative reference indications on the uncertainty of these risks.

5.1 Market risk

5.1.1 Exchange rate risk

Exposure to the risk of changes in exchange rates derives from the Group's activities carried out in currencies other than the Euro. Revenues and costs in foreign currencies can be influenced by exchange rate fluctuations with an impact on trade margins (economic risk), as trade and financial debt and receivables in foreign

currency can be impacted by the conversion rates used, with an effect on the economic result (transaction risk).
Finally, exchange rate fluctuations are also reflected in the consolidated results and in shareholders' equity, as the financial statements of subsidiaries are prepared in currencies other than the Euro and subsequently converted (translation risk).
The main exchange rate to which the Group is exposed is the EUR/USD rate, in relation to sales and services rendered on international markets.
At 31 December 2019, the Group had exchange rate risk hedging transactions under way through USD forward contracts.
In 2019, the total amount of revenue directly exposed to exchange rate risk was equivalent to 35% of sales revenue (28% in 2018).

Sensitivity analysis for exchange rate risk

For the purposes of sensitivity analysis on the exchange rate, the items of the balance sheet in a different currency with respect to the functional currency used in the preparation of the consolidated financial statements have been identified.
Lastly, two scenarios were considered which represent an appreciation and depreciation of 10% of the exchange rate between the currency in which the balance sheet item is denominated and the currency of account respectively.
The table below shows the results of the analysis carried out (data in EUR thousands):

Euro Thousand		*Euro Thousand*	
impact on profit and on equity for the year after the tax effect		**impact on profit and on equity for the year after the tax effect**	
USD		**USD**	
-10%	**+10%**	**-10%**	**+10%**
1.344,44	(1 100 00)	1.035,13	(846.92)
INR		**INR**	
-10%	**+10%**	**-10%**	**+10%**
214 78	(175 73)	65,36	(53 47)
GBP		**GBP**	
-10%	**+10%**	**-10%**	**+10%**
1.873,46	(1 532 83)	108,71	(88 95)
CNY		**CNY**	
-10%	**+10%**	**-10%**	**+10%**
242,77	(198.63)	77,19	(63 16)

5.1.2 Interest rate risk

The Group uses external financial resources in the form of debt and uses these funds in money and financial market instruments. Furthermore, the Group makes recourse to receivables deriving from their commercial activity on a recurring basis. Changes in the levels of market interest rates affect the cost and yield of the various forms of financing, loans and assignment of loans, thus affecting the Group's net financial expenses. Furthermore, the Group has some medium/long-term loans held at fixed rates obtained from public bodies and credit institutions, some of which with the aim of financing the development of specific research and development programs.

At 31 December 2019, the amount of fixed-rate loans on total Group loans amounted to 69.21% (69.73% as at 31 December 2018), considering the effects of the hedges.

The company uses interest rate swaps (IRS) for hedging as detailed in paragraph 10.11 of these Notes.

Sensitivity analysis for interest rate risk

The measurement of the Group's exposure to interest rate risk was carried out using a sensitivity analysis that considered current and non-current financial liabilities, bank deposits and securities. The methodology used to carry out this analysis, together with the results obtained, is briefly described below.
Within the assumptions made, the effects on the Group's income statement and shareholders' equity were assessed for the financial years 2019 and 2018 deriving from a hypothetical change in market rates, which respectively account for an appreciation and depreciation of 50bps.
The calculation method applied the hypothesis of variation to the average annual balance of the Group's bank deposits, the specific balances of the gross financial debt, the interest rate paid during the year to remunerate the variable rate liabilities, and the interest rate used in discounting subsidised loans.
The table below shows the results of the analysis carried out:

Year 2019	517	-517	517	-517
Year 2018	510	-510	510	-510

Note: the plus sign indicates a higher profit and an increase in shareholders' equity; the negative sign indicates a lower profit and a decrease in shareholders' equity.

5.2 Credit risk

Credit risk measures how exposed the Group is to potential losses caused by failure to meet obligations to trade or financial partners. The overall exposure to credit risk at 31 December 2019 and 2018 is represented by the sum of the financial assets recorded in the financial statements, summarised below.

Euro Thousand

Non-current financial assets	365	763
Other receivables and other non-current assets	3.661	3.607
Current trade receivanles	*172.282*	*167.461*
Invoices to be issued	*33.951*	*32.563*
Current trade receivanles	206.233	200.024
Current financial assets	6.401	2.393
Other receivables and other current assets	35.958	31.498
Bad debt provisions	(36.722)	(36.209)
Total exposure to credit risk	**215.896**	**202.076**

Current and non-current receivables include trade and tax receivables, advances to suppliers, advance payments of insurance and guarantee deposits. On the whole, they show a low level of credit risk.
With regard to trade receivables, the insolvency risk is monitored centrally by the Group's administrative management, which constantly monitors the Group's credit exposure, the collections of trade receivables and, by carrying out qualitative and quantitative analyses of creditworthiness, acceptance or not of new customers. The Company does not have significant concentrations of credit risk.
As shown in the table above, the receivables are shown in the financial statements net of the related provision for doubtful accounts, calculated mainly by evaluating the receivables with an expected loss logic (so-called Expected Loss) and - residually - on the basis of the analysis of the positions for which objective conditions of total or partial loss arise. Loans subject to write-down amounted to EUR 36,722 thousand and EUR 35,005 thousand respectively as of 31 December 2019 and 2018.
Lastly, when selecting counter-parties for the management of temporary financial surpluses, the Group only uses partners with a high credit standing.

5.3 Liquidity risk

Liquidity risk is associated with the ability to meet financial commitments. Prudent management of liquidity risk arising from normal operations implies the maintenance of an adequate level of liquidity, short-term securities and the availability of funds obtainable through an adequate amount of credit lines.
Liquidity risk is managed centrally by the Group on the basis of the guidelines defined by the Parent Company. Administrative management periodically monitors the Group's financial position, drafting reports on incoming and outgoing cash flows, forecasts and final accounts.
In this way, the Group aims to ensure adequate coverage of our financial needs, carefully monitoring loans, open lines of credit and related uses in order to optimise resources and manage any temporary liquidity surpluses.
The Group's aim is to establish a financial structure that, in keeping with its business objectives, ensures an adequate level of liquidity, minimising the relative opportunity cost, and maintains a balance in terms of the debt composition and duration.
The following table analyses financial liabilities (including trade payables and other current payables); in particular, all the flows indicated are nominal future cash flows not discounted, determined with reference to the residual contractual maturities, both for the share in the capital account and for the interest share. Loans have been included on the basis of the contractual maturity in which the reimbursement takes place.

Euro Thousand

Payables due to banks and other lenders (short/long-term)	42.002	159 778		201 780
Payables due to banks and other lenders (net of financial payables IFRS 16)	**42.002**	**159.778**	**-**	**201.780**
Non-current financial payables - IFRS16		22.912	11.574	34.486
Current financial payables - IFRS16	10.096			10.096
Financial payables - IFRS16	**10.096**	**22.912**	**11.574**	**44.582**
Total payables due to banks and other lenders	**52.098**	**182.690**	**11.574**	**246.362**
Other payables and other non-current liabilities		16.180		16.180
Trade payables	70 838			70.838
Other payables and othercurrent liabilities	59.886			59.886
Total financial liabilities	**182.822**	**198.870**	**11.574**	**393.266**

Euro Thousand

Payables due to banks and other lenders (short/long-term)	33 080	66 731	102 000	201.811
Other payables and other non-current liabilities		6 071		6 071
Trade payables	64 121			64 121
Other payables and othercurrent liabilities	54 739			54.739
Total financial liabilities	**151.940**	**72.802**	**102.000**	**326.742**

6. Financial assets and liabilities by category

The following table provides a breakdown of financial assets and liabilities by category at 31 December 2019 and 31 December 2018.

Other current financial assets	6.401	6.401
Other non-current financial assets	365	365
Other receivables and other non-current assets	3.661	3.661
Trade receivables	169.606	169.606
Other receivables and other current assets	35.958	35.958
Total	215.991	215.991
Payables due to banks and other lenders	(52.098)	(52.098)
Other payables and non-current liabilities	(16.180)	(16.180)
Debiti verso banche e altri finanziatori	(194.274)	(194.274)
Trade payables	(70.838)	(70.838)
Other payables and other current liabilities	(59.886)	(59.886)
Total	(393.276)	(393.276)

Other current financial assets	2.393	2.393
Other non-current financial assets	763	763
Other receivables and other non-current assets	3.607	3.607
Trade receivables	164.165	164.165
Other receivables and other current assets	31.499	31.499
Total	202.427	202.427
Payables due to banks and other lenders	(33.080)	(33.080)
Other payables and non-current liabilities	(6.071)	(6.071)
Debiti verso banche e altri finanziatori	(168.731)	(168.731)
Trade payables	(64.121)	(64.121)
Other payables and other current liabilities	(54.739)	(54.739)
Total	(326.742)	(326.742)

7. Information on fair value

In relation to financial instruments measured at fair value, the following table shows information on the method chosen for calculating fair value. The applicable methodologies are distinguished in the following levels, based on the source of the available information, as described below:

(a) Level 1 financial instruments
The fair value of financial instruments listed on an active market is based on market prices at the balance sheet date. A market is considered active if the quoted prices are observable and regularly available for an exchange, intermediary, agent, industrial group, pricing service or regulatory body and these prices represent current and recurring market transactions at normal market conditions. The quoted market price used for the financial assets held by the group is the current offer price.

(b) Level 2 financial instruments
The fair value of financial instruments not traded in an active market (for example, unlisted derivative instruments) is calculated using valuation techniques that maximise the use of observable market data and minimise the use of specific estimates by the entity. If all inputs affecting the fair value of a financial instrument are observable, the instrument is included in level 2.

(c) Level 3 financial instruments
The fair value of the financial instruments not exchanged on an active market (for example, non-listed derivatives) is determined by using unobservable market parameters (e.g. Internal assumptions, cash flows, risk-adjusted spreads, etc.).

The table below shows the assets and liabilities measured at *fair value* at 31 December 2019 and 2018: The *fair value* of derivative products refers to the IRS (Interest Rate Swap) derivatives on the risk of fluctuations in the variable interest rate applied on the Term Loan A and Term Loan B financing and on the Real Estate Leasing Contract.

Euro Thousand

Financial assets	-	-	-
Financial liabilities	-	2.820	-
Total	**-**	**2.820**	**-**

Euro Thousand

Financial assets	-	-	-
Financial liabilities	-	1 707	-
Total	**-**	**1.707**	**-**

8. Information on business combinations

Acquisition of RINA Prime Value Services S.p.A.
In December 2019, the RINA Group through RINA Services S.p.A. concluded the purchase of 50% of the shares of RINA Prime Value Services S.p.A. for a fee of EUR 5,268 thousand.

The company is based in Milan and operates in the real estate appraisal services sector mainly for banks.

The contract provides for the assignment of a put option in favour of third party shareholders and a call option in favour of the RINA Group for the acquisition of the remaining 50% stake: both options are exercisable over a medium to long term.

The company is 100% consolidated in light of the contractual conditions of these instruments, whereby the risks and benefits are transferred in substance to the Group. Therefore these options resulted in the recording of an estimated liability of EUR 10,240 thousand, on the basis of the best information available on the balance-sheet date, resulting from 4.17% discounting of the disbursement estimated at the expiry of the options.

The book values of the assets and liabilities of RINA Prime on the acquisition date are provided below:

Euro Thousand	
Tangible assets	60
Intangible assets	333
Goodwill	296
Financial assets	24
Trade receivables	4.653
Work in progress	2.833
Other short-term receivables	413
Cash at bank and on hand	779
Total assets	**9.390**
Long-term financial payables	
Provisions for severance indemnity	115
Deferred tax assets/liabilities	-
Provisions for risks	4
Short-term financial payables	1.347
Trade payables	3.416
Tax payables	1.054
Other payables	972
Total liabilities	**6.907**
Net asset acquired	**2.483**

The determination of goodwill is shown below:

Euro Thousand	
Consideration paid - 50 % of shares of RPVS (A)	5.628
Acquired net asset (B)	2.483
Liabilities for put/call oprions (C)	10.240
Goodwill (A) - (B) + (C)	**13.385**

The net cash flow absorbed by the acquisition of RINA Prime is shown in the table below:

Euro Thousand	
Consideration paid during year 2018 (A)	**(5.628)**
Cash and cash equivalents at acquisition date (B)	**779**
Bank overdrafts (C)	**(1.346)**
Net cash flow absorbed by acquisition (A+B+C)	**(6.195)**

9. Information on the application of the accounting standard IFRS 16 - Leasing

General criteria of preparation

As of January 1, 2019, the RINA Group has adopted IFRS 16 - *Leasing* (issued with Regulation (EU) No. 2017/1986). The following is a summary of the new general drafting criteria introduced, the related impacts deriving from the initial application of the new principle on the balance sheet and the amounts recognized in the balance sheet and income statement as at 31 December 2019.

IFRS 16 - Leasing

Initial evaluation of the agreement

The Company assesses whether a contract is or contains a leasing component, when entering into the agreement. During the contractual life, this initial assessment is reviewed only in the face of substantial changes in the contractual conditions (e.g. changes in the subject of the contract or in the requirements that impact on the right to control the underlying asset). If the leasing contract also contains a non-leasing component, the Company separates and treats these components according to the reference accounting principle, except for the case in which the separation cannot be achieved on the basis of objective criteria: in this case, the Company makes use of the practical expedient granted by the principle of treating the leasing and non-leasing components together in accordance with IFRS 16.
The Company recognises an *asset consisting of the right of use* and a corresponding *leasing liability* for all the leasing contracts in which it is a lessee, with the exception of short-term contracts (with a duration of no more than twelve months), to contracts in which the single underlying asset is of low value (up to € 5 thousand), and to contracts in which the underlying asset has the nature of an intangible asset (e.g. software licenses). For these contracts, the Company avails itself of the option to continue to adopt IAS 17, thus recognising the leasing instalments as operating costs in exchange for short-term trade payables.

Rights of use

At the starting date of the contract, the Company recognises the right of use equal to the initial value of the corresponding leasing liability, plus the payments due for the leasing before the starting date of the leasing and for any initial direct costs.
Subsequently, these assets are valued net of accumulated depreciation and impairment. The right of use is amortised in the shorter of the contractual term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the asset consisting of the right of use reflects that the Company plans to exercise a purchase option, the related asset consisting of the right to use is amortised over the useful life of the underlying asset. Depreciation begins on the leasing date. The Company applies IAS 36 - *Impairment of assets* to determine whether an asset consisting of the right of use has suffered an impairment.

Consistent with the provisions of the accounting principle, the company has decided to present the right-of-use assets by nature, or by including them in the same item in which the corresponding underlying assets would be presented if they were owned. The explanatory note then specifies the line of financial statements in which these user right activities are classified.

Leasing liabilities

The leasing liability is initially measured at the present value of the unpaid leasing payments on the leasing start date, discounted using the implicit leasing rate. If this rate cannot be readily determined, the Group uses the marginal loan rate, defined for the duration of the loan and for each Group company, and periodically (at least once during the year) revised and updated.
Payments included in the initial measurement of the lease liability include:

- fixed payments (including fixed payments in substance), net of any leasing incentives to be received;
- variable payments due for leasing which depend on an index or rate, initially valued using an index or rate at the effective date (e.g. ISTAT adjustments);
- the strike price of the purchase option, if the lessee has reasonable certainty to exercise the option.

On the other hand, variable payments that do not depend on an index or rate are not included in the initial value of the leasing liability. These payments are recognised as a cost, in the item *Other costs* in the income statement, in the period in which the event or condition that generates the obligation occurs.

Subsequently, the leasing liability is increased to reflect interest on the residual value (using the effective interest method) and reduced to reflect the lease payments paid.

The Company restates the leasing liability (and makes a corresponding adjustment to the related right of use) in the event of a change:

- the duration of the lease (e.g. in the event of early termination of the contract, or extension of the expiry date);
- the evaluation of a purchase option of the underlying asset. In such cases, the payments due for leasing will be reviewed on the basis of the revised duration of the leasing and to take into account the change in the amounts to be paid under the purchase option.
- future payments due for leasing deriving from a change in the index or rate used to determine the payments, or as a result of a renegotiating of the economic conditions

Only in the event of a substantial and significant change in the duration of the lease or the future payments due for the lease, the Company restates the residual value of the leasing liability by referring to the marginal financing rate in force on the date of the change (instead of the one applied at inception of the agreement). In all other cases, the leasing liability is recalculated using the initial discount rate.
Leasing liabilities are presented in the balance sheet item financial payables.

Use of IFRS 16 estimates
The description of the main estimates adopted by the Rina Group at 31 December 2019 in accordance with IFRS 16 is provided below.

Incremental borrowing rate

With regard to the determination of the discount rate, the Company has chosen to refer to an incremental borrowing rate ("*Incremental Borrowing Rate" or "IBR*") in line with a hypothetical loan that would have been obtained in the current economic context, and uniquely defined for groups of contracts with similar residual duration and for similar reference companies. In particular, the individual IBR takes into account the risk free

rate identified on the basis of factors such as the economic context, the currency, the contractual maturity, and the credit spread which reflects the organisation and financial structure of the companies. The IBR associated with the beginning of each contract will be subject to review at each *lease modification*, i.e. substantial and significant changes to the contractual conditions in the evolution of the agreement (e.g. duration of the contract or amount of future payments due for the leasing).

Contract duration

With regard to the determination of the contractual duration at the start date of the contract or that remaining at a later date (in the case of substantial and significant changes to the contractual conditions) and, in particular, for property lease agreements, the Company uses an evaluation approach that is based primarily on the duration provided for by the obligation as agreed and formalised in the agreement between the Parties and/or by the reference regulatory framework (Law no. 392 of 27 July 1978), and may provide for a time extension as a result of an interpretative/predictive exercise of facts, circumstances and future intentions, including strategic, of both the lessee and the lessor.

The determination of the *lease term* for all the other leasing agreements coincides instead with the duration foreseen by the obligation agreed between the Parties, compatibly with future intentions in wanting/being able to achieve the end and the experiences acquired.

Impacts of the adoption of IFRS 16 on the financial statements as of January 1, 2019

Transitional method and effects

Among the allowed approaches for the transition to IFRS 16, the RINA Group has opted for the simplified retrospective method in the variant that requires to post:
- the financial liability of the lease from the initial application date and taking into account future payments due up to the contractual maturity;
- the asset consisting of the right of use equal to the amount of the financial liability of the lease adjusted for any deferrals or accruals relating to the leases recognised in the statement of financial position immediately before the date of the initial application.

The method does not provide for the *restatement* of the comparative data and allows some facilitations in the calculation methods of the financial liability and of the right of use at the transition date.

As of January 1, 2019, the RINA Group posts the following types of agreements/assets falling within the scope of application of the standard:

Property used for production purposes (offices);
Non-instrumental property used as guest houses for internal personnel;
Full rent vehicles assigned to internal staff for mixed use;
Various computer equipment/devices

Details of the effects relating to the adoption of IFRS 16 are shown below:

Euro Thousand

Buildings	42.899		
Accumulated depreciation buildings		(6.684)	
Vehicles	11.662		
Accumulated depreciation vehicles		(4.002)	
Electornic machineries	168		
Accumulated depreciation electronic machineries		(54)	
Non-current financial liabilities		(34 496)	
Current financial liabilities		(10.096)	
Leases/rents			(11.363)
Buildings depreciation			6.664
Vehicles depreciation			4.001
Electronic machineries depreciation			54
Interest charges			1 200
Total	54.729	(55.332)	556

10. Notes on the statement of financial position

10.1 Property, plants and equipment

The following tables show the changes in the heading "property, plant and equipment" for the years ended 31 December 2019 and 2018.

2019 financial year

Euro Thousand

Land	1.673	-	-	-		(8)	(1)	1.664
Buildings	29.647	159	233	-		(199)	(112)	29.728
Accumulated depreciation buildings	(8.358)	(43)	-	11	(943)	51	113	(9.169)
Write down land	(280)	-	-	-		-	-	(280)
Land and Buildings	**22.682**	**116**	**233**	**11**	**(943)**	**(156)**	**-**	**21.943**
Buildings - IFRS16	-	-	42.899	-	-	-	-	42.899
Accumulated depreciation buildings - IFRS16	-	-	(25)	-	(6.664)	5	-	(6.684)
Buildings - IFRS16	**-**	**-**	**42.874**	**-**	**(6.664)**	**5**	**-**	**36.215**
Lands and Buildings	**22.682**	**116**	**43.107**	**11**	**(7.607)**	**(151)**	**-**	**58.158**
Plant and equipment	30.549	(601)	318	(487)		171	(1.990)	27.960
Accumulated depreciation plant and equipment	(26.727)	477	-	291	(535)	(150)	1.649	(24.995)
Plant and equipment	**3.822**	**(124)**	**318**	**(196)**	**(535)**	**21**	**(341)**	**2.965**
Commercial and industrial equipment	18.184	-	364	(87)		42	1.703	20.206
Accumulated depreciation commercial and industrial equipment	(16.042)	-	-	86	(502)	(29)	(1.251)	(17.738)
Commercial and industrial equipment	**2.142**	**-**	**364**	**(1)**	**(502)**	**13**	**452**	**2.468**
Transport vehicles	734	(85)	186	(60)		16	35	826
Accumulatd depreciation transport vehicle	(643)	-	-	45	(38)	10	12	(614)
Furniture	8.447	(23)	635	(109)		(19)	(322)	8.609
Accumulated depreciation furniture	(7.522)	37	-	95	(322)	29	73	(7.610)
Electronic machineries	15.559	(117)	1.829	(298)		39	702	17.714
Accumulated depreciation machineries	(13.604)	110	-	274	(996)	(27)	(598)	(14.841)
Other tangible assets	3.665	7	82	(745)		26	(156)	2.879
Accumulated depreciation other tangible assets	(2.522)	(21)	-	237	(497)	(21)	331	(2.493)
Other tangible assets	**4.114**	**(92)**	**2.732**	**(561)**	**(1.853)**	**53**	**77**	**4.470**
Vehicles- IFRS16	-	-	11.662	-		-	-	11.662
Accumulated depreciation veichles - IFRS16	-	-	(1)	-	(4.001)	-	-	(4.002)
Electronic machineries- IFRS 16	-	-	168	-		-	-	168
Accumulated depreciation machineries- IFRS 16	-	-	-	-	(54)	-	-	(54)
Other tangible assets IFRS 16	**-**	**-**	**11.829**	**-**	**(4.055)**	**-**	**-**	**7.774**
Other assets	**4.114**	**(92)**	**14.561**	**(561)**	**(5.908)**	**53**	**77**	**12.244**
Tangible assets under construction	244	-	541	(69)	1	1	(21)	697
Tangible assets under construction	**244**	**-**	**541**	**(69)**	**1**	**1**	**(21)**	**697**
Leasehold improvements	24.211	(273)	587	732		46	(123)	25.180
Accumulated depreciation leasehold improvements	(15.209)	216	-	(161)	(1.767)	(36)	17	(16.940)
Leasehold improvements costs	**9.002**	**(57)**	**587**	**571**	**(1.767)**	**10**	**(106)**	**8.240**
Total	**42.006**	**(157)**	**59.478**	**(245)**	**(16.318)**	**(53)**	**61**	**84.772**

2018 financial year

Euro Thousand

Property, plant and equipment								
Land	1.744	-	-	(72)		1	-	1.673
Buildings	29.898	-	210	(287)		(221)	47	29.647
Accumulated depreciton buildings	(7.683)	-	-	94	(935)	67	99	(8.358)
Write down land	(301)	-	-	21		-	-	(280)
Land and Buildings	**23.658**	**-**	**210**	**(244)**	**(935)**	**(153)**	**146**	**22.682**
Plant and equipment	35.524	4	787	(3)		(7)	(5.756)	30.549
Accumulated depreciation plant and equipment	(30.833)	(4)	-	2	(2.065)	6	6.140	(26.754)
Plant and equipment	**4.691**	**-**	**787**	**(1)**	**(2.065)**	**(1)**	**384**	**3.795**
Commercial and industrial equipment	19.238	(1)	266	(2)		(55)	(1.262)	18.184
Accumulated depreciaion commercial and industrial equipment	(17.384)	1	-	28	(485)	32	1.766	(16.042)
Commercial and industrial equipment	**1.854**	**-**	**266**	**26**	**(485)**	**(23)**	**504**	**2.142**
Transport vehicles	261	316	36	(4)		(4)	129	734
Accumulatd depreciation transport vehicle	(172)	(300)	-	(3)	(1)	(2)	(165)	(643)
Furniture	8.660	2	219	(255)		(25)	(154)	8.447
Accumulated depreciation furniture	(7.522)	-	-	45	(130)	30	55	(7.522)
Electronic machinenes	14.764	25	1.390	(838)		(42)	260	15.559
Accumulated depreciation machineries	(13.133)	(15)	-	412	(465)	26	(429)	(13.604)
Other tangible assets	3.271	117	569	(203)		(91)	2	3.665
Accumulated depreciation other tangible assets	(2.086)	(101)	-	33	(49)	68	(360)	(2.495)
Other tangible assets	**4.043**	**44**	**2.214**	**(813)**	**(645)**	**(40)**	**(662)**	**4.141**
Tangible assets under construction	25	-	240	(21)	-	-	-	244
Tangible assets under construction	**25**	**-**	**240**	**(21)**	**-**	**-**	**-**	**244**
Leasehold improvements	22.066	-	1.432	-		5	708	24.211
Accumulated depreciation leasehold improvements	(12.935)	-	-	-	(2.093)	-	(181)	(15.209)
Leasehold improvements costs	**9.131**	**-**	**1.432**	**-**	**(2.093)**	**5**	**527**	**9.002**
Total	**43.402**	**44**	**5.148**	**(1.053)**	**(6.222)**	**(212)**	**899**	**42.006**

At 31 December 2019 the sum of the "Land" and "Buildings" items - excluding assets having the right of use in accordance with accounting standard IFRS 16 - equal to € 21,943 thousand net of accumulated depreciation (€ 22,691 thousand at December 31 2018) includes the properties owned by the Group in Italy (located in Genoa, Naples, La Spezia, Savona, Ancona, Livorno, Rome) and abroad (the Netherlands, Turkey, China, Korea, Argentina, India).
For the effects of the adoption of IFRS 16, please refer to the table shown in paragraph 9.

The item *Industrial and commercial equipment* equal to EUR 2,468 thousand net of accumulated depreciation as of December 31, 2019 (EUR 2,142 thousand as of December 31, 2018) and the item *Plants and equipment* equal to EUR 2,965 thousand net of accumulated depreciation as of December 31, 2019 (EUR 3,795 thousand as at 31 December 2018) mainly include equipment for industrial examinations, tests and processes.

The *Improvements to third-party assets* item of a net value of EUR 8,240 thousand at 31 December 2019 (EUR 9,002 thousand at 31 December 2019) refer mainly to investments made on properties in which some of the corporate offices located in Genoa are located. Corsica and via Ruffini (formerly the Piccardo Institute). The main investments relate to the Parent Company for the restructuring and extraordinary maintenance of the aforementioned buildings.

The item *Property, plants and equipment* includes - in addition to those analysed above - *Other tangible fixed assets* equal to a net value of EUR 4,470 thousand as at 31 December 2019 (EUR 4,141 thousand as at 31 December 2018), relating to furniture and furnishings of the offices used at the Group's operating sites, transportation facilities, assets in progress, electronic machines and other fixed assets. The item does not include assets (vehicles and electronic machines) having a right of use in accordance with accounting standard IFRS 16. For the effects of the adoption of IFRS 16, please refer to the table shown in paragraph 9.

Electronic machineries include the hardware acquired on lease by the Parent during 2019 and 2018, as shown in the table below:

Euro Thousand

Hardware	1 250	(1 025)	225
Total	**1.892**	**(1.006)**	**886**

Euro Thousand

Hardware	1 250	(525)	725
Total	**1.250**	**(525)**	**725**

10.2 Goodwill

The change in the "goodwill" item (equal to EUR 174,173 thousand at 31 December 2019) for the years ended 31 December 2019 and 2018 is shown in the tables attached below.

Euro Thousand

Goodwill by acquisition of EDIF Group	99.191	99.191
Goodwill by acquisition of D'Appolonia Group (now RINA Consulting S.p.A.)	32.986	32.986
Goodwill by acquisition of QIC Group	15.393	15.393
Goodwill by acquisition of Simtex	2 250	2.250
Goodwill by acquisition of CSM	1.912	1.912
Goodwill by acquisition of Hayes Stuart Group	1 579	1 579
Goodwill by acquisition of Comete Group	4 938	4.938
Goodwill by acquisition of Construction Technical Services Arabia Ltd	487	487
Goodwill by acquisition of RINA Prime	**13.385**	-
Goodwill by acquisition of CND Studio	**190**	
Goodwill- other	1.862	1.247
Total	**174.173**	**159.983**

Pursuant to IAS 36, at the end of each year analyses are carried out (impairment tests) in order to ascertain the existence of any loss in value of the registered goodwill.
The *impairment* test is performed by comparing the value of the net invested capital of the set of net assets independently able to produce cash flows (*cash generating unit*), with the value in use of the *cash generating unit* itself. The value in use was determined by applying the "*discounted cash flows*" method (DCF) by discounting the *unlevered free cash flows* relating to the CGU resulting from the 2020 budget and, for

subsequent years, the 2018-2021 business plan approved by the Company's Board of Directors in February 2018 and considered today to be substantially implemented.

The five CGUs identified for the purpose of the impairment test in line with the similar test carried out for 2018 are the following: *marine, energy, industry, certification* and *T&I* (*transport & infrastructure*).

The goodwill is assigned to each CGU on the date in which they were identified, on the basis of their fair value as required by the relevant accounting standards. Therefore, 114.5 million in goodwill was attributed to the marine sector, 15.7 million to certification, 24 million to T&I, 1 million to energy and 4 million to industry.

Goodwill generated by the Comete Group acquisition in 2018 (4.9 million) and the 2019 Rina Prime transaction (13 million) was attributed entirely to the CGU T&I based on the business in which the companies operate.

Subsequently, the long-term growth rate was identified for each CGU on the basis of the average annual growth rates of OECD advanced economies for each reference period of the plans, and the discount rate of the cash flows (WACC) that reflects the market valuations of the cost of money, the specific business sector and geographical area risks for each CGU.

The WACC used for discounting future cash flows is equal to 9.5% for marine, 11.36% for T&I, 9.14% for certification, 8.63% for industry and 9.5% for energy.
The annual terminal growth rates (G) were calculated as 2.58% for marine, 2.08% for T&I, 1.5% for certification, 1.68% for industry and 2% for energy, also considering the high growth markets in which the Group mainly operates.

In light of this impairment plan, the WACC and G for the CGUs, to be considered alternative to each other to reach the break-even point, are as follows: marine WACC 13.6% G -1.9%, certification WACC 10.8% G -1%, T&I WACC 11.3% G 1.8%, energy WACC 12.3% G 3.1%, industry WACC 10.4 % G -0.9%.

The results show that the estimated recoverable value of the above-mentioned cash generating units exceeds the carrying amount at the reference date.

10.3 Other intangible assets

The change in the "other intangible assets" item (equal to a net value of EUR 49,698 thousand at 31 December 2019) for the years ended 2019 and 2018 is shown in the tables attached below.

2019 financial year

Euro Thousand

Other development costs	43	(36)	-	-		-	-	7
Accumulated amortization other development costs	(17)	17						
Other development costs	**26**	**(19)**	-	-	-	-	-	**7**
Patents	1 399	-	63		-	-	1	1 463
Accumulated amortization patents	(1 223)		-		(80)	-	-	(1 303)
Patents	**176**		**63**		**(80)**	-	**1**	**160**
Concessions licenses and trademarks	6 823	198	166			(1)	59	7 245
Accumulated amortization concessions licenses and trademarks	(3 959)				(2 890)	(1)	(59)	(6 909)
Software	61 615	(404)	7 356	(1 099)		81	(408)	67 141
Accumulated amortization software	(43 583)	398	-	1 278	(5 452)	(79)	407	(47 031)
Concessions, licenses and trademarks	**20.896**	**192**	**7.522**	**179**	**(8.342)**	-	**(1)**	**20.446**
Other intangible assets	36 866	19	17	-		46	538	37 486
Accumulated amortization other intangible assets	(10 685)	-	-	(46)	(3 764)	(36)	(530)	(15 061)
Other intangible assets	**26.181**	**19**	**17**	**(46)**	**(3.764)**	**10**	**8**	**22.425**
Intangible assets under construction	**4.581**	-	**1.331**	**(2.025)**	-	-	-	**3.887**
Set-up and extension expenses	281	(58)	-	-		5	40	268
Accumulated amortizations set-up and extension expenses	(280)	110	-	-	(1)	(5)	(24)	(200)
Set-up and extension expenses	**1**	**52**	-	-	**(1)**	-	**16**	**68**
Development costs	5 121		956			142	(2)	6 217
Accumulated amortizaton development costs	(1 910)	-	-	-	(1 515)	(86)	(1)	(3 512)
Development costs	**3.211**	-	**956**	-	**(1.515)**	**56**	**(3)**	**2.705**
Total	**55.072**	**244**	**9.889**	**(1.892)**	**(13.702)**	**66**	**21**	**49.698**

2018 financial year

Euro Thousand

Other development costs	46	-		(2)		-	(18)	26
Accumulated amortization other development costs	-	-	-	-		-	-	-
Other development costs	**46**	-	-	**(2)**		-	**(18)**	**26**
Patents	810	-	80			-	509	1 399
Accumulated amortization patents	(620)	-		-	(86)	-	(517)	(1 223)
Patents	**190**	-	***80***	-	***(86)***	-	***(8)***	***176***
Concessions licenses and trademarks	6 828	-	1	-		(1)	(5)	6 823
Accumulated amortization concessions licenses and trademarks	(648)					1	(3 312)	(3 959)
Software	56 851	-	2 912	(2)		(42)	1 896	61 615
Accumulated amortization software	(39 541)	-		3	(3 184)	31	(892)	(43 583)
Concessions, licenses and trademarks	**23.490**	-	**2.913**	**1**	**(3.184)**	**(11)**	**(2.313)**	**20.896**
Other intangible assets	37 577	603	128	(28)		(80)	(1 334)	36 866
Accumulated amortization other intangible assets	(7 745)	(440)	-	-	(8 996)	61	6 435	(10 685)
Other intangible assets	**29.832**	**163**	**128**	**(28)**	**(8.996)**	**(19)**	**5.101**	**26.181**
Intangible assets under construction	**4.634**	-	**3.882**	**(4.631)**	-	-	**696**	**4.581**
Set-up and extension expenses	290	-	-	-		(9)	-	281
Accumulated amortizations set-up and extension expenses	(288)	-	-	-	-	9	(1)	(280)
Set-up and extension expenses	**2**	-	-	-	-	-	**(1)**	**1**
Development costs	2 705		2 381			-	35	5 121
Accumulated amortizaton development costs	(956)	-	-	-	(603)	8	(359)	(1 910)
Development costs	**1.749**	-	**2.381**	-	**(603)**	**8**	**(324)**	**3.211**
Total	**59.943**	**163**	**9.384**	**(4.660)**	**(12.869)**	**(22)**	**3.133**	**55.072**

The item Other intangible fixed assets include intangible fixed assets deriving from the PPA process relating to the 2016 acquisition of the former EDIF group, whose balance was EUR 47 million as at 31 December 2016 is made up primarily of the client portfolio and software. These intangible fixed assets are subject to amortization and their net balance at 31 December 2019 amounted to approximately EUR 24 million.

The other items included in Other intangible fixed assets are listed below:

- Software (equal to EUR 20,110 thousand at December 31, 2019): the main increases for the 2019 financial year are due to the purchase of new programs for technical-operational use);

- Intangible assets under construction (equal to EUR 3,887 thousand as at 31 December 2019), which include IT programs under development and processing, produced with the assistance of specialised external software companies, as well as ancillary activities preliminary to the implementation of the ERP system "Microsoft Dynamics". This item also includes expenses for other IT programs under development and processing products with the help of specialised external software companies that, as not yet in use, are not subject to amortisation.

With reference to the intangible fixed assets described above, no impairment indicator was identified in 2019, so no impairments were made on Intangible assets at 31 December 2019.

10.4 Other current and non-current financial liabilities

The details of current and non-current financial assets as at 31 December 2019 and 2018 are shown in the tables below.

Euro Thousand

Investments in other companies	73	-
Financial activities held until maturity	292	763
Investments in associates valued at equity method	-	12
Total	365	775

Euro Thousand

Other current securities	1.032	1.023
Current financial assets towards others	2.550	1.370
Other current financial prepaid expeneses	2.819	-
Total	6.401	2.393

Non-current financial assets include equity investments in other companies, equal to EUR 73 thousand at 31 December 2019. Further details are provided below.

Euro Thousand

Nido del Mare S.c a r.l.	Italy	EUR	80%	16
SEINGIM POWER S R L	Italy	EUR	30%	45
TASNEEF - RINA BUSINESS ASSURANCE L L.C	Abu Dhabi	AED	25%	12
Total investments in other companies				73

Financial assets held until maturity are entirely represented by equity investments in other companies, equal to EUR 292 thousand at December 31, 2019 (EUR 763 thousand at December 31, 2018). The decrease over the previous year is due to the transaction relating to Rina Prime Value Services S.p.A., which entered the consolidation area during the year as described above.

The details of equity investments in other companies are provided below:

2019 financial year

Euro Thousand

Ctmi	Italy	EUR	21%	11
Formare	Italy	EUR	5%	1
Accademia Italiana M.M.	Italy	EUR	4%	16
Distretto Ligure delle Tecnologie Marine	Italy	EUR	2%	20
Ditenave Scarl	Italy	EUR	2%	3
Fondazione Silp	Italy	EUR		34
Consorzio Cisq Automotive	Italy	EUR	17%	6
Consorzio CETMA	Italy	EUR	13%	34
SFC SCPA - SISTEMI FORMATIVI CONFINDUSTRIA	Italy	EUR	4%	10
FIDIMPRESA LIGURIA SOC.COOP.A RESP.LIMITATA P.A.	Italy	EUR	0%	6
CONSORZIO MATRIS	Italy	EUR	40%	9
ISRIM	Italy	EUR	21%	1
SIDERFOR SRL	Italy	EUR	1%	3
CIRA	Italy	EUR	0%	1
DEMOCENTER-SIPE SCARL	Italy	EUR	0%	10
DI.T.N.E SCARL	Italy	EUR	0%	12
BANCA CREDITO COOP. ROMA	Italy	EUR		1
CONSORZIO MATELIOS	Italy	EUR	0%	9
DISTRETTO AEROSPAZIALE SARDEGNA	Italy	EUR	0%	4
RETE POEMA	Italy	EUR		28
INDUSTRIA DOMANI SCARL	Italy	EUR		3
SOCIETA' TELEMATICA	Italy	EUR		1
Consorzio TRAIN	Italy	EUR	12%	11
Consorzio TRE	Italy	EUR	10%	7
Consorzio Stress	Italy	EUR	12%	48
Polo d'Innovazione	Italy	EUR	1%	1
SIIT Scpa	Italy	EUR	1%	3
Total investments in other companies				**292**

2019 financial year

Euro Thousand

Nido del Mare S.c. a r.l.	Italy	EUR	80%	16
N.P.I. Srl	Italy	EUR	100%	12
Ctmi	Italy	EUR	21%	11
Formare	Italy	EUR	5%	1
Accademia Italiana M.M.	Italy	EUR	4%	16
Distretto Ligure delle Tecnologie Marine	Italy	EUR	2%	20
Ditenave Scarl	Italy	EUR	2%	3
Fondazione Silp	Italy	EUR		34
Consorzio Cisq Automotive	Italy	EUR	17%	6
Consorzio Cetma	Italy	EUR	13%	33
RINA Prime Value Services SpA	Italy	EUR	30%	490
SFC SCPA - SISTEMI FORMATIVI CONFINDUSTRIA	Italy	EUR	4%	10
FIDIMPRESA LIGURIA SOC.COOP.A RESP.LIMITATA P.A.	Italy	EUR	0%	6
Consorzio Tecnopolo di Castel Romano -Roma	Italy	EUR	50%	5
CONSORZIO MATRIS	Italy	EUR	40%	9
ISRIM	Italy	EUR	21%	1
PASTIS - CNRSM SCPA IN LIQUID.	Italy	EUR	1%	0
SIDERFOR SRL	Italy	EUR	1%	3
CIRA	Italy	EUR	0%	1
DEMOCENTER-SIPE SCARL	Italy	EUR	0%	10
DI.T.N.E SCARL	Italy	EUR	0%	12
BANCA CREDITO COOP. ROMA	Italy	EUR		1
CONSORZIO MATELIOS	Italy	EUR	0%	9
DISTRETTO AEROSPAZIALE SARDEGNA	Italy	EUR	0%	4
RETE POEMA	Italy	EUR		15
INDUSTRIA DOMANI SCARL	Italy	EUR	17%	3
SOCIETA' TELEMATICA	Italy	EUR		1
Consorzio TRAIN	Italy	EUR	12%	11
Consorzio TRE	Italy	EUR	10%	7
Consorzio Stress	Italy	EUR	12%	48
Polo d'Innovazione	Italy	EUR	1%	1
SIIT Scpa	Italy	EUR	1%	3
Total investmens in other companies				763

Current financial assets mainly include:

- Current loans to others of € 2,550 thousand (€ 1,370 thousand at December 31, 2018) relating to other loans granted by the Group.

- Other current loans deferrals of € 2,819 thousand.

- Other current securities equal to EUR 1,032 thousand (EUR 1,023 thousand at 31 December 2018) consist entirely of the "time deposits" held by the Group companies based primarily in Brazil and South Korea.

10.5 Prepaid taxes

This item includes the balance of deferred tax assets deriving from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to it for tax purposes. The Prepaid taxes item amounting to EUR 15,129 thousand at 31 December 2019 (EUR 12,563 thousand at 31 December 2018) mainly consists of previous tax losses, which will be deducted from the profits of future years, mainly in Italy.

10.6 Other receivables and other current and non-current assets

The details of other receivables and other current and non-current assets for the years ended 31 December 2019 and 2018 are shown in the table below.

Euro Thousand

Non-current loans towards other companies	484	635
Non-current loans towards group copanies	**484**	**635**
Financial receivables from others	153	47
Personnel loans	229	315
Guarantee deposits	2.599	2.486
Other non current loans	**2.981**	**2.848**
Receivables form social security institutions	47	29
Other non current receivables	138	95
VAT credit	11	-
Other non current receivables	**196**	**124**
Total	**3.661**	**3.607**

Euro Thousand

Current loans from Registro Italiano Navale	2.732	3.849
Current Group Loans	**2.732**	**3.849**
Other current loans	**68**	**48**
Treasury receivables	3.444	2.411
VAT credit	8.828	6.165
Other tax receivables	8.515	9.443
Treasury receivables for foreign taxes	1.600	1.150
Tax receivables from group companies	967	-
Tax receivables from Registro Italiano navale	924	-
Tax receivables	**24.278**	**19.169**
Current accrued assets	162	88
Other current receivables from Registro Italiano Navale	1.395	1.324
Current receivables from social security institutions	2	23
Current prepaid expenses	3.037	2.003
Other current receivables	2.974	3.700
Personnel receivables	25	224
Advances to suppliers	1.256	954
Prepaide expenses on incurance preminums	29	117
Other current receivables	**8.880**	**8.433**
Total	**35.958**	**31.499**

With reference to *Other receivables and other non-current assets* (€ 3,661 thousand at 31 December 2019), Other non-current loans equal to € 2,981 thousand mainly includes the following:

- Long-term guarantee deposits, equal to EUR 2,599 thousand (EUR 2,486 thousand at 31 December 2018), which include sums paid as collateral for leases, according to the current use in some countries in which the Group operates, as well as various guarantees for other leases and user contracts for EUR and other security deposits with third parties;
- Loans to personnel for EUR 229 thousand (EUR 315 thousand at December 31, 2018), granted mainly by RINA Services S.p.A. and by the Parent Company, on which an interest rate of 2% is applied;

Other receivables and other current assets (€ 35,958 thousand at 31 December 2019) mainly consist of:

- Current loans to the Registro Navale Italiano, equal to € 2,732 thousand (€ 3,949 thousand at 31 December 2018), consisting of financial receivables of the Parent Company relating to the current account contract with the Registro Navale Italiano.

- Other current loans equal to EUR 68 thousand (EUR 48 thousand at 31 December 2018) mainly includes short-term security deposits relating to security deposits on property leased abroad.
- Short-term tax receivables for EUR 24,278 thousand (EUR 19,169 at 31 December 2018) mainly include VAT receivables (EUR 8,828 thousand), tax receivables from the tax authorities for taxes paid in Italy and abroad for EUR 13,559 thousand (EUR 13,004 thousand at December 31, 2018) - in addition to tax receivables from other non-consolidated Group companies (EUR 967 thousand) and from the Registro Navale Italiano (EUR 924 thousand).

Other current receivables equal to EUR 8,880 thousand (EUR 8,433 at 31 December 2018) mainly refer to:

- Receivables from the Registro Italiano Navale for EUR 1,395 thousand (EUR 1,324 thousand at 31 December 2018) mainly comprise trade receivables.

- Short-term accruals and deferrals, equal to EUR 3,238 thousand (EUR 2,232 thousand as at 31 December 2018), which mainly refer to prepayments for software licenses, membership fees, maintenance and rental fees, premiums for insurance policies paid in relation to the following year.
- Other short-term receivables, amounting to € 4,256 thousand (€ 4,901 thousand at December 31, 2019) mainly relating to receivables from insurance companies and institutions, advances to suppliers (€ 1,256 thousand), receivables from personnel (€ 25 thousand).

10.7. Trade receivables

The following is a breakdown of the "trade receivables" item at 31 December 2019 and 2018.

Euro Thousand

Current trade receivables	172.282	167.461
Bad debt provision	(36.722)	(36.209)
Invoices to be issued	33.951	32.563
Current trade receivables	**169.511**	**163.815**
Current receivables towards Group companies	**95**	**350**
Total	**169.606**	**164.165**

Trade receivables include EUR 95 thousand at December 31, 2019 relating to receivables from unconsolidated Group subsidiaries, respectively for EUR 49 thousand from the Registro Navale Italiano and for EUR 46 thousand from related companies.

The bad debt provision for the 2018 and 2019 financial years highlighted the following changes.

Euro Thousand

Initial balance	35.005	38.084
Consolidation area changes/extraordinary operations	(775)	214
Incresases	3.138	133
Utilizations/releases	(646)	(3.426)
Total	**36.722**	**35.005**

10.8 Cash and cash equivalents

Cash and cash equivalents of EUR 64,403 thousand as at 31 December 2019 (EUR 63,437 thousand as at 31 December 2018) consist of bank and postal deposits as well as cash and securities. In particular, the balance at the end of the year is represented by the liquidity held at the Italian and foreign branches.
The following table shows the composition of the cash and cash equivalents by currency:

Euro Thousand

Euro	34.436	36.067
US Dollar (USD)	11.005	10.299
Renimbi (CNY)	1.380	967
Pound sterling (GBP)	3.760	1.577
Other currencies	13.822	14.527
Cash and cash equivalents	**64.403**	**63.437**

10.9 Current assets and liabilities held for sale

The assets and liabilities relating to the company Elettrodinamica S.r.l. are presented as "assets and liabilities held for sale", following the decision to proceed with its sale.

The parent company has issued a guarantee to the subsidiary Elettrodinamica S.r.l. in relation to the risks related to the recoverability of some receivables existing in the company's financial statements; in relation to this guarantee, a provision of EUR 2.5 million has been allocated and will be paid to Elettrodinamica by Rina SpA at the beginning of 2020. This amount is considered among financial payables.

At the beginning of 2014, Elettrodinamica S.r.l. sold its business to a third party, an operator in the electrical plant sector; the residual part of the assets is mainly made up of receivables from a subsidiary company.

Elettrodinamica S.r.l. is intended for sale as it is considered outside the scope of the Group's typical activities. The classification of this company remained unchanged from the previous year on the basis that the developments necessary to complete the acquisition transaction by the Registro Italiano Navale, which had in previous yeas expressed interest which it had continued to do in 2019.

The assets and liabilities of Elettrodinamica S.r.l. for the financial year 2018 and the economic results generated for the 2019 and 2018 financial year are summarised below.

Euro Thousand

Other intangible and financial assets	-	1.148
Inventories, trade receivables and other current and non-current assets	3.754	5.041
Totale assets	**3.754**	**6.189**

Euro Thousand

Equity	(668)	69
Trade payables and other liabilities	409	413
Payables due to banks and other lenders	3.868	5 191
Provisions for risks and charges	145	516
Total liabilities	**3.754**	**6.189**

Euro Thousand

Revenues from sales and other revenues	2.502	142
Costs for raw materials and services	(1.941)	(90)
Other costs	(128)	(96)
Loss before taxes	(716)	(44)
Taxes	(21)	32
Net Loss	**(737)**	**(12)**

10.10 Shareholders' equity

Share capital

In 2019, the Share Capital consisted of 103,262,597 shares of a nominal value of EUR 0.50 each.

72,189,744 of these were ordinary shares, equal to 69.91%, held by the shareholder "Registro Italiano Navale",

- in addition to 691,746 ordinary shares, equal to 0.67%, in treasury shares in portfolio
- 2,848,670 class B shares, equal to 2.76% overall, held by the directors of the companies belonging to the RINA Group who subscribed to the offer reserved for them on April 14, 2012, and
- 27,532,437 class C shares (with no nominal value), equal to 26.66%, held by the "NAUS S.p.A." shareholder.

The Share Capital shown in these consolidated financial statements is of EUR 49,518 thousand as at 31 December 2019.

Ordinary shares	72.189.744	72.189.744
Treasury shares	691.746	671.066
Category B shares	2.848.670	2.869.350
Category C shares	27.532.437	27.532.437
Total	**103.262.597**	**103.262.597**

The share capital of RINA S.p.A. is equal to EUR 50,986 thousand. In light of the provisions of international accounting standards for the purposes of the treatment of the share plan relating to category B shares, the share capital is shown in the financial statements net of this item as detailed below.

Euro Thousand

Share capital	50.986	50.986
Reserve for category B shares (share plan)	(1.468)	(1.468)
Issued capital	**49.518**	**49.518**

Translation reserve

The translation reserve, which had a negative balance of EUR 6,429 thousand at 31 December 2019 (negative for EUR 5,785 thousand at 31 December 2018) consists of the adjustment of the result recorded under shareholders' equity to that shown in the income statement due to the conversion, for the financial statements

in currencies other than the functional currency of the parent company, at different exchange rates of income statement and balance sheet items.

Retained earnings reserves

Retained earnings reserves for EUR 43,477 thousand at 31 December 2019 (EUR 42,826 thousand at 31 December 2018) include the results of the Group for the past years and the year under way.

Other reserves

Other reserves equal EUR 92,413 thousand at 31 December 2019 compared to EUR 92,500 thousand at 31 December 2018.

Minority interests

Non-controlling interests, amounting to EUR 1,186 thousand at 31 December 2019 (EUR 1,569 thousand at 31 December 2018) refer to the portion of equity attributable to minority shareholders of the Group.

Please refer to attachment 1 "Consolidation area" for details of the companies that have minority interests held by third parties.

10.11 Payables to banks and other lenders (current and non-current)

The following table describes current and non-current financial liabilities at 31 December 2019 and 2018:

Euro Thousand

Non-current bank loans	**152.431**	**159.329**
Leasing loans	6 512	7.152
Non-current financial payables - IFRS16	34 486	0
Other loans	95	0
Non-current loans from Registro Italiano Navale	750	2.250
Other non-current loans	**41.843**	**9.402**
Total	**194.274**	**168.731**

Euro Thousand

Current bank loans	**37.179**	**29.052**
Current financial payables due to Registro Italiano Navale	1.500	1.500
Current Group loans	**1.500**	**1.500**
Current leasing loans	641	816
Current financial payables - IFRS16	*10.096*	0
Other current payables	2.682	1.712
Other current payables	**13.419**	**2.528**
Total	**52.098**	**33.080**

Loans from banks and other current and non-current lenders by type at December 31, 2019 are broken down below. This representation does not include financial payables (current and non-current) relating to the application of IFRS16.

Euro Thousand

Short-term bank loans	23.460	111	20 216	
Long- term bank loans	8.840	152.320	8 297	159 329
Bank overdrafts	1 161		312	
Financial advances	775			
Loan from Registro Italiano Navale	1 500	750	1 500	2 250
Loan from leasing companies	641	6 511	816	7 152
Other borrowings	2.682	94	1 712	
Accrued liabilities on borrowings	2 943		227	
Financial payables	**42.002**	**159.786**	**33.080**	**168.731**

The item Accruals on short-term bank loans includes the negative fair value of the IRS derivative on the bank loan equal to EUR 2,820 thousand (EUR 1,707 thousand at 31 December 2018).

The item current account overdrafts include accrued interest payable at 31 December 2019 and not yet charged for EUR 72 thousand.

The composition of *non-current* bank loans at 31 December 2019 and 2018, represented by the pool loan already described in the Management Report, is shown below.

2019 financial year

Euro Thousand

Loan A BNP Paribas	Fixed	2,63%	68 000	09/08/2018	30/06/2023	59 160	8 840	50 320	
Loan B BNP Paribas	Variable	Eur 6 m + 3 35%	102 000	09/08/2018	30/06/2024	102 000		102 000	
Total			**170.000**			**161.160**	**8.840**	**152.320**	**0**

2018 financial year

Euro Thousand

Loan A BNP Paribas	Variable	Eur 6 m +2 25%	68 000	09/08/2018	30/06/2023	67 018	8 540	58 479	
Loan B BNP Paribas	Variable	Eur 6 m +3%	102 000	09/08/2018	30/06/2024	100 606	245		100 851
Total			**170.000**			**167.624**	**8.295**	**58.479**	**100.851**

The composition of current bank loans at 31 December 2019 and 2018 is shown below:

2019 financial year

Euro Thousand

Loan Banca Sella	Fixed	0 40%	350	11/12/2019	15/06/2020	350	350	-	-
Hot Money Credem	Fixed	0 65%	2 000	02/12/2019	28/02/2020	2 000	2 000		
Hot Money Credit Agricole	Fixed	0 40%	6 000	06/11/2019	06/02/2020	6 000	6 000	-	-
Hot Money UBI Banca	Fixed	0,50%	4 000	06/12/2019	06/02/2020	4 000	4 000		-
Loan Credem	Fixed	0 65%	500	19/02/19	19/08/20	375	375		-
Hot Money Credem	Fixed	0 65%	1 000	06/12/19	06/03/20	1 000	1 000		
Loan B Pop Sondrio	Fixed	0 40%	500	06/11/19	10/02/20	500	500	-	-
Loan Banca Sella	Fixed	0 40%	1 700	11/12/19	15/06/20	1 700	1 700		
Hot Money UBI Banca	Fixed	0,50%	2 000	06/12/19	06/02/20	2 000	2 000		
Contract loan- Credit Agricole	Fixed	0 80%	5 000	27/04/2018	16/01/2020	1 073	1 073	-	
Loan Banca Sella	Fixed	0 40%	1 250	13/06/2018	01/12/2019	1 250	1 250		
Loan UBI Banca	Fixed	0,50%	3 000	06/12/2019	06/02/2020	3 000	3 000		-
Loan Banca Sella	Variable	Eur 12 m + 0 85%	150	05/07/2018	05/07/2019	113	113		-
Loan UBI Banca	Fixed	2 95%	211	29/01/2019	31/03/2020	211	100	111	-
Invoice advance BPM/UBI/Credit Agricole	Fixed	3 00%	775	31/12/2019		775	775		-
Total			**28.436**			**24.347**	**24.236**	**111**	**0**

2018 financial year

Euro Thousand

Loan Banca Sella	Variable	Eur 3 m + 0 8%	2 000	11/04/2018	08/10/2019	1 667	1 667		
Hot Money Credem	Fixed	0 50%	2 000	05/07/2018	04/01/2019	2 000	2 000	-	-
Hot Money Carispezia	Fixed	0 45%	6 000	02/10/2018	05/02/2019	6 000	6 000		
Hot Money Credem	Fixed	0,37%	1 000	06/11/2018	31/01/2019	1 000	1.000	-	-
Loan Credem	Fixed	0 65%	500	27/02/2018	27/08/2019	334	334	-	-
Loan B Pop Sondrio	Fixed	0 50%	2 600	23/04/2018	01/05/2019	1 302	1 302	-	-
Loan B Pop Sondrio	Fixed	0 50%	2 500	15/06/2018	01/12/2019	1 767	1 767		-
Contract Loan - Carispezia	Fixed	0,80%	5 000	27/04/2018	27/04/2019	3 465	3 465	-	
Loan B Pop Sondrio	Fixed	0 40%	4 000	13/06/2018	01/12/2019	2 826	2 826	-	-
Loan Banca Sella	Variable	Eur 12 m + 0 6%	150	05/07/2018	05/07/2019	113	113	-	-
								-	
Total			**25.750**			**20.474**	**20.474**	**0**	**0**

In addition to the non-current bank loans listed above, *Non-current payables to banks and other lenders* include *Other non-current loans* equal to EUR 41,843 thousand at 31 December 2019 (EUR 9,402 thousand at 31 December 2018), broken down as follows:

- Non-current financial payables - IFRS16 beyond the following financial year (equal to EUR 34,486 thousand at December 31, 2019), deriving from the application of the accounting standard IFRS 16 mainly referred to the *buildings* and *vehicles* categories.

- Loans *for leasing* equal to EUR 6,512 thousand at 31 December 2019 (EUR 7,152 thousand at 31 December 2018) represents the Group's residual debt for leasing mainly relating to real estate.

It also includes *non-current loans to Registro Italiano Navale, amounting to* EUR 750 thousand at 31 December 2019 (EUR 2,250 thousand at 31 December 2018), which represents the residual long-term loan granted by the parent company to the Group during the 2011 financial year. The financing was granted for a total amount of EUR 15 million on 29 July 2011 and will expire on 30 June 2021. The interest rate applied is of 4.41% per annum, plus a spread of 0.1% per annum.

2019 financial year

Euro Thousand

Registro Italiano Navale	15 000	29/07/2011	30/06/2021	1 500	750	1.500	2 250
Total				1.500	750	1.500	2.250

2018 financial year

Euro Thousand

Registro Italiano Navale	15.000	29/07/2011	30/06/2021	1 500	2.250	1 500	3 750
Total				1.500	2.250	1.500	3.750

The item *Current payables to banks and other lenders* includes - in addition to the current bank loans listed above - Other current loans for EUR 13,419 thousand at December 31, 2019 (EUR 2,528 thousand at December 31, 2018) which mainly refers to Current financial payables - IFRS16 within the next financial year (EUR 10,096 thousand at 31 December 2019) deriving from the application of the accounting standard IFRS 16 mainly referred to the *buildings* and *vehicles* categories.

The breakdown of the net financial debt at 31 December 2019 and 2018, in accordance with the Consob Communication of 28 July 2006 and with the ESMA/2011/81 Recommendations is as follows:

Euro Thousand

A	Cash and cash equivalents	64.113	63.426
B	Other cash and cash equivalents	290	131
C	Trading sercurities	1.032	1.023
D	**Liquidity (A) + (B) + (C)**	**65.435**	**64.580**
E	**Current Financial receivables**	**8.815**	**6.168**
F	Current financial payables	(4.103)	(20.754)
G	Current portion of non-current bank loans	(33.075)	(8.296)
H	Other current financial payables	(4.826)	(4.028)
I	**Payables and other current financial payables (F) + (G) + (H)**	**(42.004)**	**(33.078)**
J	**Net current financial position (D) + (E) + (I)**	**32.246**	**37.670**
K	Non-current portion of the non-current bank loans	(152.432)	(159.329)
L	Bonds issued		
M	Other non-current financial payables	(7.354)	(9.402)
N	**Non-current payables and other fianancial liabilities (K) + (L) +**	**(159.786)**	**(168.731)**
O	**Net financial indebtedness (J) + (N)**	**(127.540)**	**(131.061)**

The net financial position thus calculated for financial year 2019 does not include the effects deriving from the application of IFRS 16.

Lastly, it should be noted that the net financial position includes collections on current accounts held by RINA Consulting S.p.A., classified in cash and cash equivalents, whose amounts must be contractually transferred to some partner companies for specific EU projects for which the Company is acting as lead. At 31 December 2019 these amounted to EUR 8,338 thousand (EUR 7,139 thousand at 31 December 2018) for interest free debts of the same amount recorded under other payables.

10.12 Employee benefits

The following tables show the amount and changes in the "employee benefits" item (TFR - staff leaving indemnity) for the years ended 31 December 2019 and 2018:

Euro Thousand

Contributions to other pension plan fund	1.045	92
Employee severance indemnity fund	12.505	14.906
Total	**13.550**	**14.998**

Euro Thousand

Initial balance	**14.998**	**15.496**
Service Cost	0	0
Interest Cost	(21)	(33)
Changes in the consolidation area	(425)	204
Advances and liquidations	(1.229)	(669)
Remeasurment	227	0
Employee benefits	**13.550**	**14.998**

The profits and losses due to remeasurements of the fixed benefit plans are shown below, for the year ended 31 December 2019:

Euro Thousand

Remeasurements- (gains) losses arising from changes in financial assumptions	363
Remeasurements- (gains) losses arising from other changes	0
Actuarial adjustements	(136)
Total remeasurements	**227**

The actuarial assumptions used to calculate fixed benefit plans are summarised in the following table:

Economic Assumptions		
Inflation rate (annual)	**1,5%**	**1,5%**
Discount rate (annual)	**Euro area curve of "composite" rate of securities issued by corporate issuers rated AA**	
Demographic Assumptions	**ISTAT Survival Table 2018**	**ISTAT Survival Table 2017**
Actuarial assumptions	***Turnover derived from the tendency to leave the company based on age and sex***	

10.13 Provisions for risks and charges

The table below summarises the amount of the item "provisions for risks and charges" at 31 December 2019 and 2018:

Euro Thousand

Provision for taxes	1.673	514
Provision for legal disputes	119	177
Provision for commercial risk	-	80
Provision for risks and future charges	7 490	4.605
Other provisions for risks	203	676
Total	**9.485**	**6.052**

The changes in provisions for risks and charges for the financial years 2019 and 2018 are attached below:

Euro Thousand

Provisions for risks on professional activities	4.605	(24)	2.864	29	16	7.490
Other provisions for risks	1 998	(25)	456	(443)	9	1 995
Total provisions for risk and charges	**6.603**	**(49)**	**3.320**	**(414)**	**25**	**9.485**

Euro Thousand

Provisions for risks on professional activities	6 333	288	1.445	(3 461)		4 605
Other provisions for risks	2.757	(43)	151	(1.418)		1 447
Total provisions for risk and charges	**9.090**	**245**	**1.596**	**(4.879)**	**-**	**6.052**

The item Provisions for risks and charges of EUR 7,490 thousand at 31 December 2019 (EUR 4,605 thousand at 31 December 2018) was set up to cover the potential consequences of the proceedings in progress exceeding the amount of our insurance policy ceilings.

The Other provisions for risks shown above, equal to EUR 1,995 thousand at 31 December 2018 (EUR 1,447 thousand at 31 December 2018) are for potential risks, mainly related to the activities of the Group's foreign companies and include the provision for taxes covering tax liabilities (EUR 1,673 thousand).

10.14 Other current and non-current payables and liabilities

The table below shows the details of other payables and other current and non-current liabilities as at 31 December 2019 and 2018:

Euro Thousand

Trade payables	**1**	**-**
Personnel payables	3.978	3.920
Income tax payables	-	30
Other payables	12.201	2.121
Other non-current payables	**16.179**	**6.071**
Total	**16.180**	**6.071**

Euro Thousand

Personnel payables	15.266	13.638
Social charges payables	5.450	5.234
Other current payables towards Registro Italiano Navale	3	920
Other current accrued liabilities	448	1.092
Other current payables	30.640	26.314
Other current deferred income	1.552	1.526
Current customer advances	37	20
INPS	6.296	5.701
INAIL	6	(39)
Other social security payables (foreign companies)	188	156
Other current payable	**59.886**	**54.562**
Other current funds	-	177
Current funds	**-**	**177**
Total	***59.886***	***54.739***

The item *Other non-current payables* of EUR 16,180 thousand at December 31, 2019 (EUR 6,071 thousand at December 31, 2018) refers to payables to personnel for an amount of EUR 3,978 thousand (EUR 3,920 thousand at December 31, 2018), mainly relating to the estimate of the liabilities due to company directors for the long-term incentive plan to which they are entitled, which has remained unchanged compared to the previous year; the item also includes payables to third parties for minority interests on which cross *call* and *put* options have been stipulated in favour of the Group and minority shareholders for EUR 10,240 thousand relating to the company *Rina Prime Value Services S.p.A.* and EUR 1,954 thousand relating to the company *Comete Engineering S.A.*

The item *Other current payables and other current liabilities* of EUR 59,886 thousand at 31 December 2019 (EUR 54,739 thousand at 31 December 2018) consists of the items described below:

Payables to personnel, equal to EUR 15,266 thousand at 31 December 2019 (EUR 13,638 thousand at 31 December 2018) include the payable for holidays and permits not taken, skills and bonuses to be paid to employees.

Social security payables of EUR 11,940 thousand at 31 December 2019 (EUR 11,052 thousand at 31 December 2018) include the social security contributions accrued during the year on deferred remuneration.

- Payables to the Registro Italiano Navale amounted to EUR 3 thousand at 31 December 2019 (EUR 920 thousand at 31 December 2018) which refer to the payable related to the tax consolidation.

- Accruals amounting to EUR 2,000 thousand at 31 December 2019 (EUR 2,618 thousand at 31 December 2018) *refer to prepaid or deferred liabilities or income that are relevant to a period other* than that in which they are recorded.

Other payables for € 30,640 thousand at December 31, 2019 (€ 26,314 thousand at December 31, 2018) mainly includes payables for withholding taxes on employee income, payables for VAT and other similar tax payables for € 18,523 thousand.

10.15 Trade payables

Trade payables, for an amount of EUR 70,838 thousand at 31 December 2019 (EUR 64,121 thousand at 31 December 2018) include payables owed by the Group to third party suppliers for the purchase of goods and services. Trade payables are due to expire in less than 12 months. The rise is also related to the increase in current assets with a view to greater efficiency in the management of net working capital.

Euro Thousand

Trade payables	**69.187**	**62.500**
Current payables towards Registro Italiano Navale	1.643	1.621
Current payables towards other group companies	8	-
Current Group trade payables	**1.651**	**1.621**
Total	**70.838**	**64.121**

10.16 Current tax liabilities

Current tax payables for an amount of EUR 7,075 thousand at 31 December 2018 (EUR 4,792 thousand at 31 December 2019) refer to current taxes, net of related advances.

This amount refers to payables for income taxes of the Group's foreign companies; under the tax consolidation agreement, the corresponding payables for the Italian companies are classified under liabilities to the Registro Italiano Navale.

11. Explanatory notes to the Income statement

11.1. Revenue

Revenue from sales consists of services performed and invoiced by the Group to its clients by the end of the financial year, and include invoices and credit notes to be issued.

The following is a percentage breakdown of revenues by business line:

CERTIFICATION	68.483	15%	64.344	15%
ENERGY	173.952	37%	159.533	37%
INDUSTRY	54.578	12%	49.261	11%
MARINE	127.809	27%	120.010	27%
T&I	46.248	10%	43.618	10%
Others	252	0%	-	0%
Total	**471.322**	**100%**	**436.766**	**100%**

For an analysis of revenue trends compared to last year, please refer to the description in the Management Report.

The following is a breakdown of sales revenues by geographic area:

Americas	42.359	9%	37.697	9%
Asia	54.870	12%	44.655	10%
EMEA	190.463	40%	178.129	41%
Italy	183.630	39%	176.287	40%
Total	**471.322**	**100%**	**436.766**	**100%**

The difference between the overall value shown above and the financial statements is attributable to a series of other revenues that by their nature are not related to specific businesses and therefore are classified as *Other revenues*.

11.2 Other revenues and income

Other revenue and income, amounting to EUR 10,715 thousand for the year ended 31 December 2019 (EUR 10,188 thousand at 31 December 2018) mainly include income from tax credits for research and development activities equal to EUR 1,247 thousand; increases in fixed assets for internal work for EUR 1,485 thousand; income from insurance reimbursements for EUR 208 thousand; income for tax incentives from the Chinese government for EUR 546 thousand; capital gains from the sale of fixed assets for EUR 286 thousand; revenue from the Registro Navale Italiano for EUR 238 thousand. The remaining part relates to non-recurring revenue of the various companies of the Group divided among them.

11.3 Costs for raw materials

Costs for raw materials, equal to EUR 5,431 thousand for the year ended 31 December 2019 (EUR 5,117 thousand at 31 December 2018) include stationery costs, costs relating to materials and consumables, purchases of inventoried and promotional goods.

11.4 Service costs

The details of the item "service costs" for the financial years 2019 and 2018 are shown below:

Euro thousand

Insurance for business activities	3.754	3.776
Personnel inurance	4.240	3.838
Administrative and fiscal conulting	9.079	8.076
Maintenance and software licenses	6.058	5.771
Commisssions on trade brokers	1.049	202
Technical consultancy NES	103.904	92.368
Legal and notary fees	1.633	1.674
Cleaning and security	1.483	1.444
Agency commissions	365	10
Fees for courses sold to costumers	525	1.265
Pubblications an subscriptions	495	162
Associative and acrreditation shares	4.479	3.268
Travel costs	20.705	18.238
Utilities	1.954	1.918
Bank services	1.674	1.875
Remuneration to auditors an committees	228	318
Representation expenses	1.547	815
Telephone expenses	2.137	1.588
Postal charges and courier services	602	480
Canteen and meal vochers	2.280	2.043
Fair and congresses	1.635	1.107
Furniture and real estate maintenance	2.041	3.307
Other costs of services	2.498	2.833
Training to employees costs	853	193
Costs from Registro Italiano Navale	82	80
Total Cost of services	**175.300**	**156.649**

Costs for services include an increase in costs for technical consultancy, business brokers and travel expenses, in line with the same change in revenue, in particular relating to the energy and certification business. The remaining service costs are substantially in line with the previous year.

11.5 Personnel expenses

The details of the item "Personnel expenses" for the financial years 2019 and 2018 are shown below:

Euro thousand

Salaries and wages	166.888	161.514
Social charges	39.635	37.592
Employee severance indemnity	7.175	6.536
Contributions to other pension plans	744	908
Other personnel costs	13.665	13.901
Fees to directors	237	1.279
Total Personnel cost	**228.344**	**221.730**

The item Wages and salaries includes the entire expenditure for employees, including additional monthly payments, bonuses, any changes in category and performance improvements, and unused holiday leave.

The item Social security contributions reflects the cost of contributions incurred by Group companies in compliance with the laws in force in each individual state.

The item Other personnel costs includes the costs for mileage and travel allowance paid to employees, as well as the benefits applied by Group companies abroad according to local laws, benefits and related expenses.

The workforce at 31 December 2019 and 2018, broken down by professional category, is shown below:

Executives	118	123
Employees	3.748	3.578
Workers	4	4
Total workforce	**3.870**	**3.705**

11.6 Depreciation and Amortisation

Depreciation and amortisation of fixed assets is summarised in the following table:

Euro thousand

Depreciation of tangible assets	**5.600**	**6.221**
Depreciation of vehicles - IFRS 16	4.001	-
Depreciation of buildings - IFRS 16	6.664	-
Depreciation of electronic machineries - IFRS 16	54	-
Depreciation of tangible assets - IFRS 16	**10.719**	**-**
Depreciation of tangible assets	**16.319**	**6.221**
Amortization of intangible assets	**13.702**	**12.869**
Total Depreciation and amortization	**30.021**	**19.090**

The depreciation of tangible fixed assets, net of the effects deriving from the application of the IFRS 16 accounting standard as described above, is equal to EUR 5,600 thousand and mainly refers to the categories of *improvements on third party assets, buildings and electronic machines*. The effect deriving from IFRS 16 involves depreciation for EUR 10,719 thousand mainly relating to the *buildings* and *vehicles* categories. For the effects of the adoption of IFRS 16, please refer to the table shown in paragraph 9.

The amortisation of intangible fixed assets, equal to EUR 13,758 thousand, refers mainly to software and assets deriving from the purchase price allocation of the Edif Group.

11.7 Allocations to reserves and write-downs

The details of the item "Allocations to reserves and write-downs" for the years 2019 and 2018 are shown below:

Euro thousand

Trade receivables write-downs	28	9
Allowance for bad debt provisions	3.138	133
Other write-downs (revaluations)	-	135
Total Provisions and write-downs of trade receivables	**3.166**	**277**
Other provisions	8	-
Provisions for risk and charges	3.312	1.596
Total Provisions for risk and charges	**3.320**	**1.596**
Write-downs of intangible assets	60	-
Total Write-downs	**60**	**-**
Total Provisions and write-downs	**6.546**	**1.873**

11.8 Other costs

The table below shows the breakdown of the item "Other costs" for the financial years 2019 and 2018:

Euro thousand

Rent and leases	9.647	8.678
Long term car rental expenses	5.699	4.911
Lease payments	1.423	916
Rent and leases Registro Italiano Navale	1.377	1.352
Lease payments - IFRS16	(11.363)	-
Office equipment rental fees	44	-
Total Leasehold of third party assets	**6.827**	**15.857**
Other operating costs	3.774	5.607
Credit losses	539	855
Extraordinary expenses	4.235	807
Total Other operating expenses	**8.548**	**7.269**
Total Other costs	**15.375**	**23.126**

The *leashold of third party assets* mainly includes lease payments paid by Group companies for the lease of office buildings, in Italy and abroad. Following the application of the IFRS 16 accounting standard, the cost for the use of third party assets is adjusted with a decrease equal to EUR 11,363 thousand, mainly referring to property leases and car rental.

For the effects of the adoption of IFRS 16, please refer to the table shown in paragraph 9. The remaining amounts between rents and rentals refer to contracts of less than 12 months and ancillary expenses not falling under IFRS 16.

The item *Other operating costs* mainly include other charges primarily relating to various Italian and foreign taxes.

11.9 Financial income and expenses

The breakdown of financial income and expenses for the financial years 2019 and 2018 is shown below:

Euro thousand

Ordinary capital gains from other equity investments	1.973	-
Income from investments	**1.973**	-
Income from other financial investments	-	-
Income from other financial investments (non equity)	-	-
Negotiable interest income	15	7
Other Negotiable interest income	**15**	**7**
Interest on bank and postal accounts	1.008	494
Other financial income	240	752
Financial income from Registro Italiano Navale	46	10
Other financial income	**1.294**	**1.256**
Exchange rate gains	10.402	8.125
Unrealised foreign exchange gains	3.334	3.675
Exchange rate gains	**13.736**	**11.800**
Total Financial Income	**17.018**	**13.063**
Interest charges on bank loans	5.333	4.252
Interest charges on leasing	160	162
Interests and other non-current payables	2	-
Interests and other current payables	403	272
Interest charges on payables - IFRS 16	1.200	-
Ordinary losses from equity investments	16	1.034
Ordinary losses from securities	-	57
Securities write-downs	548	317
Other financial expenses	1.161	2.013
Financial expenses from Registro Italiano Navale	165	221
Investments costs	**8.988**	**8.328**
Exchange losses	8.988	8.776
Unrealised exchange losses	3.720	1.478
Loss on currency transactions	**12.708**	**10.254**
Total Financial expenses	**21.696**	**18.582**

The item *Income from investments* includes the capital gains earned following the sale of the companies SOA RINA S.p.A. and ITA Istituto Tecnologie Avanzate S.r.l. during the year.

The item *Exchange exchange gains/losses* include gains and losses realised during the year, or estimated based on the exchange rates at the end of the year.

The item *other financial income* includes interest receivable on bank and post-office current accounts.

The item *Financial expenses* mainly includes interest expense on loans, such as interest expense on bank and postal deposits and bank charges for loans granted by banking and credit institutions. The item also includes interest expense deriving from the application of the IFRS 16 accounting standard for EUR 1,200 thousand. For the effects of the adoption of IFRS 16, please refer to the table shown in paragraph 9.

11.10 Taxes

The details of the item "taxes" for the financial years 2019 and 2018 are shown below: The payable for deferred tax liabilities is classified under Assets to decrease the receivables for deferred tax assets.

Euro thousand

Regional tax on productive activities (IRAP)	2.600	982
Corporate income tax (IRES)	6.476	2.112
Previous year taxes	385	-
Deferred tax assets	(2.577)	(1 329)
Deferred tax liabilities	(1.435)	(819)
Income taxes on foreign subsidiaries	1.359	5.964
Total Taxes	**6.808**	**6.910**

12. Related party transactions

The details of related party transactions are shown below:

Euro thousand

Registro Italiano Navale	5 100	3.146	1.459	165	238	46
Fees to directors			1 179			
Total	5.100	3.146	2.638	165	238	46
Total financial statement	35.958	59.886	461.044	21.696	465.463	17.018
% on total	14%	5%	0,6%	0,8%	0,1%	0,3%

Euro thousand

Registro Italiano Navale	5 483	4.633	1.432	221	251	10
Fees to executives			1279			
Total	5.483	4.633	2.711	221	251	10
Total financial statement	31.498	54.739	427.585	18.582	433.020	13.063
% on total	17%	8%	0,6%	1,2%	0,1%	0,1%

13. Board of Auditors' salaries

In 2019, the total amount of the remuneration of the parent companies' board of statutory auditors amounted to EUR 102 thousand (EUR 108 thousand at 31 December 2018).

14. External auditors' fees

The fees for auditing the RINA Group accounts and the fees for other consulting services paid to auditing company PricewaterhouseCoopers SpA for the years ended 31 December 2019 and 2018 are summarised in the following table:

Euro thousand

Audit fees	311	256
Fees for other services and audits	192	55
Total remuneration to the Audit firm	**503**	**311**

15. Commitments and guarantees

At 31 December 2019, the Group has guarantees issued by credit institutions and insurance companies in favour of third parties for EUR 47,335 thousand (EUR 38,851 thousand at 31 December 2018).

The guarantees are issued by these institutions in order to participate in tenders (bid bonds) or in order to perform (performance bonds) procurement contracts; the largest amounts are attributable to the Group's main operating companies: in particular, Rina Consulting SpA has guarantees for EUR 32,249 thousand (EUR 23,958 thousand at 31 December 2018), RINA Services SpA for EUR 5,323 thousand (EUR 5,728 thousand at 31 December 2018).

16. Important events occurring after the closure of the financial period

For a description of important events occurring after the closure of the financial period, please refer to the information in the Management Report.

Annex 1 - Consolidation area

RINA S.p.A.	ITALY	EUR	100
RINA Services S.p.A.	ITALY	EUR	100
RINA Academy S.r.l.	ITALY	EUR	62,28
RINA CHECK S.r.l.	ITALY	EUR	100
AGROQUALITA' S.p.A.	ITALY	EUR	53
Studio Sperimentale Metalsiderurgico SSM S.r.l.	ITALY	EUR	100
RINA Consulting S.p.A.	ITALY	EUR	100
ComServices S.r.l.	ITALY	EUR	100
RINA Consulting - GET S.r.l.	ITALY	EUR	100
RINA Consulting - CSM S.p.A.	ITALY	EUR	100
RINA Consulting - Polaris S.r.l.	ITALY	EUR	100
CND Studio S.r.l.	**ITALY**	**EUR**	**100**
RINA Prime Value Services S.p.A.	**ITALY**	**EUR**	**50**
NPLS Re Solutions Srl	**ITALY**	**EUR**	**28,53**
Astasy Srl	**ITALY**	**EUR**	**36,46**
ELETTRODINAMICA S.r.l.	ITALY	EUR	100
RINA Netherlands B.V.	NETHERLANDS	EUR	100
RINA INDUSTRY B.V.	NETHERLANDS	EUR	100
RINA ASIA B.V.	NETHERLANDS	EUR	100
RINA International B.V.	NETHERLANDS	EUR	100
RINA EMEA B.V.	NETHERLANDS	EUR	100
RINA Consulting BV	NETHERLANDS	EUR	100
RINA UK Ltd*	UK	GBP	100
NDE GLOBAL TECHNICAL SERVICES UK Limited*	UK	GBP	100
EDIF Group Limited*	UK	GBP	100
EDIF Group Finance Limited*	UK	GBP	100
Edif Group Management Limited*	UK	GBP	100
RINA Consulting Ltd*	UK	GBP	100
RINA Consulting Defence Ltd*	UK	GBP	100
OST Energy Ltd*	UK	GBP	100
NDE Technical Services UK Ltd*	UK	GBP	100
RINA Belgium BVBA	BELGIUM	EUR	100
RINA Consulting SA	BELGIUM	EUR	100
RINA Bulgaria Ltd	BULGARIA	BGL	100
RINA CLASSIFICATION AND CERTIFICATION CYPRUS LIMITED	CIPRO	EUR	100
RINA Jadran D.o.o.	CROATIA	HRK	100
RINA DENMARK ApS	DENMARK	DKK	100
REGISTRO ITALIANO NAVALE FINLAND O.Y.	FINLAND	EUR	100
RINA France S.a.r.l.	FRANCE	EUR	100
Rina Consulting SAS	FRANCE	EUR	100
NDE Global (Holding) GmbH	GERMANY	EUR	100
RINA Germany GmbH	GERMANY	EUR	100
NDE Technical Services GmbH	GERMANY	EUR	100
NDE Global Technical Services GmbH	GERMANY	EUR	100
RINA Hellas Limited Classification Society	GRECE	EUR	100
RINA Latvia SIA	LATVIA	EUR	100
UAB RINA Baltic	LITHUANIA	EUR	100
RINA RE S.A.	LUXEMBOURG	EUR	100
RINA MALTA LIMITED	MALTA	EUR	100
RINA Mediterranean Institute Ltd.	MALTA	EUR	100
RINA Norway A.S.	NORWAY	NOK	100
RINA Poland Sp. z o o (Spolka z ograniczona odpowiedzialnoscia)	POLAND	PLN	100
RINA Iberia S.L. Sucursal em Portugal	PORTUGAL	EUR	100
RINA Simtex S.r.l.	ROMANIA	RON	100
RINA CONSULTING-EAST EUROPE SRL	ROMANIA	RON	80
POLARIS-ANSERV SRL	ROMANIA	RON	80
RINA Iberia S.L.U.	SPAIN	EUR	100
RINA SWEDEN AB	SWEDEN	SEK	100
RINA Switzerland SA	SWITZERLAND	CHF	100
RINA Consulting S.r.o.	**CHEZK REPUBLIC**	**CZK**	**100**

(*) Exempt from audit according to Section 479A of the UK Companies Act 2006

RINA Albania ShpK	ALBANIA	ALL	100
SARL BACT BUREAU ALGERIEN DE CONTROLE TECHNIQUE	ALGERIA	DZD	49
RINA Saudi Arabia LLC	SAUDI ARABIA	SAR	100
Construction Technical Services Arabia Limited	SAUDI ARABIA	SAR	50
RINA CONGO SAS	CONGO	XAF	100
RINA West Africa Sarl	IVORY COAST	XOF	100
RINA Egypt L.L.C.	EGYPT	EGP	100
RINA EMEA Dubai branch	UNITED ARAB EMIRATES	AED	100
RINA EMEA BV - ABU DHABI BRANCH	UNITED ARAB EMIRATES	AED	100
RINA Energy Ghana Limited	GHANA	GHS	100
D'Appolonia JV Company Limited	GHANA	GHS	65
RINA Lebanon SAL	LIBANO	LBP	55
RINA Maroc S.a.r.l. A.U.	MAROCCO	MAD	100
RINA Mozambique Lda.	MOZAMBIQUE	MZN	100
RINA Consulting Lda	MOZAMBIQUE	MZN	100
RINA CTSI Nigeria Limited	NIGERIA	NGN	51
RINA International Engineering Consultancy LLC	OMAN	OMR	100
RINA RUS L.L.C.	RUSSIA (RUSSIAN FEDERATION)	RUB	100
RINA Consulting O.o.o.	RUSSIA (RUSSIAN FEDERATION)	RUB	100
RINA EMEA (Incorporated in The Netherlands)	SOUTH AFRICAN REPUBLIC	ZAR	100
OST Energy Africa (Pty) Ltd	SOUTH AFRICAN REPUBLIC	ZAR	100
RINA Tunisia Sarl	TUNISIA	TND	100
Laboratoire d'Analyses et d'Essais LAB21 SA	TUNISIA	TND	100
Comete Engineering S.A.	TUNISIA	TND	70
RINA Denizcilik ve Belgelendirme Limited Sirketi	TURKEY	TRY	100
RINA CONSULTING MUHENDISLIK LIMITED SIRKETI	TURKEY	TRY	100
RINA Ukraine LTD	UKRAINE	UAH	100
RINA Tech South Africa (Pty) Ltd	SOUTH AFRICAN REPUBLIC	**ZAR**	**100**

RINA Hong Kong Ltd Australia branch	AUSTRALIA	AUD	100
NDE TECHNICAL SERVICES Australia Pty Limited	AUSTRALIA	AUD	100
OST Energy Pty Ltd	AUSTRALIA	AUD	100
RINA Azerbaijan MMC	AZERBAIJAN	AZN	100
RINA Bangladesh Ltd	BANGLADESH	BDT	100
RINA Energy (B) Sdn Bhd	BRUNEI	BND	50
RINA Shanghai Quality and Technical Services Co Ltd	CHINA	CNY	100
RINA Italy Classification Society (China) Co.Ltd.	CHINA	CNY	100
NDE Technical Services (China) Co Ltd	CHINA	CNY	100
RINA (SHANGHAI) QUALITY CERTIFICATION CO., LTD	CHINA	CNY	100
RINA Asia BV Korea branch	SOUTH KOREA	KRW	100
RINA Academy Philippines INC	PHILIPPINES	PHP	51
RINA GEORGIA LLC	GEORGIA	GEL	100
RINA Hong Kong Ltd.	HONG KONG	HKD	100
RINA Intermodal Limited	HONG KONG	USD	100
RINA India Pvt Ltd	INDIA	INR	100
RINA Consulting Private Limited	INDIA	INR	100
PT RINA Indonesia	INDONESIA	IDR	100
RINA KAZAKHSTAN LLP	KAZAKISTAN	KZT	100
RINA Malaysia Sdn. Bhd	MALAYSIA	MYR	100
RINA Malaysia Energy Sdn Bhd	MALAYSIA	MYR	100
RINA Hong Kong Limited Taiwan branch	REPUBLIC OF NATIONAL CHINA (TAIWAN	TWD	100
RINA Hong Kong Ltd. Singapore branch	SINGAPORE	SGD	100
NDE TECHNICAL SERVICES Singapore Pte Ltd	SINGAPORE	USD	100
RINA CEYLON (Private) Limited	SRI LANKA	LKR	100
RINA Hong Kong Ltd (Thailand branch)	THAILANDIA	THB	100
RINA HONG KONG LTD TURKMENISTAN BRANCH	TURKEMENISTAN	TMT	100
Representive Office of RINA Hong Kong Ltd. in Hai Phong	VIETNAM	VND	100

RINA Iberia Suc. en Argentina	ARGENTINA	ARS	100
RINA Brasil Servicos Tecnicos Ltda	BRAZIL	BRL	100
RINA Classification and Certification Canada Limited	CANADA	CAD	100
Hayes Stuart Inc.	CANADA	CAD	100
Canada NDE Technical Services Ltd	CANADA	CAD	100
RINA Clasificaciòn Maritima y Certificaciòn South Pacific Limitac	CHILE	CLP	100
RINA Consulting SpA	CHILE	CLP	100
RINA ECUADOR CIA LTDA	*ECUADOR*	*USD*	*100*
RINA CLASSIFICATION AND CERTIFICATION MEXICO S. de R.L	MEXICO	MXN	100
RINA Consulting Sociedad Civil	MEXICO	MXN	100
RINA PANAMA SA	PANAMA	PAB	100
RINA Paraguay S.R.L	PARAGUAY	PYG	100
RINA PERU CLASIFICACION MARITIMA Y CERTIFICACION S.A.	PERU	PEN	100
RINA USA Inc	USA	USD	100
QIC Inc	USA	USD	100
RINA Consulting Inc.	USA	USD	100
NDE TECHNICAL SERVICES USA Inc.	USA	USD	100
Construction Technical Services Inc	USA	USD	100
D'APPOLONIA SA	URUGUAY	USD	100
TIC Services SA	VENEZUELA	VEF	100