

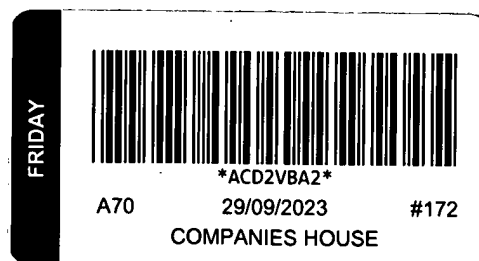
ENI MOZAMBIQUE ENGINEERING LIMITED

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

REGISTERED OFFICE

**Eni House
10 Ebury Bridge Road
London SW1W 8PZ**

Registered Number: 09104675



ENI MOZAMBIQUE ENGINEERING LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

F Pagano (Managing Director)
M Bacchini
C P Serapiglia
R Stallard
R P Waterlow

SECRETARY AND REGISTERED OFFICE

R D'Abreo
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

ENI MOZAMBIQUE ENGINEERING LIMITED

STRATEGIC REPORT

The Directors present the strategic report of the Eni Mozambique Engineering Limited (the "company") for the year ended 31 December 2022.

Principal Activities

The company is a private company and an indirect subsidiary of Eni S.p.A., an integrated energy company operating in the oil and natural gas, electricity generation, petrochemicals, oil field services and engineering industries. Eni S.p.A., operates internationally in about 69 countries and employs around 32,000 people. Eni S.p.A. is listed on the Milan and New York Stock Exchanges.

The principal activity of the company is the provision of engineering services through service agreements entered into with Eni S.p.A. in relation to petroleum activities to be carried out in Mozambique.

In 2021 the company completed the project of development and commissioning of Coral South Floating LNG ("FLNG") vessel.

In 2022 the contract with Eni S.p.A. expired following completion of provision of engineering services. No decision has been taken by the Board of Directors as at the date of these financial statements as to alternative business opportunities or wind down of the company.

Review of the business

Results for the year

The results for the year are set out on page 10 of the financial statements. No dividend was paid or proposed in 2022 (2021: £nil). The loss for the year is £267,000 (2021: £nil).

Key performance indicators

	2022 £'000	2021 £'000
Revenue	2,554	28,468
Operating (loss) / profit	(275)	597
Net (loss) / profit for the year	(267)	-

Revenue decreased in 2022 compared to 2021 due to the reduction in activity and headcount due to the completion of the Coral South FLNG development project.

Principal risk factors and uncertainties

The company aims to mitigate risks and manage and control the exposure where possible. Risk assessment process is integrated into the Integrated Risk Management System Guideline (MSG).

The risks and uncertainties described below may have a material adverse effect on the operational and financial performance of the company.

Liquidity risk

The risk that suitable sources of funding for the company's business activities may not be available. The company, through the Eni Group, has access to a wide range of funding at competitive rates through the capital markets and banks, and has support from the ultimate parent company, Eni S.p.A. if required. Company believes it has access to sufficient funding to meet currently foreseeable liabilities requirements.

Section 172(1) UK Companies Act 2006 ("Act") Statement

Directors

As part of their induction a Director of the Company is informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

Stakeholders

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 18 March 2020 and by the Directors of the company on 3 June 2020. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

Community and the Environment

Eni's mission, inspired by the UN 2030 Agenda, represents the transformation path taken by the company to play a defining role in the global process towards a low carbon future, promoting access to energy efficiently and sustainably for everyone. This mission confirms Eni's commitment to an energy transition that is also socially fair and organically integrating the 17 SDGs to which Eni intends to contribute, exploiting new business opportunities.

ENI MOZAMBIQUE ENGINEERING LIMITED

STRATEGIC REPORT

Section 172(1) UK Companies Act 2006 ("Act") Statement (continued)


Business Conduct

The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 28 April 2022 and by the Directors of the company on 28 June 2022. Moreover, as an indirect subsidiary of Eni S.p.A the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

Shareholders

The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A and its stakeholders.

On behalf of the Board


Richard Waterlow (Sep 27, 2023 14:27 GMT+1)

R Waterlow
Director

27 September 2023

ENI MOZAMBIQUE ENGINEERING LIMITED

DIRECTORS' REPORT

The directors present their directors' report of the company for the year ended 31 December 2022.

Directors

The present directors of the company are listed on page 1 and have held office throughout the year and up to the date of signing the financial statements with the following exceptions:

- Gianluigi Ferrara resigned as Director on 24 March 2022.
- Francesco Pagano was appointed as Director on 24 March 2022
- Pietro Guarnieri resigned as Director on 14 July 2022
- Matteo Bacchini was appointed as Director on 14 July 2022
- G Burri resigned as Director on 9 March 2023
- C P Serapiglia was appointed as Director on 9 March 2023.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Future company developments

In 2022 the contract with Eni S.p.A expired following completion of provision of engineering services. No decision has been taken by the Board of Directors as at the date of these financial statements as to alternative business opportunities or wind down of the company.

Dividends

The company did not pay or proposed any dividend in the year (2021: £nil).

Post balance sheet events

There are no post balance sheet events to report.

Going concern

The company has a net liability position of £267,000 as of 31 December 2022 (2021: £nil) and cash and cash equivalents balance of £422,000 (2021: £934,000).

The principal activity of the company is the provision of engineering services through service agreements entered into with Eni S.p.A. in relation to petroleum activities to be carried out in Mozambique. In 2022 the contract with Eni S.p.A expired following completion of provision of engineering services.

The company has obtained confirmation from its intermediate parent company Eni Investments plc, that it will provide adequate financial support to enable the company to meet its obligations for a period of at least one year from the date of approval of these financial statements.

No decision has been taken by the Board of Directors as at the date of these financial statements as to alternative business opportunities or wind down of the company. Hence, the Directors considers it is appropriate to prepare the financial statements on the going concern basis.

Financial risk management

Financial risks are managed in respect of guidelines issued by the Eni S.p.A. board of directors in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

The company is exposed to the following financial risks.

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to the Eni Group's financial resources in the form of capital contributions from its shareholder and short-term lending facilities from Eni Finance International S.A. The company believes it has sufficient cash to cover expenses.

The directors do not consider there to be a material exposure to credit risk, foreign exchange risk, cashflow risk and interest rate risk given the limited activity of the company.

ENI MOZAMBIQUE ENGINEERING LIMITED

DIRECTORS' REPORT

Research and development

During the year, Eni Mozambique Engineering Limited was not engaged in research and development activities (2021: The Company incurred expenditure of £3,513,000 relating to development of Africa's largest Floating Liquid Natural Gas).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Provision of information to auditors


In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board


Riordan D'Abreo (Sep 27, 2023 09:50 GMT+1)

R D'Abreo
Company Secretary

27 September 2023

Independent auditors' report to the members of Eni Mozambique Engineering Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni Mozambique Engineering Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Statement of comprehensive income, the Statement of changes in equity and the Cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs (UK) 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 these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and relevant tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including

the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and the company's in-house legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquiry of staff in the company's tax function to identify any instances of non-compliance with laws and regulations;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing minutes of meetings of those charged with governance; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and testing accounting estimates to address the risk of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Daulet Bek.

Daulet Bekmukhamedov (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Note</i>	2022 £'000	2021 £'000
Revenue	2	2,554	28,468
Other income	3	-	429
Other service costs and expenses	4	(2,837)	(28,285)
Reversal of provision for credit loss on receivable	5	8	20
Amortisation	5	-	(35)
Operating (loss) / profit	5	(275)	597
Interest receivable and similar income	7	33	137
Interest payable and similar expenses	8	(25)	(315)
(Loss) / profit before taxation		(267)	419
Tax on profit	9	-	(419)
(Loss) / profit for the financial year		(267)	-
Other comprehensive expense		-	-
Total comprehensive expense for the year		(267)	-

The notes on pages 18 to 24 are an integral part of these financial statements.

ENI MOZAMBIQUE ENGINEERING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Called up share capital</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1 January 2021	-	-	-
Result and total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
Loss and total comprehensive expense for the year	<u>-</u>	<u>(267)</u>	<u>(267)</u>
Balance at 31 December 2022	<u>-</u>	<u>(267)</u>	<u>(267)</u>

ENI MOZAMBIQUE ENGINEERING LIMITED (Registered Number: 09104675)


**BALANCE SHEET
AS AT 31 DECEMBER 2022**

		31 December 2022	31 December 2021	1 January 2021
	<i>Note</i>	£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets	10	-	-	35
		-	-	35
Current assets				
Cash and cash equivalents	11	422	934	11,548
Trade and other receivables	12	922	4,740	8,678
		1,344	5,674	20,226
Total assets		1,344	5,674	20,261
Liabilities				
Current liabilities				
Trade and other payables	13	1,611	5,674	20,261
		1,611	5,674	20,261
Total liabilities		1,611	5,674	20,261
Equity				
Called up share capital	14	-	-	-
Retained earnings		(267)	-	-
Total equity		(267)	-	-
Total liabilities and equity		1,344	5,674	20,261

The notes on pages 18 to 24 are an integral part of these financial statements.

The financial statements from page 10 to 24 were approved by the Board on 27 September 2023.

On behalf of the Board


Richard Waterlow (Sep 27, 2023 14:27 GMT+1)

R Waterlow
Director
27 September 2023

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		<u>2022</u>	<u>2021</u>
	<i>Note</i>	<u>£'000</u>	<u>£'000</u>
Cash flow from operating activities			
Loss for the year		(267)	-
Adjustments for:			
Tax	9	-	419
Amortisation	5	-	35
Reversal of provisions	5	(8)	(20)
Interest income	7	(6)	(2)
Interest expense	8	1	3
		<u>(280)</u>	<u>435</u>
Changes in working capital:			
Decrease in trade and other receivables	12	3,826	3,958
Decrease in trade and other payables	13	(4,063)	(15,006)
Net cash used in operations		<u>(517)</u>	<u>(10,613)</u>
Interest received	7	6	2
Interest paid	8	(1)	(3)
Net cash used in operating activities		<u>(512)</u>	<u>(10,614)</u>
 Net decrease in cash and cash equivalents		 (512)	 (10,614)
Cash and cash equivalents at 1 January	11	934	11,548
Cash and cash equivalents at 31 December	11	<u>422</u>	<u>934</u>

ENI MOZAMBIQUE ENGINEERING LIMITED

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies which have been applied throughout the year is set out below:

General information

The company is a private company, limited by shares incorporated and domiciled in England, United Kingdom. The company was engaged in providing engineering and procurement services in different locations mainly including South Korea in relation to petroleum activities to be carried out in Mozambique.

Basis of preparation

The company has applied UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 for the first time for the annual reporting commencing on 1 January 2021. Whilst the accounting policies under IFRS in relation to recognition and measurement are the same as under FRS 101, the previous accounting standards, the disclosure requirements under IFRS are more extensive. The change of accounting standards had no impact on the primary financial statements other than the incorporation of a cash flow statement. The changes mainly related to some additional disclosures in the notes to the financial statements (trade and other payables, share capital, cash and cash equivalents and financial risk management). The change of accounting standards was required, as the company is not consolidated on a line by line basis in the financial statements of the ultimate parent company, Eni S.p.A.

Going concern

The company has a net liability position of £267,000 as of 31 December 2022 (2021: £nil) and cash and cash equivalents balance of £422,000 (2021: £934,000).

The principal activity of the company is the provision of engineering services through service agreements entered into with Eni S.p.A. in relation to petroleum activities to be carried out in Mozambique. In 2022 the contract with Eni S.p.A expired following completion of provision of engineering services.

The company has obtained confirmation from its intermediate parent company Eni Investments plc, that it will provide adequate financial support to enable the company to meet its obligations for a period of at least one year from the date of approval of these financial statements.

No decision has been taken by the Board of Directors as at the date of these financial statements as to alternative business opportunities or wind down of the company. Hence, the Directors considers it is appropriate to prepare the financial statements on the going concern basis.

New and amended standards adopted

The company has applied the following relevant standards and amendments for the first time for the annual reporting commencing on 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not have a material impact on the entity in the current and future periods and on foreseeable future transactions.

Now standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the company. These standards do not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

ENI MOZAMBIQUE ENGINEERING LIMITED

STATEMENT OF ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni S.A. (BESA)¹ is subject to cash pooling arrangements with the ultimate parent company Eni S.p.A.². The company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)³ are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the company needs to terminate earlier a deposit, there is no penalty on the change of period requested.

Foreign currencies

The company's functional and presentation currency is pounds sterling (£). All financial information has been rounded to the nearest thousand (£'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to sterling at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognised in profit or loss.

The Sterling to US Dollar exchange rate as of 31 December 2022 was 1.20333 (2021: 1.33387).

The Sterling to Euro exchange rate as of 31 December 2022 was 1.1274 (2021: 1.17467).

The Sterling to South Korean Won rate as of 31 December 2022 was 1,521.6 (2021:1,587.3).

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Revenue from contracts with customers

Revenue represents services provided to other group and affiliated companies in relation to engineering services. Revenue is recognised in the year in which the services are rendered. The transfer of control is considered to happen over time as the services are rendered to the customer. The transaction price is allocated to the performance obligation over time consistent with the delivery of the services. Customers are invoiced on a monthly or quarterly basis and consideration is payable within 30 days. A receivable is recognised when the services are rendered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

¹ BESA is a Belgian regulated bank subject to the banking regulatory requirements.

² Although Eni S.p.A. is not a financial institution, it performs its financial activities within specific Board approved limits.

³ EFI is the company responsible for the centralised funding of some foreign Eni group companies and for collecting their financial surpluses.

ENI MOZAMBIQUE ENGINEERING LIMITED

STATEMENT OF ACCOUNTING POLICIES

Financial instruments

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers*.

The company only has financial assets held at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are initially recognised at fair value and are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL), or where financial assets are considered to have low credit risk. Management consider 'low credit risk' to be when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). In order to determine whether there has been a significant increase in credit risk, an entity compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities at amortised cost

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost.

ENI MOZAMBIQUE ENGINEERING LIMITED

STATEMENT OF ACCOUNTING POLICIES

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience and other assumptions deemed reasonable in consideration of the information available at the time. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

Due to the simple nature of the company's operations, in the opinion of the directors, there are no significant judgments made in applying the company's accounting policies and no accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Parent undertakings

The company's immediate parent undertaking is Eni Lasmo Plc, registered in England, United Kingdom.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy, with registered office at Piazzale Enrico Mattei, 1 00144 Rome, has produced consolidated financial statements for the year ended 31 December 2022 which are available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097, San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2. Revenue

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Revenue from group undertakings	2,554	28,709
Revenue from third party	-	(241)
	<u>2,554</u>	<u>28,468</u>

The operations of the company constitute one class of business, the provision of engineering and procurement services to oil and gas exploration, development and production companies.

3. Other income

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Research & Development grant	-	429
	-	429

In 2022, R&D grant is £nil for projects and costs that have been identified as qualifying R&D (2021: £429,000). Initial qualifying cost for the claims in 2022 is £nil (2021: £3,513,000).

4. Other service costs and expenses

	<u>2022</u>	<u>2020</u>
	£'000	£'000
Amounts from group undertakings	1,296	6,905
Third parties	1,541	21,380
	<u>2,837</u>	<u>28,285</u>

Other service costs and expenses for 2022 contain £1,538,000 of labour costs (2021: £24,636,000) and £1,299,000 of general and administration costs (2021: £3,649,000) mainly consisting of service and support costs.

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. Operating profit

Operating profit is stated after (crediting)/charging the following amounts:

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Reversal of provision for credit loss on receivable	(8)	(20)
Amortisation (note 10)	-	35

The audit fee of the company for 2022 is £37,800 (2021: £24,449). Fee for non – audit services relating to Agreed Upon Procedures (Cost Certifications) for 2022 amounts to £nil (2021: £15,356).

6. Directors and employee information

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Other staff costs	<u>1,538</u>	<u>24,636</u>

Number of employees directly hired by Eni Mozambique Engineering Limited is nil (2021: Nil).

The average number of persons assigned to the company during the year was 7 (2021: 102).

The remuneration of the directors directly assigned (also seconded) to the company during the reporting year was £nil (2021: £nil).

The remuneration of the highest paid director amounts to £nil (2021: £nil).

Directors of the company are also the directors of other affiliate companies and/or the parent undertaking. The emoluments paid to these directors for the services provided to this company have been paid by the parent undertaking or the affiliate companies. No allocation or recharge is made to the company in respect of this remuneration.

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. Interest receivable and similar income

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Interest on bank deposit from group undertaking	6	2
Foreign exchange gain	<u>27</u>	<u>135</u>
	<u>33</u>	<u>137</u>

8. Interest payable and similar expenses

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Interest payable and similar charges	1	3
Foreign exchange loss	<u>24</u>	<u>312</u>
	<u>25</u>	<u>315</u>

9. Taxation

The charge for the year comprises:

	<u>2022</u>	<u>2021</u>
	£'000	£'000
United Kingdom		
Current tax @ 19% (2021: 19%)		
UK Corporation tax on profits for the year	-	16
Adjustment in respect of previous periods	-	51
Foreign tax credit	-	(56)
Foreign tax current year	-	408
Foreign tax prior year	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>419</u>

The tax assessed for the period is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Factors affecting tax charge for the year

	<u>2022</u>	<u>2021</u>
	£'000	£'000
(Loss) / Profit before taxation	(267)	419
Taxation on profit / (loss) before tax @ 19% (2021: 19%)	(51)	80
Income not taxable	(4)	-
Expenditure not allowable for tax	-	8
Group relief claimed	-	(14)
Foreign tax credit	-	(56)
Unrecognised tax losses carried forward	<u>55</u>	<u>-</u>

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Taxation (continued)

Foreign tax	-	350
Adjustment to current tax in respect of previous periods	-	51
Adjustment to foreign tax in respect of previous periods	-	-
Total tax charge for the year	-	419

Deferred Tax

The deferred corporation tax asset calculated at the rate of 25% (2021: 25%) which was not recognised in the financial statements amounted to:

	2022 £'000	2021 £'000
Unrecognised tax losses carried forward	72	-
Foreign tax credits carried forward	-	1,389
	72	1,389

The foreign tax credits of £1,389 relate to the French and Korean branches, and have been derecognised in the current year, pursuant to the finalization of the de-registration of these branches

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. There is no impact to the unrecognised deferred tax as the unrecognized tax losses carried forward are valued at the substantively enacted rate of 25% at the reporting dates.

The directors consider it unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences could be deducted; therefore the deferred tax asset has not been recognised.

10. Intangible assets

Software	£'000
Cost	
At 1 January 2022	509
At 31 December 2022	509
Accumulated amortisation	
At 1 January 2022	(509)
Charge for year (note 5)	-
At 31 December 2022	(509)
Net book value	
At 31 December 2022	-
At 31 December 2021	-

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Cash at bank and in hand		
Affiliate company – Banque Eni S.A.	422	810
Third parties	-	124
	<u>422</u>	<u>934</u>

Cash and cash equivalents consist of £422,000 held in current accounts (2021: £934,000).

12. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Group undertakings	-	2,456
Third parties	-	28
Total trade receivables	-	2,484
Provision for expected credit losses-third parties	-	(8)
Group undertakings	905	1,050
Third parties	17	1,139
Other receivables	<u>922</u>	<u>2,189</u>
Third parties	-	75
Total prepayments	-	75
Total trade and other receivables	<u>922</u>	<u>4,740</u>

The company believes that the carrying amounts are a reasonable approximation to the fair value.

Other receivables include Research & Development Claim receivables of £905,000 (2021: £1,050,000), VAT receivables of £14,000 (2021: £711,000), withholding taxes of £3,000 (2021: £129,000), income tax receivables of £nil (2021: £428,000), income taxes prepaid of £nil to third parties (2021: £170,000) and accrued income of £nil from third parties (2021: £28,000).

The carrying amounts are all denominated in British pounds. The maximum exposure to credit risk at the reporting date is the fair value mentioned above. The company does not hold any collateral security.

Credit risk is the potential exposure of the company to loss in the event of non-performance by a counterparty. The credit risk arising from the company's normal commercial operations is controlled according to guidelines established by the Eni Group.

The company has not experienced material non-performance by any counterparty. As of 31 December 2022, the company has no significant concentrations of credit risk (2021: £nil). The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables.

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. Trade and other payables

	2022 £'000	2021 £'000
Group undertakings	280	544
Third parties	16	226
Total trade payables	296	770
Group undertakings	535	2,368
Third parties	780	2,536
Total accruals	1,315	4,904
Total trade and other payables	1,611	5,674

These amounts are not interest bearing and are repayable on demand. The company believes that the carrying amounts are a reasonable approximation to the fair value.

The above financial liabilities will be settled on a gross basis in less than one year.

14. Called up share capital

	Allotted, called up and fully paid	
	2022 £	2021 £
Ordinary shares of £1 each	1	1

At 31 December 2022 and 2021, the company had 1 ordinary share of £1.

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Articles of Association do not set a maximum amount of shares that the company may allot.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to its shareholder.

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly. The company's capital structure fully satisfies its capital requirements and the company has no necessity or intention of altering the current position. Short and medium-term funding requirements are managed through the use of an intercompany facility with Eni Finance International S.A. Longer term funding or funding for a particularly large transaction may be sourced from a combination of using the existing facility with Eni Finance International S.A., parent or affiliated company loan, suitable long-term instruments, such as loans from third parties, or by raising additional equity.

ENI MOZAMBIQUE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15. Financial risk management

Financial risks are managed in respect of guidelines issued by the Eni S.p.A. board of directors in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. The company has access to the Eni group's financial resources in the form of capital contributions from its shareholder and short-term lending facilities from Eni Finance International S.A. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Effective management of the liquidity risk has the objective of ensuring the availability of adequate funding to meet short term requirements and due obligations as well as the objective of ensuring a sufficient level of flexibility in order to fund the development plans of the company's businesses.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2022	Less than one year £'000	More than one year £'000
Trade and other payables (note 13)	1,611	-

Trade and other payables will be settled on a gross basis.

As at 31 December 2021	Less than one year £'000	More than one year £'000
Trade and other payables (note 13)	5,674	-

The directors do not consider there to be a material exposure to price risk, interest rate risk, credit risk, foreign currency risk and cash risk given the limited activity of the company.

16. Capital commitments

At 31 December 2022, the company did not have any capital commitments (2021: £nil).

17. Post balance sheet events

The company's immediate parent company, Eni Lasmo Plc, has decided to make a contribution of £350,000 so that the company can fulfil all its financial obligations. The resolution was passed on 11th August 2023.