INTERIM FINANCIAL REPORT
AS OF JUNE 30, 2022

SAIPEM

MISSION

To complete extraordinary projects by pushing beyond the frontiers of innovation, opening the way for our clients to the energy of the future.

OUR VALUES

Creative intelligence; care for people and planet; striving for trust; enhancement of cultural identities

Disclaimer

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should or are considered likely to occur in the future and are outside of the Group's control. These include, but are not limited to: exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), the COVID-19 pandemic (including its impacts on our business, our ongoing projects worldwide and our procurement chain), in addition to changes in stakeholders' expectations and other changes affecting business conditions. Actual results could therefore differ materially from the forward-looking statements. The financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements are to be considered in the context of the date of their release. Saipem SpA is under no obligation to review, update or correct them subsequently, except where this is a mandatory requirement of the applicable legislation.

COUNTRIES IN WHICH SAIPEM OPERATES

EUROPE
Albania, Austria, Bulgaria, Cyprus, Denmark, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Spain, Switzerland, Turkey, United Kingdom

AMERICAS
Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Guyana, Mexico, Peru, United States, Venezuela

CIS
Azerbaijan, Georgia, Kazakhstan, Russia

AFRICA
Algeria, Angola, Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Gabon, Ghana, Kenya, Libya, Mauritania, Morocco, Mozambique, Nigeria, Senegal, South Africa, Tunisia, Uganda

MIDDLE EAST
Bahrain, Iraq, Israel, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

FAR EAST AND OCEANIA
Australia, China, India, Indonesia, Japan, Malaysia, Singapore, Taiwan, Thailand, Vietnam

BOARD OF DIRECTORS AND STATUTORY AUDITORS OF SAIPEM SpA

BOARD OF DIRECTORS[1]
Chairman
Silvia Merlo

Chief Executive Officer (CEO)
Francesco Caio

Directors
Roberto Diacetti, Alessandra Ferone,
Patrizia Michela Giangualano, Pier Francesco Ragni,
Marco Reggiani, Paul Schapira, Paola Tagliavini

BOARD OF STATUTORY AUDITORS[2]
Chairman
Giovanni Fiori

Statutory Auditors
Giulia De Martino
Norberto Rosini

Alternate Statutory Auditors
Francesca Michela Maurelli
Maria Francesca Talamonti

GENERAL MANAGER[3]
Alessandro Puliti

INDEPENDENT AUDITORS

KPMG SpA[4]

(1) Appointed by the Shareholders' Meeting on April 30, 2021, for 2021, 2022, and 2023 and in any case up to the date of the Shareholders' Meeting to approve the financial statements as at December 31, 2023.
(2) Appointed by the Shareholders' Meeting on April 29, 2020 for a three-year period and in any case up to the date of the Shareholders' Meeting to approve the financial statements as at December 31, 2022.
(3) Appointed by the Board of Directors on February 4, 2022.
(4) The Shareholders' Meeting of May 3, 2018 resolved to appoint KPMG SpA as the independent auditors from 2019 to 2027.

INTERIM FINANCIAL REPORT
AS OF JUNE 30, 2022

Approved by the Board of Directors on July 26, 2022.

INTERIM RESULTS

Introduction

As a result of the announced sale of Onshore Drilling, the results of the divested segment were recognised as discontinued operations in accordance with the provisions of IFRS 5. For comparative purposes, the comparative periods have been restated in accordance with this accounting treatment in all parts of the release of the half-year financial report. For more information, please refer to the section on operating performance in the "Interim Directors' Report".

Results from Continuing and Discontinued operations

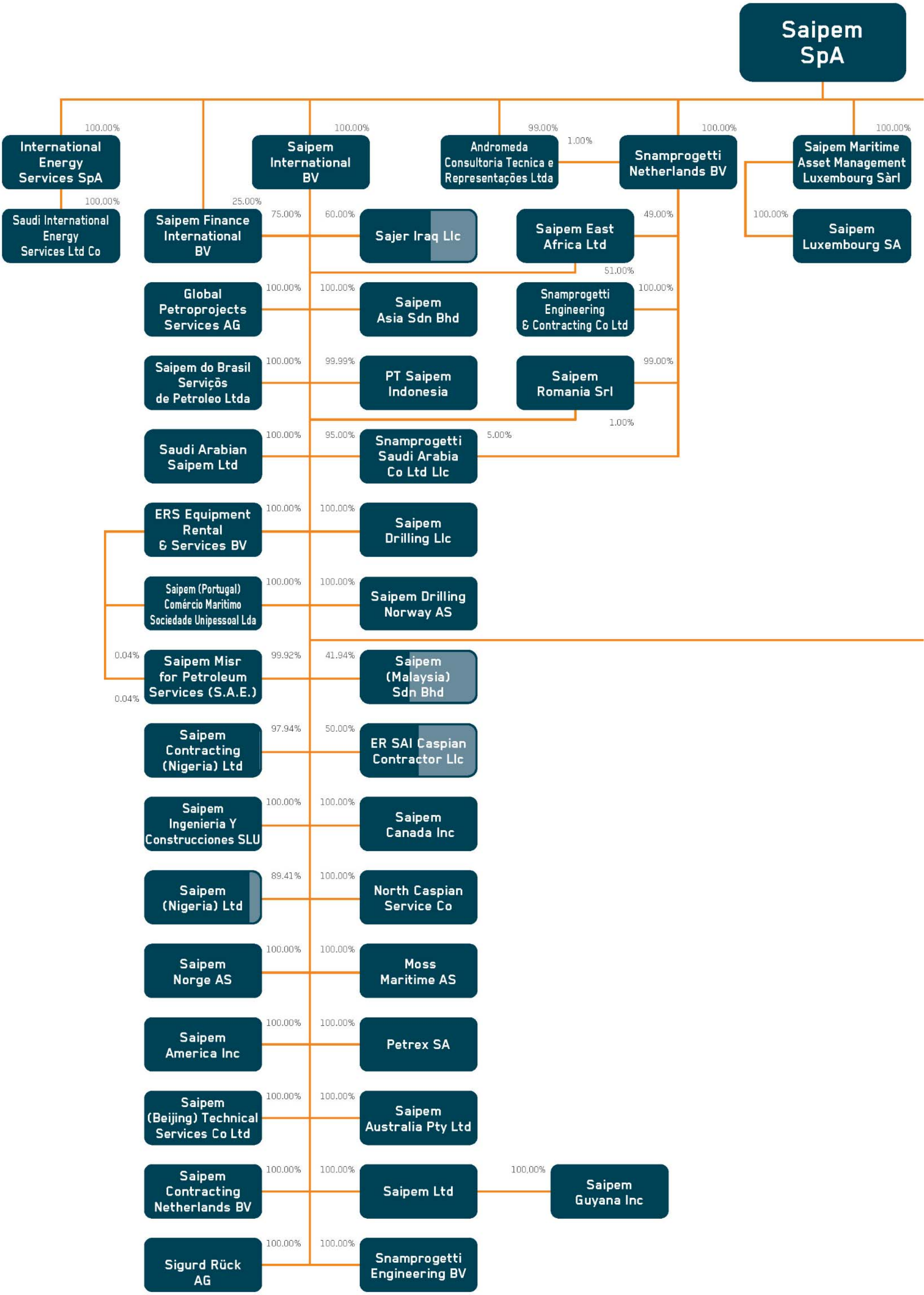
The positive market environment strengthens, and the recovery of the Group's operating performance continues, with business volumes and revenues returning to pre-pandemic levels.
The results for the half-year (including Discontinued operations) were up significantly compared to the first half of 2021 with revenue of €4,435 million (€3,200 million in the first half of 2021), which was 40% better than in the first half of 2021, and adjusted EBITDA of €321 million (negative €266 million in the first half of 2021).
€4.2 billion orders acquired, more than half of which in offshore E&C and drilling activities, in line with Strategic Plan priorities.
Implementation of the Plan continued specifically for asset enhancement, liquidity improvement initiatives (sale of the onshore drilling and FPSO vessel Cidade de Vitória) and cost reduction.
The results of the first half of the year improved visibility on the 2022 and Strategic Plan targets, which are confirmed.
On July 15, 2022, completed the capital increase of €2 billion.

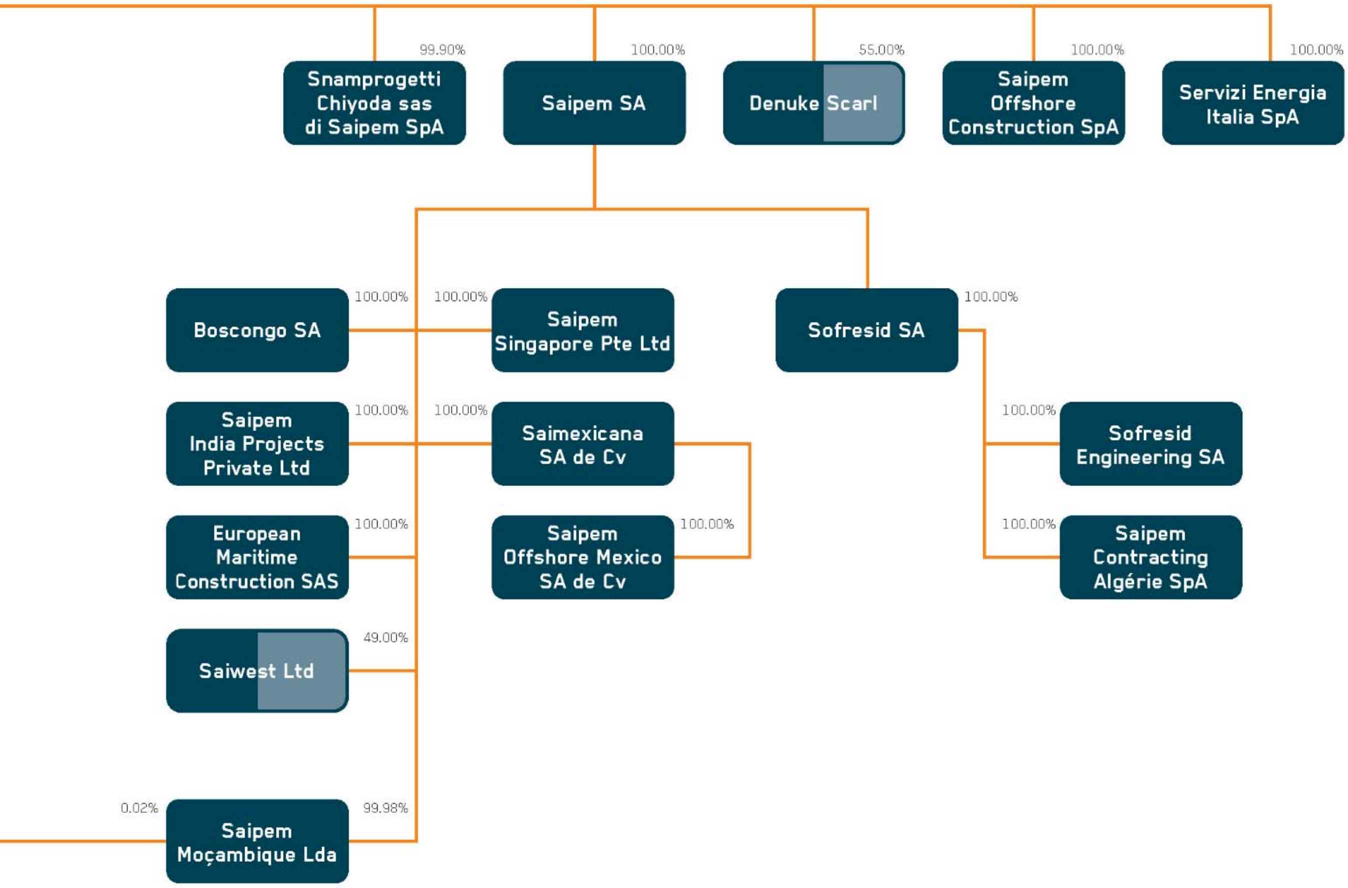
Continuing operations

Revenues for the first half of 2022 amounted to €4,187 million (€3,042 million in the first half of 2021) and **adjusted EBITDA** amounted to €263 million (loss of €296 million in the first half of 2021). The operating results reflect the improved operating performance compared to the first half of 2021, particularly for the Offshore activities, both Engineering & Construction and Drilling,
Offshore Engineering & Construction accounted for 49% of revenue; Onshore Engineering & Construction for 44% of revenue; Offshore Drilling contributed 7% of revenue.
The **Continuing operations adjusted net income** amounted to a loss of €104 million (a loss of €619 million in the first half of 2021). The positive change recorded in adjusted operating income (€532 million) is reduced by the slight deterioration in the balance of tax and financial operations totalling €17 million.
The **Continuing operations net profit** shows a loss of €123 million (loss of €739 million in the first half of 2021) and discounts against the adjusted net income charges from the healthcare emergency of about €14 million and reorganisation charges of €5 million.
The **net profit**, including the net profit from Discontinued operations of €7 million, recorded a loss of €130 million.
Capital expenditure made during the first half of 2022, mainly related to maintenance and upgrades, amounted to €86 million (€123 million in the first half of 2021).
Net financial debt as of June 30, 2022, before IFRS 16 lease liability effects amounted to €1,395 million, which, net of the payment made by the shareholder Eni for €458 million, recorded an increase of €630 million compared to December 31, 2021 (€1,223 million), mainly due to the cash absorption of projects subject to backlog review, the negative trend in the balance of advances from customers and suppliers, and investments for the period. Net debt inclusive of IFRS 16 lease liabilities, for €308 million, amounted to €1,703 million.
In the first half of 2022 Saipem was awarded **new contracts** amounting to a total of €4,228 million (€4,216 million in the first half of 2021). The **backlog** as of June 30, 2022, amounted to €21,097 million (€7,727 million in Offshore Engineering & Construction, €12,485 million in Onshore Engineering & Construction, and €885 million in Offshore Drilling), of which €4,267 million to be executed in 2022. The total amount includes the effects of cancellation of the remaining orders of the Moscow Refinery contract in Russia in the amount of €180 million, following termination during the second quarter.
As of June 2022, more than 76% of the backlog in Engineering & Construction is characterised by non-oil projects including LNG and renewables (energy efficiency).
The backlog including unconsolidated companies as of June 30, 2022, amounted to €22,707 million (€7,750 million in Offshore Engineering & Construction, €14,072 million in Onshore Engineering & Construction, and €885 million in Offshore Drilling), of which €4,878 million are to be executed in 2022.

STRUCTURE OF THE SAIPEM GROUP

(subsidiaries)


Saipem SpA
International Energy Services SpA
100.00%
Saudi International Energy Services Ltd Co
100.00%
Saipem International BV
100.00%
Andromeda Consultoria Tecnica e Representações Ltda
99.00%
1.00%
Snamprogetti Netherlands BV
100.00%
Saipem Maritime Asset Management Luxembourg Sàrl
100.00%
Saipem Luxembourg SA
100.00%
Saipem Finance International BV
25.00%
75.00%
Sajer Iraq Llc
60.00%
Saipem East Africa Ltd
49.00%
51.00%
Global Petroprojects Services AG
100.00%
Saipem Asia Sdn Bhd
100.00%
Snamprogetti Engineering & Contracting Co Ltd
100.00%
Saipem do Brasil Serviçõs de Petroleo Ltda
100.00%
PT Saipem Indonesia
99.99%
Saipem Romania Srl
99.00%
1.00%
Saudi Arabian Saipem Ltd
100.00%
Snamprogetti Saudi Arabia Co Ltd Llc
95.00%
5.00%
ERS Equipment Rental & Services BV
100.00%
Saipem Drilling Llc
100.00%
Saipem (Portugal) Comércio Marítimo Sociedade Unipessoal Lda
100.00%
Saipem Drilling Norway AS
100.00%
Saipem Misr for Petroleum Services (S.A.E.)
99.92%
0.04%
0.04%
Saipem (Malaysia) Sdn Bhd
41.94%
Saipem Contracting (Nigeria) Ltd
97.94%
ER SAI Caspian Contractor Llc
50.00%
Saipem Ingenieria Y Construcciones SLU
100.00%
Saipem Canada Inc
100.00%
Saipem (Nigeria) Ltd
89.41%
North Caspian Service Co
100.00%
Saipem Norge AS
100.00%
Moss Maritime AS
100.00%
Saipem America Inc
100.00%
Petrex SA
100.00%
Saipem (Beijing) Technical Services Co Ltd
100.00%
Saipem Australia Pty Ltd
100.00%
Saipem Contracting Netherlands BV
100.00%
Saipem Ltd
100.00%
Saipem Guyana Inc
100.00%
Sigurd Rück AG
100.00%
Snamprogetti Engineering BV
100.00%



The chart shows only subsidiaries

INTERIM DIRECTORS' REPORT

SAIPEM SpA SHARE PERFORMANCE

The beginning of 2022 was characterised by high tensions in the international financial markets, due to central banks' announcements of interest rate hikes, linked to rapidly rising inflation rates. These macroeconomic events determined a significant increase in markets volatility. The Russian invasion of Ukraine, officially started on February 24, 2022 triggered a fall in GDP estimates in the Euro area countries and a rise in the rate of inflation, causing a further increase in volatility on the financial markets.

The stock indices and Saipem share were affected by these unfavourable macroeconomic conditions. In the first half of 2022 the value of Saipem share registered a 45% decrease, while the FTSE MIB index registered a 22% decrease in the same period.

Apart from the macroeconomic context, the weakness of Saipem share was due to the announcement on January 31, 2022, in which the Company released the results of the backlog review, i.e., the detailed analysis of the portfolio of contracts started by management, in light of the ongoing pandemic situation and the increase of the prices of raw materials and logistics; this has shown a significant deterioration of the full-life margins on a number of Onshore Engineering & Construction and Wind Offshore Engineering & Construction projects affecting Saipem consolidated financial results. The Company also disclosed that the 2021 losses would erode the threshold of a third of the share capital.
The news led research analysts to revise their estimates downwards and determined a 30% decrease of the value of Saipem share in one day.

Following the announcement of January 31, on March 24 the Board of Directors approved an update of the 2022-2025 Strategic Plan, in conjunction with a Financial Package to strengthen the financial and capital structure of the Company. Among other measures, the Financial Package includes a capital increase of €2 billion to be completed within the end of the year. In the same context, main shareholders Eni and CDP were committed to underwrite a total of approximately 44% of the capital increase, in proportion to their respective holdings in the Company's share capital; the remaining part of around 56% was covered by an underwriting agreement with primary Italian and international banks.

The capital increase begun in June. The terms were set on June 22, including the issuance of 1,974,327,430 ordinary shares to offer as options to ordinary and savings shareholders, at a ratio of 95 new share to one existing share. The subscription price is fixed at €1.013 per new share, of which €0.021 as share capital and €0.992 as share premium.

The issue price of new shares embedded a discount of around 30% compared to the theoretical ex right price (TERP) of Saipem ordinary shares, calculated according to current methodologies on the basis of the reference price of Borsa Italiana SpA for Saipem shares as of June 21, 2022.

On July 15, 2022, the final outcome of the capital increase was communicated.

With the update of the 2022-2025 Strategic Plan, Saipem committed to a strategy of building a more resilient and focused business model to support the announced capital structure and liquidity targets. As part of the additional actions related to the 2022-2025 Strategic Plan, on June 1, 2022, an agreement was signed with KCA Deutag to sell the Onshore Drilling activities for $550 million cash, plus 10% shareholding in KCA Deutag.

From the point of view of trading flows, throughout the first half of 2022 trading in Saipem shares was characterised by high volatility and dominated by a speculative component in volumes, mainly due to short selling positions by some investors, and consequent hedging and pre-positioning in view of the capital increase. The share price was anchored to technical rather than fundamental dynamics.

At the end of the first half of 2022, Saipem's market capitalisation is insignificant, as it is affected by the ongoing capital increase. The average daily trade was of nearly 9 million shares, and the closing price as of June 30, 2022, was of €2.56.

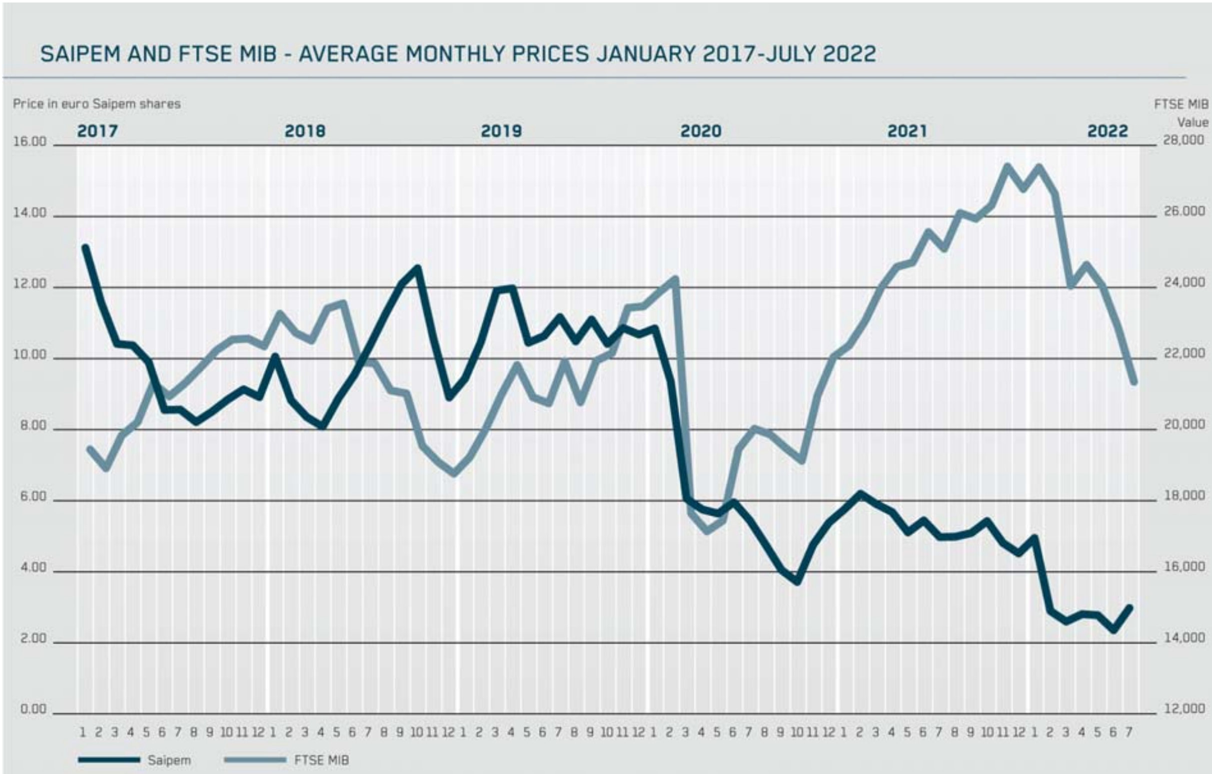
At the end of June, there were 1,059 savings shares, which were convertible at par with ordinary shares. Their value, affected by the very poor liquidity, recorded a decrease of about 80% during the half year, going from €350 at the beginning of the period to €73 at the end of the period.

It should be noted that, from a technical point of view, the number of ordinary shares was reduced to 21,231,361 as a consequence of two share groupings implemented in May and June.
The statistics included in the text and those below take into account the adjustments made to include the groupings and the "K" factor linked to the capital increase.

Details of performance during the reporting period are presented below.

Listing on the Milan Stock Exchange

(€)	2014	2015	2016	2017	2018	2019	2020	2021	First half 2022
Ordinary shares:									
- maximum	26.29	16.06	9.17	5.65	5.43	4.99	4.49	2.65	5.12
- minimum	10.46	8.94	3.02	2.96	3.10	3.22	1.36	1.92	1.25
- average	20.88	11.33	4.23	3.83	3.98	4.29	2.36	2.25	3.04
- end of the period	11.05	9.47	5.36	3.83	3.25	4.36	2.21	2.04	2.56
Savings shares:									
- maximum	128.74	110.71	62.00	60.00	41.80	44.20	44.20	45.00	350.00
- minimum	99.49	58.27	39.00	40.00	40.00	40.00	42.00	42.60	72.55
- average	113.96	96.28	57.17	46.13	40.27	41.43	43.37	44.37	199.03
- end of the period	110.71	58.27	54.10	40.00	40.00	42.00	45.00	42.60	72.55



Historic adjusted prices following the two equity groupings completed in the first half of 2022 and the "K" factor linked to the capital increase.

OPERATING REVIEW

Organisational structure

As of January 14, 2022, the Company adopted an organisational configuration divided into four distinct areas of business which, in line with the new organisation model, involves:

- the organisational and geographical centralisation of staff structures, aimed at achieving higher efficiency levels;
- the introduction of a central business department to manage the order intake and customer interaction within a "One Saipem" perspective, while ensuring the optimised management of regional and local structures on a global scale;
- the integration of project control and risk management processes within the Chief Financial Officer operating area, raising the level of sensitivity in risk analysis and management over the entire life cycle of projects;
- the division of the Saipem portfolio into four business lines, each with different dynamics, goals, and skills aimed at the technical and financial development of the offers and the management of projects in the execution phase. They will also be centres of excellence in technology and engineering, globally recognised by our customers:
  - Asset-Based Service - it aggregates businesses based on Saipem's asset portfolio, which includes Drilling, Sea Trunklines, Transportation & Installation, Subsea Development and the management of vessels and yards serving the Group's businesses;
  - Energy Carriers - evolution of Saipem's systems with a strong technological content, great attention to new energy carriers and circularity; it brings together the E&C business of "one-of-a-kind" Onshore and Offshore projects, enhancing the extent, depth, and quality of our technical and management skill portfolio;
  - Robotics and Industrialized Solutions - answering the new needs of the energy sector, it integrates the technical-operational skills dedicated to the development, engineering, and execution of modular, repeatable, and scalable systems, as well as the monitoring and maintenance services based on digital technologies;
  - Sustainable Infrastructures - to seize the opportunities of a sector that has become strategic in the energy transition ecosystem, which will hopefully by accelerated by the Italian Recovery Fund.

On February 4, 2022, the Board of Directors of Saipem approved, as an integration and completion of the new organisational structure, a new directorate general with wide operational and managerial delegations, by establishing a unit that will report to the General Manager aimed at strengthening the planning and financial control of orders and other management activities.
In addition, for the purpose of a better understanding of the new organisational model, it should be noted that the new business lines will reflect the following structure:

- Asset Based Services will include the Offshore E&C Division (excluding the Offshore Wind segment), Offshore Drilling, and Onshore Drilling;
- Energy Carriers will include the Onshore E&C Division (excluding the Sustainable Infrastructure segment);
- Robotics and Industrialized Solutions will include the Offshore Wind segment and the segments deriving from the modular plant and monitoring and maintenance service;
- Sustainable Infrastructures will include the Sustainable Infrastructures segment and the segments deriving from the sustainable mobility service.

Organisational structure: reporting

As a result of the above, the Company immediately implemented organisational initiatives to strengthen the governance of project acquisition activities; in fact, a central commercial function was introduced and, above all, the reporting of cross-functional evaluation and key decision-making processes back to top management was implemented, while the new reporting structure in accordance with IFRS 8 is still being fully implemented and/or adjusted to support the new organisational structure.
In particular, the precise definition of the organisational mechanisms of integration between the new departments and business lines and the related management-accounting-administrative mechanisms, including the interchange between the different business lines of services necessary for the development of individual projects (engineering, assets, etc.), the definition of delivery methods between central services (previously assigned to divisions) and business lines (project control, procurement, commercial), the assignment of the development of the same product to several business lines in relation to the implementation approaches pursued by each business (one of a kind, modular/scalable, offshore wind, etc.). It has been possible to unambiguously assign the projects managed to the new managers, but the amalgamation criterion is such that from the mere aggregation of the economic quantities relating to the individual projects it is not possible to arrive at a measure of gross operating margin (EBITDA) referring to each business line and, therefore, to the definition of quantitative parameters that can be used to assess their performance. Therefore, the Company has not yet established a management control system in line with the new organisational structure and, therefore, reporting information as required by IFRS 8 is not available to date. The Company, also in order to facilitate the financial market's

understanding of the evolution of the economic and financial performance related to the Strategic Plan objectives communicated to the market, during 2022, in continuity with previous years maintains the reporting structure based on the four divisions Offshore Engineering & Construction, Onshore Engineering & Construction and Offshore Drilling; the Onshore Drilling segment, as commented below, will be shown as Discontinued operations.
In the following pages devoted to the description of operating activities, reference will be made where possible to the aforementioned allocation of projects to business lines.

Continuing and Discontinued operations and non-current assets held for sale

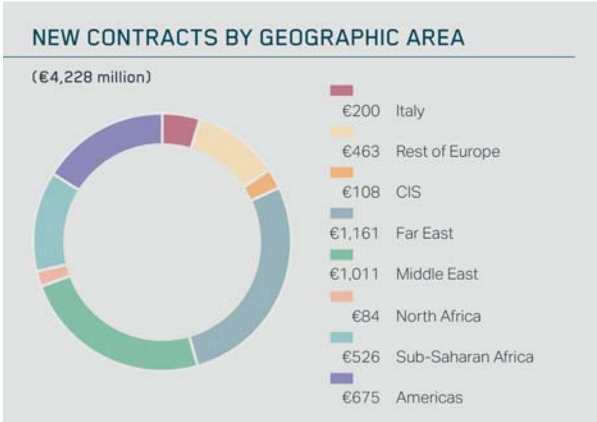
The operating profit, financial position, and cash flows for the first half and second quarter are represented, as well as overall, by distinguishing Continuing operations from Discontinued operations, by recognising the latter in accordance with IFRS 5.
The Onshore Drilling business is recognised in Discontinued operations because on June 1, 2022, Saipem and KCA Deutag ("KCA") signed an agreement for the sale of the Onshore Drilling business (the "DRON") for a consideration that includes a cash component of $550 million and a 10% of KCA's class A ordinary shares. The transaction does not involve any transfer of financial debts from Saipem to KCA.
The DRON sale is in line with the 2022-2025 Strategic Plan, with a view to active management of the asset portfolio.
Considering that the above-mentioned transaction will take place in fourth quarter 2022, the sector contributes to results as "Discontinued operation" in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".
In this Consolidated Interim Financial Report, the Onshore Drilling business is represented as "Discontinued operations" according to the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".
Therefore, the operating profit of the Discontinued operation are presented separately from Continuing operations in a single line in the income statement and limited only to transactions with third parties. The financial results for the comparison period have been presented again in accordance with the provisions of IFRS 5.
In addition, on June 27, 2022, Saipem and BW Energy signed a Memorandum of Agreement (MoA) for the sale, for $73 million, of the floating production, storage, and offloading (FPSO) unit Cidade de Vitória, currently owned by Saipem and operated operationally on behalf of Petrobras in the Golfinho field, off the coast of Brazil. Also in accordance with IFRS 5, this asset meets the criteria for classification as held for sale and has been shown separately from other assets on the balance sheet.

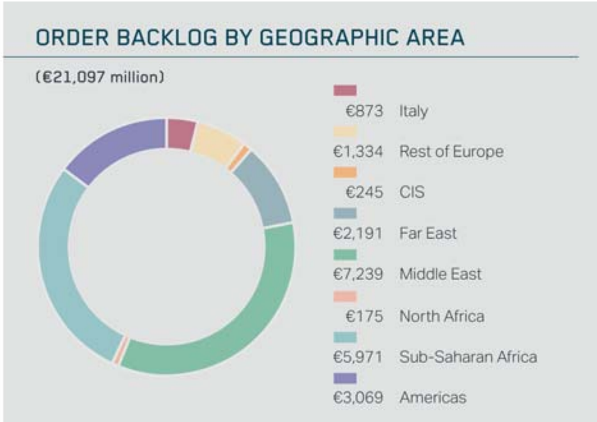
Market conditions

After witnessing, during the second half of 2021, a gradual recovery of economic growth, facilitated by the spread of vaccines and fiscal and monetary support in particular from some advanced economies, the first months of 2022 were characterised by a particularly challenging global scenario, burdened not only by the continuation of the pandemic but also by the context of instability generated by the Russia-Ukraine conflict. The economic recovery has shown some slowing indicators, with growth expected to be around 3.6% in 2022 over 2021, down from the projections available at the end of 2021. Among the various factors that contributed to the revision of the macroeconomic scenario, the sanctions imposed on Russia, rising inflation, tightening monetary policies, and the new round of restrictions in China, which is once again impacting global supply and production chains, were particularly influential.
Against this backdrop, after being among the most impacted during the pandemic period, the energy sector has begun to show several signs of recovery due to the recovery in demand for energy and oil and gas in particular. The rebalancing of market fundamentals, already visible during 2021, has led as a consequence to rising oil and gas prices, the latter peaking at over $120 per barrel in early 2022, well above pre-crisis levels. As demand recovers, albeit somewhat slowed by developments in the macroeconomic environment, the return to hydrocarbon production is occurring gradually across geographies, with widespread recovery in both North America and the Middle East. For the following years, consistent with a return toward pre-crisis levels in terms of geopolitical risk and energy demand, leading analysts expect a realignment of the price toward the values found in the market prior to the outbreak of the pandemic.
At the overall level, the positive signs visible to date have partially translated into a recovery of investments in the Oil&Gas sectors, also a symptom of a conservative strategy on the part of operators who confirm their objective, on the one hand, to maintain the soundness of their financial structure and, at the same time, to diversify their investment portfolio so as to respond to the growing pressures in terms of energy transition and CO_2 emission reduction targets.

New contracts and backlog

New order acquisitions during the first half of 2022 amounted to €4,228 million (€4,216 million in the same period of 2021).
Of the total acquisitions, 56% related to the Offshore Engineering & Construction business, 25% to the Onshore Engineering & Construction business, and 19% to Offshore Drilling.
New contracts to be carried out abroad made up 95% of the total; contracts awarded by Eni Group companies were 4% of the overall figure. Orders awarded to Saipem SpA amounted to 24% of the total.
Acquisitions of the Onshore Drilling sector - Discontinued operations amount to €638 million.





Saipem Group - Contracts awarded during the first half 2022

Year 2021		(€ million)	First half 2021		First half 2022	
Amount	%		Amount	%	Amount	%
1,868	27	Saipem SpA	1,565	37	1,030	24
5,084	73	Group companies	2,651	63	3,198	76
6,952	**100**	**Total**	**4,216**	**100**	**4,228**	**100**
4,000	58	Offshore Engineering & Construction	2,379	56	2,362	56
2,716	39	Onshore Engineering & Construction	1,711	41	1,052	25
236	3	Offshore Drilling	126	3	814	19
6,952	**100**	**Total**	**4,216**	**100**	**4,228**	**100**
32	1	Italy	44	1	200	5
6,920	99	Outside Italy	4,172	99	4,028	95
6,952	**100**	**Total**	**4,216**	**100**	**4,228**	**100**
413	6	Eni Group	287	7	177	4
6,539	94	Third parties	3,929	93	4,051	96
6,952	**100**	**Total**	**4,216**	**100**	**4,228**	**100**

The remaining backlog as of June 30, 2022 amounted to €21,097 million (€21,236 million as of December 31, 2021), €7,727 million for Onshore Engineering & Construction, €12,485 million for Offshore Engineering & Construction, and €885 million for Offshore Drilling, of which €4,267 million is to be completed in the second half of 2022. The total amount includes the effects of cancellation of the remaining orders of the Moscow Refinery contract in Russia in the amount of €180 million, following termination during the second quarter.
The breakdown of the backlog by sector is as follows: 37% in the Offshore Engineering & Construction sector, 59% in the Onshore Engineering & Construction sector, and 4% in Offshore Drilling. The residual order backlog of the Onshore Drilling - Discontinued operations sector amounts to €1,887 million.
96% of orders were on behalf of overseas customers, while orders from Eni Group companies represented 1% of the overall backlog. The parent company Saipem SpA accounted for 25% of the total order backlog.
The order backlog including non-consolidated companies was €22,707 million (€23,185 million as of December 31, 2021).

Saipem Group - Backlog as of June 30, 2022

June 30, 2021		(€ million)	Dec. 31, 2021		June 30, 2022	
Amount	%		Amount	%	Amount	%
6,150	28	Saipem SpA	5,415	25	5,203	25
15,836	72	Group companies	15,821	75	15,894	75
21,986	**100**	**Total**	**21,236**	**100**	**21,097**	**100**
7,632	35	Offshore Engineering & Construction	7,437	35	7,727	37
13,877	63	Onshore Engineering & Construction	13,439	63	12,485	59
477	2	Offshore Drilling	360	2	885	4
21,986	**100**	**Total**	**21,236**	**100**	**21,097**	**100**
1,043	5	Italy	927	4	873	4
20,943	95	Outside Italy	20,309	96	20,224	96
21,986	**100**	**Total**	**21,236**	**100**	**21,097**	**100**
439	2	Eni Group	296	1	193	1
21,547	98	Third parties	20,940	99	20,904	99
21,986	**100**	**Total**	**21,236**	**100**	**21,097**	**100**

Capital expenditure

Capital expenditure made in the first half of 2022 including investments related to Discontinued operations (€26 million) amounted to €112 million (€135 million in the first half of 2021) and mainly included:

- for Offshore Engineering & Construction €67 million: extraordinary maintenance works related to the first phase of the repair works on the Saipem 7000 vessel, following the accident on April 14, and maintenance and upgrading works on existing vessels, in particular FDS and FDS 2;
- for Onshore Engineering & Construction €7 million: purchase and maintenance of equipment;
- for Offshore Drilling €12 million: maintenance and upgrading interventions on assets;
- for Onshore Drilling (Discontinued operations) €26 million: upgrading of a rig intended to operate in Saudi Arabia, as well as maintenance and upgrading work on existing rigs.

In summary, investments in the first half of 2022 are as follows:

Capital expenditure

Year 2021	(€ million)	First half 2021	2022
38	Saipem SpA	9	13
260	Other Group companies	126	99
298	**Total**	**135**	**112**
150	Offshore Engineering & Construction	77	67
20	Onshore Engineering & Construction	5	7
76	Offshore Drilling	41	12
152	Onshore Drilling (Discontinued operations)	12	26
298	**Total**	**135**	**112**

Details of capital expenditure for the individual business units are provided in the following paragraphs.

OFFSHORE ENGINEERING & CONSTRUCTION

Introduction

The Offshore Wind segment and those from the offering of modular plants and monitoring and maintenance services will be spun off from the Offshore Engineering & Construction Division and flow into the new Robotics and Industrialized Solutions business line, while the remaining projects will flow into the Asset Based Services business line so comments to the projects being handled by the new business line managers are shown separately below: Asset Based Service and Robotics and Industrialized Solutions.

General overview

The Offshore Engineering & Construction operates in the Offshore sector with a portfolio of skills, assets, and services that allows coverage of a wide range of project types, including development of subsea fields, pipe-laying (including large diameters), and installation and lifting of offshore structures. The services offered cover the entire "life of the field" chain, from customer care in the pre-final investment decision phase to the development of the investment. They include engineering, implementation, installation, maintenance and modification activities, and ultimately, the decommissioning phase.
The service mentioned above are offered with complementary features, thanks to a fleet that can operate under complex operational and environmental conditions, to a network of construction yards and logistics bases in Nigeria, Angola, Brazil, Indonesia, Guyana, Italy, the United States, and Saudi Arabia; and decades of engineering and project management skills derived from experience in the sector. In particular, as of June 30, 2022, the fleet composes 31 vessels, 27 of which are owned by Saipem, and third parties own 4 while managed by Saipem. Among the main vessels are: the Saipem 7000, used for heavy lifting and decommissioning; the pipe-laying vessel Castorone, used for laying large-diameter pipes; the FDS and FDS 2, used for the development of subsea fields; the Saipem Constellation, used for field development activities thanks to its lifting and pipe-laying capabilities for reel-lay of rigid and flexible pipelines; the Saipem Endeavour, used for pipe-laying and lifting. The fleet and management facilities are also used for activities in the field of renewable energy (Offshore Wind segment). The Company, in order to optimise its production processes, pays special attention to technological innovations, automation and digitalisation.
Activities in the Offshore segment are pursued organisationally through two structures, one aimed at the SURF segment and one at Offshore Facilities and Pipeline, with the support of an Asset function dedicated to the management of ships, yards and logistic bases.

Market conditions

In the Oil&Gas market in general we are witnessing, already visible from 2021, a recovery of investments in Upstream in both deep water and shallow water, with relevant initiatives in the different segments: SURF (Subsea field developments), Trunkline (subsea pipelines for intra-well and onshore oil and gas transportation) and Conventional (offshore platforms and related production and processing facilities). The recovery is also being characterised in terms of commercial activity and related acquisitions, supporting expectations of recovery in the short to medium term.
Within the individual areas we note, in terms of the conventional market, the resilience of the Middle East shallow water-related sector. Saudi Arabia is proceeding with its major oil production-related developments, with a significant push also towards the development of non-conventional natural gas exchanges. Qatar continues to pursue its goal of further growth as a natural gas exporter, including through its own offshore gas fields (such as the North Field) to support increased liquefied natural gas production capacity. The United Arab Emirates is also moving forward with several initiatives, aimed at meeting domestic energy needs, to try to become totally independent of natural gas requirements for power generation. The conventional market is also experiencing increasing interest from operators in the North and West African areas where various developments, especially gas-related, are being pursued at different stages of progress.
Linked to gas developments, the export and transportation pipeline (Trunkline) market has always been patchy, occasionally featuring projects of considerable size. While some initiatives in Asia-Pacific still have uncertain lead times, several gas transportation infrastructure developments are emerging in the Mediterranean Sea that look promising, even in light of the current geopolitical situation.
The market for subsea developments, which has been among those that have suffered the most in the recent past and has seen several high-risk or less profitable projects delayed or cancelled, is gradually resuming activities while also seeking strategies to reduce their development costs. Recent months have seen strong signs

of recovery, with Brazil and the Gulf of Mexico as the preponderant regions, but also with Northern Europe, particularly Norway thanks to stimulus instituted to counter the effects of the crisis. In Guyana, developments are proceeding at full speed, and there are also signs of imminent recovery in the African market, especially in West Africa, with countries such as Angola, Côte d'Ivoire, Nigeria, and Congo anticipating major developments given the success of recent exploration campaigns.
The offshore renewable energy market, including wind power, continues its growth supported by considerable interest from investors and operators, despite critical issues that have emerged related to global supply chains. Commercial and executive activities are expected to increase, with a high level of activity related to developments in Northern Europe (including France), Asia-Pacific, as well as emerging regions, including the United States. Technological developments, partnerships, and robust capital inflows are expected to support the growth of this segment, both in the fixed and floating arena, in the near future and in the long term.

Capital expenditure

Investment activities carried out during the first half of the fiscal year focused on the execution of works aimed at class reinstatement, adaptation of vessels to international regulations and specific requests of projects in the portfolio and clients. During the half-year, extraordinary maintenance work was carried out related to the first phase of repair work on the vessel Saipem 7000, following the April 14 accident. Vessels covered by the activities described above included mainly the FDS and FDS 2 vessels and the Saipem Constellation. Activities were also carried out to prepare and schedule maintenance and retrofitting work to be carried out in the second part of the fiscal year and in 2023.

New contracts

The most significant acquisitions during the first half of 2022, related to the Asset Based Services business line, are:
- for Scarborough Joint Venture, a contract for the installation and lining of the export trunkline of the gas pipeline that will connect the Scarborough gas field with the corresponding onshore facility;
- for Esso Exploration and Production Guyana Ltd (EEPGL), part of the ExxonMobil group, a contract for the development of the Yellowtail project in the Stabroek offshore block off Guyana at a depth of approximately 1,800 metres;
- for Saudi Aramco, four new contracts that include engineering, procurement, construction, and installation of various offshore jackets, bridges, subsea pipelines, composite underwater cables, umbilicals, fibre optic cables, and brownfield modifications.

Work performed

The following are the major projects, related to the Asset Based Services business line, being executed or completed during the first half of 2022.

Americas
In Guyana, for ExxonMobil:
- pipelay and installation activities were completed for the **Liza Phase 2** project, including the engineering, procurement, fabrication, and installation of risers, umbilicals, manifolds, flowlines, well connections, and related facilities for developing the Liza field; the project saw the use of the FDS 2 and Saipem Constellation vessels;
- operations are ongoing for the **Payara** project, which includes the engineering, procurement, fabrication, and installation of risers, umbilicals, flowlines, well connections, and associated facilities for the development of the Payara and Pacora fields. During the half-year, the campaign plan for the FDS 2 in 2022 was completed, and the 2 campaigns on the project involving the FDS 2 and the Saipem Constellation are currently in preparation;
- engineering and procurement activities began on the **Yellowtail** project, the purpose of which is to install umbilicals, risers, and flowlines; installation activities are scheduled for 2024 using the FDS 2 and Saipem Constellation vessels.

Engineering activities are proceeding in the Gulf of Mexico for Chevron for the **JSM-4** project, the scope includes the engineering, transportation, and installation of two modules (a generation module weighing 1,150 tonnes and a water injection module weighing 4,350 tonnes) onto Chevron's existing/operating FPU facility. Installation activities are planned in 2023.

In Brazil, for Petrobras:
- engineering and procurement activities are progressing for the **Buzios 5** project, which includes engineering, procurement, fabrication, and installation of Steel Lazy Wave Risers (SLWR), umbilicals, manifolds, flowlines, well connections, and related facilities for the development of the Buzios field; installation activities are planned in 2023 with the FDS vessel;

- work has begun on the execution of the **SURF EPCI Buzios 7** project, which includes the engineering, procurement, construction, and installation of the SLWR and the corresponding interconnecting flowlines between the subsea wells and the FPSO unit, as well as the associated service lines and control umbilicals. In addition, Saipem will be responsible for the supply and installation of the FPSO unit's anchors and its attachment to the reservoir. Installation activities are planned in 2024 with the Saipem Constellation vessel.

In Argentina, for Total, the activities relating to the **Fenix** project started with the laying of a 37-km pipe; the operational activities in 2023 are to be carried out using the vessel Castorone.

Mediterranean
in Egypt, for Petrobel, transport and installation activities were completed for connections to the additional wells requested by the client for the **Zohr** project; the operational activities involved the FDS and Castorone vessels.

In Turkey, for Turkish Petroleum, transportation and installation of the **Sakarya** project have continued; the project saw the use of the vessel Castoro 10 in the first half-year, while in the second half-year, the pipe-laying vessel Castorone will add its involvement.

In Greece, for Gastrade, the **Alexsandroupolis** project started pipe-laying activities, which will carry out in 2023 with the use of the Saipem 3000 and Castoro 10 vessels.

Africa
In Angola, for Eni, engineering, procurement, and fabrication activities continued for the **Agogo Early Phase 2** project for the construction of two production pipelines; operational activities are scheduled to begin in the second half of the year and will involve the FDS and Saipem Constellation vessels.

In Mauritania and Senegal, for BP, work continued on the **Tortue** project, the scope of which includes the engineering, procurement, fabrication, installation, hook-up, and commissioning of a breakwater, the associated jetty, and a raised platform for the transport of gas in co-development between Senegal and Mauritania; the fabrication of the structures will utilise the Karimun yard, while the Saipem Constellation vessel is expected to be deployed during the remainder of 2022.

Middle East
In Saudi Arabia, for Saudi Aramco, activities continued under the **Long Term Agreement** signed with the client. The activities carried out during the half-year mainly involved the deployment of Saipem vessels Endeavour and Dehe.

In Qatar:
- for KJO, activities continued for the **Laying of New Hot Crude Line** project, which includes the engineering, procurement, construction, installation, and the start of a new line for transporting crude oil; the installation activities will start in the second half of the year using the Saipem Endeavour vessel;
- for Qatargas, activities continued for the **North Field Production Sustainability** project, including the engineering, procurement, construction, and installation of subsea and onshore pipelines, jackets, wellhead platforms, and supporting activities; the operations will start in the second half of the year with the use of the vessel Dehe.

Caspian Sea
In Azerbaijan:
- for BP, the **ACE (Call-off 002)** project was completed, while work continued on the **ACE (Call-off 006)** projects;
- for Total and Bos Shelf, activities continued for the **Absheron URF and Absheron T&I** projects;
- for Bos Shelf, activities were completed for the **Umid Babek** project.

Oceania
In Australia:
- for Chevron, preparatory work continued on the **Jansz-Io** project, which includes the transport and installation of a subsea compressor station, manifold, field control station, as well as umbilicals and other facilities. The offshore activities will be conducted in two phases. Operations will start in 2024 with the use of the vessels FDS and Saipem Constellation;
- for Woodside, preparatory work continued for the **Scarborough** project, which includes the laying of a 400 km large-diameter pipeline; the operations will be carried out in the last quarter of 2023 by the pipe-laying vessel Castorone.

The following are the major projects, related to the Offshore Wind segment, under execution or completed during the first half of 2022.

United Kingdom

- for of Neart na Gaoithe, under the **NnG Offshore Windfarm** project, operational activities are proceeding in line with the schedule agreed with the customer, including the fabrication of 46 jackets at the Karimun base in Indonesia; in Scotland, the fabrication of 8 jackets is proceeding; the offshore installation of the two offshore jacket substations (OSS) and one of the two topsides has been completed; the vessel Saipem 3000 is continuing the installation of foundation piles and drilling activities are underway using the vessel Blue Tern provided by the client;
- for Subsea 7, as part of the **Seagreen** project, the first offshore campaign of jacket installation has been completed and the second phase of offshore work has begun; through the use of the Saipem 7000 vessel returned to operation after the accident last April 2022;
- for Dogger Bank Offshore Wind Farms at the Arbatax yard in Italy, fabrication activities of the **two offshore substation jackets** continue; offshore installation is scheduled for the second quarter of 2023.

France

- for Ailes Marine, part of the Iberdrola group, as part of the **Saint Brieuc OSS** (offshore electrical substation) project, the Saipem 7000 vessel arrived at the offshore site at the end of the semester and began preparation activities for the installation of the OSS (offshore electrical substation) scheduled to be completed in July;
- for EDF Renewables, Enbridge Inc and wpd Offshore, as part of the **Fécamp** project, the fabrication of the 71 concrete foundations (GBS - Gravity Base Structures) is nearing completion, which will be installed by a third-party vessel following the accident to the Saipem 7000 vessel in April 2022, from August 1, 2022;
- for Eoliennes Offshore du Calvados (EDF Renewables, Enbridge Inc and WPD Offshore), **Courseulles** project the fabrication of 64 monopiles planned to support wind turbine generators (WTGs) has been completed while the first transition structures (monopile-WTGs) are being delivered; offshore installation is expected to begin in late 2023 using a vehicle, self-lifting jack-up type, leased from a third party; meanwhile, analysis of seabed drilling activities required for monopile installation is underway with the support of specialised suppliers.

Taiwan

- for Jan De Nul, at the Karimun yard, the fabrication of 32 jackets for the **Formosa** II wind farm in Taiwan was completed; with the delivery of the jackets to the customer, project operations were completed.

Offshore fleet as of June 30, 2022

Saipem 7000	Self-propelled, semi-submersible, dynamically positioned crane and pipelay vessel capable of lifting structures of up to 14,000 tonnes and J-laying pipelines at depths of up to 3,000 metres.
Saipem Constellation	Dynamically positioned vessel for the reel-lay of rigid and flexible pipelines in ultra-deep-water depths. It is equipped with a 3,000 tonnes crane and a laying tower (800 tonnes capacity) equipped with two tensioners each with a 400 tonnes capacity.
Saipem FDS	Dynamically positioned vessel used for the development of deep-water fields at depths of over 2,000 metres. Capable of launching pipes of up to 22" in diameter in J-lay configuration, able to lay quadruple joint pipes (52-metre strings) with a holding capacity of up to 750 tonnes and a crane with lifting capacity of up to 600 tonnes.
Saipem FDS 2	Dynamically positioned vessel used for the development of deep-water fields; it has a J-lay tower with a holding capacity of up to 2,000 tonnes; capable of launching pipes with a maximum diameter of 36"; able to lay quadruple joint pipes (52-metre strings) at depths of up to 3,000 metres. Also capable of operating in S-lay mode with a crane with a lifting capacity of up to 1,000 tonnes.
Castoro Sei	Semi-submersible pipe laying ship with mooring system for laying pipelines of large diameter and in depths up to 1,000 metres.
Castorone	Dynamically positioned pipe-laying vessel operating in S-lay mode with an S-lay stern stinger of over 120 metres consisting of three sections for shallow and deep-water operations, a tensioning capacity of up to 750 tonnes, pipelay capability of up to 60 inches, onboard fabrication facilities for double and triple joints and pipe storage capacity in cargo holds.
Saipem 3000	Monohull, self-propelled, dynamically positioned lifting vessel, with drilling tower, capable of laying flexible pipes and umbilicals in deep waters (3,000 metres) and lifting heavy loads of up to 2,200 tonnes.
Dehe	Dynamically positioned (leased) vessel for laying pipes and lifting heavy loads of up to 5,000 tonnes, capable of deep-water installations up to depths of 3,000 metres and laying pipes with a tensioning capacity of up to 600 tonnes in S-lay mode.
Saipem Endeavour	Barge for lifting heavy loads and laying pipes (in S-lay mode), suitable for launching single- or double-joint pipes of up to 60" in diameter for shallow and deep-water operations, with a tensioning capacity of up to 260 tonnes, equipped with a floating launch ramp composed of three sections for deep-water operations, a mini ramp with adjustable structure for shallow-water operations, and a rotating crane with a 1,100 tonne capacity.
Castoro 10	Trench/pipelay barge capable of burying pipes of up to 60" diameter in shallow waters.
Castoro 12	Pipelay barge capable of laying pipes of up to 40" diameter in ultra-shallow waters of a minimum depth of 1.4 metres.
Castoro 16	Post-trenching and back-filling barge for pipes of up to 40" diameter in ultra-shallow waters of a minimum depth of 1.4 metres.
Ersai 1	Heavy lifting barge equipped with two crawler cranes, capable of carrying out installations whilst grounded on the seabed and of operating in S-lay mode. The lifting capacities of the two crawler cranes are 300 and 1,800 tonnes, respectively.
Ersai 2	Work barge equipped with a fixed crane capable of lifting structures of up to 200 tonnes.
Ersai 3	Support barge with storage space, workshop, and offices for 50 people.
Ersai 4	Support barge with workshop and offices for 150 people.
Bautino 1	Shallow water post trenching and backfilling barge.
Bautino 2 and 3	Cargo barges for the execution of tie-ins and transportation of materials.
Ersai 400	Accommodation barge for up to 400 people, equipped with gas shelter in the event of an evacuation due to H_2S leaks.
Castoro XI	Heavy-duty cargo barge.
Castoro 14	Cargo barge.
S42	Cargo barge, currently used for storing the J-lay tower of the Saipem 7000 (being phased out).
S43	Cargo barge.
S44	Launch cargo barge, for structures of up to 30,000 tonnes.
S45	Launch cargo barge, for structures of up to 20,000 tonnes.
S46	Cargo barge.
S47	Cargo barge.
S 600	Launch cargo barge, for structures of up to 30,000 tonnes.

ONSHORE ENGINEERING & CONSTRUCTION

Introduction

The Sustainable Infrastructure segment and those from offering services related to sustainable mobility will be spun off from the Onshore Engineering & Construction Division and will merge into the new Sustainable Infrastructures business, while the remaining projects will merge into the Energy Carriers business line so comments on the projects that are managed in the two business lines are shown separately below: Energy Carriers and Sustainable Infrastructures.

General overview

The Saipem Group's Onshore Engineering & Construction is focused on the execution of large-scale projects with a high degree of complexity in terms of engineering, technology, and operations, with a strong bias towards challenging projects in difficult environments and remote areas.
Saipem enjoys a worldwide leading position, providing a complete range of integrated basic and detailed engineering, procurement, project management and construction services, principally to the Oil&Gas, complex civil and marine infrastructure and environmental markets.

Market conditions

The reference market for Onshore Engineering & Construction is expected to develop in the primary reference areas of the Saipem Group, specifically in the Middle East, Africa, and Europe, with an expected positive growth for 2022 and in the medium term. Regarding the current year, there are recovery signs in the primary reference segments of the Group, specifically in the markets upstream (for instance, floaters) and midstream (LNG and regasification).
In this context, Saipem intends to adopt a strategy focused on projects with a higher added value and mostly in the LNG segment and gas valorisation and floaters, in line also with the expected market trends.
The volumes of the contracts awarded in the first half of 2022 in the reference market for the business line is mostly associated with the gas monetisation and floaters segments.
In the short-to-medium term, there is persistence in the midstream and downstream segments, where expectations of significant investment volumes in the gas monetisation and fertilisers sectors in the Americas, Africa, the Middle East, and Europe, and in the petrochemicals sector in the Middle East and Asia remain confirmed. The LNG market, even following the Russia-Ukraine conflict, shows a relaunch of the medium-term initiatives in the Middle East and in Africa, primary sources for gas supply alternative to Russian gas. Similarly, there is a relaunch of the pipeline prospects in Europe and in the Middle East. In the upstream and pipelines segment, following the sharp slowdown in the last two years, signs of a strong recovery of investments in the Arab Emirates and Saudi Arabia are now visible. In the floaters segment, significant volumes are expected in Latin America, Africa and (partially) Asia.
As far as renewables (solar) and green technologies in general (hydrogen, biofuels, and biochemistry) are concerned, the visibility of projects in Europe, North Africa and the Middle East is increasing. Specifically, investments in the renewables sector (i.e., solar) have been severely impacted by the strong uncertainty in the supply chain of photovoltaic panels.
The reference market for the infrastructure sector has expectations of growing investments linked to the economic stimuli triggered by the impacts of the COVID-19 pandemic.
Regarding the infrastructure sector, the approach will focus on taking advantage of the opportunities arising from the investments expected in the National Recovery and Resilience Plan (PNRR).
In the short-medium term, the infrastructure sector confirms the positive signs of major investments in high-speed rail in Italy, mainly in relation to the prospects arising from the PNRR (National Recovery and Resilience Plan).

Capital expenditure

In the Onshore Engineering & Construction sector, the investments incurred in the first half of 2022 are related to the purchase and maintenance of equipment; in addition, in Canada, the testing and startup phases of the Saint-Felicién plant, which is included in the scope of the CO_2 Solutions technology acquisition, were completed.

New contracts

The most significant acquisitions in the first half of 2022 related to the Energy Carriers business line are as follows:
- for Perdaman Chemicals and Fertilizers, in Australia, and in partnership with the local company Clough, a new contract for the urea production plant called Burrup Fertilizer Complex;
- for Shell, in Brazil, in joint venture with BW Offshore, a limited notice to proceed per the construction of a production and storage floating unit (FPSO) for the development field "Gato do Mato" offshore Brazil;
- for Coral FLNG SA (JV of Eni and other partners), in Mozambique, an eight-year contract for maintenance services (plus an optional one) of Coral's FLNG unit.

Work performed

The following are the largest and most significant projects, related to the Energy Carriers business line, being executed or completed during the first half of 2022.

In Saudi Arabia:
- for Saudi Aramco:
  - the **Hawiyah Gas Plant Expansion** project is under execution for the expansion of the Hawiyah gas treatment plant located in the south-eastern part of the Arabian Peninsula;
  - final mechanical completion was achieved on both EPC (Package 1 & 2) contracts for the **Jazan Integrated Gasification Combined Cycle** (gasification plant combined with a combined power cycle for electricity generation) project. Assistance is being provided to the customer to start running the plant, and the activities related to the mechanical warranty period for the plant are almost completed;
  - mechanical completion was achieved for the EPC **Khurais** project, involving the extension of the onshore production centres in the fields of Khurais, Mazajili, Abu Jifan, Ain Dar, and Shedgum. The project is in the closing phase of the warranty period;
  - the **South Gas Compression Plants Pipeline Project** related to the development of the Haradh Gas Plant (HdGP) located in the east of the country is in full execution phase, and on some areas it is nearing mechanical completion and pre-commissioning stages. The project involves the review of detailed engineering developed by the customer, the procurement of all materials except for the carbon steel line pipe, lined plant lines and related valves supplied by the customer, as well as construction, pre-commissioning and commissioning assistance;
  - civil and piping prefabrication work is underway at the site for the **Marjan** project, an EPC contract for the implementation of "Package 10" of the field development programme of the same name, which includes gas processing, sulphur recovery and tail gas treatment trains;
  - civil and mechanical works began at the construction site for the **Berri** project, an EPC contract to increase the capacity of the Berri camp through the construction of new facilities in Abu Ali and Khursaniyah. On site, work is underway to modify the existing facilities, preparatory to the subsequent expansion;
  - the **Jafurah** project, recently awarded, which includes the execution based on an EPC Lump Sum of approximately 800 km of various types of pipelines and features within the development programme for the Jafurah gasfield located on the border between Saudi Arabia and Qatar, is in the engineering phase and, regarding procurement, the purchase order for all the pipelines in RTR has been issued;
- for Petro Rabigh (joint venture between Saudi Aramco and Sumitomo Chemical), the mechanical completion has been reached for the additional works related to the **Utilities and Offsite Facilities** package and the plant is in the commissioning phase by the customer.

In Kuwait:
- for Kuwait Oil Co (KOC), for the **Feed Pipelines for the New Refinery** project, the mechanical completion operations and the first commissioning stages began. The contract includes engineering, procurement, construction, and commissioning activities related to the development of the new connection lines and related pumping station and measurement of the new Al Zour refinery located in south Kuwait;
- for Kuwait Integrated Petroleum Industries Co (KIPIC), in joint venture with Essar Projects Ltd, engineering and procurement activities are completed, while construction activities related to the **Al-Zour Refinery** project are near completion. The contract encompasses design, procurement, construction, pre-commissioning, and assistance during commissioning tests, start-up, and checks on the performance of tanks, related road works, buildings, pipelines, piping support frames, water works and control systems for the Al-Zour refinery.

In Iraq, for Exxon, under the **West Qurna I** project, site activities are being completed and closed. The installation of prefabricated modules is completed. The project involves the execution of infield engineering, pre-fabrication, and construction relating to some tie-ins to existing plants owned by Bassra Oil Co.

In Oman, for Duqm Refinery and Petrochemical Industries Co Llc, engineering and procurement activities are completed, and construction activities for the **Duqm Refinery package 3** project are also at an advanced stage of completion.

In Israel, for the Haifa Group, as part of the **Ammonia Plant** project, engineering and procurement activities started, as well as the first on-site construction activities for the construction of an Ammonia unit at the Mishor Rotem site.

In the United Arab Emirates, for ADNOC Sour Gas – a subsidiary of Abu Dhabi National Oil Co (ADNOC) – engineering and procurement activities are underway, and site construction activities have started for the **Optimum Shah Gas Expansion (OSGE) & Gas Gathering** project. During the first half of the year the activities to be conducted as part of the plant shutdown were completed. The contract entails the expansion and strengthening of the already operating Shah plant.

In Indonesia, for BP Berau Ltd, in joint venture with PT. Tripatra Engineers and Constructors, PT. Tripatra Engineering, PT Chiyoda International Indonesia, Chiyoda Corp, and PT Suluh Ardhi Engineering, engineering, material procurement, material delivery logistics, and infrastructure construction activities were completed for the **Tangguh LNG Expansion** project. At the same time, mechanical work and commissioning activities are underway for the plant units of the project, which includes the construction of the site's third onshore LNG train and auxiliary services, an LNG jetty and related infrastructure.

In Thailand:
- for PTT LNG Co Ltd (PTTLNG), in joint venture with CTCI Corp, for the **Nong Fab LNG** project, the home office (engineering and procurement) activities have been completed in Taipei. The equipment and materials have been fully delivered to the site, construction activities continue focused on the completion of the piping circuits with mechanical seal tests, the LNG storage tanks are substantially completed (the first tank has already been filled with LNG after the first ship offloading), the subsea tunnels for seawater intake and discharge pipelines have been completed (2 of the 4 required), the jetty has been completed and is in operation following the unloading of the ship. The project includes the construction of a regasification terminal, including storage tanks and a jetty for importing LNG;
- for Thai Oil, in joint venture with Petrofac International (UAE) Llc and Samsung Engineering Co Ltd, the **Clean Fuel** project is in progress, involving the construction and start-up of new units within the Sriracha refinery located around 130 kilometres from Bangkok. Design and procurement activities are being completed. The manufacturing, delivery, piping prefabrication, and module fabrication activities continue in the yards. The civil works, buildings, underground works, and installation of metal structures are being implemented on site. The first modules, a substantial part of the equipment and the reactors have already been transported and installed at the site.

In Nigeria:
- for Dangote Fertilizer, activities related to the execution of the Commercial and Performance Tests are ongoing for the **Dangote** project for the new ammonia and urea production complex. Specifically, during the first half of the year, the commissioning and start-up activities have also been completed for the second production line (train 2). The scope of work encompasses engineering, procurement, construction supervision and commissioning of two twin production streams and related utilities located at the Lekki Free Trade Zone, Lagos State;
- for Nigeria LNG Ltd (NLNG), engineering activities and procurement services are ongoing, and construction activities (villages, marine works, and foundations) started under the EPC **LNG Bonny Train 7** contract for the engineering and construction of a LNG plant, in joint venture with Daewoo and Chiyoda Corp. The project involves the construction of a double natural gas liquefaction plant, as well as all the necessary utilities and port facilities for export, for the expansion of the existing LNG plant at Finima on Bonny Island.

In Mozambique, for Total Energies E&P Mozambique Area 1 Ltda (which acquired Anadarko interests during 2019 for the Mozambique LNG project), in joint venture with McDermott Italia Srl and Mirai Engineering Italy Srl. The Project includes the construction of a **LNG plant** consisting of two LNG liquefaction trains, as well as all the relevant infrastructures, storage tanks, and port facilities for export. However, due to the unsafe situation in northern Mozambique – which culminated on March 24, 2021, in a series of armed attacks near the city of Palma – following the instructions of customer Total, activities at the site have been suspended. Saipem evacuated the site, continuing to manage a residual part of the project activities not subject to suspension, outside the country. Saipem has also been cooperating and having contact with the customer to implement measures to preserve the value of the project and ensure a prompt resumption of work as soon as safety conditions in the area are restored.

In Uganda, for Yaatra Africa (which is developing and managing the investment on behalf of the Ugandan government), the first phase of FEED has been delivered for a **grass roots refinery** at Hoima with the corresponding pipeline of over 200 kilometres and remote storage near Kampala. The refinery is part of the largest Ugandan project which aims to make the most out of discovered oilfields in Albertine Graben, near Lake Albert.

In Angola:
- for Solenova (JV between Sonangol and Eni), engineering, material procurement and construction activities are underway for the construction of a **solar power plant** interconnected to the National Grid;

- for Eni, the **Quiluma and Maboqueiro Project for the Onshore Gas Treatment Plant** started for the construction of a grass roots plant for gas treatment and compression in the northern region of the country. A first contract is currently being executed, which includes preliminary EPC project activities related to basic and detailed engineering, as well as procurement services for incorporated materials and construction subcontracts.

In Russia, for GazpromNeft, the project for the construction of a **unit for sulphur recovery for the Moscow refinery** was terminated due to the area's geopolitical conditions (Russia-Ukrainian crisis) in line with the measures and sanctions issued by the EU.

In Italy:
- for Eni New Energy, the **Trecate photovoltaic plant** has been completed.
- as part of the Sustainable Infrastructures business line, for Rete Ferroviaria Italiana as part of the CEPAV 2 Consortium, for the **CEPAV 2 High-Speed Brescia Est-Verona** project, construction activities are in progress along the whole section. With regard to the excavation of the Lonato natural tunnel, on the critical tract of the project, about 3.5 km of the first tunnel (about 74%) have been excavated. As of June 30, 2022, a total of 5 public contracts were awarded by the Consortium through a European tender; the last 3 contracts will be awarded between 2022 and the beginning of 2023.

Floaters

Saipem-owned assets belonging to the FPSO segment are two: **Cidade de Vitória**, a production, processing, storage, and offloading vessel with a production capacity of 100,000 barrels a day and the **Gimboa**, a production, processing, storage, and offloading vessel with a production capacity of 60,000 barrels a day. It should be noted that as a result of the agreement with BW Energy for the sale of the half Cidade de Vitória that will be finalised upon completion of the operating project, in accordance with IFRS 5, this asset meets the criteria to be classified as held for sale and has been shown separately from other assets in the balance sheet.

Work performed

The following are the largest and most significant projects being executed or completed during the first half of 2022.

In Russia, for the customer Arctic LNG2 Llc, the activities related to the two projects **Arctic LNG 2 - GBS**, in joint venture with RHI Russia BV (subsidiary of Renaissance Heavy Industries Llc), and **Arctic LNG 2 - Topsides**, in joint venture with Techinp and NIPI, will be concluded with a timeline consistent with the sanctions framework.

In the United Arab Emirates, for Eni, as part of the Agreement for Preliminary Activities, work began on the restructuring and transformation of the **FPSO Florence 2** to support the start of production at the Baleine field in the Ivory Coast.

In Brazil:
- for Petroleo Brasileiro (Petrobras), in joint venture with Daewoo Shipbuilding & Marine Engineering (DSME), engineering and procurement activities are ongoing on the **P-79** project, for the construction of a floating production and storage unit (FPSO) for the development of the Búzios offshore field in Brazil;
- for Shell, in joint venture with BW, at the end of September, preliminary engineering activities started for the development of the FPSO for the **Gato do Mato** field.

In Indonesia, FEED activities for an **LNG floater unit** are underway for Petronas. The unit has a minimum production capacity of 2 million tonnes of LNG per year.

Finally, in Angola, for Total:
- the operations and maintenance (O&M) services of the **FPSOs Kaombo Norte** and **Kaombo Sul** continue for a total duration of seven years plus a further seven optionals;
- FEED activities are ongoing for an **FPSO unit**. The unit has a production capacity of approximately 100,000 barrel/day for the development of the **Cameia** field.

In the "Leased FPSO" segment, the following vessels carried out operations during the first half of 2022:
- the **FPSO Cidade de Vitória** unit, carried out operations for Petrobras as part of a fifteen-year contract finishing in early 2023, focused on the second phase of development of the Golfinho field, situated off the coast of Brazil at a water depth of 1,400 metres. At the end of the semester an agreement (Memorandum of Agreement) was signed for the sale of the FPSO to the company BWE which will acquire the Golfinho field where the FPSO operates;

- the **FPSO Gimboa** carried out operations for Sonangol P&P under a contract for the development of the Gimboa field, located in Block 4/05 offshore Angola, at a water depth of 700 metres.

ASSET BASED SERVICES OFFSHORE DRILLING

General overview

As of June 2022, the Saipem Offshore Drilling fleet consisted of twelve vessels, divided as follows: six ultra-deep-water units for operations at depths in excess of 3,300 feet (the drillships Saipem 12000, Saipem 10000 and Santorini, and the semi-submersible drilling rigs Scarabeo 5, Scarabeo 8, and Scarabeo 9), five high specification jack-ups for operations at depths of up to 375 feet (Perro Negro 7, Perro Negro 8, Pioneer, Sea Lion 7, and Perro Negro 9), one standard jack-up for activities at depths of up to 150 feet (Perro Negro 4). All the rigs mentioned are self-owned with the exception of the jack-ups Pioneer, Sea Lion 7, Perro Negro 9, and the drillship Santorini, which are third party units and operated by Saipem. The barge rig Saipem TAD is not included in the calculation as it is completely written down and intended for disinvestment in the second half of the year.
In March, a lease contract with option to purchase was signed for the jack-up Perro Negro 11, a high specs rig built in the CIMC Raffles yards of Yantai, China (where the Scarabeo 9 and the pipe-laying vessel Castorone were also built). The rig will be delivered to Saipem in August, and will be destined to a project in the Middle East awarded during the half-year.
During the first half-year, the Offshore Drilling fleet operated in Norway, in Egypt (Red Sea and Mediterranean), in West Africa (Angola and Ivory Coast), in East Africa (Kenya), in Mexico, in Saudi Arabia, and in the United States.

Market conditions

In continuity with the previous year, 2022 opened to a general optimism for a gradual recovery of the market, as witnessed by the increase in the tendering activity by clients and the award of new contracts at levels that were unexpected just months before.
The outbreak of the war between Russia and Ukraine at the end of February was a shock for the market, and the effects will become clearer throughout the end and following years. On a short term, the increase in the price of oil, steady at over $100/barrel since the beginning of the conflict, prompted the oil companies to increase their productive plans, reinforcing the expectation for market recovery; on the medium and long term, the impact of sanctions against Russia and the plans launched by governments in Western countries, aiming at the containment or substitution of the import of oil products from Russia with alternate producers, will generate new productive drives in the Oil&Gas sector that, as anticipated, will have significant impacts to be assessed in the upcoming months.
As a consequence of this scenario, the utilisation showed a growing trend compared to the previous year, with some key areas (for instance, the ultra-deep water in the Gulf of Mexico) registering a steady full occupation. In line with the previous periods, the clients confirmed their preference for high-tech plants.
The disposal activity of drilling rigs, which was particularly significant in 2021, was more moderate, with only four rigs involved in the disposal during the first half of the year (less than 10% of the previous year's figure).
The number of installations being completed in the shipyards continued to decrease compared to the previous year, but remained significant with 51 new units under construction in June (28 jack-ups, 7 semi-submersibles, and 16 drillships), of which only 5 had a contractual commitment for their use after completion of construction. However, the expectation for market recovery and the above-mentioned possible impact on the Oil&Gas sector on the medium and long term brought a growing interest around the units under construction by numerous contractors and investors. The progressive entrance on the market of the units under construction is expected with significant impact on the offer in the medium term.

New contracts

The most significant acquisitions during the first half of the year included:
- for AkerBP, the award of a three-year firm contract plus two options of one year each for the use of the harsh environment semi-submersible Scarabeo 8 in Norway; the start of operations is planned for the last quarter of the year, following the contractual obligations already signed for 2022 and the conclusion of the adaptation works to comply with the specific technical requirements of the client;
- for Saudi Aramco, two firm contracts of 5 years each plus an option of three years for the execution of works in Saudi Arabia; the rigs involved are the high specs jack-ups Perro Negro 8 and Perro Negro 11; the start of operations, planned for the end of the year, will follow the adaptation of the rigs to the technical requirements of the client;
- for Eni, a firm contract of 6 months with two options of five months each for activities in the Ivory Coast and Ghana with the drillship Saipem 12000; the activities in the Ivory Coast started during the first half of the year;

- for Eni, the extension of the activity on Egypt with the drillship Saipem 10000, through the use of a 180-day contractual option;
- for Petrobel, the extension of two years of the contract relating to the use of the jack-up Perro Negro 4 for activities in Egypt;
- for Eni, the award of a contract for the construction of four wells firm plus seven optional to be realised in Italy with the use of drillship **Saipem 10000**; the start of activities is planned between the end of 2022 and the beginning of 2023.

Capital expenditure

Activities carried out in the first half of the year related mainly to the planning and preparation of interventions to be conducted in the second half of 2022 and aimed at the refurbishment and adaptation of vessels to comply with the international regulations and the requirements of clients. Among the rigs involved in the maintenance and adaptation activities required by clients, will be in particular the semi-submersible Scarabeo 8 and Scarabeo 9, and the jack-ups Perro Negro 8 and Perro Negro 11.

Work performed

During the first half of 2022 the fleet was used as follows:

- ultra deep water/deep water units: the drillship Saipem 12000 completed operations offshore Kenya for Eni and started, in direct continuity and again for Eni, the activities offshore the Ivory Coast as part of a contract awarded in the first half of the year; the drillship Saipem 10000 continued to work in Egypt for Eni; the drillship Santorini reached the area in the Gulf of Mexico in February; as the set up operations and acceptance procedures were completed, operations started and continued along the half-year; the semi-submersible Scarabeo 9 continued the execution of a project in Angola for Eni that was awarded in the previous year; the semi-submersible Scarabeo 8 continued the operations for Wintershall; the semi-submersible Scarabeo 5 continued to work in Angola for Eni;
- high specification jack-ups: the unit Perro Negro 8 continued to remain in winter stand-by in the area of Kirkeness, Norway, as agreed with the client Aurora, awaiting the restart of operations in the Kara Sea in the summer of 2022; the outbreak of the Russian-Ukrainian conflict and the subsequent sanctions on Russia prevented the continuation of activities as agreed with the client; the rig was assigned to another contract in Saudi Arabia, awarded during the half-year, and from May started the transition to the Middle East to undergo adaptation to the technical requirements of the client, in view of the start of operations planned for the end of 2022; the units Perro Negro 7, Sea Lion 7 and Perro Negro 9 continued to operate for Saudi Aramco in the offshore of Saudi Arabia; the unit Pioneer continued to operate for Eni in Mexico;
- standard jack-ups: Perro Negro 4 continued to operate in the Red Sea for Petrobel;
- other activities: the tender assisted rig Saipem TAD continued to remain in stacking, awaiting the finalisation of the sales contract for green recycling in July.

Utilisation of vessels

The main vessel utilisation in the first half of 2022 was as follows:

Vessel	(No. of days)	First half 2022	
		Under contract	Idle
Semi-submersible platform Scarabeo 5		181	-
Semi-submersible platform Scarabeo 8		181	-
Semi-submersible platform Scarabeo 9		181	-
Drillship Saipem 10000		181	-
Drillship Saipem 12000		181	-
Drillship Santorini (*)		181	-
Jack-up Perro Negro 4		181	-
Jack-up Perro Negro 7		181	-
Jack-up Perro Negro 8 (1)		181	-
Jack-up Pioneer (*)		181	-
Jack-up Sea Lion 7 (*)		181	-
Jack-up Perro Negro 9 (*)		181	-
Tender Assisted Drilling Barge (2)		-	181

(1) Rig unable to move forward with the contractual obligations signed with client Aurora due to the Russian-Ukrainian conflict and reserved for another contract awarded during the first half of the year.
(2) Rig intended for disinvestment according to current regulations (green recycling).
(*) Leased vessels.

DISCONTINUED OPERATIONS

Sale of Onshore Drilling

On June 1, 2022, Saipem and KCA Deutag ("KCA") signed a contract for the sale of the activities related to the sector Onshore Drilling ("DRON") for a consideration comprising a cash element of $550,000,000, as well as a stock component of 10% of KCA's class A ordinary shares. The transaction does not involve any transfer of financial debts from Saipem to KCA.
The Onshore Drilling sale is in line with the 2022-2025 Strategic Plan, with a view to active management of the asset portfolio.
Prior to the completion of the sale (the "Closing"), Saipem and its subsidiaries will transfer the DRON perimeter to dedicated companies. Currently, Closing is expected in the fourth quarter of 2022.
The payment will take place in two instalments:
- $500,000,000 of the cash consideration and the entire share consideration will be paid at the Closing, during which time the entire perimeter of Onshore Drilling will be transferred with the exclusion of the Latin American operations;
- $50,000,000 will be paid at the transfer of the Latin American operations.

The Closing is conditional, in addition to the completion of the capital increase already accomplished as of this documents date of approval, to certain additional and condition precedent in line with market practices for transactions of the same type, including the obtainment of the necessary authorisations (both in relation to antitrust considerations in Saudi Arabia, Kazakhstan and Kuwait, and laws on foreign direct investments), the completion of the restructuring (the incorporation of the companies to which the Onshore Drilling perimeter will be transferred), and the consent of the main customers pertaining to the Onshore Drilling business as envisaged in the restructuring plan. In particular, it was agreed that in case of a non-completion of the capital increase (due to adverse market conditions, for non-authorisation by the authorities, or by its autonomous decision), if the buyer decides to renounce to the suspensive condition, Saipem will then decide whether to proceed to Closing or pay a penalty (equal to expense incurred by the buyer) to a maximum of $30 million (or $50 million if the capital increase is not completed due to Saipem's decision not to proceed); these are not payable if the Closing is not allowed for legal reasons.
It was also agreed that should the buyer fail to satisfy the condition precedent linked to the obtaining of antitrust authorisations due to the decision not to comply with any measures required by competent authorities, the Buyer will reimburse Saipem for expenses incurred in the sale transaction, up to a maximum of $50 million.
On June 30, 2022, the Italian authorisation was obtained (under the golden power law). However, as of the same date, all other antitrust authorisations from foreign governments and the consent of major customers had not yet been obtained.
Considering that the above mentioned transaction will take place in the fourth quarter of 2022, as previously stated, the sector contributes to results as "Discontinued operation" in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". For more information on the application of IFRS 5 and the effects on the present Interim Report, please see Note 24 "Discontinued operations, assets held for sale and directly associated liabilities".

Operational performance of the sector being sold

As of June 30, 2022, the Onshore Drilling rig fleet comprises of 66 units available for operations, in addition to 17 rigs in Venezuela, which are unusable and entirely written off; in the first half of the year a unit owned by a third party was also managed. The areas where Saipem operated were Latin America (Peru, Bolivia, Colombia, Ecuador, and Argentina), the Middle East (Saudi Arabia, Kuwait, and United Arab Emirates), and Africa (Congo and Morocco).

Investments carried out in the first half of 2022 covered upgrading and integration measures aimed at maintaining the operational efficiency of the fleet and at meeting specific requests by clients for rigs in Saudi Arabia and South America.

During the first half of 2022, contracts in the Middle East were extended, in particular a ten-year extension on contracts related to four rigs that will be used for exploration and production activities in various oil and gas fields, in continuity with ongoing operations in the area.

In the first half of 2022 Saipem operated in the following areas:
- Latin America: drilling, workover, and pulling activities were performed in **Peru** for various customers (CNPC, Pluspetrol, Unna Energia, and Petrotal) with six self-owned rigs. The other ten self-owned rigs remained inactive. In **Bolivia**, drilling operations were carried out for Shell and Andina with two rigs; both completed operations in May. Another rig was moved to Colombia in April, while two other rigs remained inactive. In **Argentina**, drilling

operations were carried out for YPF (Yacimientos Petrolíferos Fiscales) under multi-year contracts using two rigs. One of these operations temporarily suspended the activities for YPF in March, to execute a short-term contract for Vista Oil still in progress; two other rigs in the country remained inactive. In **Colombia**, drilling operations were carried out for Ecopetrol using three rigs, while another rig is still mobilising from Bolivia. In **Ecuador** two units are being used with the client Pluspetrol and Halliburton. The seventeen rigs in **Venezuela** have remained inactive;
- Middle East: drilling operations were carried out in **Saudi Arabia** for Saudi Aramco under multi-year contracts using twenty-five rigs. The operations of three other rigs under contract are still temporarily suspended. In **Kuwait**, operations of two Saipem units provided to the customer KOC are ongoing, under previously existing contracts. In the **United Arab Emirates** there are two rigs: one is operating for SNOC, and the other is inactive;
- Rest of the world: drilling activities were carried out in **Congo** for Eni Congo SA with a unit owned by the customer.

Average utilisation of rigs stood at 48.1% (35.4% in the same period of 2021), also including the Venezuelan rigs. The average utilisation excluding the Venezuelan rigs is 60.5% (44.6% in the same period of 2021).
The highest utilisation rate was recorded in the regions of Europe, Middle East, and Africa, where contracted fleets have improved their performances compared to 2021 with 78.3% of days sold (55% in the corresponding period of 2021).
The number of plants in the region as of June 30, 2022, was 36 (unchanged from the corresponding period of 2021). In addition, 1 unit owned by third parties was used in Congo.
In Latin America, an average utilisation rate of 25% was recorded, slightly higher than the 20.4% recorded in the corresponding period of 2021. This increase is due to an increased use of equipment in Peru, although the percentage is weighed down by the equipment in Venezuela, which is unused and already totally devalued. The number of rigs in use in the region as of June 30, 2022, was 30 (equal to the corresponding period of 2021, not including the 17 rigs located in Venezuela).

FINANCIAL AND ECONOMIC RESULTS

Going concern

As of today's date, the Board of Directors of Saipem SpA reviewed all significant risk factors and uncertainties that had been identified at the time of the approval of the financial statements as of December 31, 2021 and March 31, 2022 in order to assess whether they can be considered to have been overcome and are not such as to cast significant doubts on the ability of the Company and the Group to continue to operate as a going concern.
This analysis took into consideration the fact that on July 15, 2022, the subscription of the capital increase was concluded, involving 1,974,327,430 new shares for a total value of €1,999,993,686.59, of which €41,460,876.03 was capital and €1,958,532,810.56 was share premium. Specifically, as of July 11, 2022, option rights had been exercised to subscribe for about 70% of the total number of new shares, of which about 44% were subscribed for by shareholders exercising joint control over the Company. The remaining 30% of unexercised option rights were offered on Euronext Milan in the sessions of July 12 and 13, 2022, during which approximately 9.9% of the total new shares were subscribed. Lastly, pursuant to the underwriting agreement that had been signed as part of the broader financial and capital Package approved by the same Board of Directors on March 24, 2022, on July 15, 2022, the remaining newly issued shares that had not been subscribed to were subscribed to by the financial institutions involved in the strengthening Financial Package for a total countervalue of €592,327,964.76.
Also on July 15, 2022, the capital increase was concluded from a financial point of view.
In addition, on July 18, 2022, the Company repaid the "SACE Facility" for the full amount of €852 million, previously used to repay the “Tranche A” loan of the Liquidity Facility disbursed on April 4, 2022, for an amount of €680 million.
It should be noted that the Company has available a bonding line for an amount sufficient to cover foreseeable requirements for at least the next 12 months and is currently negotiating the obtainment of a new Revolving Credit Facility for a total amount of up to €1 billion. It should be noted that the 2022-2025 business plan approved on March 24, 2022 does not envisage the use of this facility.
Finally, with reference to ratings, on April 1, 2022 the rating agency Standard & Poor's upgraded Saipem's credit rating from BB- (CreditWatch Neg) to BB (Positive Outlook) and on July 19, 2022 the rating agency Moody's upgraded Saipem's credit rating from B1 to Ba3.
Implementation of the Strategic Plan continues also with reference to initiatives to enhance assets and improve liquidity (sale of the Onshore Drilling and FPSO vessel Cidade de Vitória) and reduce costs.
The results of the first half of the year improve the visibility on the targets of 2022 and of the Strategic Plan which are confirmed.
In light of the mitigating actions carried out above with reference to the financial, equity and operating position of the Saipem Group, the Board of Directors of Saipem SpA has overall determined that there are no material uncertainties that, either individually or in the aggregate, may cast significant doubt upon the ability of the Company and the Group to operate as a going concern. For this reason, the Board of Directors has concluded that all the conditions exist to prepare the condensed interim consolidated financial statements at June 30, 2022 using the going concern assumption, maintaining the valuation criteria of a going concern entity, as described in Note 3 to the Consolidated financial statements at December 31, 2021, to which reference should be made.

Effects of COVID-19

The spread of the COVID-19 pandemic continues to have a negative effect on the global economy and, as a consequence, on Saipem and the energy sector, the latter being among the most impacted worldwide. To date, despite the turnaround in the macroeconomic scenario recorded since last year, remain several risk factors linked to new variants of the virus that could impact the growth trajectory of economies and the recovery of energy demand.
Saipem Group continues to carry out an in-depth and constant analysis of the ongoing pandemic, in terms of: (i) the evolution of the regulatory framework in the countries where the Group operates, through the monitoring of the containment measures adopted by such countries; (ii) the management of relations with customers and partners; (iii) the management of contracts, both active and passive, through the introduction and/or activation, where possible, of specific contractual clauses to mitigate the potential negative effects of the pandemic; (iv) impacts on project execution activities, and in particular on the operations of shipyards and vessels, due to the changed availability of internal and external resources and/or other circumstances directly or indirectly resulting from the pandemic; (v) performance levels and continuity of service by suppliers, subcontractors and partners.
In order to offset the increase in costs related to the COVID-19 event described above, management is still implementing an appropriate cost containment programme also related to the pandemic.

Financial aspects: in this context, the Company continues to pay particular attention to reviewing the expected losses of financial assets with particular regard to: (i) trade receivables; (ii) hedging derivatives; and (iii) financial assets measured at fair value.
The procedures implemented centrally by the Company are structured to manage the risks inherent in the transactions put in place by constantly monitoring the effects caused by the uncertainty of future variables and the risk of the market counterparties with which the contracts are concluded.
With respect to trade receivables connected with the insolvency risk of customers, Saipem constantly monitors and centrally assesses the risk indicators and the probability of default for customers using third party information, in addition to assess debt recoverability at division level.
Recoverability of non-financial assets: the cash flows used for the purpose of the impairment test are those of the Strategic Plan 2022-2025, approved by the Board of Directors on March 24, 2022 and prepared using the best available estimates, and were confirmed at the sanity check of the Plan as at June 30, 2022. It should be noted that the cash flows were normalised, where necessary, in accordance with IAS 36 and that, in particular, the long-term lease rates of the Offshore Drilling CGUs were defined using the latest reports available at the date and prepared by external sources, normally used as benchmarks. As a result of the impairment test as of June 30, 2022, no impairment was recorded.
Estimation process: with reference to revenue from contracts with customers, following the crisis caused by the COVID-19 pandemic and changed market conditions, circumstances were assessed regarding possible: (i) collections of consideration that might no longer be highly probable; and (ii) agreements between the parties that might change certain contractual aspects related to the subject matter or price of transactions.
The enforceability of contractual rights and obligations and the probability of collecting the relevant payment are prerequisites for identifying a contract with customers for accounting purposes. In fact, according to IFRS 15, if these conditions are not met, the contract should not exist from an accounting point of view and revenue could not be recognised. Given the ongoing uncertainty, it is still necessary to check whether such conditions are met when entering into a contract, and whenever there are substantial changes in the relevant facts and circumstances.
In addition, the estimate of the variable component of the consideration continues to be reviewed which, given the current situation of uncertainty, is complex and requires a high degree of judgement, due to the limitation ("constraint") envisaged by the standard that allows the recognition of revenue limited to the portions that are highly probable that they cannot be reversed in the future (so-called "reversal"). Likewise, the effects of the operational implications deriving from the pandemic have been assessed and, where necessary, considered in the cost estimate for the duration of projects.
Within the scope of the analysis of the possible effects of the COVID-19 pandemic undertaken early in 2020 and still in progress due to the continuous evolution of the phenomenon, Saipem has identified, assessed and constantly monitored these effects at the level of every project currently under execution.
Identifying the COVID-19 economic impact: relating to the contractual activities of long-term contracts, whose revenue is recognised over time according to input methods such as cost to cost, the estimate of the final costs and the timing for fulfilling the performance obligations made it necessary to consider whether the costs linked to COVID-19 should be excluded from project progress.
For this purpose, Saipem is still dividing the costs associated with COVID-19 into two clusters:
1. Costs directly related to COVID-19 (special items): these are costs that have been or will be incurred to manage the emergency at Group companies and at project sites; these costs are borne by Saipem as they are contractually non-reimbursable by the customer. These costs are recognised on specific contracts separate from operating contracts and are recognised as costs in the income statement without generating contract progress (and therefore without recognising any contract assets) and without recognising any margin. During the first half of 2022, the costs directly attributable to COVID-19 amounted to about €16 million (e.g., including: costs for stand-by resources in accordance with quarantine regulations and in the event that the activities of operational sites and vessels were stopped by authorities; costs of purchasing personal protective equipment in addition to standard practices; costs of sanitising work areas; costs of organising charter flights to bring the personnel home).
2. Costs indirectly related to COVID-19: these are costs incurred, or that will be incurred, for which it is impossible to establish with reasonable certainty whether they are due to the pandemic or to other causes such as, for instance, changing market conditions linked to fluctuations in crude oil prices. These are, by way of example, costs due to delays in project or site activities, which have continued notwithstanding the challenges due, for example, to personnel reductions, postponements in materials deliveries or delays by customers. These costs are included in the full-life estimates of projects.
Reference market: with regard to the future prospects that can be hypothesised on market trends, it is noted that despite the signs of recovery in the reference sector, mainly linked to the recovery of energy commodity prices, there remains a high level of uncertainty on the prospects of world economic growth.
It should be noted that Saipem designs and constructs plants commissioned by customers based on long-term investment assessments. These projects, from the initial concept phase of the initiative, through development and construction, can take several years, depending on their complexity. In light of this, it should be noted that Saipem is little impacted by the dynamics and fluctuations of context variables (such as Brent and natural gas prices) in the short term.
Due to the nature of the business and its diversification in various segments, there is no direct correlation between the trend in oil prices and Saipem's economic results: as of June 2022, about 76% of its E&C backlog consists of non-oil projects, including gas, renewables and infrastructure projects.

Even considering the continuation of the COVID-19 pandemic, the going concern assumption used for the preparation of the condensed interim consolidated financial statements as of June 30, 2022, is not impacted. For details on the going concern, please refer to the above section "Going concern".

Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions

Direct effects: in the wake of the conflict in Ukraine and the possible impacts of the restrictive measures adopted by the European Union, Saipem undertook an in-depth analysis to assess potential repercussions on its business, especially in relation to projects currently underway in Russia.

Following the outbreak of the conflict in Ukraine, the Council of the European Union deemed it appropriate to adopt a series of restrictive measures. In particular, Council Decision (CFSP) 2022/264 of February 23, 2022 imposed restrictions on access to the capital market, in particular by prohibiting the financing of Russia, its government and its Central Bank.

With the packages adopted by the European Union in Council Regulations 2022/328 of February 25, 2022, 334/2022 of February 28, 2022, 336/2022 of March 1, 2022 and 428/2022 of March 15, 2022, a series of restrictive measures were implemented against the Russian Federation, including: (i) individual sanctions against members of the National Security Council of the Russian Federation who supported Russia's immediate recognition of the non-government-controlled areas of the Ukrainian regions of Donetsk and Luhansk as independent entities; (ii) sanctions in the financial sector, for which existing restrictions were further expanded, thereby limiting Russia's access to major capital markets and prohibiting the listing and provision of services regarding shares of Russian state-owned entities on EU trading venues. New measures have also been introduced that significantly restrict financial flows from Russia into the EU, prohibiting the acceptance of deposits, above certain amounts, from Russian citizens or residents, the holding of accounts of Russian clients by EU central securities depositories, and the sale of euro-denominated securities to Russian clients; (iii) sanctions in the energy sector in accordance with which a prohibition has been introduced on the sale, supply, transfer or export, directly or indirectly, of goods and technology suitable for use in petroleum refining listed in Annex X of EU Council Regulation 2022/328 of February 25, 2022, whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The ban did not apply to the execution, until May 27, 2022, of contracts awarded before February 26, 2022, or of ancillary contracts necessary for the execution of said contracts. With the introduction of the ban, the aim was to hit the Russian oil sector and to stop Russia from modernising its oil refineries; (iv) sanctions in the technology sector: restrictions have been put in place on the export of dual-use goods and technologies (civil and military), as well as restrictions on the export of specific goods and technologies that can contribute to the technological empowerment of Russia's defence and security sector. Again, the prohibition applied to all goods listed in the EU Dual-Use Regulation (821/2021) and those listed in Annex IV of EU Regulation 2022/328 even if not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The prohibition does not apply to the execution, until September 17, 2022, of contracts concluded before March 16, 2022 or of ancillary contracts necessary for the execution of such contracts; (v) by EU Regulation 428/2022, the same restrictions provided for dual-use goods and technologies also apply to tangible exports listed in Annex II of Regulation 833/2014 (goods of particular significance in the energy sector such as pipelines, etc.). The ban also does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts; (vi) EU Regulation 428/2022 also included a prohibition on entering into any transaction with a number of Russian natural and legal persons, including GazpromNeft, which prohibition did not apply until May 15, 2022 for the performance of contracts concluded before March 16, 2022. In addition, EU Regulation 576/2022 dated April 8, 2022 further expanded the list of goods and technologies in Annex X of the previous EU Regulation 2022/328 to include those suitable for use in natural gas liquefaction and EU Regulation 879/2022 dated June 3, 2022, in addition to providing for an embargo on Russian oil, supplemented the list of goods and technologies capable of contributing to the technological strengthening of Russia's defence and security sector (listed in Annex VII of EU Regulation 833/2014).

The EU has also decided to exclude seven Russian banks from the SWIFT system starting from March 12, 2022. This will guarantee they are excluded from the international financial system. The banks that are excluded from the SWIFT system to date are Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank and, as of June 14, 2022, Sberbank, Credit Bank of Moscow and Joint Stock Company Russian Agricultural Bank - JSC Rosselkhozbank.

In particular, the EU has decided to ban what follows:

- the provision of specialised financial messaging services, used to exchange financial data (SWIFT), to Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank. The above mentioned ban will apply also to legal persons, entities and institutions in Russia, whose property rights are directly or indirectly held by those banks for over 50%;
- investing, participating or contributing in any way to future projects co-financed by the Russian Direct Investment Fund;
- selling, supplying, transferring or exporting banknotes denominated in euro to Russia or to any natural or legal person, entity or institution in Russia, included the Russian Government and the Russian Central Bank, or to be used in Russia.

For the moment, Sberbank (the main Russian banking group) and Gazprombank are excluded from the ban.

Excluding some of the Russian banks from the international electronic payment system (SWIFT) means that companies and privates can no longer carry out worldwide transactions with those banks.
Saipem's current projects involving activities on Russian territory and/or with Russian clients are as follows: (i) Arctic LNG 2 GBS (in JV with Ronesans) - client Arctic LNG 2 - scope of work EPC; (ii) Arctic LNG 2 Topside Facilities (in JV with Technip) - Arctic LNG 2 client - scope of work EPC. For both projects, negotiations are underway with the client for the closure of the relevant activities, in line and in full compliance with the necessary authorisations and timeframes required by the above-mentioned EU regulations.
At the time the conflict in Ukraine began, Saipem had two other projects in the Russian Federation: (i) an EPC project for the Moscow Refinery with the client GazpromNeft: a contract which was terminated following the introduction of specific sanctions against GazpromNeft. The project-related outstanding balances were all settled by May 15, 2022 as required by EU Regulations; (ii) a gas drilling project in sub-Arctic waters using the Perro Negro 8 drilling rig, for which the related contract was terminated. The rig is already in the Middle East in preparation for a contract with a local operator.
The Company confirms that it operates in full compliance with the provisions established by European and national institutions with respect to the Russian Federation.
The consolidated backlog relating to projects in Russia, following the termination of the two contracts, is therefore zero. The backlog consists only of the unconsolidated projects described above, amounting to approximately €1.46 billion. The Company is negotiating with its contractual counterparties to close out the related activities in line with the timing of the aforementioned EU regulations.
Finally, please note that the Strategic Plan 2022-2025 does not envisage the acquisition of new contracts in Russia. Furthermore, the current energy market scenario could encourage the development of new energy infrastructures for the diversification of energy supply in many countries.
It should be noted that the Company uses customer default probabilities based on observable market data and info-provider assessments to quantify expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.
Following the Russian-Ukrainian conflict and the subsequent sanctions imposed by the EU, US and other countries, Saipem has activated the Corporate Crisis Unit (CCU) that cooperates daily with the Local Crisis Units (LCU) in Russia and the business operational functions involved in the management of projects and personnel onsite, on which a meeting was called. Regarding the above mentioned, it should be noted that there are no activities carried out by Saipem, nor personnel in any Ukrainian territory affected by the conflict.
At the global level, commodity prices are currently characterised by high volatility, unprecedented in the recent past, which is set, among other things, against a background of high inflation already seen in the second half of 2021.
Indirect effects: the Russian crisis increases the uncertainty caused by the pandemic and the current socio-economic scenario makes it difficult for supply chain operators to provide price forecasts and make contractual commitments with long-term estimates. Initially, suppliers were prevented from submitting bids because the production plants had become extremely selective in the initiatives to be pursued and did not provide the relevant quotations except to those customers deemed most reliable and financially sound. More recently, the situation has improved, but delivery times have lengthened considerably with a direct impact on the projects in the portfolio. High and extremely volatile prices are expected as long as the current situation continues.
With regard to the projects in Russia, at present, a portion of the containerised material in transit by sea to Russia has been unloaded at North European ports as various international shipping companies refuse to continue transit at Russian ports. Some containers are still stuck in North European ports waiting for the competent authorities and shipping companies to give transit clearance. In compliance with the existing sanctions, various materials have been shipped and are being shipped to two consolidation areas in Turkey and China; in addition, road transport by truck is still used with transit from the Baltic countries to Russia and Belarus. In some cases, transit via Finland was chosen.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are expected, but it can be assumed that the availability of steel and nobler metals (nickel, copper, aluminium) will be lower, and there will also be price impacts related to other production factors (e.g., gas and energy), which will also affect delivery times and logistics.
Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.
The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from the evolving conflict in Ukraine. The Company, considering the extreme unpredictability of this situation and the effects on the orders, is already adjusting its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the orders in execution and future initiatives.
In addition to the above, our threat intelligence services report an increased cyber threat to operators in the above markets and their supply chain. As of the date of this document, there have been no incidents of cyber-attacks directed against Saipem.
As of 2019, Saipem has implemented a system of protection against cyber attacks, in line with the requirements of the National Cybersecurity Framework, which includes organisational, physical, and logical measures. A major effort was made to define guidelines for both technology implementation and employee behaviour. Ongoing

third-party assessments validate the effectiveness of the attack detection and response approach within the company's crisis management plan, as well as the technological measures in place to protect business-critical assets.
In March 2021, Saipem obtained the certification under ISO/IEC 27001, for “Cyber security events monitoring and incidents management”. This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner in the ongoing improvement of the Saipem security management system. The Company's security level is now also a function of the constant training and education of workers. During the past year, Saipem has developed e-learning training focusing on the cyber security management model (standard, high, and critical level).
Saipem coordinates closely with national cyber security institutions, DIS (the Italian Security Intelligence Department), the National Cybersecurity Agency and CNAIPIC (the Italian National Cybercrime Centre for Critical Infrastructure Protection).
Saipem uses qualified suppliers for critical services that are most exposed to the risk of cyber-attacks, particularly for the provision of IT services to support business activities.
Controlling the supply chain is one of our most difficult challenges. The Security division has defined specific cyber requirements which must be met by the Supply Chain; this will ensure that all suppliers have acceptable resilience characteristics.

Operating results

As already discussed in the section "Organisational structure: reporting", in line with the previous years, the Company keeps a reporting structure based on the four divisions Offshore Engineering & Construction, Onshore Engineering & Construction and Offshore Drilling; Onshore Drilling, as already mentioned, will be reported as Discontinued operations.

Saipem Group - Income statement*

Year 2021	(€ million)	First half 2021	2022	% Ch.
6,528	**Core business revenue**	**3,042**	**4,187**	**37.6**
5	Other revenue and income	2	5	
(6,662)	Purchases, services and other costs	(2,669)	(3,111)	
(42)	Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(50)	(52)	
(1,553)	Personnel expenses	(741)	(785)	
(1,724)	**Gross operating profit (EBITDA)**	**(416)**	**244**	**n.s.**
(495)	Depreciation, amortisation and impairment losses	(190)	(217)	
(2,219)	**Operating result (EBIT)**	**(606)**	**27**	**n.s.**
(137)	Net financial income (expense)	(54)	(59)	
9	Net gains (losses) on equity investments	(25)	(24)	
(2,347)	**Pre-tax profit (loss)**	**(685)**	**(56)**	**(91.8)**
(59)	Income taxes	(54)	(67)	
(2,406)	**Profit (loss) before non-controlling interests**	**(739)**	**(123)**	**(83.4)**
-	Profit (loss) attributable to non-controlling interests	-	-	
(2,406)	**Profit (loss) for the period - Continuing operations**	**(739)**	**(123)**	**(83.4)**
(61)	**Profit (loss) for the period - Discontinued operations**	**(40)**	**(7)**	**(82.5)**
(2,467)	**Profit (loss) for the period**	**(779)**	**(130)**	**(83.3)**

(*) The results of the Onshore Drilling segment being divested, have been recognised as Discontinued operations in accordance with the criteria set out in IFRS 5. The comparison periods have been restated.
Revenues and associated profit levels are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules in the Engineering & Construction sector, and by contract expiry and renegotiation timing in the Drilling sector.

Core business revenue during the first half of 2022 amounted to €4,187 million.
Gross operating profit (EBITDA) is €244 million. Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets totalled €217 million.
The **operating result (EBIT)** achieved in the first half of 2022 is a €27 million profit.
The main variations relating to the income statement items above are detailed below in the analysis by segment.
Net financial income (expense) was negative for €59 million, an increase of €4 million.
Net gains (losses) on equity investments was negative for €24 million, in line with the profit of the corresponding period, since both periods showed a worsening of the results of contracts performed by companies measured using the equity method.
Pre-tax profit amounted to a loss of €56 million. Income taxes amounted to €67 million, compared to €54 million in the corresponding period of 2021, primarily due to the write-down of a tax credit.
The **Continuing operations net income** shows a loss of €123 million (loss of €739 million in the first half of 2021) and discounts against the adjusted net income charges from the healthcare emergency of about €14 million and reorganisation charges of €5 million. The **net result**, including the net result from Discontinued operations of €7 million, recorded a loss of €130 million.

Year 2021	(€ million)	First half 2021	2022
(2,219)	**Operating result (EBIT)**	**(606)**	**27**
545	Impairment/write-down and restructuring expenses	120	19
(1,674)	**Adjusted operating profit (EBIT)**	**(486)**	**46**

Year 2021	(€ million)	First half 2021	2022
(2,406)	**Profit (loss) for the period**	**(739)**	**(123)**
545	Impairment/write-down and restructuring expenses	120	19
(1,861)	**Adjusted profit (loss) for the period**	**(619)**	**(104)**

Adjusted EBIT - EBIT first half of 2022

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Total
Adjusted EBIT	**16**	**(18)**	**48**	**46**
Reorganisation expenses	1	4	-	5
Costs for COVID-19 healthcare emergency	11	3	-	14
Total special items	(12)	(7)	-	(19)
EBIT	**4**	**(25)**	**48**	**27**

The impact on EBITDA is equal to the impact on EBIT.

Adjusted EBIT - EBIT first half of 2021

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Total
Adjusted EBIT	**(395)**	**(105)**	**14**	**(486)**
Provision for expenses	-	75	-	75
Reorganisation expenses	7	5	-	12
Costs for COVID-19 healthcare emergency	26	3	4	33
Total special items	(33)	(83)	(4)	(120)
EBIT	**(428)**	**(188)**	**10**	**(606)**

Saipem Group - Adjusted income statement*

Year 2021	(€ million)	First half 2021	First half 2022	% Ch.
6,528	**Adjusted core business revenue**	**3,042**	**4,187**	**37.6**
5	Other revenue and income	2	5	
(6,290)	Purchases, services and other costs	(2,572)	(3,100)	
(42)	Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(50)	(52)	
(1,475)	Payroll and related costs	(718)	(777)	
(1,274)	**Adjusted gross operating profit (EBITDA)**	**(296)**	**263**	**n.s.**
(400)	Depreciation, amortisation and impairment losses	(190)	(217)	
(1,674)	**Adjusted operating profit (EBIT)**	**(486)**	**46**	**n.s.**
(137)	Net financial expense	(54)	(59)	
9	Net gains (losses) on equity investments	(25)	(24)	
(1,802)	**Adjusted pre-tax results**	**(565)**	**(37)**	**(93.5)**
(59)	Income taxes	(54)	(67)	
(1,861)	**Adjusted profit (loss) before non-controlling interests**	**(619)**	**(104)**	**(83.2)**
-	Profit (loss) attributable to non-controlling interests	-	-	
(1,861)	**Adjusted net profit (loss) for the year - Continuing operations**	**(619)**	**(104)**	**(83.2)**
(53)	**Adjusted net profit (loss) for the year - Discontinued operations**	**(37)**	**(4)**	**(89.2)**
(1,914)	**Adjusted net profit (loss) for the year**	**(656)**	**(108)**	**(83.5)**

(*) The results of the Onshore Drilling segment being divested, have been recognised as Discontinued operations in accordance with the criteria set out in IFRS 5. The comparison periods have been restated.
Revenues and associated profit levels are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules in the Engineering & Construction sector, and by contract expiry and renegotiation timing in the Drilling sector.

Adjusted operating profit and costs by function

Year 2021	(€ million)	First half 2021	2022	% Ch.
6,528	**Adjusted core business revenue**	**3,042**	**4,187**	**37.6**
(7,707)	Production costs	(3,251)	(3,924)	
(196)	Idle costs	(109)	(76)	
(133)	Selling expenses	(84)	(57)	
(35)	Research and development expenses	(15)	(12)	
(6)	Other operating income (expenses)	3	(3)	
(125)	General expenses	(72)	(69)	
(1,674)	**Adjusted operating profit (EBIT)**	**(486)**	**46**	**n.s.**

The Saipem Group achieved in the first half of 2022 a core business revenue of €4,187 million, an increase of €1,145 million a significant growth compared to the first half of 2021.
Production costs, which include direct costs of sales and depreciation of the vessels and equipment used, were in total €3,924 million, an increase of €673 million compared to the first half of 2021, consistent with the higher volumes.
Idle costs decreased by €33 million compared to the first half of 2021, mainly as a consequence of the postponement of some projects due to the COVID-19 pandemic. Selling expenses, equal to €57 million, were down €27 million.
The research and development expenses recognised as operating costs, amounting to €12 million, and general expenses, amounting to €69 million were essentially lower than those incurred in the first half of 2021, due the cost reduction initiatives.

Offshore Engineering & Construction

Year 2021	(€ million)	First half 2021	2022
2,848	Core business revenue	1,032	2,072
(3,802)	Cost of sales	(1,303)	(1,906)
(954)	Adjusted gross operating profit (EBITDA)	(271)	166
(261)	Depreciation and amortisation	(124)	(150)
(1,215)	Adjusted operating profit (EBIT)	(395)	16
(189)	Impairment losses and restructuring expenses	(33)	(12)
(1,404)	Operating result (EBIT)	(428)	4

Revenues for the first half of 2022 amounted to €2,072 million, which more than doubled compared to the same period of 2021; that increase is mainly due to higher volumes developed in the Middle East, Central South America and Sub-Saharan Africa.
The cost of sales, amounting to €1,906 million, increased in line with the higher volumes.
Adjusted gross operating profit (EBITDA) for the first half of 2022 was positive for €166 million, compared with the negative figure of €271 million in the corresponding period of 2021, equal to 8% of revenues. The 2021 profit was weighed down by the impacts of operational issues experienced on a wind project in the North Sea and the non-contribution of contracts acquired to replace projects terminated in 2020.
Depreciation and amortisation were higher by €26 million compared to the first half of 2021, due to the new contracts for the lease of third party vessels and the operations of the vessels undergoing extraordinary maintenance in the same period of 2021.
The operating result (EBIT) in the first half of 2022 was a profit of €4 million, after recognising the cost of the COVID-19 health emergency for €11 million and restructuring expenses for €1 million.

Onshore Engineering & Construction

Year 2021	(€ million)	First half 2021	2022
3,286	Adjusted core business revenue	1,843	1,826
(3,722)	Cost of sales	(1,913)	(1,815)
(436)	Adjusted gross operating profit (EBITDA)	(70)	11
(70)	Depreciation and amortisation	(35)	(29)
(506)	Adjusted operating profit (EBIT)	(105)	(18)
(346)	Impairment losses and restructuring expenses	(83)	(7)
(852)	Operating result (EBIT)	(188)	(25)

Revenues for the first half of 2022 amounted to €1,826 million, slightly down from the corresponding period of 2021, as lower volumes developed in Sub-Saharan Africa were largely offset by higher volumes developed in South America and the Middle East.
The cost of sales, equal to €1,815 million, was lower by €98 million, compared to the first half of 2021, consistent with the lower volumes.
Adjusted gross operating profit (EBITDA) for first half of 2022 was a positive €11 million, or 0.6% of revenues, compared with a negative €70 million in the same period of 2021, whose margins were affected by the suspension of the LNG contract in Mozambique and the extra costs of extending the execution time of a project in the Middle East due to the consequences related to COVID-19.
Depreciation and amortisation amounted to €29 million, down €6 million compared to the corresponding period of 2021, mainly due to the lower depreciation following the impairment of a base in the previous year.
The operating result (EBIT) in the first half of 2022 was a loss of €25 million, after recognising the cost of the COVID-19 health emergency for €3 million and restructuring expenses for €4 million.

Offshore Drilling

Year		First half	
2021	(€ million)	2021	2022
394	Core business revenue	167	289
(278)	Cost of sales	(122)	(203)
116	Adjusted gross operating profit (EBITDA)	45	86
(69)	Depreciation and amortisation	(31)	(38)
47	Adjusted operating profit (EBIT)	14	48
(10)	Impairment losses and restructuring expenses	(4)	-
37	Operating result (EBIT)	10	48

Revenues for the first half of 2022 amounted to €289 million, up 73% compared to the corresponding period of 2021, mainly due to the higher contribution of the semi-submersible platform Scarabeo 9 idle in the corresponding period of 2021, the jack-up Perro Negro 8, idle for cyclical maintenance activities for about three months in the first half 2021, as well as the contribution of the drilling vessel Santorini chartered from third parties since the fourth quarter of 2021.
Cost of sales of €203 million, up compared to the corresponding period in 2021, consistent with the higher volumes.
Adjusted gross operating profit (EBITDA) for the first half of 2022 amounted to €86 million, equal to 29.8% of revenues, compared to €45 million, or 26.9% of revenue in the corresponding period of 2021.
Depreciation and amortisation amounted to €38 million, up €7 million compared to the corresponding period of 2021, when some vessels were idle for extraordinary maintenance.
The operating result (EBIT) in the first half of 2022 was a profit of €48 million.

Discontinued operations - Onshore Drilling

Year		First half	
2021	(€ million)	2021	2022
347	Core business revenue	158	248
(265)	Cost of sales	(128)	(190)
82	Adjusted gross operating profit (EBITDA)	30	58
(121)	Depreciation and amortisation	(59)	(51)
(39)	Adjusted operating profit (EBIT)	(29)	7
(8)	Impairment losses and restructuring expenses	(3)	(3)
(47)	Operating result (EBIT)	(32)	4

Revenues in the first quarter of 2022 amounted to €248 million, increasing by 57% compared to the same period of 2021, mainly as a result of the higher volumes developed in Saudi Arabia.
The cost of sales, equal to €190 million, was higher compared to the first half of 2021, consistent with the higher volumes.
Adjusted gross operating profit (EBITDA) for the first half of 2022 amounted to €58 million, equal to 23.4% of revenues, an increase compared to €30 million, or 19.0% of revenue in the corresponding period of 2021.
Depreciation and amortisation, amounting to €51 million, showed a decrease of €8 million compared to the same period of 2021, due to the suspension of the depreciation and amortisation starting on June 1, following the already mentioned business sale agreement and its recognition as Discontinued operations according to the IFRS 5 criteria.
The operating result (EBIT) in the first half of 2022 was a profit of €4 million, after recognising the cost of the COVID-19 health emergency for €2 million and restructuring expenses for €1 million.

Balance sheet and financial position

Saipem Group - Reclassified consolidated statement of financial position [1]

The reclassified consolidated statement of financial position aggregates asset and liability amounts from the statutory statement of financial position by function, under three basic areas: operating, investing and financing. The management believes that the proposed schedule provides useful information for investors because it makes it possible to identify the sources of financial resources (own and borrowed funds) and their use in fixed assets and working capital.

June 30, 2021		(€ million)	Dec. 31, 2021		June 30, 2022
	3,242	Property, plant and equipment		3,113	2,610
	265	Right-of-Use assets		261	249
	698	Net intangible assets		699	696
	4,205			**4,073**	**3,555**
2,705		*- Offshore Engineering & Construction*	*2,597*		*2,590*
516		*- Onshore Engineering & Construction*	*503*		*419*
564		*- Offshore Drilling*	*563*		*546*
420		*- Onshore Drilling*	*410*		*-*
	99	Equity investments		127	89
	4,304	**Non-current assets**		**4,200**	**3,644**
	(537)	**Net current assets**		**(2,070)**	**(1,690)**
	(215)	Employee benefits		(238)	(179)
	-	**Net assets held for sale**		**-**	**553**
	3,552	**Net capital employed**		**1,892**	**2,328**
	2,130	Equity		326	600
	25	Non-controlling interests		25	25
	1,101	Net financial debt pre-IFRS 16 lease liabilities		1,223	1,395
	296	Lease liabilities		318	308
	1,397	**Net financial debt**		**1,541**	**1,703**
	3,552	**Funding**		**1,892**	**2,328**
	0.51	**Leverage before IFRS 16 (net borrowing/equity + third-party equity)**		**3.48**	**2.23**
	0.65	**Leverage post-IFRS 16 (net borrowing/equity + third-party equity)**		**4.39**	**2.72**
	1,010,977,439	Number of shares issued and outstanding		1,010,977,439	1,995,558,791

(1) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 89.

Management uses the reclassified statement of financial position to calculate key ratios such as the Return On Average Capital Employed (ROACE) and leverage (used to indicate the robustness of the group's capital structure).

Non-current assets as of June 30, 2022, stood at €3,644 million, down €556 million compared to December 31, 2021. The change derives for €459 million from the recognition in the financial assets (liability) held for the sale of the Onshore Drilling non-current asset and the FPSO Cidade de Vitória, the investments in tangible assets, intangible assets and equity investments of €112 million, an increase of the leased Right-of-Use assets €58 million, amortisation and depreciation of €268 million, disinvestments and write off of €11 million, a decrease in the equity investments measured using the equity method of €24 million, and dividends for €7 million, as well as the net positive effect mainly resulting from the conversion of financial statements in foreign currencies and other changes amounting to €43 million.

Net current assets have decreased by €380 million, going from a negative balance of €2,070 million as of December 31, 2021, to a negative balance of €1,690 million as of June 30, 2022. Specifically, the recognition in assets (liabilities) held for sale of the working capital items of the Onshore Drilling perimeter resulted in a decrease of €117 million offset by the change in the provisions for risks and charges for €258 million primarily due to the use of the funds set aside following the backlog review and the working capital change for €239 million mainly due to the negative change in the balance of advances from customers and to suppliers.

Employee benefits were €179 million, a decrease of €59 million compared to December 31, 2021, due to the recognition in the assets (liability) held for sale of the items of the provisions for employee benefits related to the Onshore Drilling, with a decrease of €23 million and an additional €36 million decrease due to the period use.

As a result of the above, **net capital employed** has increased by €436 million to €2,328 million as of June 30, 2022, compared to €1,892 million as of December 31, 2021.

Equity, including non-controlling interests, amounts to €625 million as of June 30, 2022, an increase of €274 million compared to December 31, 2021. The increase is attributable to the positive effect of the payment of the share by the shareholder Eni of €458 million converted into a payment to equity – "riserva targata" (dedicated shareholder's reserve) partially offset by the net loss for the period of €130 million, the negative effect of the change in the fair value measurement of foreign exchange and commodity hedging derivatives (€132 million), and the positive effect on the net equity due to the exchange differences of financial statements in currencies other than the euro and other changes for €78 million.
Net financial debt as of June 30, 2022, before IFRS 16 lease liability effects amounted to €1,395 million, which after the payment made by the shareholder Eni for €458 million, recorded an increase of €630 million compared to December 31, 2021 (€1,223 million), mainly due to the cash absorption of projects subject to backlog review, the negative trend in the balance of advances from customers and suppliers, and investments for the period. Net debt inclusive of IFRS 16 lease liabilities, for €308 million, amounted to €1,703 million.

Analyses of net financial debt

June 30, 2021	(€ million)	Dec. 31, 2021	June 30, 2022
(75)	Non-current financial assets	(61)	(63)
521	Non-current bank loans and borrowings	439	373
1,992	Non-current bonds and other financial liabilities	1,993	1,994
2,438	**Net medium/long-term financial debt**	**2,371**	**2,304**
(1,653)	Cash and cash equivalents	(1,632)	(1,680)
(56)	Financial assets measured at fair value through OCI	(59)	(71)
(495)	Other current financial assets	(566)	(506)
265	Current bank loans and borrowings	518	1,013
602	Current bonds and other financial liabilities	591	335
(1,337)	**Net short-term debt (liquid funds)**	**(1,148)**	**(909)**
1,101	**Net financial debt (liquid funds) pre-IFRS 16**	**1,223**	**1,395**
97	**Net current lease liabilities**	**117**	**138**
199	**Net non-current lease liabilities**	**201**	**170**
1,397	**Net financial debt (liquid funds)**	**1,541**	**1,703**

Cash and cash equivalents include: (i) cash and cash equivalents of €559 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €135 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; (iii) cash and cash equivalents amounting to €3 million in current accounts frozen or subject to restrictions for a total of €697 million.
For information on net debt as required by Consob, Communication No. DEM/5/21 of April 29, 2021, see Note 20 "Analyses of net financial debt".

Statement of comprehensive income

	First half	
(€ million)	2021	2022
Profit (loss) for the period	**(779)**	**(130)**
Other items of comprehensive income:		
- change in the fair value of cash flow hedges	(60)	(176)
- change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	(4)
- remeasurement of benefit plans for employees	10	31
- exchange differences arising from the conversion into euro of financial statements currencies other than the euro	24	52
- tax effect related to other components of the total profit	11	35
Other items of comprehensive income	**(15)**	**(62)**
Comprehensive profit (loss) for the period	**(794)**	**(192)**
Attributable to:		
- owners of the parent	(794)	(192)
- non-controlling interests	-	-

Equity including non-controlling interests

(€ million)	
Equity including non-controlling interest as of January 1, 2022	**351**
Comprehensive income for the period	(192)
Dividends distributed to Saipem shareholders	-
Dividends distributed by other subsidiaries	-
Sale (re-purchase) of treasury shares net of fair value of the incentive plans	-
Purchase of non-controlling interests	-
Share capital increase net of charges	458
Recognition of fair value of incentive plans	6
Other changes	2
Total changes	
Equity including non-controlling interests as of June 30, 2022	**625**
Attributable to:	
- owners of the parent	600
- non-controlling interests	25

Reclassified statement of cash flows [1]

Saipem's reclassified statement of cash flows derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory statement of cash flows) and in net financial debt (deriving from the reclassified statement of cash flows) that occurred between the beginning and the end of the period. The measure enabling such a link is represented by the free cash flows, i.e. the surplus or cash deficit remaining after the financing of investments. The free cash flow closes alternatively on: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financial liabilities/assets (issuance/repayment of loan assets/loans and borrowings), to repayments for lease liabilities, equity (dividends paid, net repurchase of treasury shares, capital issuance) and the effect of changes in the consolidation scope and of exchange differences on cash and cash equivalents, or (ii) changes in net financial debt for the period by adding/deducting cash flows relating to equity, and the effect of repayments of lease liabilities and of changes in the consolidation scope and of exchange differences on net financial debt.

Year 2021	(€ million)	First half 2021	2022
(2,406)	Group's profit (loss) for the period - Continuing operations	(739)	(123)
-	Result of the period of other shareholders	-	-
	adjustments:		
367	Depreciation, amortisation and other non-monetary items	148	178
-	Net (gains) losses on disposals of assets	-	1
173	Dividends, interest and income taxes	108	120
(1,866)	**Cash flows generated by operating activities before changes in working capital**	**(483)**	**176**
2,054	Changes in working capital related to operations	555	(579)
(185)	Dividends received, income taxes paid, interest paid and received	(78)	(122)
3	**Net cash flows from operating activities - Continuing operations**	**(6)**	**(525)**
87	**Net cash flows from operating activities - Discontinued operations**	**20**	**21**
90	**Net cash flows from operating activities**	**14**	**(504)**
(247)	Capital expenditure – Continuing operations	(123)	(86)
(51)	Capital expenditure - Discontinued operations	(12)	(26)
-	Investments in equity, consolidated subsidiaries and business units	-	-
14	Disposals and partial sales of consolidated equity, business units and property, plant and equipment	2	1
1	Other changes related to financing activities	-	-
(193)	**Free cash flows**	**(119)**	**(615)**
(207)	Net change in receivables and securities held for non-operating purposes	(148)	45
498	Changes in short and long-term loans and borrowings	342	167
(126)	Repayments of lease liabilities	(85)	(57)
(15)	Sale (purchase) of treasury shares	-	-
(26)	Cash flow from capital and reserves	(26)	458
14	Changes in consolidation and exchange differences on cash and cash equivalents	2	50
(55)	**NET CASH FLOWS FOR THE PERIOD**	**(34)**	**48**
(193)	**Free cash flows**	**(119)**	**(615)**
(126)	Repayments of lease liabilities	(85)	(57)
(15)	Sale (purchase) of treasury shares	-	-
(26)	Cash flow from capital and reserves	(26)	458
9	Exchange differences on net financial debt and other changes	1	42
(351)	**CHANGE IN NET FINANCIAL DEBT PRE-LEASE LIABILITIES**	**(229)**	**(172)**
-	Effect of first-time adoption of IFRS 16	-	-
(80)	Financing/closing for the period	(26)	(39)
126	Repayments of lease liabilities	85	57
(10)	Exchange differences and other variations	(1)	(8)
36	Change in lease liabilities	58	10
(315)	**CHANGE IN NET FINANCIAL DEBT**	**(171)**	**(162)**

(1) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 89.

The **net cash flows from operating activities - Continuing operations** of minus €525 million, net of the negative cash flow from net capital expenditure and equity investments, consolidated companies and business

units of €112 million, the positive cash flow from divestments and partial disposals of consolidated participations, business units and tangible assets of €1 million, and the positive net cash flow from operating activities - Discontinued operations of €21 million, generated a negative **free cash flows** of €615 million.
Repayments of lease liabilities generated a negative effect of €57 million; the **cash flow from capital and reserves** was positive for €458 million, and is related to the payment of the share of the shareholder Eni in the amount of €458 million converted to equity. Exchange differences and other changes on net financial debt produced a net positive effect of €42 million.
Therefore there was a negative **change in net financial debt pre-lease liabilities** of €172 million.
The **change in lease liabilities** generated an overall effect equal to €10 million, due to the net negative effect of new financing and contract closure for €39 million in the period, to the repayments of lease liabilities for €57 million, and exchange rate differences and other changes for a total of €8 million.
Cash flows generated by operating activities before changes in working capital - Continuing operations, positive for €176 million, results from:

- the loss for the period amounting to €123 million;
- depreciation, amortisation and impairment of tangible and intangible assets and the right-of-use assets in leasing amounting to €217 million, the positive valuation of equity investments using the equity method amounting to €24 million, the negative change in provisions for employee benefits amounting to €9 million and exchange rate differences and other negative changes for a total of €54 million;
- from net financial expense of €53 million and income taxes of €67 million.

The change in working capital related to operations, for €579 million, was due to financial cash flows of projects underway, previously mentioned.
Dividends received, income taxes paid, interest paid and received during the first half of 2022 were negative for €122 million and were mainly related to income taxes paid net of tax credits and to interest paid. Capital expenditure in property, plant and equipment and intangible assets, Continuing and Discontinued operations amounted to €112 million.

Key profit and financial indicators

Return On Average Capital Employed (ROACE)

Return On Average Capital Employed is calculated as the ratio between adjusted profit (loss) for the period before non-controlling interest, less net financial expense after deducting the related tax effect and net average capital employed. The tax rate applied to financial expense is 24%, as per the applicable tax legislation.

Return On Average Operating Capital (ROACE)

To calculate the Return On Average Operating Capital, the average capital employed is netted of investments in progress that did not contribute to profit for the year.
No significant investment in progress in the two periods compared were identified.

		Dec. 31, 2021	June 30, 2021	June 30, 2022
Profit (loss) for the period	(€ million)	(2,467)	(1,026)	(1,811)
Exclusion of net financial expense (net of tax effects)	(€ million)	140	127	(143)
Unlevered profit (loss) for the period	(€ million)	(2,361)	(929)	(1,702)
Capital employed, net:	(€ million)			
- at the beginning of the period		4,174	4,542	3,552
- at the end of the period		1,892	3,552	2,328
Average capital employed, net:	(€ million)	3,033	4,047	2,940
ROACE	(%)	**(77.84)**	**(22.96)**	**(57.89)**
Return On Average Operating Capital	(%)	**(77.84)**	**(22.96)**	**(57.89)**

Net financial debt and leverage

Saipem management uses leverage ratios to assess the soundness and efficiency of the Group's capital structure in terms of an optimal mix between net borrowings and equity, and to carry out benchmark analyses against industry standards. Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings and equity, including non-controlling interests.

	June 30, 2021	June 30, 2022
Leverage pre-IFRS 16	0.51	2.23
Leverage post-IFRS 16	0.65	2.72

Non-GAAP measures

This section provides the alternative performance indicators that, although not required by IFRS (non-GAAP measures), are used in the "Directors' Report".
Such indicators are disclosed to enhance the user's understanding of the Group's performance and are not intended to be considered as a substitute for IFRS measures.
Specifically, the non-GAAP measures used in the Interim Directors' Report are as follows:

- EBIT "Earnings Before Interest and Taxes" is an alternative performance indicator largely used to calculate a company cash flows and represents the operating profit before expenses and cash flow taxes: the indicator results from the sum of the net profit plus depreciation and amortisation;
- EBITDA "Earnings before Interests, Taxes, Depreciation & Amortization" is an alternative performance indicator related to the operating performance, calculated by adding to the operating profit, the depreciation and amortisation;
- EBIT Adjusted "Earnings Before Interest and Taxes Adjusted" is an alternative performance indicator largely used to calculate a company cash flows and represents the operating profit before expenses and cash flow taxes: the indicator results from the sum of the net profit plus depreciation and amortisation excluding special items;
- EBITDA adjusted "Earnings before Interests, Taxes, Depreciation & Amortization Adjusted" is an alternative performance indicator related to the operating performance, calculated by adding to the operating profit, the depreciation and amortisation excluding special items;
- technical investments: this indicator is calculated by excluding investments in equity investments from total investments;
- non-current assets: the sum of net property, plant and equipment net intangible assets and equity investments;
- net working capital: includes working capital and provisions for risks and charges;
- net invested capital: this is the sum of fixed assets, working capital and the provision for employee benefits;
- funding: this is the sum of equity, non-controlling interest and net financial debt;
- special items: they represent: (i) not-recurring events or transactions; (ii) events or transactions that are not representative of normal business activities;
- net debt: this is calculated as financial debt less cash and cash equivalents, securities and other financial assets not used in operating activities.

BUSINESS SUSTAINABILITY

Vision and principles

The current exceptional economic situation due to the pandemic and the energy crisis, also exacerbated by the current geopolitical context marked by the Russian-Ukrainian conflict and the resulting fragility of the energy supply system, on top of the climate change caused by human activities that is irreversibly damaging the planet, create a scenario in which energy infrastructures become the most important potential driver of sustainable development. In this scenario, Saipem declares its ambition to be one of the leading players and enablers of energy transition.
The Company, through its skills and technologies, is indeed effectively contributing to energy decarbonisation throughout its value chain, providing its customers with innovative design, engineering, and technological solutions, acting as a strategic partner for Net Zero and actively engaging its suppliers in this process.
Saipem's industry outlook and its commitment to energy transition mark its path towards sustainability. Guided by a medium-long term systemic vision and taking into account the economic, environmental, and social impacts of its activities and the expectations of its stakeholders, the Group integrates sustainability issues into its strategies, processes, and governance in order to create shared value and greater opportunities for competitive advantage.
A **four-year Sustainability Plan called "Energy for a Sustainable Future"** was preliminarily presented to the Sustainability, Scenarios and Governance Committee on June 27. The Committee was in favour and submitted it to the Board of Directors for its evaluation and approval. The Plan constitutes the reference framework on sustainability issues and is a tool for implementing an integrated strategy that combines business and financial objectives with selected ESG criteria, in order to create value for all stakeholders in the short and long term. Its objective is to transform the medium to long term sustainability vision of the business into actions and projects aimed also at ensuring both constant improvement in short-term performance and the fulfilment of the commitments undertaken by Saipem as a contribution to the achievement of the United Nations Sustainable Development Goals (SDGs). It also aims to comply with the ten principles of the Global Compact, to which the Company has adhered since 2016. To this end, the Company has been taking part as a first adopter in the new "Communication On Progress" (COP) methodology of the Global Compact since the first half of 2022.

Net-Zero Programme

As part of its decarbonisation programme and in order to improve the efficiency of its assets and operations, Saipem has defined a GHG emission reduction plan in the context of the **Net-Zero Programme**, in particular with regard to Scope 1 and Scope 2 emissions. The **following medium and long-term targets** have therefore been identified:

- Climate Neutrality for Scope 2 as of 2025;
- 50% reduction in Scope 1 and 2 emissions by 2035 (baseline in 2018: 1.4 million tonnes of CO_2 eq);
- further reductions on all Scopes from 2050.

The Net-Zero Programme has been supported by **3 tools** created at the end of 2021 and approved by the CEO:

- the **Net-Zero Manifesto** and Strategic Lines - for general guidelines and management;
- Saipem's **Four-year GHG Reduction Plan** - for the short term (2021-2024);
- Saipem's **Net-Zero Implementation Plan** - for the long term as well (up to 2050).

The combination of the two above-mentioned plans, subject to annual updates, constitutes Saipem's roadmap to Net-Zero. These are living documents, which take into account new external regulatory and market demands, stakeholder expectations and customer requirements, as well as new benchmark analyses, technological developments, and energy scenarios.
As for Scope 3 (indirect emissions coming mainly from the supply chain and mobility), Saipem is working with vendors and different actors in the value chain with the ultimate aim of setting reduction targets and roadmaps by 2023. Work is currently underway to fine-tune the monitoring of the supply chain's carbon footprint (in terms of perimeter and granularity) and market surveys on available low-carbon materials and technologies are being carried out to identify potential green procurement requirements to be integrated into requests to suppliers.

Stakeholder engagement

In the pursuit of its goal as enabler of the energy and ecological transition, **Saipem's commitment is to generate sustainable value for all its stakeholders**, by working through a range of ESG factors and by giving, among other things, the utmost importance to its people, their health and safety, skills, the attraction of new talent, and the social and financial contribution to the local communities in which it operates, to the relationship with customers and the supply chain, to business ethics and integrity as a key cross-cutting factor of the corporate

culture and, last but not least, to promoting the inclusion and enhancement of diversity, at all levels, both in terms of multiculturalism, represented in the Saipem population, and in its gender component.
The evolution of the approach to sustainability by the main reference stakeholders and the demands that are consequently put forward directly or indirectly, constitute a further push towards a rapid evolution in the approach to sustainability by considering a strategic priority, combining, to this end, its business plan with the principles of environmental, social, and governance sustainability.
Through the Sustainability Plan, Saipem communicates to stakeholders its sustainability strategy, lines of action, and objectives integrated with the Strategic Plan. This systematic integration strengthens the commitment of the entire company to ESG factors and has a positive impact in terms of the effectiveness of the actions taken throughout the value chain.
Besides, the interaction with stakeholders is ensured by a timely and transparent reporting system on ESG data and sustainability initiatives, in accordance with the highest international standards and current regulations on non-financial reporting, which are currently undergoing major changes.
To this end, during the first half of 2022 Saipem took part in the consultation roundtables promoted directly by the relevant authorities or through associations both in the context of the revision of the European "Corporate Sustainability Reporting Directive" (CSRD) and the related standards drawn up by the European Financial Reporting Advisory Group (EFRAG) and the International Sustainability Standards Board (ISSB) sustainability standards proposals.
As part of its affiliation to "**Open-es**", a system-wide initiative to support sustainable supply chain development through a digital platform which is open and free of charge for all companies, Saipem has involved its vendors in Italy through the "Saipem Sustainable Supply Chain live event Open-es" webinar to encourage them to join to the platform. The event was also an opportunity to debate the role of the supply chain in the journey towards energy transition and Net-Zero. By joining Open-es Saipem aims to monitor the sustainability performance of its supply chain more closely by strengthening ESG requirements when evaluating its vendors.
As for the ESG/sustainability ratings, the market confirms the company's excellent ranking as a leader in this business in the Dow Jones Sustainability Index (DJSI) at the end of 2021. Notably, in June 2022 it was announced that Saipem reached the fifth place (up from tenth in 2021) in the EticaNews' Integrated Governance Index (IGI) 2021, which measures the integration of sustainability into the corporate strategies of the most important Italian companies.

Sustainability reporting

On **March 24, 2022, Saipem's Board of Directors approved the Group's 16th voluntary Sustainability Report**, which illustrates the ongoing transformation process and its vision for the future through three different chapters which develop and describe the contents and initiatives related to sustainability:
- **Transition Toward Net-Zero:** the initiatives and issues Saipem is currently working on to transform its business model – in the traditional energy sector, as a technology enabler of low-carbon strategies, and in the energy transition with renewables and sustainable infrastructure;
- **Fulfilling Our Vision of Decarbonization:** the programmes and initiatives launched that will be carried out in the Saipem of tomorrow and represent the future vision of the company, to build a more sustainable, technological, and net zero ecosystem;
- **Added Value at Our Core:** the "core" issues in the performance of the business that has been consolidated over time and in which the company has achieved levels of excellence in skills, technology, health and safety, and stakeholder engagement.

Pursuant to Legislative Decree No. 254/2016 on non-financial reporting of entities of public relevance, transposition in Italy of Directive No. 95/2014, **Saipem produced the fourth "Consolidated Non-Financial Statement" (NFS) 2021**, which was also approved by the Board of Directors on March 24, 2022. This is an informative document in a separate section of the "Directors' Report" on the management of non-financial aspects. It describes the Group's policies, activities, risks, and related management methods, the main results and impacts generated in the year in terms of indicators and trend analysis.
The document has been enhanced with a new section that, in compliance with EU Regulation 2020/852 on the taxonomy of activities and investments that can be classified and aligned as sustainable, provides an analysis table containing the indicators required by the regulations (turnover, capital expenditure, and operating expenses).
In 2021, the company performed its **annual materiality analysis** in order to identify the sustainability issues considered a priority by its stakeholders, the results of which are summarised in the NFS. For the first time, Saipem structured its assessment **according to the principle of "dual materiality"**; this includes the evaluation of both sustainable issues that impact the environment outside the company (Impact Materiality), and those that from the point of view of financial stakeholders impact the value of the company (Financial Materiality).
In order to further strengthen the reliability, timeliness, and completeness of the reporting process, Saipem has developed an **internal control system dedicated to non-financial reporting**. The system has been in place since 2019 with an increasing number of subsidiaries and indicators every year.
The process entails defining the scope of application, identifying, and evaluating controls, implementing monitoring activities and defining corrective actions, reporting, and evaluating the control system.

The effectiveness of controls is assessed through monitoring activities which are carried out at line level by the Risk Owners, and at independent level by the Internal Audit function.
During the first half of 2022, **Saipem also published its fifth Climate Change document**, which was drafted following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) established by the G20 Financial Stability Board and which contains descriptions of analyses, policies, strategies, actions, metrics, risk and opportunity management, and technology initiatives in order to highlight the impacts that climate change scenarios have on its business and its role in the energy transition.
Finally, following the favourable preliminary opinion expressed by the Sustainability, Scenarios and Governance Committee at its meeting on June 27, 2022, **the Board of Directors on June 28, 2022 approved the "Saipem Modern Slavery Statement 2021"**, the sixth corporate document of compliance with the UK Modern Slavery Act, which describes the policies and actions taken by the Group to measure and strengthen systems and processes to prevent forms of modern slavery and human trafficking both in its direct operations and along the supply chain and in general ensure respect for human and labour rights.
All the above-mentioned documents are available in the "Sustainability" section of the Company's website www.saipem.com.

RESEARCH AND DEVELOPMENT

Saipem is an advanced technological and engineering platform for the design, construction and operation of safe and sustainable complex infrastructure and plants. Saipem has always been oriented towards technological innovation and is currently committed, alongside its clients, on the frontline of energy transition with increasingly digitalised tools, technologies and processes that were devised from the outset with environmental sustainability in mind.

Just in this respect, the first part of the present report is devoted to Oil&Gas business innovation activities while the second part to activities dedicated to the energy transition.
The Oil&Gas initiatives are reported according to the new organisational structure of the Company, namely to the following business lines: Asset Based Services, Robotics & Industrialized Solutions and Energy Carriers.

Most of the innovation activities of the former Offshore Engineering & Construction, related to the traditional Oil&Gas business, and the activities of the Drilling Business line are now grouped under the new **Asset Based Services** business line, here below reported.

As regards Pipe laying activities, a very important milestone has been reached concerning the Integrated Acoustic Unit (IAU) equipment that obtained the Statement of Qualified Technology from DNV for the installation of 42”-48” diameter pipelines. The IAU allows inspection of potential damages in pipelines in real time during the laying process, notably out-of-roundness, buckles and dents, water intrusion and identification and localization of obstacles in the pipe. Additionally, the development of the Hands-Free Lifting Beam for automatic transfer of pipeline section from supply vessel to pipelay vessel is proceeding to hit the deployment on executive projects from 2023.

Concerning Pipeline Technologies, Saipem is making continuous hardware and software improvements on its proprietary welding technologies, such as the Saipem Welding System (SWS), Submerged Arc Welding (SAW) and SPRINT internal plasma remelting technology. A special focus is put on the qualification of enhanced welding procedures to allow greater productivity for the welding of cladded pipelines and for the introduction of new challenges, such as the high strength X80 pipe grade. In terms of Non-Destructive Testing, Automatic Ultrasonic Testing equipment are being modernised to increase the quality of girth weld inspection. Finally, Saipem is following up on the robotisation and digitalisation of its Field Joint Coating operations, with a particular focus on automation and application quality. Saipem is also continuously testing new materials, notably to replace IMPP (Injection Mould PolyPropylene), IMPU (Injection Mould PoliUrethane) for SURF and conventional prospects.
Qualification tests for innovative welding and field joint coating procedures and materials, for pipelines transporting fluids with high hydrogen content, have successfully started. These tests will support Saipem readiness for construction of commercial pipelines transporting hydrogen-natural gas mixtures or pure hydrogen. In that respect, Saipem is actively involved in the consolidation and standardisation of the new DNV recommended practice, together with over 30 major players.
Finally, Saipem is studying and testing Wire-Arc Additive Manufacturing technologies and processes for the production of special installation equipment. In collaboration with Vallourec, the successful manufacturing of a subsea flange has been completed, as well as of a pipe add-on anchor flange, designed on the specification of those in use for the Risers of the Brazilian Buzios V offshore field development project.

Concerning SURF (Subsea, Umbilicals, Risers, Flowline), a great focus has been put on the DEH (Direct Electric Heating) Pipe-in-Pipe. Qualification tests have successfully started in 2022 with the aim of having this technology qualified according to the TRL 4 of the API scale for commercial application in 2023. Great efforts have been also dedicated to the introduction of plastic liners for water injection lines, where high pressure tests have successfully started. A concept is also being developed in partnership with TotalEnergies for the extension of plastic liners to production lines. The special design features to address plastic liner deformation, in case of pipeline depressurisation, are being addressed by numerical studies.

Finally, Saipem is reviewing options to decarbonise offshore activities, notably through the incorporation of offshore multi-energy renewable sources, with subsea chemical handling and potential energy storage options following the Wind2Sub patented concept. Saipem is also leveraging on its experience in Offshore Drilling to address a new approach for the use of geothermal energy for ultradeep electricity generation.

The Offshore Drilling business is proceeding in the development of a tool to improve the quality of wells leveraging artificial intelligence. The tool aims at supporting the drillers in detecting those signals that allow the well engineer to maximise well quality. The system has been developed and tested on past project data, and the possibility of collaboration with a client is under consideration. In the field of digital innovation, the creation of virtual models of the most innovative rigs has been completed. In order to reap the benefits of “gamification”, a videogame is being

developed to improve the experience of the staff and their results in terms of familiarisation with rig operations and HSE procedures, before going onboard; the pilot has been concluded with the approval of internal customers, and will be used for familiarisation to evaluate the results in terms of retention. To increase return on value of the virtual fleet, the business is also completing a pilot project to add new functionalities and data sources to the virtual fleet models, as well as to extend the programme to other rigs. A search engine based on Natural Language Processing techniques has been piloted. The operational excellence model has been fully installed on the fleet, and frequently receives upgrades with new modules for improvement, such as the module related to operations planning. The implementation of predictive maintenance capabilities continues: the pilot test has been extended using a state-of-the-art data infrastructure and also exporting algorithms on the same critical equipment as other vessels; the tool has shown that the predictions made are useful for shipboard personnel in detecting anomalies.
On another side, given the strong feedback coming from customers and government agencies, the technological feasibility of using electric BOPs (Blow-Out Preventers) and riserless sea drilling operation is also being evaluated.
Finally, opportunities for diversification are being investigated: deep sea mining, CO_2 storage solutions and offshore geothermal. In the latter field, within the collaboration with Geolog, potential geothermal fields in the Mediterranean Sea are being evaluated using a machine learning approach and comparing the results with existing databases. The goal is to identify areas of interest where an offshore geothermal field could be developed.

The Onshore Drilling business has focused its efforts on pursuing continuous maximisation of the return on value of real-time data, from sensors installed on land rigs, to enable informed decision making based on the knowledge of real-time integrated data and to achieve operational efficiency through the adoption of digital tools.

In the overall Asset Based Services business line a new approach in the warehouse management, based on machine learning algorithms that propose optimised stock levels and guarantee a constant and satisfactory service level, is ready to start, also testing the application of additive manufacturing technology to replicate a "just in time" supply model.

As regards the new **Robotics & Industrialized Solutions** business line several activities are ongoing.

Subsea Factory

Saipem is developing the "Subsea Factory Solutions" industrial platform. The definition of the industrial partners and the supply chain has been completed through a number of specific agreements (with TotalEnergies, Veolia, Siemens, Curtiss-Wright, and other technology providers). This development fits with the "All-Electric" vision for fields, made of subsea infrastructures connected only by electric lines and optical fibres, in place of complex and expensive electro-hydraulic umbilicals which are typically used to deliver control fluid for susbea hydraulic actuators, chemicals and subsea pumps barrier fluid.
The qualification of the SPRINGS™ process for water desulfation and injection (co/owned with TotalEnergies and Veolia) has been successfully completed. The industrialisation of its all-electric subsystems is also close to its completion, pending final tests. Such subsystems have been industrialised with the intention to form the building blocks for the whole Subsea Factory products portfolio.
The FLUIDEEP™ technology for subsea storage and injection of chemicals is also at an advanced stage of industrialisation and the final qualification tests are currently ongoing.
Saipem has been recently engaged on a study with a client for the utilisation of SPRINGS™ combined with the subsea produced water separation (Spoolsep™) and subsequent treatment, with the view of reducing not only the global cost but also the CO_2 emissions, when compared to a conventional field development scheme.
Saipem has also recently presented SUBGAS, a subsea gas dehydration and dewpointing unit to overcome the flow assurance issues and unlock long subsea Gas tiebacks. SUBGAS avails of the qualified oil and gas separator Vertical Multipipe™ which was previously developed and qualified through multiple Joint Industry Projects (JIPs) for deepwater applications.
The preparation activities for a large-scale tests of a subsea CO_2 separator (HiSep™ technology, owned by Petrobras) for applications in Brazil subsea projects notably have also started.

Life of Field and subsea robotics

In the frame of the Life of Field business, Saipem is developing an integrated Digital Twin approach for subsea critical component design and servicing, by incorporating new technologies such as the RIMS ("RIser Monitoring System") for enhanced Life-of-Field. The new technologies for riser monitoring are under qualification and will be deployed in Buzios 5 and Buzios 7 projects.
Regarding subsea remediation services for diver and deepwater diverless applications, Saipem is qualifying with a third-party certification authority a mechanical end connector ("Seal & Grip") to allow to replace damaged pipe sections with pipe spools, being the only connector that adopts a full metal-to-metal seal to guarantee permanent repairs of clad and sour service pipelines. Saipem is also qualifying a novel pipeline and spool diverless deepwater repair technology based on Fibre-Reinforced Polymer composite wrapping.

The development and industrialisation programmes of the Hydrone subsea robotic platform are continuing. The first Hydrone-R vehicle has been delivered to Equinor, as part of the first ever "Life of Field" contract for an Underwater Intervention Drone, covering 10 years of service in the Equinor "Njord" field off the coast of

Trondheim, with the new Hydrone-R and Hydrone-W. The Hydrone-R was tested thoroughly at sea in Saipem's nearshore "playground" in Trieste, and has gone through functional integration tests with Equinor's SDS (universal Subsea Docking Station), before being applied in the field.
The Hydrone-R, winner of the Spotlight on New Technology award at the Offshore Technology Conference in 2021, is a symbol of the essential role this new generation of innovative subsea drones is called to play in this global transitional moment for the Offshore Energy Market. The industrialisation of Hydrone-W is also ongoing as a dedicated investment. This vehicle, a work-class full electric ROV, will be equipped with a revolutionary powertrain and power management system, that minimises the energy consumption during operations. It is designed to operate also from unmanned platforms, controlled from land. The development of the "FlatFish", another drone of the Hydrone platform, is also ongoing: it is an advanced autonomous underwater vehicle with artificial intelligence and underwater residence capability. The construction of the prototype and its flying garage has been completed at the Sonsub subsea technology centre in Marghera, Italy. An extensive testing programme test has been then successfully performed in Trieste Playground and it has been just concluded with a week demonstration; delegates from the major companies attended this final week test programme and witnessed the performance of several autonomous tasks including, among the others, pipe tracking, riser tracking, Global Visual Inspection, obstacle avoidance. The tests were part of the preparatory phase prior to the mobilisation for the inspection campaigns on BC10 (Shell) and Iracema Norte (Petrobras) projects, offshore Brazil.
The whole Hydrone platform will also benefit from more advanced functions which, combined with subsea wireless networks, will improve the continuous and detailed inspection capacity, and allow more efficient data collection, introducing advanced functionalities that have already attracted the interest of several international players. In this respect, Saipem has successfully conducted remote control operations, from the Marghera onshore control station, of its Innovator ROVs on board its Saipem 7000 vessel located in UK and on drilling rig located in Norway.
In addition, Saipem has launched a collaboration with WSense to incorporate Subsea Internet of Things into its Hydrone platform and is participating in the "AIPlan4EU" Horizon 2020 programme for the joint development of an Artificial Intelligence software for automatic mission planning, to be used also on our Hydrone platform. Finally, Saipem is developing a pilot project for a company in the oil sector for the application of a self-propelled marine buoy for monitoring marine flora and fauna in Brazil.

In terms of diversification of this business, several efforts have been carried out especially regarding the defence field. The development of the SDO-SuRS (Special & Diving Operations - Submarine Rescue Ship) vessel for the rescue of submariners continued in collaboration with Drass, a leading company in submarine and hyperbaric crewed technology, Saipem was selected by Marina Militare Italiana (the Italian Navy) for the equipment of SDO-SuRS (Special & Diving Operations - Submarine Rescue Ship), the new vessel for the rescue of submariners. The system integrates a latest generation remotely operated vehicle, acting as a carrier for navigation and control, with a rescue capsule bringing submariners back to the surface, through a controlled habitat, in total safety. A few other applications, other than defence related, are under consideration to optimally exploit our know-how in this field.

The **Energy Carriers** business line continues to pursue the monetisation of natural gas with focus on the consolidation and development of processes and technologies aimed at achieving the decarbonisation targets, complying with the energy transition path. In this context, a long term plan has been defined and related activities are in progress to keep the proprietary technologies at the highest level of competitiveness.
Relevant to the fertiliser production technology "Snamprogetti™ Urea", the ongoing activities include:
- continuing to enlarge our portfolio of high-end solutions with the introduction of the Snamprogetti SuperCups™ trays, which drastically increase the mixing efficiency of the reactant phases, optimising the product conversion rate and also providing very significant CO_2 emissions reduction; several new or "revamped" facilities are or will be adopting the SuperCups trays;
- providing complete solutions to operating plants by the Tuttle Prilling Bucket technology, a device adopted worldwide in Urea prilling towers for the production of high quality prills for a wide range of plant capacities;
- improving resistance to corrosion and cost reduction through the development of novel construction materials, either by traditional or additive manufacturing. In this respect, Saipem and Tubacex Innovación have recently developed together a new grade SuperDuplex material for application in the High-Pressure section of Urea plants environment;
- continuing the development of a Digital Twin for the "Snamprogetti™ Urea" technology. The solution, developed within a frame of partnership between Saipem and Honeywell, will extend Saipem traditional value proposition, integrating the traditional offer as licensor with remote assistance to operation, in order to maximise revenues and minimise carbon footprint. The solution will be developed through Honeywell Forge, Saipem will be the interface point with the final customers;
- study for the integration of a post combustion carbon capture unit in Ammonia-Urea complexes in order to reduce CO_2 footprint and increase urea production;
- an innovative solution for Waste Water Treatment in Ammonia-Urea complexes, the SPELL technology, has been developed by a cooperation with Purammon Ltd. The technology is able to remove nitrogen and organic contaminants through a novel electrochemical process, in compliance with the most stringent environmental regulations. To support the technology demonstration towards the final customers, a mobile containerised

demo plant, with max capacity equal to 2 m^3/h has been built. Such asset will be easily moved to different clients' facilities through a plug & play approach to demonstrate the electrochemical technology capabilities.

Efforts in the LNG (Liquefied Natural Gas) field are ongoing, also to define proprietary small-scale liquefaction and regasification of natural gas, which can become a flexible tool also for supporting sustainable mobility in the near future. Alternative solutions, designed to suit the current market scenario, including LNG facilities based on the proprietary Liqueflex™ and Liqueflex™ N_2 technologies, have been devised. The key activities for the design consolidation, integration of information on equipment/suppliers and criticality assessment of maintenance of onshore small-scale LNG solutions have been completed.
The business line is also supporting the final customers in the evaluation of possible solutions targeting greener LNG facilities to further lower carbon emissions in large scale LNG plants.

In relation to High Octane technologies, the identification and investigation of new possible configurations, for etherification unit to reduce energy intensity, is continuously pursued.

As previously mentioned, in the second part of this report the attention goes to the activities regarding energy transition. In the medium term, targeting progressive decarbonisation of energy and overall CO_2 emissions reduction, Saipem is pursuing several and diversified actions in the following main fields.

CO_2 Management
Saipem continues to build a technology portfolio to deal either with the purification of natural gas from reservoirs with high content of CO_2 or capture of CO_2 from combustion flue gas in power generation and industrial processes. Saipem owns the proprietary "CO_2 Solutions by Saipem" technology, which potentially reduces the cost and environmental impact of capturing CO_2 from combustion process, enabling its sequestration or reuse to obtain new marketable products. The technology is based on an innovative enzymatic process to capture CO_2, no toxic products are used or released; moreover, the regeneration process occurs at low temperature, with consequent positive impact on operating costs and energy consumption. The technology has been continuously tested in a small-capacity (30 tonnes per day) commercial plant, in operation at the Resolute Forest Products pulp paper mill in Saint-Félicien (Québec). The recovered CO_2 is purified and can be used in the greenhouses of a near-by farm.
Saipem continues to pursue the optimisation programme of the CO_2 Solutions technology both on Capex and Opex including:
- the reduction of the enzyme cost together with Novozymes, thanks to a dedicated R&D programme for the development of even more resistant enzyme strains and the improvement of enzyme supply chain. In fact, thanks to Saipem's expertise in CO_2 capture and storage technologies and Novozymes' cutting-edge enzymes solutions, the two companies can make the enzymatic carbon capture process highly competitive on the market of traditional processes;
- the optimisation of main equipment size thanks to the involvement of specialised suppliers and Saipem's engineering capabilities.

In order to improve the portfolio of solutions to support our clients towards their decarbonisation targets and create a more sustainable industrial model, the Company continues to consolidate the access to different types of technologies for post-combustion carbon capture, already consolidated in the reference market.

Another important step to combat climate changes and to achieve CO_2 reduction targets at national, European and world level is represented by the EU-funded "ACCSESS" innovation project, started in 2021 and involving 18 European partners. Among other research tasks, the project will demonstrate the CO_2 capture from flue gases coming from several Hard-to-Abate industries with the CO_2 Solutions technology through a mobile small capacity portable CO_2 capture plant (2 tpd). Hard-to-Abate industries involved are pulp and paper, biomass-fuelled cement production and waste-to-energy.
The pilot plant, currently designed to be operated with amine solvent, has been modified for operation with the environmentally benign CO_2 Solutions capture technology. The modification also includes the installation of an innovative solution (i.e. Rotating Packing Bed) replacing existing traditional column. Following these modifications and using the Saipem technology, the pilot plant will be tested first at a waste-to-energy plant, subsequently test campaigns will be carried out at a paper mill and then at a cement kiln.
Starting from the studies of integration of Carbon Capture solutions into Hard-to-Abate host industrial plants, another target of the initiative is the development of CCS integrated chains, from continental Europe to the North Sea Area to interconnect the transport and storage infrastructures that are under development. The ACCSESS project is also dedicated to developing viable industrial CCUS business models. engaging with cities and citizens, explaining how CCUS can contribute to the production of climate neutral or climate positive end-products.

Additional focus has been devoted to the decarbonisation path of the so called Hard-to-Abate sectors, which are considered the most technically challenging since their emissions are not only related to heat and power generation but also to the manufacturing processes. Hard-to-Abate sectors need innovative solutions and Saipem is already collaborating with different industrial players and technology providers including the sustainable conversion of energy-intensive primary plants in the steel sector, aimed at supplying technologies and services to reduce the carbon dioxide emissions of the steel production process and creating an innovative and sustainable model, consistent with the current environmental regulations.

Saipem is active and focused on identifying also all possible CO_2-reuse technologies with current and prospective level of deployment in order to support the customers with possible CO_2 reuse available in the area, especially where infrastructure for CO_2 collection and transport to storage is not available.
In this respect, Tenaris, Saipem and SIAD have signed this year a MoU (Memorandum of Understanding) to start the design of a CO_2 capture unit, to be built at the Tenaris plant in Dalmine (Italy). The project involves a 30 tpd CO_2 capture unit. The CO_2 will be captured using Saipem CO_2 Solutions proprietary technology and will be subsequently managed and used by SIAD.
More in general, Saipem is active and focused on recognising all possible CO_2-reuse technologies, with current and prospective level of deployment, to support customers with possible valorisation path for CO_2 reuse available in the area, especially where infrastructure for CO_2 collection and transport to storage is not available, e.g.:
- CO_2 reuse in concrete and carbonate materials;
- CO_2 reuse for synthetic fuels and chemicals production;
- CO_2 reuse for polymers, bioplastics and durable carbon materials productions.

Furthermore, the development of several solutions for CO_2 transportation and CO_2 liquefaction is ongoing to allow Saipem to be able to propose best-in-class plant configuration to meet the customer needs.

Finally, in order to meet the efforts of client toward Net-Zero, Saipem has developed specific decarbonisation services, both for client's facility (Scope 1 and 2 GHG emission) and for its product along the supply chain (Scope 3 GHG emission):
- EmiRed™, a proprietary solution for estimating and identifying technologies to reduce greenhouse gas emissions in industrial plants. The trademark has been registered with the European Union Intellectual Property Office (EUIPO). EmiRed™ is both a methodology and a digital tool, developed through Saipem's vast experience in engineering services and its vocation for technological innovation. With EmiRed™, the cost of a plant's lifecycle can be determined right from the early design stage, as well as the calculation of direct emissions and indirect emissions associated with the energy purchased for the operation, allowing for the simultaneous comparison of different scenarios;
- LCA (Life Cycle Assessment) studies on both licensed and non-licensed products, using the LCA methodology set in the ISO 14040 and ISO 14044 standards. LCA enables reliable, transparent and quantitative assessment of potential environmental impacts of projects, products, processes or integrated systems, from revamping up to new configurations, circular economy based. For operating facilities, the LCA enables the Environmental Product Declarations (EPD), an international certification compliant with the relevant ISO 14025 standard.

Renewables
Saipem extended its floating offshore wind technology portfolio in 2021 with 2 semi-submersible technologies, namely STAR1, a centred-turbine floater with 3 external columns connected by submerged pontoon to the central one, acquired from Naval Energies, and X:Base a 3-column generic semi-submersible foundation concept tailored-made for shipyards supporting an off-centred turbine. The other technology is HexaFloat™, Saipem pendular floating wind solution for deepwater conditions, connecting a semi-submersible floater to a submerged counterweight thanks to synthetic tendons.
During the first half of 2022, Saipem has further refined the design of STAR1 and X:Base for large-scale future commercial turbines of 15 MW, or more, with the aim to reduce structures weight and related costs to improve competitiveness of floating wind vs. bottom-fixed offshore wind. Innovative connections between columns and structural arrangements have also been investigated.
As far as HexaFloat™ technology is concerned, the development of the full-scale demonstrator of 3 MW through AFLOWT project, co-financed by the European Union (Interreg North West Europe), on MISTRAL test site has progressed and secured additional support from ADEME (French Environment and Energy Management Agency). The deployment planned for 2024 will allow the completion of the AFLOWT project objectives by making the technology ready for commercial uptake and by demonstrating the survivability and cost-competitiveness of the technology.
The 2022 offshore test campaign of a 1/7th scale version of the HexaFloat™, led by Consiglio Nazionale delle Ricerche (CNR) in Naples, has also been prepared with the objective to test a more representative installation sequence, in addition to gaining further data from actual offshore open sea testing of the floater.

Saipem is also actively participating in several collaborative and research projects supporting the development of floating offshore wind. The "FLOATECH" Horizon 2020 programme, granted by the EU, aims at increasing the maturity and the cost competitiveness of floating offshore wind energy, by improving the aero-hydro coupled modelling and by developing active control techniques. This objective of improving modelling techniques is also pursued in an internal PhD thesis, run with the support of the École Centrale de Nantes to model floaters with CFD (Computational Fluid Dynamics), in particular under cyclonic conditions. Finally, Saipem is also participating to several projects, led by France Energies Marines and CITEPH (French Energy Innovation Programme) covering design, mooring, testing, monitoring and operation & maintenance of floating wind foundations.

Apart from the turbine foundations, Saipem is also involved in the development of floating substations in partnership with a major OEM. A typical HVAC (High Voltage Alternating Current) floating substation design has been matured in view of future commercial projects in order to add this key technological brick and product within Saipem portfolio for the development of large-scale remote floating wind commercial farms.
In addition, Saipem is also participating in a JIP led by DNV on Floating Substations. The main purposes of this JIP are the following:
- to identify gaps with regards to offshore floating substations technology;
- to identify gaps in presently available standards;
- to establish joint understanding and alignment of best industry practice and technical requirements for design, construction, and operation of offshore floating substations.

The long list of participants includes EPC contractors, developers, fabricators, main utilities, Oil&Gas companies.

In the renewables area, the Company is also developing further initiatives:
- in partnership with Equinor, a new concept of "Offshore Floating Solar Park", developed by our Norwegian associated company Moss Maritime, for applications also under severe wave conditions; together with Sintef the two companies have performed tests on a scaled floating solar model. Pilot project at Frøya Island in Norway is under execution. Forecast target date for installation is third quarter 2023;
- Saipem keeps following the project named AGNES for an innovative offshore energy hub. The project, located offshore Ravenna, will include both seabed-fixed and floating offshore wind, floating solar parks, green hydrogen production and energy storage with batteries. The plan is to build 700 megawatts of wind and solar capacity, installing 75 turbines of 8 MW each and building a floating 100 MW solar power farm. Permits are underway;
- Saipem is also working to build up a consortium of Italian players in order to design and realise an offshore wind turbine generator suitable for the Mediterranean conditions, in the light of the potential growth of Med offshore wind market. In this respect, Saipem is planning the development of energy hubs in Sardinia consisting of offshore wind farms and hydrogen generation. Given the bathymetric conditions of the selected areas the wind farms will be realised with offshore floating foundations.

Hydrogen

The potential for the use of green or blue hydrogen in industry, mobility and other uses is currently under investigation, considering the significant industrial experience and the specific know-how of the Company on the matter.

With the willingness to be a player in the green hydrogen coming market, Saipem is developing for its clients large scale electrolyser plants for hybrid industrial applications, including Green Ammonia and Green Hydrogen Valley projects.
In particular, Saipem has signed in 2021 with Alboran Hydrogen, Edison and Snam an agreement that aims at proposing and building new plants for the production of green hydrogen in Puglia region (Italy). The project aims at helping the acceleration of the spread of green hydrogen in the national energy mix in order to reach the Italian and European targets of climate neutrality by 2050.
The **Apulia Green Hydrogen Valley** project intends to build three green hydrogen production plants in Brindisi, Taranto and Cerignola (Foggia) for a total capacity of 220 MW, powered by photovoltaic production for a total power of 380 MW. It is estimated that, once fully operational, the three plants will be able to produce up to about 300 million cubic metres of renewable hydrogen per year. Green hydrogen will be mainly intended for use by industries in the region, including the injection – or blending – of hydrogen into local gas network and/or used for sustainable mobility.
The Brindisi project has already started the authorisation process and provides for the construction of a green hydrogen production plant using electrolysers with a capacity of 60 MW powered by a dedicated photovoltaic field. The entire Apulia Green Hydrogen Valley project will involve several regional entities, including the Regional Aqueduct, the Appulo Lucane Railways, technological and production districts, the Politecnico di Bari, the University of Bari, Foggia and Salento. In addition, investments in research and development are foreseen to promote new skills in the local community and a production chain dedicated to the hydrogen industry.
Saipem was involved since the early stages of the project, including the technology selection step and the preparation of the feasibility study to support permitting and the economic evaluation.

On another side, Saipem has launched SUISO, a technological solution for the offshore production of green hydrogen, that combines various renewable energy sources such as floating wind, floating solar and marine energies in a single system. The aim is to power, together or individually, electrolysers installed on existing offshore platforms for the production of green hydrogen. The technology responds to the growing demand for green hydrogen production and, at the same time, it allows the conversion of Oil&Gas offshore facilities which have now reached the end of their life cycle. The oxygen resulting from this process can be used in various applications such as aquaculture or seaweed production. Thanks to these features, SUISO will find its first application in the already mentioned AGNES project.

Biomass conversion and circular economy

Biofuels production processes and technologies, with a focus on second generation bioethanol, have been investigated in depth. In this frame Saipem has signed in 2021 an agreement with Versalis to promote PROESA®

technology used to produce sustainable bioethanol and chemicals from lignocellulosic biomass. Saipem and Versalis will provide integrated and technologically advanced solutions for the sustainable production of bioethanol. The PROESA® process does not use crops intended for human consumption as raw material, but rather produces second generation bioethanol through a process of hydrolysis and subsequent fermentation of agricultural biomasses available in abundance, such as agricultural waste, wood chips and energy crops.

Furthermore Saipem is also active in the biodegradable plastic bio-based technologies where it is pursuing partnerships and business opportunities for a PLA (PolyLactic Acid) production facility from biomass (sugar). Saipem has developed a feasibility study in order to realise a 30 kt/y PLA plant in Northern Italy. Among the different bio materials, PLA is that with performances comparable to plastic but being biodegradable and compostable.

As regards circular economy, the capacity to develop innovative solutions to sustainably treat waste (including plastics waste) with its consequent valorisation to energy and/or valuable products is becoming an important asset.
In this regard, Saipem promotes circular economy models for plastic waste seeking possible partnerships with collectors (waste sorting companies), technology providers (scouted in particular in the field of waste gasification, plastics pyrolysis and their depolymerisation) and final off-takers in order to build holistic chemical recycling plants enhancing Saipem value proposition.

Intellectual property
Within the complete framework of technology innovation activities, Saipem filed 8 new patent applications in the first half of 2022.
Furthermore, Saipem has been assigned the fifth position in the ranking drawn up by the European Patent Office (EPO) relating to Italian companies with the highest number of European patent applications registered in 2021.

HEALTH, SAFETY AND ENVIRONMENT

Health and Safety

During the first half of 2022, Saipem continued, with its usual conviction, on its pursuit to ensure high health and safety standards for all its personnel.
Safety statistics show that Saipem continues to perform better than its peers[1].
In the first half of 2022, there was a slight increase in the TRIFR (Total Recordable Injury Frequency Rate) from 0.37 (2021 figure) to 0.39 (figure updated as of June 2022), while the LTIFR (Lost Time Injury Frequency Rate) dropped from 0.19 (2021 figure) to 0.16 (figure updated as of June 2022).
The Company continues to invest resources to maintain a high level of attention to health and safety issues, in the development and updating of its HSE management system and in the dissemination of various awareness-raising initiatives throughout Saipem's operations.

These are the initiatives promoted by Saipem:
- the ongoing implementation of the **Leadership in Health and Safety** (LiHS) programme, designed to instil a strong organisational safety culture through the dissemination of safe behaviour throughout the organisation and a strong focus on leadership development at all management levels. The programme is still popular and appreciated throughout Saipem, including among customers, partners, and contractors. One of key factors of LiHS' success is that it is a structured multi-phase and multi-target programme with visible and credible leadership and a multicultural and universal approach;
- the ongoing implementation of the campaign **Life-Saving Rules**, which aims at improving the knowledge and skills the staff needs to work safely, in particular the fact that all work must be properly assessed, planned, and executed, with safety as the most important guiding value. The campaign is being implemented worldwide and concludes with the LSR e-Learning, a tool for summarising the 9 rules, refreshing and verifying skills, as the final step of the campaign;
- the launch of a **new campaign to combat accidents related to work at height**: in the first three months of 2022, there were three LTIs across the Group, directly related to work at height activities, and most recently the tragic event on board an offshore vessel, which resulted in the death of an employee of a subcontractor. This new **Work Safe - No Regrets** campaign requested by top management, has been developed to provide an immediate response to the negative trend of accidents linked to activities at height. The campaign aims to promote safe practices when working at height throughout the organisation and is in addition to Saipem's Life-Saving Rules.

A short film with great emotional impact and based on the concept "Regret saves no one" was produced to launch the campaign. It is, once again, an invitation to everyone in the organisation to report non-compliances and to intervene in the event of unsafe conditions, including by exercising the Stop Work authority.
The message launched by COO to present the campaign is very clear: safety is NOT someone else's responsibility; we are ALL responsible for it.
To support the Business Lines, a kit was prepared consisting of a package of communication tools (including videos, posters, and booklets for sharing personal stories) and a checklist for the performance of quarterly self-checks at the operational sites to assess any gaps and areas requiring action:
- the promotion of **Choose Life**: a training programme that aims to strengthen leadership and increase Saipem people's awareness on health and well-being issues, with the objective of encouraging them to choose a healthier lifestyle. Physical and mental health has become a prerequisite for working well and safely in order to face the major challenges of our industry. The programme aims to tackle three of Saipem's major health risks: cardiovascular diseases, malaria and sexually transmitted diseases, which still cause serious chronic illnesses, represent repatriation risks and can lead to death. Another important topic recently added to the programme is mental health, which has become one of the key issues in our sector. The programme has been developed internally and coordinated with the medical department. It is available both in traditional format (in person or online workshop) or as an e-learning course;
- **Saipem Safety Day**: a 24-hour streaming marathon on health and safety to celebrate the World Day for Safety and Health at Work on April 28, 2022. The event aimed to add value through its wide range of offerings, its extensive multilingual programming, and its wealth of technical, managerial, cultural, and emotional content. People who tuned in were able to hear important messages from Saipem's management, stories and testimonials from Saipem's professionals and industry leaders, and to learn more about Saipem's operations. The speakers were mainly managers and Saipem's professionals with a main role within the company who wanted to share stories, thoughts, initiatives, and safety moments. The event, designed primarily for Saipem's

(1) OGP - International Association of Oil&Gas Producers, IADC, International Pipeline & Offshore Contractors Association, IMCA International Marine Contractors Association, IPLOCA - International Pipeline & Offshore Contractors Association, and many other competitors.

staff, was also open by invitation to Saipem's stakeholders (clients, partners, suppliers, institutions, etc.) to engage and create cooperation on these issues. In total, there were over 80 speakers, 25 links with operating sites, 13 safety moments during a 24-hour period which reached an audience of almost 1,000 people. The motto of the event was the one launched by the International Labour Organisation to celebrate the April 28: Let's Act Together! The event landing page, where all recorded content can be viewed and shared is www.fondlhs.org/saipemsafetyday;
- **Sharing Love for Health and Safety**: the annual contest to celebrate the April 28, the World Day for Safety and Health at Work, which has now reached its 10th edition. Over the years, more than 10,000 people from 30 different countries have committed to celebrating World Day for Safety and Health at Work in creative and unconventional manners, involving colleagues, friends, and family. In the latest edition in 2022, the name of the challenge was WEARSAFE, a play on words on the concept of being safe by wearing appropriate safety PPE.
  The idea took inspiration from one of the most popular social trends of the moment, the Outfit Challenge: a short video in which, thanks to a video editing technique, people magically change their casual, everyday attire into a completely different outfit – in our case with safety clothing and equipment;
- the continuous delivery of the **HSE Train the Trainer**: to ensure that our family of HSE instructors are always improving their training, the Train the Trainer course is constantly provided. The main goal is to increase participants' knowledge of training design and delivery methods, and of internal resources essential for HSE training, such as the Delphi training portal, as well as the HSE registration and reporting process.
  The online programme consists of 2-hour sessions per day for 5 days and a Continuing Professional Development (CPD) programme lasting 12 months (learning activities in which the professionals are engaged in developing and improving their skills).
  The HSE TTT project is involving the global community of trainers and is aligning them to a common standard of delivery. The participants regularly share their CPD activities and receive individual feedback on their inputs. In the first half of 2022, a session was carried out involving 17 trainers and two more sessions are planned for the second half of the year;
- the goal of the new **community of HSE trainers and LiHS programme facilitators** is to create an active and involved community, facilitating exclusive contents aimed at improving their technical, communication, and training delivery skills, allowing them to connect with colleagues and share their knowledge. All members can have an active role in this community and share their experiences, ask questions, and communicate with their colleagues. The community is fed weekly with interesting contents on training strategies, tips and tricks for self-development, relevant articles and videos, as well as regular masterclasses on topics useful for the trainers;
- the improvement of IT tools to support HSE personnel, to facilitate KPI reporting processes, consolidate the HSE audit process and facilitate the analysis of data in order to identify possible areas for improvement;
- the revision and dissemination of new training packages also in e-learning format to reach the entire Saipem population in a detailed and uniform manner.

With regard to the HSE management system, in the first half of 2022, the independent third party started the maintenance process of the ISO 45001 (Occupational Health and Safety Management System) and ISO 14001 (Environmental Management System) certificates by carrying out the first days of inspection using the remote audit mode.
Also in the first half of 2022, Saipem SpA obtained SA 8000 certification from Social Accountability International (SAI), which attests to the implementation of a social responsibility management system in terms of human rights and workers' rights and their welfare in the company.
With a view to modernising operational processes, the commitment to the complete digitalisation of HSE reporting activities for better and more detailed data analysis continues. The same goes for the introduction of innovative systems aimed at preventing and reducing risks related to the execution of operations, such as anti-collision systems (human-machine interaction), remote inspections and other technologies under study and testing. Some of these initiatives have been acknowledged by industry organisations such as IMCA as being worthy of awards for their effectiveness and modernity (e.g., Anti-collision System at our Fabrication Yard in Karimun, Indonesia).

Finally, there are also many initiatives carried out by the Saipem LHS Foundation, whose core mission is to increase the awareness of health and safety within the industry and in society.
At the beginning of 2022, the LHS Foundation launched a series of interconnected initiatives, aimed both at promoting an increasingly widespread culture of health and safety in Italy, and at inviting Italian entities – institutions, companies, media, associations, and citizens – to work towards the same goal.
The **Objective 18** campaign was launched which symbolically adds an 18th element to the list of 17 objectives for a sustainable future which are part of the United Nations' 2030 Agenda, focusing on the health and safety culture. The campaign's goal is to reduce fatal accidents at work by 50% by 2030; also, a Manifesto listing the 10 key principles that characterise and define the Objective 18 campaign has been shared and signed by over 400 people.
In the belief that the political and civil debate on occupational safety can be further stimulated by educational and cultural activities, the LHS Foundation has also opened up the possibility of carrying out leadership and communication training courses on health and safety to its counterparts in the **Public Administration**.
Providing a coherent picture of the situation of safety culture in Italy, stimulating debate among interest groups, proposing intervention strategies, and drawing the attention of the media and public opinion to these issues are

the main objectives of the recently launched **Osservatorio sulla Leadership in Salute e Sicurezza** (Observatory on Leadership in Health and Safety), which counts on the scientific advice of several experts and the collaboration of the Catholic University of Milan.
One of the most challenging projects is the creation of a network called **HSE Management System**, which aims to bring together the representatives of large companies to share experiences in HSE and to promote the dissemination of know-how along the supply chain, in coordination with the representative structures of the production system.
This top-down dynamic works together with the bottom-up approach of the **Italia Loves Sicurezza** (Italy Loves Safety) network, with its new interactive platform www.italialovessicurezza.it. Its aim is to involve all citizens to act responsibly and safely every day, becoming increasingly aware of the value of safety in every aspect of life.
This year more than 125,000 people have joined the campaign launched for the World Day for Safety and Health at Work of the April 28.
Finally, as in previous years, the LHS Foundation continues to develop **projects for schools and young people**, in the belief that raising awareness and educating children is the actual key to building a safer world.

Environment

Saipem is constantly improving the environmental performance, by adopting strategies to reduce and control the impact on the environment, as well as the conservation and valuing of natural resources.
To achieve these goals, environmental awareness needs to be fostered in Saipem's projects, sites, and locations.
During the first half of 2022, Saipem confirmed its goal of reinforcing its commitment on different specific aspects: new quantitative KPIs have been included in the objectives of the Group HSE Plan in order to monitor and further reduce the main environmental impacts.
By setting quantitative targets for the new KPIs, it will be possible to highlight critical issues and room for improvement in the management of environmental aspects, as well as identify any anomalies in the system.

The focus of the Group HSE Plan for the environment includes:
- prevention of spills;
- reduction of emissions into the atmosphere;
- waste management;
- water resource management;
- activities to communicate and raise awareness among employees.

This document delves into the following three activities:
- emissions of greenhouse gases;
- communication and environmental awareness;
- prevention of spills.

Emission of greenhouse gases

In February 2021, Saipem communicated to the market its first emission targets defined for the medium-long term, announcing a 50% reduction in total Scope 1 and Scope 2 GHG emissions by 2035 (compared to the 2018 baseline). In terms of Scope 2, the goal is to reach carbon neutrality by 2025. Further reductions will need to be reached on all Scopes (Scope 1, 2, 3) by 2050.
In 2021, the maximum target outlined in the strategic plan in terms of GHG emission savings was reached, with 36,976 tonnes of CO_2 equivalent against a target of 36,500 tonnes of CO_2 equivalent.
Examples of initiatives implemented during the year include: the continual improvement in the luminous efficiency in numerous onshore and offshore sites, improvement in the efficiency of Saipem vessels through initiatives for the optimisation of routes and the Saipem eco Operation campaign; decarbonisation of onshore sites through the installation of photovoltaic systems and the use of biodiesel to reduce fossil fuel consumption in an offshore yard; a better management of energy in offshore rigs (Saipem 12000 and Scarabeo 8), the purchase of renewable and certified electric power where ever possible.
Strategies and implementation plan for carbon neutrality at Group level (also detailed within the different businesses) were defined and approved, and third-party validation was obtained.
The following goals have been set for 2022:
- reaching a saving target on GHG emissions associated to energy efficiency initiatives;
- increasing the number of sites connected to the electricity grid by using 100% renewable energy and maintaining a supply of 100% renewable energy from the sites that already have it;
- finalising the definition of intensity KPIs specific for the assets (vessels, rigs, Temporary Construction Facility (TCF), yards and offices) for each business line;
- revising the method for estimating the emissions into the atmosphere, including accounting for the use of biofuels in Scope 1 and for air travel, and new Scope 3 emission categories;
- offsetting initiatives will be added to the reduction of emissions related to our value chain. The calculation of GHG emission offsetting will therefore be defined within the new revision of the Emission Estimation Criterion mentioned above.

Communication and environmental awareness

Also, for the first half of 2022, initiatives were sponsored to motivate staff and make them aware of the issue of protection and proper management of environmental aspects. Specifically, the World Water Day Campaign was launched in March, this year on the theme "Groundwater" and water scarcity in general, with the aim of raising awareness and promoting responsible behaviour in water management. In June, on the occasion of the annual celebration of the World Environment Day (WED), the United Nations Environment Programme (UNEP) launched the slogan "Only One Earth". Saipem has been taking part in the World Environment Day celebrations for over 10 years, committing on this occasion all sites and projects around the world to renew and spread environmental awareness among employees, their families, and everyone the Group has an influence on.
Specific material was prepared for each event. shared with each Business Line and made available on the company's intranet. The campaigns were also advertised on official social media through dedicated posts designed to reiterate, also externally, Saipem's commitment to global environmental matters.
The results achieved by the Business Lines have been and will be published in a dedicated section of the eNews, an internal magazine, issued every four months, which promotes initiatives and projects related to the environment carried out at corporate level; the March issue was specifically dedicated to water.
Finally, in light of the positive feedback on the Corporate Volunteering pilot project with Legambiente (Italian environmentalist association), which involved the redevelopment of an area in San Donato Milanese in September 2021, another similar activity is being organised. This will take place simultaneously at all Saipem Italia sites in September 2022.

Prevention of spills

Spills are one of the most significant environmental issues for the sector in which Saipem operates. Spill prevention and response actions are a top priority for the Company. Saipem operates by minimising the risk of spills and uses state-of-the-art equipment and procedures to implement mitigation and emergency management actions. In particular, one of the preventive actions is the mapping at Saipem's sites of critical elements and potential sources of spills and the subsequent performance of Spill Risk Assessments, aimed at assessing the risk of spills for each of the mapped elements. Should the assessments reveal risk levels needing attention, risk mitigation measures would be implemented accordingly. In the past, mapping and Spill Risk Assessment involved all offshore vessels and part of offshore and onshore drilling vessels, yards, and logistics bases. Saipem is therefore committed to identifying and monitoring all possible risks associated with the storage, transport, and use of hazardous substances during its activities.
In order to further reduce possible environmental damage in the event of a spill, the Group HSE Plan 2022 has included as a new goal for the offshore vessel fleet the assessment of the feasibility of replacing mineral oil with biodegradable oil.

HUMAN RESOURCES

Organisation and Quality

According to the new operating and corporate governance model that will allow Saipem, on the one hand, to operate more effectively and profitably on the market, streamlining and making processes more efficient, and on the other hand, to flank the enhancement of its traditional Oil&Gas business with new businesses more closely linked to the energy transition and the PNRR, a new organisational configuration was defined on January 14, 2022, based on:

- organisational and geographical centralisation of staff structures, focused on maximising efficiency levels; unification of all functions that have an impact on people (Security, HSE, occupational health, and HR) to improve monitoring and coordination of people issues;
- introduction of a central sales function to lead the evolution of order intake and customer dialogue from a "One Saipem" perspective, while ensuring optimised management of regional and local structures on a global scale;
- identification of four separate Business Lines:
  - Asset Based Services: development of asset-based projects and services in the drilling and offshore construction sectors;
  - Energy Carriers: engineering and construction of complex plants or "low carbon" conversion of them;
  - Robotics and Industrialized Solutions: development of modular, replicable, scalable plants and monitoring and maintenance services based on digital technologies;
  - Sustainable Infrastructures: strategic sector in the new ecosystem of energy transition and sustainable mobility.

On February 4, 2022, Saipem's organisational structure underwent a managerial strengthening functional to the improvement of the executive capacity on projects, of risk management and of the Company's strategic review, ultimately aiming at strengthening the financial and capital structure of the Group through:

- creation of a new Directorate General with wide operational and managerial powers;
- creation of a unit that will reinforce the planning activity and the financial control of orders and other management activities;
- concentration of legal and negotiating activities in a corporate function within the new Directorate General.

To guarantee the full implementation of the new organisational configuration, measures were taken to develop the underlying operational and operational framework, with a focus on crucial and significant themes regarding the new operational model, and on the consequent adaptation of the Regulatory System:

- implementation, on a Worldwide level, of a regional model consistent with the governance principles at the base of the new organisation and that pursues the Group's management and business objectives;
- alignment of the organisational structure of the Group's subsidiaries and branches to the new corporate structure and to the Group's strategic plan;
- finalising the organisational-managerial mechanisms of integration between the new corporate functions and the Business Lines and of interchange of necessary services between the various Business Lines to develop single projects (engineering, asset, etc.);
- review of operational methods in processes, prioritising those critical and relevant to the development of business and corporate governance (commercial, supply chain, project control, risk management and contract management).

The following activities were developed as part of the definition, implementation and management of the Quality Management System and the related development, measurement, analysis, and continuous improvement processes:

- management and maintenance of the certificates relevant for the Company (ISO 9001, and for PT Saipem Indonesia - Fabrication Yard of Karimun certification ISO 3834 and EN 1090);
- consolidation of the list of initiatives to improve the Quality Management System in one single document at Group level (Quality Plan), consistently with the re-centralisation of the Corporate role of guidance, coordination, and control;
- review of the Quality Policy on the basis of the new strategic indications and new organisational structure;
- review of MSG as a summary of the activities related to the Quality process, mapped in the form of a RACI matrix;
- optimisation of services for the management and use of International Technical Standards at Group level, aimed at meeting business needs and take advantage of the market's potential;
- optimisation of the processes of Quality Assurance and Quality Control for a more efficient and systematic implementation of the company Quality System at System level and at Project level;
- identification of innovative digital solutions to facilitate the management of Quality Assurance and Quality Control processes.

Human Resources Management and Industrial Relations

The management actions taken in the first half of 2022 fit into a complex economic and socio-political context. The beginning of the year was characterised by the revision of Saipem's statutory financial statements for 2021, resulting in the Board of Directors' approval of the Company's financial and capital strengthening Package.
Moreover, the tensions between Russia and Ukraine required, from a management point of view, monitoring actions of the people working in Russia and of Ukrainian personnel.
As the emergency scenario continued, Saipem continued its health protection policies for its resources, as previously occurred in 2020 and 2021.
To this end, the dialogue continued both in Italy and abroad with Trade Unions for the management of the COVID-19 emergency. In Italy, in particular, specific corporate protocols were adopted in compliance with the evolution of national and regional legislation. For the first months of the year, remote work remained the primary management mode to ensure a more effective containment measure and health protection of our people in relation to the epidemiological emergency.

Saipem has therefore established, for the working population in Italy and France, a remote working structural model that will ensure the maximum effectiveness of business processes through the synergic use of technologies and digitalisation. To support this new working model, Saipem provides the necessary tools to understand and embrace the necessary change in behaviour and attitudes that a broad-spectrum transformation entails, on the one hand emphasising the empowerment of its resources, and on the other hand promoting the concept of work-life balance. The evolution of Saipem's Smart Working model is also supported by the reorganisation of spaces within the new Headquarters in the Santa Giulia area of Milan starting in the second half of 2022.

In the first half of 2022, Saipem continued the “Saipem Competitiveness Program” to ensure a structural recovery of effectiveness and a containment of labour costs. In line with the programme’s purpose, the international mobility policy was rationalised with the double aim at enhancing professional experience, limiting the assignment of projects to critical figures, and to optimise costs, by reducing the Company’s economic effort.
The Company has also reviewed the travel model, introducing a series of measures aimed at containing costs of travel through better rates, cutting the brokerage of travel services through the adoption of a new travel booking system, and finally promoting the use of video calls and call conferences.

During the first half of 2022, Saipem signed an agreement for the disposal of Onshore Drilling activities to KCA Deutag (KCA), a leader company in the sector of drilling and the related engineering and technology that operates onshore and offshore. As part of the transaction, it was agreed that Saipem would transfer local and international personnel related to onshore drilling activities to a newly created legal entity, while Onshore Drilling personnel working in Italy and abroad will allow KCA to use their technical and managerial skills and experience.

A number of important agreements with national trade unions were signed during the first half of 2022: besides those regarding the introduction of structural remote working and the renewal of the treatment of travel of a particular nature and duration, the agreement on the Bonus programme for participation in the results of 2021 was signed. The productivity indices played a role of primary importance in the sums paid out to employees. In order to guarantee a greater balance between the monetary and non-monetary components of the bonus, the option to redeem part of it as welfare services was confirmed.

Saipem and the Trade Unions (General Secretariats, National and Territorial Secretariats, and Trade Unions) developed and intense and constant exchange regarding the evolution of the economic scenario of the Company, which allowed di keep the Trade Union informed about the measured undertaken to face the financial crisis that took place in the first months of the year. The Company has also presented the new organisational model implemented at the end of 2021, as well as the update to the 2022-2025 Strategic Plan.

During the first half of 2022, a discussion table was opened with Trade Unions and Confindustria to renew the National collective labour agreements for Energy and Oil (CCNL Energia e Petrolio), expired on December 31, 2021, for the 2022-2024 period. Negotiations were also started with the maritime trade unions for the renewal of the company's supplementary agreement.
Finally, regarding the transnational cooperation pursued through the European Works Council (EWC) in view of strengthening the relationship with the representation of workers in the European Economic Area, three extraordinary meetings were scheduled in the first half of 2022 with Representatives of the Select Committee. The orders of business were information on measures taken to address the financial crisis taking place at the beginning of 2022, the update of the 2022-2025 Strategic Plan, and the agreement signed with KCA Deutag regarding the disposal of Onshore Drilling business.

Competences and knowledge

The new organisational structure that centralises the most strategic functions also allowed a better concentration of skills according to a functional model, which will determine economies of experience and will produce benefits in growth and in the development of know-how.

The planning and implementation of Talent Attraction, Training, People Development, Up-Skilling e Re-skilling initiatives is oriented to finding new innovative methods and flexible policies to enhance the core skills necessary to face the challenges of the energy transition as outlined in the Strategic Plan. Saipem confirms its intention to invest in the development and consolidation of those core skills, to support both conventional businesses and innovative ones.

At the same time, the changing and rapidly evolving business context, as well as the new remote working methods than reduce the conventional opportunities for discussion, require a rethinking of the relationship between boss and employee, and more in general of the behaviour model in Saipem. For this reason, an update of the "Leadership Model" introduced in 2016 was deemed necessary.

The Company started the revision of the model in 2021 with the aim of gathering and guiding abilities, behaviours, and skills of anyone working within the Organisation, merging corporate culture, missions, and values. The new "Leadership Model" will guide attraction policies, management, and resource valorisation, in order to create an environment where people can follow a career path consistent with their skills and expectations.

The managerial assessment campaign is also continuing, with the aim of aligning personal characteristics of the resources involved to the requirements of the new behavioural model.

Saipem's investment in the consolidation of core skills is once more confirmed in the Talent Attraction initiative. A new candidate experience dedicated to young talents is being adopted, who will be selected through a fully digital process. This will allow recruiters to better understand the behavioural features and skills of each candidate, but also to offer a streamlined and flexible application experience.
The long-established partnerships with Italian educational institutions (Universities and High Schools) are also continuing, expanding the existing relationships, and signing new strategic partnerships with important institutions such as La Sapienza University of Rome, Polytechnic University of Bari, and IUAV University of Venice.

The consolidation of the relationship with the territory and the local communities by Saipem is confirmed firstly through the recent signing of a partnership with Marche Polytechnic University for the Company's participation in the definition of a new curriculum (Bachelor's degree in "Engineering for industrial sustainability" and master's degree in English in "Green industrial engineering") focused on sustainability and energy transition. The initiatives on the national territory continue also through the award of 5 scholarships – in partnership with the University of Trieste – dedicated to the memory of a highly skilled Saipem professional: Egidio Palliotto. The initiative, ongoing in 2022, aims at attracting new generations to the skills and aptitudes necessary for approaching the new challenges of the future, but it is also a concrete demonstration of Saipem's support to training young people.

The cooperation with the Polytechnic University of Milan saw Saipem involved in a number of initiatives, such as the project for training and career guidance of students through meetings about the technical and soft skills required at work (Virtual Round Tables). Other events were also carried out with a focus on gender diversity, with the aim of promoting the Company as an equal opportunity employer and focusing on female leadership, in a dedicated digital event. Through a pool of corporate Role Models, Saipem also promotes specific sector initiatives in other Universities, focused on promoting STEM disciplines. The accounts were presented with the aim of inspiring anyone wishing to start a STEM career, without any gender bias.
Saipem, taking advantage of the digital potential, continued its commitment also in the career guidance of the youngest with the Synergy programme, started in 2021. This involves, in agreement with PCTO projects (school-work alternation), the cooperation with technical schools for the provision of training hours on business subjects, provided directly by Saipem teachers. Saipem's faculty, through an innovative platform made available to four technical institutes in the national territory, held a series of PCTO (transversal skills and orientation courses) training courses, integrating blended teaching methods, and expanding the students' training programme with modules dedicated to sustainability and digital transformation. The topics covered in the Synergy programme aim at describing the daily work taking place in Saipem, covering institutional topics such as corporate organisation and Health & Safety, but also new inputs from business such as the role of energy and its transformation.

The renovation of know-how is a core value that Saipem aims at disseminating in all strategic areas, also through the initiatives of the Internal Academy. In particular, the value of the themed seminars "Deep In" was confirmed. They started with a meeting about circular economy. At the same time, training activities will be offered aiming at developing soft skills such as digital ones, but also relating to the knowledge of software and its adoption, to the diffusion of an agile culture able to support the introduction and implementation of new working models, and those in the field of Project Management, which is at the heart of Saipem business.

In this regard, Saipem laid the foundation for a new PM Academy that will integrate synergistically all the training activities, both internal and external, and will become a tool to promote strategic skills. In the course of 2022, thanks to the collaboration with MIP and ANIMP, a PMI certification programme will be completed for several Saipem resources.

The training activities managed by the Training Centres gave a strong impulse to the monitoring and development of competences in the area of Project Management, delivering courses in technical and specialised fields. In particular, the Training Centre in Schiedam (The Netherlands) launched a new highly experiential programme dedicated to Project Managers called PM Leading in Action, aimed at consolidating managerial skills applied in projects, through a learning methodology based on simulations and business cases.

Convinced of the importance of building and disseminating an organisational culture based on inclusion and valorisation of uniqueness, Saipem has recently activated a Diversity, Equity, and Inclusion channel, available digitally on the company magazine "Orizzonti". The aim is to inform its people on initiatives and events promoted by the DE&I function itself. The channel, constantly evolving, is a crucial starting point to share information and insights, while favouring dialogue with Saipem people at the same time.

With this in mind, also in the first half of 2022, the dissemination of initiatives in cooperation with the Valore D Association, such as mentoring courses, training events, sharing labs and talks accessible to the entire population, will continue.

Compensation

The Remuneration Policy for 2022, approved by the Shareholders' Meeting of May 17, 2022 was defined taking into account the delicate financial and capital position of the Company, reflected in the new corporate strategy. While considering the new challenges by the National Recovery and Resilience Plan (PNRR) and the evolution of the pandemic scenario, it involves an important programme structural cost reduction and a significant Financial Package.
The Policy is outlined in line with the governance model currently adopted and in compliance with the provisions of the Consolidated Law on Finance (TUF), the Consob Issuers' Regulation and the Corporate Governance Code, and pursues the aim of aligning the Management interest with the main objective of creating sustainable value for all stakeholder in the medium-long term. Moreover, it aims at promoting the Company's mission and values and attracting, motivating, and retaining resources with a high professional and managerial profile that Saipem deems critical, as well as promoting the achievement of the company's strategic goals.
In line with the scenario and goals mentioned above, the Remuneration Policy for 2022 does not provide for equity-based variable incentives for the managerial population, but a new and exclusive Short-Term Incentive Plan with deferral of a portion of the accrued premium of which the revaluation or impairment is directly related to the performance of the Saipem share. The Plan cancels and replaces the third and last attribution of the prior Variable Short-Term Incentive Plan 2021-2023 and, since the equity-based Variable Long-Term Incentive Plan was not renewed upon expiry in 2021, is now the only incentive system in place for management in 2022. It guarantees the alignment between the performance conditions in the system and the main priorities in Saipem, involving goals linked to the strengthening of the financial and capital structure itself.

The changes introduced by the 2022 Remuneration Policy are consistent with the resolutions taken in relation to the new Financial Package and the provisions of Article 2446 of the Italian Civil Code and the consequent update of the 2022-2025 Strategic Plan, which outlines a path of deleveraging and recovery of operating profitability. The Board of Directors, while not adopting variable equity-based incentives for management for the current year, has still maintained the option of reintroducing such systems in the Remuneration Policy for 2023 in order to align management interests to those of shareholders.
New targets for the year 2022 have also been set for the entire management population, in view of the challenging targets declared to the market at the presentation of the updated 2022-2025 Strategic Plan. These were determined in line with the "Saipem Project", geared towards the identification and implementation of simplification and efficiency-enhancing initiatives to strengthen Saipem's competitiveness, and with the new organisational model, outlined with the aim of achieving greater efficiency, centralised risk control and the development of innovative and flexible execution models.
The 2022 Remuneration Policy is described in detail in the first section of the "Remuneration Policy and Compensation Report 2022", and was approved by Saipem's Board of Directors on April 11, 2022; it was subsequently submitted for a binding vote by the Shareholders' Meeting on May 17, 2022, registering a 99.97% affirmative vote, an increase compared to the positive trend already recorded in recent years.

Finally, following the assessment of the Company's objectives, the management performance evaluations of 2021 and in light of the economic and financial position of Saipem, the Board of Directors ruled the cancellation of the Long-Term Incentive Plan, with reference to the 2019 allocation, and the non-activation of the Short-Term Incentive Plan related to 2021 performance for the monetary and equity component.

Also regarding non managerial population, in light of the financial and capital position of the Company and of the significant structural cost reduction programme, the remuneration policies expected are extremely reduced and focused on the most critical geographical and business areas, and on the corporate roles considered more strategic.
The utmost attention will be paid to the definition of annual and long-term remuneration measures, inspired by selectively enhancing critical competencies, maintaining a strong commitment to contain spending and retaining the professionals with the greatest impact on business results, capable of making a distinctive and decisive contribution to the success of the company strategy.

Occupational Health and Medicine

The evolution of the pandemic continued to mark the first half of 2022, engaging the Company's company health service in the complex management of the health emergency caused by the spread of the virus throughout the world through epidemic waves with different effects in geographical areas, showing the severity of the pandemic locally and generating different responses according to the health policy adopted by the countries affected. The unordinary scenario prompted the need to redefine the priorities of the company's health service and all the company resources. The first half of the year showed a constant decrease in the number of infections thanks to the mass vaccination campaign and internal communication, which also allowed the decrease of transmission/spread of the virus. The activity is reported directly to the Medical Director who is a member of the company Crisis Unit and allows to have operational instructions ready through the publication of internal memos and regular bulletins on the development and status of the pandemic which are sent to the Business Line Health Managers and HR Managers.
All the supervision and control activities for active health surveillance in Italy and abroad also continue in compliance with Italian law and the guidelines for the sector.
The intention to ensure high standards of health and safety to all its personnel is once again confirmed is the WHP (Workplace Health Promotion) programme organised with ATS Milano and Regione Lombardia to maintain the status of "Workplace that promotes health" obtained in recent years.
A training initiative was also launched in relation to the recent achievement of the SA8000 certification, an international standard developed by Social Accountability International with the aim of providing a voluntary and verifiable standard based on the Universal Declaration of Human Rights.
To this end, an e-learning awareness course was developed to present the requirements under the standard to all company population, in order to guarantee their application.

Regarding Health, attention remains high on innovation processes such as Digital Health, which is a programme encompassing all the tools provided by the health team to facilitate diagnostic processes and distance clinical monitoring for employees.
These activities ensured that the control measures for the risk of infection were suitable in terms of the development of the pandemic, the working conditions, and the characteristics of the workforce during the critical periods of the emergency. At the same time, the monitoring system guaranteed that the health and safety measures adopted in the workplace to limit the risk of infection did not generate new risks to the health and safety of workers at both a physical and psychological level, to ensure Saipem resources a safe and protected work environment.

Security in Saipem

The Security Model adopted by Saipem is based on an accurate analysis of the "Operational Environment" for the identification of mitigation measures necessary to guarantee the business a suitable "security framework" in which the company can develop its activities.
The new organisational model implemented by Saipem is able to bring added value to business processes and be assessed as an extenuating circumstance of any civil and criminal liability.

The first half of 2022 witnessed an update of security measures in the Group's offices, with the implementation of video surveillance and access management systems, as well as restricted areas for sensitive projects or projects covered by State secrecy.
Support was also given for the implementation of the integrated security system at the new Headquarter of Milan Santa Giulia, which includes video surveillance, burglar-proof systems, closed circuit cameras and access management with turnstiles.
The travel management process and the Security/Health training on specific risks concerning the work environment was also updated by adding "meet and greet" meetings alongside the pre-travelling induction and security induction sessions.

Among the scheduled activities, security quarterly drills were carried out at Arbatax, Trieste and Ravenna. The drills aim at verifying the correct application of the Emergency and Crisis Management process. Between May and June, Trieste hosted the American ship USNS Laramie, considered a sensitive target. In June, an anti-piracy drill was also carried out offshore Ivory Coast with S12000 and Nave Rizzo of the Italian Navy operating in the Gulf of Guinea as part of operation Gabinia.

Cyber Security

Saipem has an organisation responsible for defining and verifying the compliance to and correct application of operational guidelines for security management activities of IT and OT infrastructures, starting from the design phase, and for identifying and developing appropriate preventive and defensive measures regarding security, and for complying with the applicable legislation on maritime security and port facilities.
The cyber risk is framed as a relevant element in the company risk model and considered to be increasing due to the increased global cyber threat that followed the conflict in Ukraine, as well as due to the continued remote working situation.

To address the threat, the market and authorities impose ever higher cyber security requirements starting from the commercial step, and Saipem's competitiveness on the market may depend on their implementation.

In particular, Saipem complied with the legal requirements of Legislative Decree No. 105/2019 by implementing the Security Measures required by the National Cybersecurity Agency (ACN). The next fulfilment is expected by 2024.
In relation to the requirements enforced by Resolution MSC.428(98) by the International Maritime Organization (IMO), Saipem carried out the risk assessment on its vessels and completed the training of on-board personnel.
In the first half of 2022, Saipem has also obtained the renewal of the ISO/IEC 27001 certification, obtained the previous year.
On the internal side, Saipem followed up on what was defined at the end of 2021 regarding classification of company information: a tool for labelling digital data and ensuring their protection was distributed to all employees. Furthermore, an initiative to reduce the technological debt was launched, that is, the long-term effects of choices made due to business or budget and that involves the implementation of a better monitoring of system obsolescence.

Innovation

The large Digital Transformation project launched in Saipem in 2021, as a strategic driver for development and change, continues this year with actions aimed at developing skills related to the adoption of available digital tools, while at the same time at the dissemination of an agile culture capable of supporting the introduction and implementation of new ways of working.

To support the change, a training programme was designed and launched to support agile work, with the goal of developing the digital mindset necessary to manage relationships with colleagues, activities, and professional challenges in an agile way. At the same time, it offered helpful tools to develop new work routines and new relationships with colleagues and Smart Leaders, enhancing the autonomy and individual responsibility in reaching team goals.

In this new work model is embedded the important project of reorganisation of workspaces at the Santa Giulia Headquarters. This is an overall rethinking of workplace functionalities, designed to support the evolution of the Smart Working model and shaped so it puts people at the centre of corporate spaces. Saipem studied innovative solutions in order to optimise and manage spaces, seizing the opportunities that came with a relocation, introducing the concept of Smart Building, offering more people-based services and encouraging the use of public transport thanks to a better position and the signing of agreements to encourage a mobility as "green" and sustainable as possible. The new concept of space will help with being more efficient and living a better work experience, also thank to an app that will allow employees to independently manage the booking of all the assets they require to make the best possible use of these spaces and carry out their working activity in an optimal manner.
The new Headquarters comprise two buildings, Spark1 and Spark2, which have obtained the following certifications thanks to their innovative design: LEED: Platinum level and WELL: Gold level.

Non only skill but also systems: the digital transformation in HR translates as the chance to have tools available to know people better, integrate data, share information for an increasingly efficient management of our people.

In the first half of the year, a re-engineering project of the processes of the Human Resources Department was started, with the goal of implementing a management model that allows a unified and integrated vision of key processes of HR, Management, Timesheet, Travel Management, Payroll and Analytics.

In charge of enabling this integration will be the new Human Capital Management, which Saipem is currently implementing and that will have precisely the aim of promoting greater integration of HR processes and of their connected data, and of adopting innovative solutions.

DIGITAL, ICT SERVICES

The continuation of the dual challenge of the COVID-19 pandemic and the slowdown of investments in the sector where Saipem operates required a rationalisation of the costs and optimisation of the investments in the Digital and ICT services area. This directional approach is aimed at ensuring a balanced evolutionary roadmap that is economically and financially sustainable but capable of supporting the business. In this global context, the company's effort has been maximised in order to ensure the development and adoption of digital solutions and the maintenance of adequate ICT service levels.

To support these management guidelines, in 2022 Saipem:
- confirmed the evolutionary guidelines of the 2021 digital programme, which focus mostly on improving the efficiency of the work processes;
- an ambitious competitiveness programme was launched, which also involved the digital and ICT area, with the objectives, inter alia, to redesign the digital agenda and roadmap in order to align them with Saipem's new strategy and to enable the full integration of the digital needs of staff functions with the relevant vertical business functions;
- confirmed specific goals at company level in order to promote the digital transformation process.

With regards to the main projects launched we have:
- confirmed and maintained a continual rate of transformation for all initiatives that relate, as a whole, to Engineering, Procurement and Construction (EPC Integration) processes, which is key for our core business;
- continued to develop and industrialise the technological components supporting the digital transformation of our assets;
- developed and started production of several digital solutions supporting the staff functions (e.g., HSE, Vendor Management, HR Services, Corporate Procurement, etc.), allowing the move to our new management centre and the new way of working remotely.

With respect to the EPC Integration initiative, which is geared toward cross-process integration in the EPC area, we highlight the continued adoption of already industrialised EPiC digital solutions on new projects (about 20 new adoptions in the first 6 months of 2022) and the implementation within budget limits of improvement proposals from projects that have started using the platform since 2021. At the same time, the development and first testing phase of 3 new solutions was concluded, which will undergo final testing with the participation of business and industrialisation functions by the end of 2022. The development phase of the initiative, started at the end of 2021, for the digitalisation of engineering and material management processes also continues, with the prospect of their integration into a single EPC platform.

The main areas addressed by the EPC Integration model can be summarised as follows:
- optimisation of the work process in the engineering stages;
- integrated visibility of the Supply Chain supporting contracted projects;
- optimised, assisted management of contractual variations and requirements;
- remotisation of the inspection and expediting activities;
- interaction in the "vendor data" and "document management" areas;
- Introduction of a solution to support the construction methodology;
- creation of a portal for the interaction with our customers;
- digitalisation of engineering and material management processes.

During the first half of the year, solutions were implemented in projects or planned to be implemented in future projects.

As part of the digitalisation of our assets, we designed and implemented our own IoT and Data Platform, bearing in mind the vertical solutions already existing in our technology portfolio. At the same time, we have started the digital modernisation plan of our fleet and the planning of future technological solutions that will be able to transform the classic processes of asset management, improving their exploitation through greater use of decisions driven by data and by implemented algorithms (e.g., predictive maintenance, remote assistance, operational dashboards).

The paradigm on which this programme of activities is based is to increase levels of governance over the data generated by our managed assets, using advance analytics techniques to support decision-making and efficiency recovery in operations (e.g., fuel management) and sustainability (e.g., greenhouse gas emissions-GHG), on which we intend to measure our transition plan toward Net-Zero goals.

The digital platform consists of a cloud component for the centralised collection and processing of all data coming from our assets, which are equipped with an “Edge Computing” installed on board in order to optimise the computational capacity and data transmission in suboptimal conditions.
To date, this component is reported to be installed aboard the following assets: Scarabeo 9, Saipem 7000, Castorone, Saipem 10000, FDS, Pioneer, Sea Lion 7, Perro Negro 9, Rig 5913, Perro Negro 7, FDS 2, Saipem 12000, Santorini, Scarabeo 8, Saipem Endeavour.

In this context we were able to achieve a greater level of centricity and control of our data, which gave us the opportunity to start a path to define Saipem's new Data Governance. This path includes, simultaneously, a stream of initiatives in the area of Data Culture.
As of June 2022, digital solutions addressing the following application areas are industrialised:
- Extended Maintenance in Asset Based Services;
- Predictive Maintenance in Asset Based Services;
- Fuel Consumption Monitoring in Asset Based Services;
- Operation Performance dashboarding in Asset Based Services;
- Non conformity reports dashboarding in Asset Based Services;
- Predictive maintenance in Engineering and Construction offshore;
- Digital operations (activity description checklist, dynamic regional document management system);
- 360 Familiarisation, for the familiarisation of new field staff in a virtual environment with 360 photographs.

The following minimum working solutions have been tested:
- Pipeline Productivity Tool 2.0, for the optimisation of on-board management of pipe-laying in Asset Based Services (formerly Offshore);
- Personal Protection Equipment Lifecycle Management in Asset Based Services (formerly Offshore and Drilling);
- Green House Gas Monitoring: CGT engines to monitor greenhouse gases;
- Gaming HSE, to improve retention of HSE best practices on board plants;
- Virtual reality simulators for vessel.

In addition, work is continuing on the integration and re-platforming of digital pipeline laying tools (PPT, PTS, PLG, WiMap, etc.) to support the hand-over of data from the EPCI Scarborough project and with the goal of being able to create automated digital pipeline twins and enable dry commissioning.

Another stream was initiated to proceed with the strengthening of on-board safety management, with the issuance of electronic work permits to operate on certain ships, to be extended to the entire fleet. Additional remote assistance solutions have also been tested and proposed, increasing flexibility in terms of offshore presence.
Other developments have been implemented on the first offshore drilling assets to better monitor daily activities and facilitate the document management system, and new solutions have also been adopted for managing the structural integrity of vessels and optimising maintenance operations.

In order to increase the value of assets in the area of inventory management, the initiative related to the optimisation of their management is ongoing and consists of two streams:
- the first stream involves the development of a digital solution and a Machine Learning algorithm in the tuning phase, enabling the optimisation of warehouse stock and guaranteeing an adequate level of service. This project is currently being set-up and the data is being integrated for the import, processing, and validation of all documents extracted from the various IT applications. In the next phase, the system will Go-Live, initially in parallel with traditional management;
- the second stream, which is currently screening the addictive manufacturing spare parts, aims at verifying the feasibility of the process of creating a digital warehouse inventory capable of implementing a "just in time" inventory management through the use of additive technologies (e.g., 3D printing) for the reproduction of spare parts for the Oil&Gas sector. The current state of the project completes the step of defining the most important business cases and the selection of components through technical-economic analyses. At the end, some components will be selected for scanning (reverse engineering) for 3D modelling and subsequent reproduction in Additive Manufacturing.

In the Corporate area, we have initiated and, in several cases, completed and in the process of adoption several digital initiatives, including:
- started an analysis activity aimed at consolidating processes on a smaller number of software platforms, with the aim of reducing the company's application portfolio;
- started a programme of activities aimed at improving both the native and non-native project-based Cost Control Model, in order to improve both the quality and reliability of managed data flows and the reporting methods to the relevant business functions;
- started the construction of a portal for the digitalisation of accounting books;
- started the construction of dedicated platforms for staff functions (e.g., Sustainability, HSE, Vendor Feedback, Insurance, etc.);

- adopted a cloud tool to support the search of documents and their contents based on Natural Language Processing;
- adopted smart working 2.0 and collaboration management tools;
- in the process of completing the digitalisation of the new Santa Giulia office building and collection of all useful data for the optimisation of use in terms of both emissions and occupancy;
- finalised the preparation activities relating to the launch of the project for the introduction of a new and more advanced personnel management platform that will allow the centralisation of processes, currently fragmented over a series of other applications that will be consequently discontinued;
- dematerialisation of selected internal authorisation flows;
- adopted a portal dedicated to digital issues and new chatbot-type communication channel (Saipup);
- launched a tool to support financial type control systems (e.g., 231);
- finalised the travel self-booking solution for digitising the travel booking process;
- evolving enterprise architecture activities to support integrations between different technologies, solutions, and data.

Development and testing activities appear to be ongoing for various initiatives in multiple areas, e.g.:
- People Engagement (e.g., new intranet portal, new HR management platform, etc.);
- platform solutions to support the new headquarters and new way of working (e.g., optimised energy management, on-line booking of workstations and meeting rooms, hoteling, etc.);
- digitalisation of information flows in finance and document archives;
- digitalisation and more efficient procurement processes for low-value materials.

It is worth noting that, in the compels market context, it has been possible to ensure the continuity of digital transformation initiatives and to learn about and appreciate new ways of working remotely.
Ongoing development and improvement of the roadmap of technological transformation, aiming to rationalise and modernise its ICT assets (e.g., applications, platforms, architectures, and data infrastructures); this initiative is understood as a key enabler of the digital programme focusing on data valorisation.
In particular, new container management tools (Kubernetes) were defined, and new development solutions based on low-code paradigm were launched.

New initiatives have been started in the infrastructural area as regards the tools for optimising and managing centralised infrastructures, with which numerous areas of technical analysis were covered for correct analysis, configuration, and management of IT systems.

Governance activities and compliance and security processes were all carried out successfully according to schedule during the year.

RISK MANAGEMENT

Saipem implements and maintains an adequate system of internal control and risk management, comprising of instruments, organisational structures, and procedures designed to safeguard Group assets and ensure the effectiveness and efficiency of internal processes, reliable financial reporting, as well as compliance with laws and regulations, the Articles of Association and Group procedures. To this end, Saipem has adopted and developed over time an Enterprise Risk Management model that constitutes an integral part of its internal control and risk management system. The aim of this model is to obtain an organic and overall vision of the main risks for the Group that may impact strategic and management objectives, ensuring greater consistency of methodologies and tools to support risk management, and strengthening awareness, at all levels, of the fact that an adequate identification, assessment, and management of risks may have a positive impact on the achievement of objectives and on the Group's value.

The structure of Saipem's internal control system, which is an integral part of the Group's organisational and management model, assigns specific roles to the Group's management bodies, compliance committees, control bodies, group management and all personnel. It is based on the principles contained in the Code of Ethics and the Corporate Governance Code, as well as on applicable legislation, the "CoSO Report" and national and international best practices.

Additional information on the internal control system and risk management, including details concerning its architecture, instruments and design, as well as the roles, responsibilities and duties of its key actors, is contained in the "Corporate Governance and Shareholding Structure Report as of December 31, 2021" document.

The Saipem Enterprise Risk Management model entails the identification, assessment, and analysis of risks on a half-yearly basis for the Group, Corporate, business areas, and for the subsidiaries that are strategically relevant, identified on the basis of economic-financial and qualitative parameters. Risk assessment is performed by Saipem management through meetings and workshops coordinated by the Enterprise Risk Management function. In particular, risk assessment is performed by assessing in detail the risk events that could impact Saipem's strategic and management objectives, taking into account the changes in the business and organisation model and Group procedures, developments in the external environment (specifically, political, economic, social, technological and legal aspects) and the relevant industry and competitors.

Furthermore, Saipem has developed a process to monitor the Group's main risks on a quarterly basis through specific monitoring indicators on the evolution of risk and related mitigation activities.

Starting from the analysis of materiality carried out by the Sustainability function (more information on this tool can be found in the specific, detailed section in the "Consolidated Non-Financial Statement"), a focus group was introduced to identify the main themes which, according to Saipem's senior managers, are the most risky for the Group, and to assess the potential impact they may have.

Saipem is exposed to strategic, operational, and external risk factors that may be associated with both business activities and the business sector in which it operates. The occurrence of such risks could have negative effects on the Group's business and operations and on its financial position, performance and cash flow. The following are the main risk factors identified, analysed, assessed and managed by Saipem management.

These risk factors have been evaluated by the management as part of the preparation of the condensed interim consolidated financial statements; for each risk, where deemed necessary, liabilities have been set aside in a special fund. See the "Notes to the condensed interim consolidated financial statements" for information on liabilities for risks provided for and the section "Guarantees, commitments and risks - Legal proceedings" in the "Notes to the condensed interim consolidated financial statements" for the most significant legal proceedings.

Regarding the dynamics related to the COVID-19 pandemic, the Group is exposed to the risk that the continuation or recrudescence of the pandemic may cause a series of factors affecting the economic and financial results of the Group, among which: a decrease in energy demand (and, as a result, the demand for services provided by the Group); late payment or customer insolvency; interruptions, slowdowns and cost increase in project execution, and postponement of investment decisions in the relevant sectors; interruptions in the supply chain and increase in disputes (in relation to commercial contracts, labour law and insurance matters).

In the short term, Saipem has implemented specific treatment actions to reduce the impacts, such as: activation of the crisis response protocol, creation of a task force devoted to the constant monitoring of the development and escalation of the virus, and the identification of solutions to protect internal and external personnel and inform the entire Saipem staff in order to guarantee the maximum health and safety of the employees, customers and suppliers, in compliance with the indications provided by the Italian Ministry of Health and by the regions involved in the countries in which Saipem operates. Specifically, Saipem has sanitised its workplaces and drawn up detailed protocols on standards of behaviour and best practice for staff and management.

Saipem readily adopted remote working for a considerable number of employees, has cancelled and/or diminished business travels to the bare minimum to and from areas affected by the pandemic, and has protected all personnel deemed most at risk in countries most exposed to the pandemic, all the while ensuring business continuity.

Saipem strongly encourages all its employees to get the COVID-19 vaccination, noting, however, that the vaccination against the Coronavirus is voluntary and must comply with the national vaccination protocol of the country of origin or assignment.
Regarding the Russian-Ukrainian conflict, the uncertainties and tensions at global level deriving from it and the subsequent different sanctions imposed on Russia and Russian subjects, the Company states that there are two active projects in Russia assigned to joint ventures and that do not fall within the consolidation scope. Negotiations with the client are ongoing for both projects to close the activities, in line and in compliance with the expected timeline, based on the type of export and services provided to the Russian counterparty and the European legislation on the matter. Should Saipem and the client not reach an agreement on the consensual termination, Saipem will not continue the activities contractually agreed in any case.
Regarding the Group's operational activity in areas affected by the conflict, the supply chain does not include strategic and/or critical direct supplier on Ukrainian territory, nor are any activities or personnel currently in Ukrainian territories affected by the conflict.
It should also be noted that the Strategic Plan does not include new contracts awarded in Russia, and it is believed that the geopolitical view described above could lead to the development of new energy infrastructures for the diversification of energy supply in many countries.

List of risks

1. Financial risks and risks related to profit margins
2. Risks related to the supply chain
3. Strategic risks
4. External risks
5. Legal and tax risks
6. Risks related to technological development
7. Risks related to human resources
8. Risks related to health, safety and the environment
9. Risks related to business processes
10. Business integrity risks

1. Financial risks and risks related to profit margins

Description and impact

Saipem Group has gone through a situation of serious economic and financial tension, mainly attributable to the deterioration of the profit margins of a number of specific contracts in the Offshore Wind and Onshore E&C sectors, caused in part by the ongoing COVID-19 pandemic.
The Board of Directors, considering that the draft budget as of December 31, 2021, showed a loss that amounted to more than one-third of the share capital and the application of the provisions of Article 2446 of the Italian Civil Code, initiated an articulated Financial Package to strengthen the Group's capital and financial position, which included, among other measures, the execution of an indivisible capital increase for €2 billion, which was completed on July 15, 2022.
It should also be noted that the Group is exposed to the risk of achieving cash flows and income margins that are not appropriate and inconsistent in time (also in relation to the assumption of early repayment of debts) compared to cash outflows and costs related to debt.
The volatility of market conditions and the possible deterioration of the financial position of customers can cause delays in both payments from the customers for the services provided based on the contractual provisions and acknowledgement and payment of change orders and claims relating to contracts under execution. These cash flow fluctuations may occur despite the fact that the contractor and the customer cooperate to find agreements that satisfy both parties, to avoid compromising the correct performance of works and delaying the completion of the project. Therefore, Saipem is exposed to the risk of deterioration of working capital, which could lead to economic and financial impacts, as well as a deterioration of the reputation in the industry and in the financial markets.
Moreover, the Saipem Group is exposed to the risk of impairment of non-current assets: if the economic framework and the results should be worse than the estimates used for the impairment test, due to the evolution of the COVID-19 pandemic and the Russian-Ukrainian conflict, the Group may be forced to impair the value of impairment test activities, with significant negative effects on the economic, financial and capital position of the Saipem Group.
Furthermore, the Group is exposed to many other financial risks: (i) fluctuations in interest rates and exchange rates of foreign currency, as well as the volatility of prices for commodities such as copper, steel and nickel; (ii) the credit risk deriving from the possible default of a counterparty; (iii) the liquidity risk deriving from the lack of adequate financial resources to face short-term commitments; (iv) the risks connected with the issuance of the bank guarantees required by operating activities; (v) the risk of a downgrading of the credit rating by the main rating agencies; (vi) the loss or limitation of insurance coverage for the country risk, the risk of war and terrorist attacks on onshore assets, and the pandemic risk, in an insurance market characterised by a "hard market" phase.

Furthermore, the difficulties in obtaining adequate insurance cover for the risks linked to wars and terrorist attacks (with particular reference to the Group assets related to Onshore activities), pandemic risks, and environmental risks could lead to economic-financial losses.
Saipem operates mainly in the highly competitive sector of services for the energy and infrastructure industry, which is influenced by the trend in the hydrocarbon prices in international markets; this has an impact on the demand for services offered by the Company and the margins associated with them.
The markets in which Saipem operates can be divided in two main categories: (i) the EPC (Engineering, Procurement, Construction) Lump Sum Turnkey (LSTK) market, characterised by flat-rate "turnkey" contracts; and (ii) offshore drilling markets.
Regarding the EPC market, the Group's profit trend is linked to the analysis of the work in progress that contribute to the economic assets based on profitability and progress. The above mentioned trend is strongly influenced by the contractual structure negotiated with the client, which, in addition, may require a significant commitment of financial resources both in the initial phase of the contract (for example to place the orders to suppliers) and later, to meet the milestones contractually agreed, when the client can be invoiced. The trend is characterised by significant expenses before the invoicing to the client and may have a negative effect on the Group's cash flows, and result in the need to resort to credit lines. Moreover, in the execution phase of the projects, the profit trend is influenced by any change order on what was contractually agreed, or by higher costs attributable to the client (claim). The contractor and the customer cooperate to find agreements that satisfy both parties to avoid compromising the correct performance of works and delaying the completion of the project.
The drilling market, on the other side, is characterised by sales rates of the drilling services that include the remuneration of the vessel, personnel and ancillary costs (including subcontractors costs for ancillary services).
Specifically, the preparation of bids and the determination of prices are the outcome of an accurate, precise, and timely estimation exercise that involves various group departments, and which is further integrated by a risk assessment to cover the areas of uncertainty inevitably present in each bid (so-called contingency). Despite these efforts made by Saipem, over the life cycle of the contract, the costs, revenue and, consequently, the margins that the Group realises on lump sum contracts, could vary significantly compared to the sums originally estimated. This could be due to many reasons, for example: (i) performance/productivity of vendors and subcontractors; (ii) performance/productivity on the part of Saipem's workforce; (iii) changes in working conditions (so-called change order); (iv) weather conditions different from those anticipated according to the statistics available at the time; (v) a change in the price of raw materials (e.g., steel, copper, fuel, etc.) and logistics; (vi) geopolitical conditions in the country (including war and civil unrest); (vii) delays in the negotiation and possible cancellation of commercial initiatives related to future projects, or cancellation of ongoing projects (either Lump-Sum Turnkey or service contracts); (viii) adjustment of the contractual fees not in line with costs deriving from changes to the works contractually agreed and/or costs incurred for reasons attributable to the client, or failure to adjust the contractual fees, and delays or difficulties in obtaining recognition of contractual compensation provided for by the company for cancellation or suspension of the contracts; (ix) difficulties in obtaining permissions and licences; (x) the persistence and/or resurgence of the effects of the COVID-19 pandemic; (xi) delays and difficulties in renewing, earlier than maturity and on economically advantageous terms, lease contracts on drilling vessels; and finally (xii) pressure from customers to renegotiate the existing conditions.
An extension or worsening of the COVID-19 pandemic, or a possible escalation of the Russian-Ukrainian conflict, could create further uncertainty on the prospective profit trend and on the continuation of the Group's business operations, with a subsequent inability to generate a positive adjusted EBITDA in the years of the Strategic Plan in view of the negative adjusted EBITDA recorded as of December 31, 2021.
Moreover, any errors in the estimate of the operating and business risks and an inadequate subcontractor monitoring could lead to a decrease on margins on single projects, with an increase in costs for the Group and a subsequent worsening of working capital needs.
In addition, the worsening of the relationship with the clients and the constant evolution of the scenarios being analysed can be the cause of errors in determining the pending revenues associated with those analysis, as well as a source of delay in payments.
All of these factors, in addition to other risks inherent in the sectors in which Saipem operates, may imply additional costs, lost revenue, and the subsequent reduction in margins from those originally estimated, leading to a decrease, perhaps even a significant one, of profitability or to losses on projects. The result of such significant differences could worsen the Group's financial position and performance and damage Saipem's reputation in the relevant industry.

Mitigation
The management, control, and reporting of the financial risks are based on the Financial Risk Policy, issued and periodically updated at corporate level with the aim of standardising and coordinating the Saipem Group's financial risk policies. Specifically, financial risks are controlled through the periodic calculation of several Key Risk Indicators (KRI) which are subject to specific attention thresholds periodically updated according to the evolution of the Saipem Group's business. The control activities established by the Financial Risk Policy also include escalation procedure to be followed if the risk thresholds set by the KRIs are exceeded.
The Company has adopted various techniques that are implemented from the start of the negotiations with customers with the aim of achieving the most favourable conditions, such as contractually agreed advance payments, and of monitoring its contracts through stringent procedures to obtain the certifications necessary to proceed to invoicing, or by constant reporting all changes to contract or project execution to the customer, so as

to maintain positive or neutral cash flows during the various phases of the project execution. In addition, the fluctuation of net working capital is constantly monitored by the Group, and the top management is actively engaged in mitigating any situations that could have an impact on the Company's net working capital.
Furthermore, the Group monitors the developments in the insurance market through a vast network of partners, aiming to identify the evolutions in the insurance and insurance products market (including alternative risk transfer products).
Finally, the Company management is constantly engaged in monitoring the evolution of the financial markets and in strengthening and increasing business relations with partners in the financial and insurance sector, as they are key players in the mitigation of financial risks.
In order to bring the Company's cost and competitive profile in line with changes in the reference sectors, Saipem has already launched an important efficiency plan through specific initiatives in terms of the rationalisation of assets, the simplification of the operating model, and the reduction of structural costs. To implement its new strategy, as of January 14, 2022, Saipem has adopted a new organisational model divided into four distinct business areas, each with different dynamics, goals and skills: "asset based services" (drilling, vessels, fabrication), based on a rigorous asset optimisation, focused on geographies and key customers; "energy carriers" for the design of complex plants or their conversion to low-carbon with an increasing focus on the best risk/return balance and with greater attention to margins; "robotics and industrialized solutions" to develop the offer of modular, replicable, and scalable plants, and for improvements based on digital technologies; "sustainable infrastructures" for growth in a sector that has become strategic in the new ecosystem of energy transition and sustainable mobility.
In addition, in the current market scenario of commodity, goods and services prices, Saipem is committed to applying the most advanced industry and project management best practices and to identifying and implementing various new initiatives and solutions to reduce its costs through more efficient processes and technologies.
Finally, it should be noted that starting in 2022 the Group has introduced the role of General Manager and has created a new organisational structure.

(i) Market risk

Market risk is the possibility that changes in exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. Saipem actively manages market risk in accordance with the above-mentioned Financial Risk Policy and by procedures that provide a centralised model for performing financial activities.

Market risk - Exchange rates

Currency risk derives from the fact that Saipem's operations are conducted in currencies other than the euro and that revenue and/or costs from a significant portion of projects executed are potentially denominated and settled in non-euro currencies. This impacts on:
- the profit or loss for the Group companies due to the different counter value of costs and revenues denominated in a currency other than the companies functional currency, at the time of their recognition compared to the time when the price conditions were defined and as a result of the conversion and subsequent revaluation of trade receivables/payables or financial assets/liabilities denominated in foreign currencies;
- on the consolidated financial statements (profit or loss and shareholders' equity) due to the conversion of operating income and assets and liabilities of companies that prepare their financial statements in currencies other than the Group's functional currency.

The risk management objective of the Saipem Group is the minimisation of the impact deriving from fluctuations in exchange rates on the Group companies' profit or loss for the year.
Under monitoring is the impact of exchange rate fluctuations resulting from the consolidation of the operating results of companies that prepare their financial statement in a currency different from the Group's functional currency. Conversely, the exchange rate risk arising from the conversion of assets and liabilities of companies that prepare their financial statements in a currency different form the Group's functional one is managed, at consolidated level, only with the designation of long-term operating monetary items in net investment hedges.
Saipem adopts a strategy to minimise the exposure of Group companies to foreign exchange risk through the use of derivative contracts. Hedging transactions may also be entered into in relation to future underlying contractual commitments, provided that are highly probable (so-called highly probable forecast transactions). To this end, different types of derivatives (outright and swaps in particular) are used. Such derivatives are measured at their fair value on the basis of standard market evaluation algorithms and market prices/contributions provided by primary info-providers. Planning, coordination and management of this activity at Group level is the responsibility of the Saipem Finance Department, which closely monitors the correlation between derivatives and their underlying flows, as well as ensuring their correct accounting representation in compliance with IFRS accounting standards.
The measurement and control activities of the exchange rate risk are performed by calculating a series of periodically monitored KRIs. Specifically, KRIs on exchange rate risk are defined as the minimum thresholds to hedge future contractual currency flows and the maximum thresholds of related potential losses measured with Value at Risk (VaR) models.
An exchange rate sensitivity analysis was performed for those currencies other than euro which may potentially impact exchange risk exposure in order to calculate the effect on the income statement and equity of

hypothetical positive and negative variations of 10% in the exchange rates of the above-mentioned foreign currencies against the euro.
The sensitivity analysis was conducted in relation to the following financial assets and liabilities denominated in currencies other than the euro:
- exchange rate derivatives;
- trade receivables and other assets;
- loan assets;
- trade payables and other liabilities;
- cash and cash equivalents;
- current and non-current financial liabilities;
- lease liabilities.

For derivative instruments on exchange rates, the sensitivity analysis on the relative fair value is carried out by comparing the term counter-value fixed in the contracts with the counter-value determined at spot exchange rates, allowing for a 10% positive or negative variation, and adjusted using interest rate curves consistent with the expiration dates of contracts on the basis of market prices at the end of the period.
The analysis did not examine the effect of exchange rate fluctuations on the measurement of contract assets from long-term orders assessment because they do not constitute a financial asset under IAS 32.
In light of the above, although Saipem adopts a strategy targeted at minimising exchange risk exposure through the use of several types of derivatives (outright and swaps), it cannot be excluded that exchange rate fluctuations may significantly influence the Group’s results and the comparability of results of individual years.
A depreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of -€3 million (-€59 million as of December 31, 2021) and an overall effect on shareholders' equity, before related tax effect, of -€221 million (-€262 million as of December 31, 2021).
An appreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of €6 million (€62 million as of December 31, 2021) and an overall effect on equity, before tax effect, of €224 million (€264 million as of December 31, 2021).
The increase/decrease with respect to the previous year is essentially due to variations in the exposed financial assets and liabilities.

Market risk - Interest rate

Interest rate fluctuations influence the market value of the group’s financial assets and liabilities and the level of net financial expenses. The objective of risk management is to minimise the interest rate risk when pursuing financial structure objectives defined in the Financial Risk Policy.
In compliance with the established risk management objectives, the Finance Department of Saipem assesses, when stipulating variable rate financing, to enter into Interest Rate Swap (IRS) transactions in order to manage fluctuations in interest rates. In addition, the Finance function of the Saipem Group, if applicable and based on adequate internal assessments, negotiates derivative contracts to fix the interest rate differential and stabilise the impact of the cost of the currency hedging put in place by the Group.
Planning, coordination and management of this activity at Group level is the responsibility of the Saipem Finance Department, which closely monitors the correlation between derivatives and their underlying flows, as well as ensuring their correct accounting representation in compliance with IAS/IFRS accounting standards. Although Saipem adopts a strategy targeted at minimising its exposure to interest rate risk through the pursuit of defined financial structure objectives, it is not to be excluded that interest rate fluctuations could significantly influence the Group’s results and the comparability of the results of individual years.
Interest rate derivatives are measured by the Finance Department of Saipem at fair value on the basis of market standard evaluation algorithms and market prices/contributions provided by primary public info providers.
The Saipem Group measures and controls the interest rate risk by calculating and monitoring a KRI that measures the impact of a fixed-rate debt, including any related derivate financial instrument, on total debt.
To measure the impact of interest rate risk a sensitivity analysis was performed. The analysis calculated the effect on the income statement and equity which would result from a positive and negative 100 basis point movement on interest rate levels.
The analysis was performed relating to all relevant financial assets and liabilities exposed to interest rate fluctuations and regarded in particular the following items:
- interest rate derivatives;
- cash and cash equivalents;
- current and non-current financial liabilities.

For derivative financial instruments on interest rates, the sensitivity analysis on fair value was conducted by discounting the contractually expected cash flows with the interest rate curves recorded on the basis of period-end market rates, with variations in excess of and less than 100 basis points. With reference to cash and cash equivalents and to variable rate financial liabilities, reference was made respectively to the stock at period-end and to changes in exposure expected in the following 12 months. On this basis, a movement of interest rates has been applied in excess of and less than 100 basis points on interest rates.
A positive variation in interest rates would have produced an overall effect on pre-tax profit of -€1 million (€3 million as of December 31, 2021) and an overall effect on equity, before tax effect, of -€1 million (€4 million as of December 31, 2021). A negative variation in interest rates would have produced an overall effect on pre-tax profit of -€3 million

(-€3 million as of December 31, 2021) and an overall effect on equity, before tax effect, of -€3 million (-€4 million as of December 31, 2021).
The increase/decrease with respect to the previous year is essentially due to variations in the financial assets and liabilities exposed to interest rate fluctuations.

Market risk - Commodity

Saipem's results are affected by changes in the prices of oil products (fuel oil, lubricants, bunker oil, etc.) and raw materials (copper, steel, etc.), since they represent associated costs in the running of vessels, bases and yards and the implementation of projects and investments.
In order to reduce its commodity risk, in addition to adopting solutions at a commercial level, Saipem also trades derivatives (swaps and bullet swaps) in particular on the organised ICE, NYMEX and LME markets where the relevant physical commodity market is closely correlated to the financial market and the price is efficient.
As regards to commodity price risk management, derivative instruments on commodities were negotiated by Saipem to hedge underlying contractual commitments. Hedging transactions may also be entered into in relation to future underlying contractual commitments, provided these are highly probable (so-called highly probable forecast transactions). Despite the hedging instruments adopted to control and manage commodity risks, Saipem cannot guarantee that they will be either efficient or adequate or that in future it will still be able to use such instruments.
Commodity derivatives are measured at their fair value by the Finance Department of Saipem on the basis of market standard evaluation algorithms and market prices/contributions provided by primary info providers.
The Saipem Group measures and controls the interest rate risk by calculating and monitoring a KRI that quantifies the maximum potential loss measured with a Value at Risk (VaR) model.
With regard to commodity risk hedging instruments, a 10% positive variation in the underlying rates would have produced no effect on pre-tax profit, while it would have produced an effect on equity, before related tax effects, of €7 million. A 10% negative variation in the underlying rates would have produced no effect on pre-tax profit, while it would have produced an effect on equity, before related tax effects, of -€7 million.

(ii) Credit risk

Credit risk represents Saipem's exposure to potential losses deriving from the default of business counterparties. Regarding the counterparty risk in commercial contracts, credit management is entrusted to the responsibility of the Business Lines and to the dedicated specialised corporate Finance and Administration functions, on the basis of formalised procedures for assessing and entrusting commercial partners. For counterparty financial risk deriving from the investment of surplus liquidity, from positions in derivative contracts and from commodities contracts with financial counterparties, Group companies adopt the provisions defined in the Financial Risk Policy. In spite of the measures implemented by the Group in order to avoid concentrations of risk and/or assets and for identifying the parameters and conditions within which hedging instruments can operate, it is not possible to exclude the possibility that one of the Group's customers may delay payments, or fail to make payments, within the defined terms and conditions. Any delay or default in payment by the main customers may imply difficulties in the execution and/or completion of projects, or the need to recover costs and expenses through legal action.
Assessment of the recoverability of financial assets with counterparties of a trade and financial nature was made on the basis of the so-called "expected credit loss model" illustrated in the paragraph entitled "Impairment of financial assets".
The Saipem Group measures and controls the credit risk of commercial counterparties by periodically calculating indicators to measure the classes of Probability of Default ("PD") of trade credit exposures, backlogs and guarantees granted. The effect of these activities is shown in Notes 8 "Trade receivables and other assets" and 9 "Inventories and contract assets" below. Credit risk towards financial counterparties is instead monitored and controlled through the periodic calculation of KRIs aimed at measuring exposure, maximum lending duration and the breakdown of financial assets by rating class.

(iii) Liquidity risk

Liquidity risk represents the risk that, due to the inability to raise new funds ("funding liquidity risk") or to liquidate assets on the market ("asset liquidity risk"), the company will be unable to meet its payment commitments, resulting in an impact on the economic result if the company is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that jeopardises the company's ability to continue as a going concern. The objective of the Group's risk management is to implement a financial structure which, consistent with the business objectives and the limits defined in the Financial Risk Policy, guarantees an adequate level of liquidity of and committed credit lines for the entire Group.
The risk management objective is to guarantee sufficient financial resources to cover short-term commitments and maturing obligations, including through refinancing transactions or early funding, as well as to ensure the availability of an adequate level of financial flexibility for Saipem's development programmes, pursuing the maintenance of a balance in terms of duration and composition of debt and an adequate structure of bank credit lines.

Saipem measures and controls the liquidity risk by continuously monitoring estimated cash flows, the maturity profile of financial liabilities and the parameters characterising the main bank financing contracts (so-called Financial Covenants), and by periodically calculating KRIs. These indicators measure the level of available cash expected in the short term, the level of maturity concentration of financial liabilities and derivatives, and the ratios between financial sources and uses expected in the short and medium term.
For the control and efficient use of its liquidity, the Saipem Group avails itself, among other things, of a central cash pooling system and automatic reporting tools.
As a result of the significant deterioration in the full-life margins of certain projects in the Onshore E&C and Offshore Wind segments following the backlog review, as well as the possible emergence, in relation to certain loan agreements, of the right of the related bank counterparties to accelerate their maturity due to the occurrence of the conditions set out in Article 2446 of the Civil Code, the Company, on March 24, 2022, planned to implement financial measures aimed at strengthening its equity and financial structure.
Specifically, the Financial Package included a capital increase for €2 billion, as well as, for short-term financial needs, an immediate liquidity injection for a total of €1.5 billion, to be disbursed: (i) €458 million in the form of a "capital contribution" to shareholders' equity with a special dedicated shareholders' reserve (riserva "targata") by the shareholder Eni SpA; (ii) €188 million in the form of a "payment for future capital increase" by the shareholder CDP Industria SpA; and (iii) €855 million from a pool of banks backed by a specific guarantee issued by Eni (so-called "Liquidity Facility").
On March 30 and March 31, 2022, Eni SpA and CDP Industria SpA fulfilled their respective commitments, proceeding with the payment of a total of €646 million.
In addition, on April 4, 2022, an amount of €680 million was disbursed, corresponding to the entire "Tranche A" of the Liquidity Facility. Such loan was subsequently repaid on July 8, 2022 with the utilisation of the so-called "SACE Facility", utilised for the entire amount of €852 million and repaid on July 18, 2022, with the cash resulting from the capital increase completed on July 15, 2022.
For further details, please refer to the following paragraph "Going concern" in Note 2 "Accounting estimates and significant judgements".
In some of the Group's loan agreements, there are financial covenants that determine, in the event of non-compliance, a right on the part of the respective financial institutions to request early repayment of the loans, if not remedied through the granting of a waiver.
In particular, the bilateral financing agreements and the so-called export credit lines include a financial covenant that provides, with reference to the financial year ended on December 31 of each year, that the ratio of the Group's consolidated net financial debt to the Group's consolidated EBITDA shall not exceed 3.5 times.
It should also be noted that, as of June 30, 2022, there are loan agreements containing representations and warranties relating to the non-existence of the situation provided for by Article 2446 of the Italian Civil Code.
The non-compliance with the financial covenants or with the above representations and warranties would imply the right for the lenders to request early repayments of their loans. This circumstance would also constitute an event of default under the terms and conditions of the outstanding bonds (amounting to €2 billion as of June 30, 2022) with the consequent right of the bondholders to request their early repayment, as a consequence of the possible activation of the cross-default clause in the relevant documentation.
In the light of the situation provided for by Article 2446 of the Italian Civil Code arising from 2021 results, Saipem requested and obtained waivers so that the Company would not have to make, at the due renewal dates (i.e., on the first day of each interest period), the previously mentioned representations and warranties relating to the non-existence of the circumstances provided for by Article 2446 of the Italian Civil Code. Considering that the waivers obtained by the Company have a limited effectiveness in time, while the relevant representations and warranties, which speak as to the absence of any situation provided for by Article 2446 of the Italian Civil Code also in the past, shall be renewed periodically until the expiry of the relevant contracts, it is the Company's intention to request the banks to grant a definitive waiver so that it will no longer be required to make any representations relating to the occurrence of the circumstances provided for by Article 2446 of the Italian Civil Code with reference to the financial statements for the year ended December 31, 2021.
As of June 30, 2022, the Group structured its financing sources mainly on medium-to long-term maturities with an average tenor of 2.9 years (excluding the Liquidity Facility loan repaid on July 8, 2022 and the payment for future capital increase by the shareholder CDP Industria SpA converted into equity following the completion of said capital increase); the share of medium-to long-term debt maturing in the next 12 months amounts to €156 million, of which €89 million during the first half-year and the remainder during the second half-year.
On April 5, 2022, Saipem repaid a bond for €500 million; the maturities of the remaining four bonds in the amount of €500 million each outstanding as of June 30, 2022, are scheduled in September 2023 and in the years 2025, 2026 and 2028.
In relation to the new Revolving Credit Facility (RCF) of up to €1 billion, also included in the Financial Package, the negotiations are still ongoing with the respective financial counterparties, in order to appropriately define term and conditions.
Based on the above, on the maturity plan of medium-to long-term debt and on the amount of available cash as of June 30, 2022, amounting to €983 million (not including yet the income from the capital increase), Saipem believes that it has access to more than adequate sources of funding to meet its foreseeable financial needs.

(iv) Downgrading risk

Saipem and the bonds issued by its subsidiary Saipem Finance International BV are rated by the rating agencies Standard & Poor's and Moody's. On April 1, 2022, the Company received from Standard & Poor's Global Ratings a long-term issuer credit rating of "BB" with "positive" outlook, as well as a senior unsecured rating of "BB" for its bonds. In addition, on July 19, 2022, the Company received from Moody's a long-term Corporate Family Rating of "Ba3" with a "stable" outlook, as well as a senior unsecured rating of "Ba3" for its bonds. The ratings of the bonds issued by Saipem Finance International BV fall within the "non-investment grade" category, characterised by an higher risk profile and which also includes debt securities particularly exposed to adverse economic, financial and industry conditions. Any deterioration of Saipem's rating and/or of the bonds issued by Saipem Finance International BV, which could be caused by a deterioration of the reference markets, of the profitability of the contracts or of Saipem's liquidity, could result in a higher funding cost as well as a more difficult access to the capital market, with consequent negative effects on the activity, prospects and economic and financial condition of the Company and the Saipem Group.

Future payments for financial liabilities, trade payables and other liabilities

The following table shows the amounts of payments due to financial debts and lease liabilities, with separate disclosure of principal and interest, and liabilities for derivative financial instruments.

	Maturity						
(€ million)	2023 (*)	2024	2025	2026	2027	After	Total
Non-current financial liabilities	840	95	566	560	15	500	2,576
Current financial liabilities	1,155	-	-	-	-	-	1,155
Lease liabilities	241	60	31	22	19	59	432
Fair value of derivative instruments	405	10	-	-	-	-	415
Total	**2,641**	**165**	**597**	**582**	**34**	**559**	**4,578**
Interest on loans and borrowings	113	51	49	34	16	15	278
Interests on lease liabilities	18	7	5	4	4	16	54

(*) Including the second half of 2022.

The following table shows the due dates of trade payables and other liabilities.

	Maturity			
(€ million)	2023 (*)	2024-2027	After	Total
Trade payables	2,563	-	-	2,563
Other liabilities	314	-	2	316

(*) Including the second half of 2022.

Future payments for outstanding contractual obligations

Investment commitments for projects for which procurement contracts have already been placed, expiring in 2023 (including values relating to the second half of 2022), amount to €95 million.
Commitments for investments of €17 million relate to Discontinued operations.

2. Risks related to the supply chain

Description and impact

In executing its projects, and in the normal course of its activities, the Group relies on numerous vendors of goods and services, subcontractors, and partners. Any inadequate performances by vendors and subcontractors could generate deficiencies in the supply chain and, consequently, lead to: additional costs linked to the difficulty in replacing vendors that provide goods and services, subcontractors and partners identified to carry out the activities; the procurement of goods and services at higher prices or delays in the completion and delivery of projects.
Saipem is also exposed to the risk linked to availability and volatility in the prices of commodities – the fluctuation in prices of raw materials such as steel, copper, fuel, etc. – as well as of goods and services typically used by the Group. The dynamics of supply is indeed characterised by a strong tension on the commodity market, mainly due to an imbalance in the relationship between supply and demand. Furthermore, the Group might not be able to transfer the price increase to its customers.
Many of the materials essential to the Group's business require transport services (also via containers) and storage before they reach the operation site. These services, especially in times of high demand, may cause delays in the delivery of the materials, limitations to their availability and/or an increase in their price.

The increase in import/export price caused by the increase of prices of transportation, together with the increase of energy prices, determines a volatility in commodity prices, to which are then added speculative and arbitrage actions on the markets.
In addition, the COVID-19 pandemic affected the supply chain, primarily in terms of the logistics, which resulted in necessary audit and restructuration of the vendor lists available for procurement tenders, as well as more issues with recruitment and management as a consequence of the various national and international protocols on workplace safeguards and safety, which together resulted essentially in a delay of the tenders timing.
Finally, the Russian-Ukrainian crisis has significantly increased the uncertainty caused by the COVID-19 pandemic and the current socio-economic scenario makes it difficult for supply chain operators to provide price forecasts and make contractual commitments with long-term estimates. In some cases suppliers are unable to submit tenders because the chain of their suppliers and the production plants have become extremely selective in what initiatives they pursue, and do not offer quotations as they cannot establish prices and trade terms since they cannot buy raw materials due to the volatility of prices and to the lack of availability of these on international markets. Similarly, delivery times are longer, with a direct impact on the project portfolio.
In addition, Saipem is exposed to the risk of deterioration of the relationship with suppliers, which may result in some cases in a specific competitive disadvantage due to reduced bargaining power of the Group, with a subsequent increase in prices and deterioration in contractual conditions.
In addition, Saipem is exposed to risks related to any unethical behaviour by vendors, subcontractors, and partners in the different countries in which it operates, as well as risks of poor performance in relation to health, safety, and environment issues.
Therefore, this context may lead to a deterioration in relations with vendors, subcontractors, and partners, with a consequent competitive disadvantage linked to Saipem's reduced negotiating power.
Finally, these supply chain risks could lead to longer times and higher costs, a worsening of contractual terms and a deterioration of business relations with customers and of economic-financial results, and a negative impact on Saipem's competitive position.

Mitigation
With the aim of preventing and mitigating these risks, the Company has adopted a structured qualification and selection system in order to work with reliable vendors and subcontractors with a consolidated reputation. The services of vendors and subcontractors are also constantly controlled, and subject to feedback on all the work sectors with the supplier, in order to pursue continuous improvement in the procurement process. With reference to the COVID-19 pandemic, Saipem monitors its impacts on the supply chain at the level of the individual projects, in terms of continuity. prices and timeliness of the supplies.
Furthermore, Saipem is considering the adoption of specific tools for Supply Chain Risk Management, based on AI, to monitor and possibly prevent any impact on the business through the analysis of Big Data from multiple sources.
To mitigate and prevent the risks associated with unethical behaviour by vendors and subcontractors, Saipem uses various tools, checks, and training programmes.
Additionally, Saipem requires its vendors, subcontractors, and partners to read and accept Model 231 in its entirety, including the Code of Ethics, which is inspired by the principles of the Universal Declaration of Human Rights of the United Nations, the Fundamental Conventions of the ILO (International Labour Organization) and to the OECD Guidelines for Multinational Enterprises.

3. Strategic risks

Description and impact
In the definition of its strategic guidelines, Saipem considers many factors contributing to its competitive positioning on the relevant markets. Among these, the Company considers the macroeconomic, geopolitical and industrial scenarios, the technological developments connected to them, and the progress of competition; the latter is particularly influenced by the processes of mergers and acquisitions, creation of joint ventures and alliances at local or international level by competitors, and by the technological development of services that Saipem deems of interest.
Furthermore, to define its positioning, Saipem carefully assesses the evolution of demand in the reference sectors, also in light of the requests received by its clients.
Therefore, Saipem is exposed to various kinds of risks, linked to its strategic positioning in both conventional services in the energy sector, particularly Oil&Gas, both in energy transition services, whose role has recently emerged as significant and will continue to increase in Saipem's medium- and long-term strategic positioning.
The current scenarios in the field of energy transition involve a gradual shift towards greater use of renewable energy sources, with a lower climate-altering impact than the ones now in use. The achievement of these objectives is mainly based on the development and use of a range of new technologies in areas such as renewable energy, the decarbonisation of various industrial sectors (e.g., agriculture, steel and cement production, transport), energy efficiency and the circular economy. Saipem believes that the use of these innovative solutions in building new energy infrastructures and reducing carbon emissions is expected to create a significant market that is of particular interest.

The ability to compete in the new energy transition markets will depend on the achievement of adequate competitive positioning, which can be developed through a number of key factors: (i) creation of new commercial relationships with companies in the field of renewable energy sources and clean technology; (ii) ability to manage new types of projects, different from the traditional ones; (iii) meeting a specific track record in the new markets; and (iv) development of a targeted technology portfolio.
Moreover, inadequate forecasts of the evolution of these scenarios, as well as the incorrect or delayed implementation of identified strategies, may expose the Group to the risk of not being able to adjust the asset portfolio and therefore its competitive positioning in the current energy transition in relation to the changes in scenarios.
Therefore, these risks could potentially result in a deterioration of strategic positioning within the sector, reducing market shares and the Group's margins. In addition, Saipem is exposed to risks linked to specific strategically significant geographical markets which may present a range of diverse peculiarities.
In addition, in February 2021, Saipem communicated to the market its first emission targets defined for the medium-long term, announcing a reduction by 50% of the total emissions of GHG Scope 1 and Scope 2 by 2035 (compared to the 2018 baseline). In relation to Scope 2, the Net-Zero goal should be reached by 2025.
Finally, for some specific business segments there is a risk of concentration with some customers in some geographical areas.
The market environment is characterised by the persistence of different elements of uncertainty that can affect the overall demand of services.
In particular, the global context is visibly influenced by factors deriving both from the Russian-Ukrainian conflict, which could generate more unpredictable fluctuations in energy demand and supply volumes, and in the price of oil and natural gas, and from pre-existing dynamics. These include: (i) the global energy supply/demand balance, and in particular of oil and gas, in relation to the economic cycle and the COVID-19 pandemic; (ii) OPEC's ability and willingness to establish and maintain certain oil extraction levels, and the production forecast of OPEC countries, also as an element of compensation of the export losses from Russia; (iii) the possible return of exports from Iran; (iv) the overall context of the raw material market, that may impact the general economy and the oil and gas demand; (v) market volatility, as well as environmental policies and legislations; (vi) the growing tendency to choose alternative and renewable energy sources. It should also be noted that the price trend of raw materials such as oil and natural gas is highly volatile and unpredictable for various reasons, which are often interconnected and/or interdependent (such as, for example, economic, geopolitical and social factors, changes in demand, technological evolution, energy transition, etc.).
All the above mentioned influences the investment policies of the main customers in the oil sector, exposing Saipem to: (i) delays in the negotiation process and possible non award of commercial initiatives relating to future projects; (ii) cancellation and suspension of projects already under way (whether EPCI Lump Sum or Drilling and value added engineering services contracts); (iii) delays and difficulties in obtaining payment of contractual penalties provided for to indemnify the Company against the cancellation and suspension of such contracts; (iv) strengthening of the level of aggression in commercial strategies by competitors; (v) delays and difficulties in obtaining change orders for the scope of work requested by the customer and executed by Saipem; (vi) delays and difficulties by the customers in renewing contracts for onshore and offshore drilling fleets prior to the expiry thereof and under economically advantageous terms and conditions; (vii) claims and arbitration and international disputes in the most significant cases.
For this reason, Saipem is exposed to the risk of failing to strengthen or even the weakening of its commercial positioning, particularly with regard to certain specific product lines or geographical areas, with consequent economic-financial and reputational impacts.
Finally, cases of negative performance could lead to claims and even arbitration proceedings and disputes with the customers and also with suppliers and subcontractors of Saipem.

Mitigation

To ensure a strengthening of its competitive positioning, the Group always strives to go beyond the limits of innovation to create valuable relations with its customers and guide them through the developments of the global energy scenario, while respecting the values and professional ethics of Saipem. In relation to the above mentioned dynamics, Saipem has undertaken a process of transformation that aims to define an organisational structure more focused on new products and markets. The strategy defined for 2022-2025 is characterised by the presence of a dual approach. On the one hand, it aims to traditional sectors, while on the other it has a short and long-term target of growth in high-tech sectors linked to the energy transition.
To monitor the trend of demand, Saipem avails itself of companies which are specialised in providing periodic analyses and estimates on relevant market segment trends and on macroeconomic, geopolitical, and technological developments. Furthermore, the Company created the Sustainability, Scenarios and Governance Committee, which is responsible for assisting the Board of Directors in its review and development of scenarios in order to prepare strategies, based on the analysis of the relevant issues for long-term value generation and the corporate governance of the Company and the Group.
To develop and strengthen its strategic positioning, the Company management pursues various business opportunities on the basis of diversification with various customers in the energy sector (International Oil Companies, National Oil Companies, Independents, Utilities), with a global perspective on the reference markets and with a broad portfolio of products in Oil&Gas, renewable energy and infrastructure, pursuing a gradual business shift to exploit the opportunities offered by the energy transition.

Regarding energy transition, the fight against climate change is at the heart of Saipem's agenda. It represents one of today's greatest challenges for the energy sector and for society as a whole, so much so that it is considered a crucial part of Saipem's business model.
The strategy for fighting climate change is based firstly on the scenario analyses at 2050, drafted to identify the macro-trends and key drivers in the energy sector in terms of service demand, technologies, policies, legislation, socio-political aspects, etc., and how these will affect Saipem's business as a whole. These scenarios are updated at least annually and the results are presented to the Board of Directors and the Top Management in order to be developed into strategic guidelines.
Saipem's strategy for climate change includes a significant commitment to reducing dependence on fossil fuels, offering increasingly sustainable solutions to customers, investing in renewable technologies, and diversifying its activities (i.e., installation of offshore wind farms, development of technologies for producing energy from waste or raw scrap, implementation of solutions for the use of natural gas and systems that can limit the impacts deriving from the extraction, transport, and use of fossil fuels).
Saipem is committed to finding solutions in line with market demand, and at the same time, that aim to be the closest to zero in climate-altering emissions. In that regard, as a global service provider, Saipem has taken the important role of enabler of the transition form an economy based on fossil fuels to a "decarbonised" economy.
In the fight against climate change, Saipem wants to reduce its business dependence on fossil fuels with a new two-pillar strategy: becoming a key partner in the decarbonisation of customers and key players of its value-chain, extending the offer to industries with a lower environmental impact, and improving its assets and operations efficiency to reduce GHG emissions.
Regarding Scope 3 emissions (i.e. indirectly associated with Saipem value-chain activities), Saipem wants to have a key role in supporting and stimulating all the players in the chain, from customers to suppliers, in an organic and synergic decarbonisation process.
In this context, Saipem's strategic priorities are orienting its business, on the one hand towards an overall reduction in greenhouse gas emissions and a general increase in efficiency, and, on the other hand, towards the development of the digital and human capital, which will lead to a more efficient productivity, changing our way of managing and tackling engineering and construction projects (more information is available on the company website in the specific section "Sustainable value", in the document "Leading the path to energy transition", published in October 2020 and in the document "Shaping a Net-Zero future", published in December 2021).
Finally, on December 13, 2021, Saipem obtained the validation of the Net-Zero Programme by Bureau Veritas, as an independent Third Party.
To mitigate the impact of any reduction in CAPEX investments, especially in the oil sector by its customers, Saipem has taken many commercial and strategic steps, on the one hand to strengthen its presence in sectors where it can claim a more competitive positioning (sea construction and drilling), while on the other hand they allow to expand the client portfolio and markets it serves, while also entering new or alternate business sectors such as: (i) rigs for renewable sources (in particular, wind, solar); (ii) carbon capture projects; (iii) production of green hydrogen; (iv) construction of high-speed railway lines; (v) high value engineering services in the energy industry in general (including renewable energy).
Indeed, Saipem has, for some time, implemented a programme of constant updating of its skills and renewal of its assets, with a view to speeding and facilitating its entry into the field of energy transition, a growing sector that sees all the great international players increasingly focused on the issues of sustainability, climate change, and reduction of environmental impacts.
Finally, the risks of commercial positioning are mitigated through the establishment of partnerships and operations of strategic and technological value with special concentration on energy transition.

4. External risks

Description and impact

Saipem carries out a significant part of its activities in the Middle East, Sub-Saharan Africa and Latin America, regions in which it is possible to experience a lesser degree of stability from the political, social and economic point of view. Developments in the political framework, economic crises, internal social unrest and conflicts with other countries, increase in the risk of terrorist and cyber attacks may temporarily or permanently compromise Saipem's ability to operate in favourable conditions in such countries, as well as its ability to recover Group non-current assets therein, or may require specific measures to be taken at an organisational or management level, where possible in compliance with Company policies, in order to continue the activities under way in conditions different from those originally planned.
Other risks linked to the activities in those countries include: (i) lack of a stable legislation and uncertainty on the protection of the rights of the foreign company in case of breach of contract by private entities or State entities, including risk of expropriation and nationalisation; (ii) detrimental development or application of laws, regulations, unilateral contractual changes that result in the impairment of assets, forced divestments and expropriations; (iii) various restrictions on construction, drilling, import and export activities; (iv) increases in the taxation applicable; (v) internal civil unrest that result in sabotage, attacks, violence and similar events; (vi) structural phenomena; (vii) terrorist acts, vandalism or piracy.
Moreover, inter alia, the regulatory framework also impacts the methods used by Saipem to carry out its activities. Any adoption of more restrictive or unfavourable regulations, or the imposition of obligations for compliance, or

further requirements linked to Engineering & Construction and Drilling activities, may lead to changes in operating conditions and may require an increase in investments, production costs or, at any rate, a slow-down in the development of the activities. Any violations of health, safety, and environmental laws could lead to limitations to the Group's activities or to fines, sanctions, or penalties in the event of non-compliance with environmental and health and safety laws and regulations.
Considering that Saipem carries out its business activities in a global context characterised by the management of diversity deriving from socio-economic, political, industrial, and regulatory contexts, the Group is exposed to multiple scenarios regarding relations with staff and, where present, with trade unions. Such relationships, if not properly managed, can generate extra costs and impact the timing of the activities carried out in Saipem's operational offices and projects, as well as having negative repercussions on Saipem's image and reputation.
It should also be noted that the invasion of Ukraine by Russia generates uncertainties and tensions particularly within the Euro area and is highlighting criticalities in the energy policies enforced by many Western countries. Although the developments and future impacts are uncertain and difficult to evaluate, the intensifying of hostilities, geopolitical tensions and commercial war, including the imposition of international economic sanctions on society, banks and Russian individuals, are inevitably causing negative repercussions on the global, international and Italian economies, on the performance of financial markets, and on the Company's sector of activity.
In performing its activities in the offices and worksites onshore and offshore, Saipem uses a vast number of different digital tools; due to an increase in digitalisation and of the constant increase in cybernetic threats, the Group's IT systems are exposed to potential cyber attacks that can have a number of aims; the cyber attacks could endanger the operational continuity and damage Information Technology (IT) and Operational Technology (OT) systems, causing the loss and/or theft of data and information (even of a confidential nature), with significant impacts on corporate processes resulting in economic and financial damage, as well as damage to operations and to the company's reputation, particularly towards the customers.
In the past years, the emerging cyber risks have played and will continue to play an increasingly important role, due to the critical role of the various IT tools and the digitalisation process that are affecting the Group's activities and processes.
The measures to contain the COVID-19 pandemic required, among other, the use of remote working on private networks separate from the corporate network, resulting in an increase of the attack surface.
As a result of the increased global cyber threat posed by the conflict in Ukraine, the Group has registered an increase in the demand of specific cyber security requirements by clients from the commercial phase, from which depends the competitive level of Saipem on the market. In particular, the ever-increasing demand for stringent cyber security requirements from customers and authorities (such as the Italian National Cyber Security Agency) and the performance of cyber security audits by third parties may result in the loss of future business opportunities due to the non-compliance with cyber security standards and the potential disruption to ongoing projects and operations.

Mitigation

Saipem is committed to constantly and closely monitoring political, social, and economic developments, terrorist threats and pandemics arising in the countries of interest, both through specialised Group resources and through providers of security services and information analyses.
Therefore, Saipem is able to periodically assess these political, social, economic, and health risks in the countries it operates in or intends to invest in, based on a specific risk assessment model. Specifically, Saipem has adopted an articulate security model based on the principles of prevention, precaution, protection, information, promotion, and participation, with the objective of reducing risks deriving from the actions of natural or legal persons who expose the Group and its assets, people, goods, image, and reputation to potential damage. In particular, in order to prevent these risks, Saipem also makes use of agencies that provide security services in the countries in which it operates. These agencies could expose Saipem to risks related to the violation of human rights in the execution of security services which they provide; for this reason the mitigation actions implemented by Saipem consist of regular checks and training activities.
With regards to the exposure to international markets and the opportunities of development on traditional markets where they are already present, as well as those where they wish to expand, the Group evaluates political, economic, legal, operating and financial risks, the clients' reliability, and the risks linked to occupational safety on new projects.
When Saipem's ability to operate is temporarily compromised, demobilisation is planned following criteria for the protection of personnel and corporate assets that remain in the politically unstable country, and for the minimisation of operation disruption by adopting solutions that make the resumption of ordinary activities faster and less costly as son as favourable conditions are restored. These measures can increase costs and delays and have a negative impact on the profitability of projects executed in such countries.
Saipem constantly monitors the changes in and compliance with various types of regulations also in order to minimise the impacts due to its operating activities in all countries of interest whilst striving to maintain compliance with the ISO 31000 standard. In support of its presence in the countries and in order to mitigate the impact of its operating activities on local economies and the risks generated by its relationships with subjects operating in the same areas, Saipem adopts a system of engagement with its local stakeholders, with the goal of maintaining dialogue, consolidating relationships, and creating shared value, especially through active participation in the socio-economic development of the areas in which it operates. In addition, Saipem has faced and is continuing to manage the complex adjustment of the workforce to the significant changes in the market in

which it operates, taking into account the relationships with both the staff and the trade unions in the countries involved. In fact, in order to mitigate and prevent these risks, Saipem has configured an approach of maximum awareness to industrial relations in the countries in which it operates. Specifically, Saipem is committed to strengthening relations and communication with staff and trade unions and reaching and renewing specific agreements with the social partners involved. In particular, with regard to the COVID-19 pandemic, Saipem has implemented a specific crisis response plan and has applied a series of measures at all levels of the organisation, at the offices, at the operating sites and on the fleet, thanks to its constant monitoring of the developments and escalation of the viral spread, identifying solutions for protecting internal and external personnel, operated by local multifunctional crisis units coordinated by the corporate crisis committee. With reference to the risk arising from the sanctioning programmes, Saipem strives to adopt all necessary measures to guarantee the carrying out of activities in accordance with the reference regulatory frameworks, and constantly monitors the evolutions of those programmes to adapt its activities and adhere to the signs of discontinuity that may occur during 2022 due to the Russian-Ukrainian conflict.
In particular, Saipem constantly monitors the possible impacts deriving from the restrictive measures adopted by the EU, which include: (i) sanctions in the financial sector, for which the existing restrictions have been widened, limiting Russia's access to the most important capital markets and banning quotation and provision of services relating to actions of Russian national entities in any EU venue; (ii) sanctions in the energy sector: a ban on sale, supply, transport and export, either directly or indirectly, of goods and technologies used for oil refining, to hit the Russian oil sector and prevent Russia from modernising its refineries; (iii) sanctions in the technological sector: restrictions on the export of dual-use goods and technologies (civil/military), as well as restrictions on the export of certain goods and technologies which contribute to the strengthening of Russia's defence and security sectors.
Saipem has implemented measures of governance, response, and monitoring of cyber attacks, as well as compliance processes carried out through the involvement of specialised internal and external personnel and an advanced use of IT security technologies. Saipem implemented a cyber security model and applies procedures and protocols based on the sector best practices and on consolidated, tested international standards, with the goal of preventing and mitigating its exposure to cyber risk, as well as security additions to meet customers' requirements.
Specifically, to prevent and mitigate cyber risks, Saipem relies on specialised providers and uses the main prevention and defence instruments available on the market (more information is available in the specific "Digital, ICT Services" section). Moreover, Saipem has implemented its cyber security plan, strengthening its activities of threat detection and response to cyber incidents; it uses a platform that provides external and independent assessment of the Group's level of maturity of cyber security; it also assesses cyber risks also in relation to Operational Technology (OT); it carries out cyber awareness activities aiming to increase the employees' level of training and knowledge and, finally, always collaborates with the main public and private stakeholders.
In March 2021, Saipem obtained the ISO/IEC 27001 certification, for "Cyber security events monitoring and incidents management". This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner in the ongoing improvement of the Company's security system.
Several audits were also carried out with Internal Audit, on the entire Cyber Security process, as well as on the infrastructure and the cloud, with assessments carried out by Microsoft, in continuity with others done in the past by clients to ascertain compliance with contractual cyber security requirements.

5. Legal and tax risks

Description and impact

In the ordinary course of operations, the Group may take part in disputes which, if not resolved by negotiation, may result in judicial or arbitral proceedings, including lengthy ones that require significant resources, costs and legal expenses.
The Group is currently a party in judicial, civil, tax proceedings, in Italy and abroad, and in administrative legal proceedings.
The estimate of expenses that could reasonably be expected and the amount of provisional funds are based on information available at the date of approval of the relevant financial statements or interim financial statements, but they imply a level of uncertainty due to a number of variables linked to the legal proceedings and the unavoidable chance that a proceeding can occur.
Any unfavourable outcome of disputes for the Group – in particular those with greater media impact – or new disputes (regardless of the outcome) could result in significant repercussion on the Group's reputation, with a subsequent negative effect on activities, prospects, and the economic, financial and capital situation of Saipem Group.
Any unfavourable outcome of disputes, if it could potentially produce a detrimental effect on Saipem and/or the Group, that is, an effect that substantially adversely affects, inter alia, the Company's business, operations and assets, or the situation (including financially) of Saipem and/or Saipem Group, would constitute a significant event within the meaning of certain financing contracts.
Given the intrinsic and unavoidable risk that characterises legal proceedings, while the Group has carried out the necessary assessments, including on the basis of applicable reporting standards, it is not possible to exclude the

possibility that the Group might in future have to face payments for damages not covered by the provision for legal proceedings, or which are covered insufficiently, or which are uninsured, or which are of an amount greater than the maximum sum that may have been insured. Furthermore, in relation to legal proceedings brought by the Company, should it not be possible to settle the disputes by means of negotiation, the Company may have to bear further costs associated with the length of court hearings.
In addition, the progress of legal and tax proceedings exposes Saipem to potential impacts on its image and reputation in the mass media or with customers and partners.
Changes in national tax regimes, tax incentives, rulings with tax authorities, international financial treaties and, in addition, risks related to their application and interpretation in the countries where the Group companies operate, exposing Saipem to financial risks which could result in financial disputes in some of those countries (especially in the economies more exposed to the deterioration of oil prices on the international market).

Mitigation
In order to maximise the mitigation of these risks, Saipem not only implements actions aiming to constantly strengthen its internal control system, but also makes use of specialised external consultants who assist the Company in judicial, civil, tax or administrative proceedings. Furthermore, the Board of Directors of Saipem monitors the evolution of the main legal proceedings in an active and continuous manner.
Saipem constantly monitors both the changes in and compliance with tax regulations, also in order to minimise the impacts due to its operating activities in all countries of interest through internal resources and tax consultants.

6. Risks related to technological development

Description and impact
The Engineering & Construction, Drilling and high-value engineering sectors are characterised by the continuous development of the technologies, assets, patents, and licences used therein.
In order to maintain its competitive position, the Group must adequately update its technologies and assets to adapt the offer of its services to the needs of the market for the conduct of its business. Should the Company be unable to update, acquire or develop the technology and assets needed to improve its operating performance, the Group might need to change or reduce its goals, with a subsequent negative effect on activities, prospect, and the economic, financial and capital situation.
In addition, failure to take advantage of the opportunities linked to the digitalisation, the transformation of processes and operations (i.e. automation), as well as the inefficient use of innovative IT solutions could compromise the Company's technological and cultural development. This would have a negative impact on the achievement of Saipem's short or long-term objectives.
At the same time, Saipem's competitors could develop and implement technological developments of various kinds (concerning, for example, the Offshore E&C fleet and onshore and offshore drilling rigs), which would strengthen their competitive positioning. In addition, the development of patents and licences by competitors could enable them to use innovative solutions (for example, in Onshore E&C plant projects and high value engineering services, including those related to energy transition and decarbonisation), weakening the strategic and commercial positioning of Saipem.

Mitigation
In order to maintain its competitive position, Saipem updates the technology, assets and licences at its disposal, with the aim of aligning its offer of services to the current and future needs of the market.
Therefore, apart from the extremely important incremental research and development experience, which continues to be one of the key point in the Company's strategy, Saipem developed a focus on technologies aimed at increasing energy efficiency in operations and technologies in the decarbonisation of energy, for example renewable energy and CO_2 capture (more information in the specific section "Research and development") and production of green hydrogen.
In relation to the latter aspect, in 2020 Saipem purchased a proprietary CO_2 capture technology and continues to investigate new technological frontiers.
Saipem is supported by companies specialised in analysing the technological evolution in the reference market segments and the prospective solutions that customers may require in the following years (for example, in the renewable energy sector), also evaluating strategic agreements (such as joint ventures and alliances) to exploit market opportunities; lastly, the Group enters into agreements of various kinds both with companies that develop technological solutions in the energy industry and also in other industries (for example, in the field of digitisation) and with universities and research centres.
In fact, Saipem is constantly engaged in studying and possibly developing technological agreements with various partners in terms of technologies and licences in the energy sector, in addition to developing internally innovative technological solutions and patents through research and development projects with its own resources, as well as through cooperation with other organisations.

7. Risks related to human resources

Description and impact

The Saipem Group relies to a significant degree on the professional contribution of key management personnel and highly specialised individuals. Key management personnel means "Senior Managers with strategic responsibilities" (further information can be found in the specific detailed section of the "Report on Remuneration Policy and Compensation Paid 2022"). Highly specialised individuals, on the other hand, means personnel who, on the basis of their skills and experience, are vital to the execution of projects and to the growth and development of Saipem.

If this relationship between Saipem and one or more of the resources mentioned should be interrupted for any reason, there are no guarantees that the Company can restore it quickly using equally qualified individuals who can ensure the same operational and professional contribution in the short term.

Saipem Group's ability to attract, motivate, and retain qualified resources in all functions and geographic areas represents a crucial success factor. The deterioration of such factor would expose Saipem Group to the risk of losing resources with a relevant know-how, with a subsequent negative effect on activities, prospect, and the economic, financial and capital situation of Saipem Group.

Furthermore, working on international markets, the development of Saipem's future strategies will depend significantly on the Company's ability to attract and retain highly qualified and competent personnel with a high level of diversity in terms of age, nationality, and gender. Lastly, the regulatory developments in labour law in the countries where Saipem operates exposes it to risks of various kinds in the management of human resources, which can cause internal inefficiencies and disputes.

Mitigation

With the goal of preventing and mitigating these risks, Saipem is committed to investing in gender, nationality, and generational balance, encouraging the development and growth of younger resources, as well as motivating and retaining the most experienced resources, in order to ensure the protection of the distinctive and strategic skills for Saipem through several different initiatives.

The Human Resources Development Committee was set up for this purpose, with the objective of monitoring and guiding the development and career of young people, as well as assessing their professional and managerial paths in a universal manner. Saipem is also constantly committed to the promotion of diversity, with specific initiatives centred on the promotion and spread of an inclusive culture through partnership with the association "Valore D".

Furthermore, the aim of the Remuneration Policy, whose primary tools and objectives are defined in the Report on Remuneration Policy and Compensation Paid 2022, is to attract, motivate, and retain high-profile professional and managerial resources, and align management's interests with the aim of creating value for shareholders in the medium-long term.

Saipem has adopted an innovative model for the management of human capital based on skills with the aim of better directing energies and professional figures to the areas in need and ensuring greater flexibility in the development of personal and professional skills at all levels.

Therefore, the expansion of the Group into different business lines is accompanied by plans to employ and train management and technical personnel, both international and local, with a wide range of skills, as well as job rotation programmes.

As defined in the Code of Ethics, in full compliance with applicable legal and contractual provisions, Saipem undertakes to offer equal opportunities to all its employees, making sure that each of them receives a fair statutory and wage treatment exclusively based on merit and expertise, without discrimination of any kind. Additionally, the Group monitors the legislative developments relating to personnel management in all the countries in which it operates or is interested in entering, availing itself of labour law consultants.

8. Risks related to health, safety and the environment

Description and impact

The activities carried out by Saipem in both operational projects and projects related to upgrades, maintenance, or disposal of assets, using internal staff and/or subcontractors, expose the Group to potential accidents, that may cause negative impacts on the health and safety of people and the environment.

In addition, Saipem's activities are subject to the laws and regulations for the protection of the environment, and on health and safety, at both Italian and international level. Despite the Company's best efforts, during Saipem's normal activities, events might occur that are detrimental to people's health and to the environment.

Such events could lead to criminal and/or civil penalties against those responsible and, in some cases, to violations of safety regulations, also pursuant to Legislative Decree No. 231/2001. This would lead to costs related to such penalties against Saipem, costs associated with fulfilling the law and regulation requirements on environmental, health, and safety issues, as well as impacts on Saipem's image and reputation.

Moreover, in order to execute EPCI projects, drilling services and other services in the energy industry, the Group owns numerous assets, in particular specialised naval vessels (for example, for laying pipelines and lifting structures), offshore and onshore drilling rigs, production/treatment/storage and transport vessels commonly referred to as FPSO, Onshore equipment (for example, for pipe laying), manufacturing yards, and logistics bases.

Therefore, the Group's assets are subject to the normal risks associated with ordinary operations and to catastrophic risks linked with the weather and/or natural disasters which can impact security and the safety of personnel and the environment. The risks connected with ordinary operations can be caused by: (i) mistaken or inadequate execution of manoeuvres and work sequences that lead to damage for assets or facilities; (ii) mistaken or inadequate ordinary and/or extraordinary maintenance. Despite the fact that Saipem has specific know-how and competencies constantly kept up-to-date, implements internal procedures for the execution of its operations, and regularly carries out maintenance work on its assets in order to monitor their quality and level of reliability, it is not possible to exclude the occurrence of incidents on assets or facilities during the execution of works.
At the end of the asset useful life, an inadequate management of the scrapping by any purchaser could have an impact on the Company's image and reputation.

Mitigation

With reference to these risks, Saipem has developed an HSE (Health, Safety and Environment) management system which is in line with the requirements of laws in force and with international standards ISO 45001 for health and safety in the workplace and ISO 14001 for environmental management, and for which Saipem has obtained certification for the whole Group. Specifically, HSE risk management is based on the principles of prevention, protection, awareness, promotion, and participation; its aim is to guarantee the workers' health and safety and to protect the environment and the general well-being of the community.
Regarding the risks related to the safety and health of people, Saipem has introduced a series of specific mitigation initiatives, among which please note:
- the continuing and renewed implementation of the "Leadership in Health & Safety" (LiHS) programme, which aims to strengthen the Company's health and safety culture;
- various campaigns, for example "Life Saving Rules," aimed at promoting awareness of dangerous activities and actions that each individual can carry out to protect themselves and others, "Dropped Objects Prevention" and the "We Want Zero" and "Keep Your Hands Safe" (KYHS) campaigns;
- the development of advanced occupational health and health surveillance activities.

Regarding the risks associated with safeguarding the environment, Saipem has developed a structured system of prevention, management, and response to spills.
Regarding the risks related to environmental protection, Saipem has introduced various specific mitigation initiatives, among which please note:
- measures to eliminate the risk of spills and, if this happens, measures and actions to prevent their spread;
- the identification of asset-specific maintenance programmes aimed at preventing fluid leaks.

Saipem promotes initiatives aimed at saving water and managing water risk, for example the creation of the Water Management Plan.
Lastly, for the mitigation of the risks related to asset management, Saipem incurs significant expenses for the maintenance of assets it owns and has developed various prevention initiatives, among which we highlight the implementation of the Asset Integrity Management System, a system that provides for the systematic management of critical elements, the identification of Key Performance Indicators and the creation of task familiarisation cards for managing the development of personnel assigned to specific roles or the use of critical equipment. Specifically, with regard to all vessels in the Group's fleet, Saipem periodically renews certifications issued by the appropriate classification bodies and by flag state authorities following the inspections that the classification bodies perform on group vessels. In addition, the vessels, based on the technical characteristics and the type of each ship, must meet the requirements of applicable international maritime law and laws regulating the Oil&Gas industry.

9. Risks related to business processes

Description and impact

The industry in which Saipem operates has gone through a period of great transformation characterised by stronger competition and a reduction in profit margins.
Saipem is exposed to the risk connected to the lack of specific skills and resources, and/or an adequate organisational model in order to respond promptly to the market context with particular reference to the evolution of the energy transition. The complex management of the EPCI chain of the offshore wind projects could result in highly challenging projects.
The Group's operation depends significantly on the use of technologies, assets, patents, and licences it holds, and of IT systems developed through the years. Given the rapid and constant technological evolution in these areas, the possible lack of updating and maintenance could compromise the Group's technological development, with subsequent negative effects on activities, prospect, reputation, and the economic, financial and capital situation of Saipem Group (more information is available in the detail section "Digital, ICT Services").
In the context of its operating sector, Saipem considers the technological component within its projects a relevant factor, particularly in the Robotics & Industrialized Solutions business line, which focuses on innovative products connected to developing markets specific to the energy transition.
Finally, the execution and performance of Saipem activities depend increasingly on systems that were recently subject to significant technological evolutions and operating mode, aiming to remain aligned with the main market trends. Failure to take advantage of the opportunities linked to the digitalisation, the transformation of processes

and operations (i.e., automation), as well as the inefficient use of innovative IT solutions could compromise the Company's technological and cultural development. This would have a negative impact on the achievement of Saipem's short or long-term objectives.

Mitigation

The Company has launched several initiatives aimed at achieving a better efficiency and effectiveness and particular emphasis has been placed on the rationalisation of business processes.
On top of this, Saipem is defining a new organisational model divided into four distinct business areas: "Asset-Based Service" (based on a rigorous discipline of asset optimisation); "Energy Carriers" (for the design of complex plants or their conversion to low-carbon with an increasing focus on the best risk/return balance and with greater attention to margins); "Robotics and Industrialized Solutions" (to develop the offer of modular, replicable, and scalable plants, and of monitoring and maintenance services based on digital technologies); "Sustainable Infrastructures" (for growth in a sector that has become strategic in the new ecosystem of energy transition and sustainable mobility). Each of these areas is characterised by different dynamics, objectives, and competencies. To allow a greater focus on the business, some activities and processes will be centrally supervised.
Finally, Saipem has embarked on a path to improve the work organisation model that – through a cultural, technological and digital change – can positively contribute to the achievement of corporate results, through increases in efficiency and effectiveness. In particular, in order to adapt quickly to these cultural changes, initiatives aimed at process dematerialisation and digitalisation are ongoing.
Saipem is engaged in the implementation phase of the project of digital transformation through an agenda with several objectives, including rendering the ICT services more efficient, spreading digital awareness and adopting new technologies. To this end, Saipem has selected ICT technology and service partners and launched a broad review of the procurement of ICT services. The goal is introducing the concept of a supply ecosystem and ensuring that the requirements are covered thanks to the cooperation of suppliers supporting the actions required both for the individual supply area and for those activities that intrinsically require collaboration and integration. In addition, Saipem established various IT initiatives for the business environment, focusing on the strategic assumption of developing a data-centric approach for the business and a progressive and complete digitalisation of the Company's work processes. In particular, business developments have been oriented towards the automation of processes and the enhancement of internal information and data assets.
In order to enhance and exploit company data, a shared data model and a data governance methodology based on the Common Data Environment (CDE) methodology have been implemented and will be progressively extended on a collaborative technology platform.
Finally, Saipem has completed mapping of the digital skills of its personnel, in order to assess any suitable development actions.

10. Business integrity risks

Description and impact

Although Saipem conducts its business with loyalty, fairness, transparency, integrity, and in full compliance with laws and regulations, the Group is subject to the risk of fraud and/or illegal conduct by employees and third parties (for example, corruption, lack of transparency, leaking confidential information, non-compliance with Company procedures and regulations).
In particular, during its activities, the Group relies on subcontractors and suppliers who may engage in fraudulent conduct in coordination with employees to the detriment of the Company. Furthermore, the Group operates in various countries characterised by a high level of fraud and corruption, referred to in the "corruption perception index" by Transparency International, an international non-governmental organisation that works on the fight against different forms of corruption.
In the context of risks related to possible fraud or illegal activities by employees or third parties, Saipem is also exposed, in particular, to risks related to the protection of information and know-how, as the Company in the performance of its activities, relies on sensitive information, data and know-how, processed and contained in documents and/or electronic format, whose unauthorised access and disclosure of by employees or third parties may represent fraud or illegal activities, and might as well cause damage to Saipem.
Lastly, it cannot be excluded that non-compliance issues or the incorrect application of the European Data Protection Regulation (GDPR) may occur within the Group, which could result in the application of sanctions to the detriment of Saipem.

Mitigation

Among the various initiatives to mitigate these risks, Saipem has designed an "Anti-Corruption Compliance Programme", which consists of a detailed system of rules and checks, aimed at preventing corruption in line with international best practices and with the principle of "zero tolerance" mentioned in the Code of Ethics.
In particular, Saipem's "Anti-Corruption Compliance Programme" is dynamic and is constantly focused on the evolution of the national and international regulatory framework and of best practices.
In addition, Saipem's Code of Ethics (included in Model 231) establishes that "corruption practices, illegitimate favours, collusion, solicitation, [occurring] directly and/or through third parties for personal and career advantages for oneself or others, are without exception prohibited".

Although Saipem periodically carries out audit activities, and has adopted and constantly updated in all Group companies an internal control system, a code of conduct and a model ex Legislative Decree No. 231/2001, and also an organisational, management and audit model for Group companies based abroad, it is impossible to avoid completely any chance of fraudulent conduct that could result in negative effects on the economic, financial and capital situation, as well as on the Group's reputation.
Saipem provides employees and stakeholders with a dedicated information channel, overseen by the Compliance Committee (a board whose autonomy and independence are guaranteed by its acknowledged position in the context of the company's organisational structure and by the necessary requisites of independence, honourability, and professionalism of its members), through which it is possible to report any problems related to the internal control system, financial reporting, corporate administrative liability, fraud, or other topics (i.e. violations of the Code of Ethics, mobbing, theft, personnel security, etc.).
Saipem periodically performs general audits, in addition to those specific on suspected offences, also using external consultants, considering fraud indicators and red flags.
Furthermore, over the years, Saipem has developed a management system that has received the International Standard ISO 37001 - Anti-Corruption Management Systems certification. This is an important safeguard in the prevention of and fight against corruption, as this ISO 37001 standard defines the requirements and provides a guideline to help organisations prevent, detect, and respond to corruption and comply with anti-corruption legislation and any other voluntary commitments applicable to their activities.
Saipem is aware that the first step for the development of an effective strategy against corruption is to know all the available tools for the prevention of corrupt behaviour.
In this regard, Saipem personnel are engaged in training activities related to the Organisation, Management, and Control Model and Anti-Corruption regulations.
For the management of risks related to the leak of confidential information, it should be noted that Saipem makes use of IT security technologies and procedures to mitigate this exposure (more information is available in the specific "Digital, ICT Services" section). Saipem has also adopted principles and rules to be followed by the Group in its internal management and external communication of corporate documents and information, with particular reference to inside information (more information is available in the specific section within the "Corporate Governance and Shareholding Structure Report").
Lastly, beginning in April 2018 Saipem developed an ad hoc Privacy Organisation Model aimed at guaranteeing compliance with the European directive on data protection (General Data Protection Regulation - GDPR).

Transfer of risks to the insurance market

In close cooperation with top management the Corporate insurance function annually defines the Saipem Group's guidelines on insurance coverage against residual risks of material damages and civil liability, and those deriving from contracts taken on.
An insurance programme is defined on the basis of the guidelines, which identifies specific excess and maximum limit coverage for each type of risk based on an analysis that takes into account claim records for recent years, industry statistics and conditions offered by the international insurance market.
The Saipem insurance programme is structured in such a way as to appropriately transfer risks deriving from operations to the insurance market, in particular the risks associated with the management of the fleet, equipment and other assets, including third party liability risks, those relating to Saipem personnel, cyber security risks and risks deriving from the performance of contracts awarded by its clients.
Given the coverage that is offered by the insurance market and the changing circumstances on the energy market in which Saipem operates, it is not possible to guarantee that all circumstances and events will be adequately covered by the insurance programme. Equally, due to the volatility of the insurance market, it cannot be guaranteed that it will be possible in the future to reasonably maintain adequate insurance coverage at the current rates, terms and conditions.
Within the Saipem insurance programme, a distinction can be made between insurance cover for Group assets ("Corporate insurance policies") and the insurance cover connected with project execution.

Corporate insurance policies

The Corporate insurance programme is structured with an initial band of risk that is self-insured through a captive reinsurance group, with amounts in excess covered by a catastrophic insurance programme taken out on the insurance market.
The catastrophic insurance programme is composed of policies that cover damage to property, maritime and non-maritime third party liability, professional liability and cyber risks. Cover can be broken down as follows:

Material damages

- "Fleet Insurance" policy: covers the entire fleet against events that cause partial or total damage to vessels;
- "Equipment" policy: covers all onshore and offshore equipment, for example site equipment, onshore drilling rigs, subsea equipment, etc.;

- “Transport” policy: covers transport, handling and storage of assets and equipment by land, sea or air;
- “Buildings and Sites” policy: covers owned or rented buildings, offices, storage facilities and shipyards.

Third-party liability

- “Protection & Indemnity” (“P&I”) policy: covers ship owners’ liability through a P&I Club that is part of the International Group of P&I Clubs for events occurring during transit and/or for events occurring during offshore drilling and construction operations;
- “Comprehensive General Liability” policy: covers all other types of general and third party liability claims arising from Saipem’s industrial activities and supplements previous P&I coverage;
- “Employer’s Liability” and “Personal Accident” policies: these cover employer liability and employee accident risks respectively on the basis of the specific regulations in force in each country where the Group operates;
- “Directors & Officers” (“D&O”) policy: covers the responsibilities of the administrative and control bodies, as well as managers; of the parent and its subsidiaries in the performance of their mandates and duties;
- “Public Offering Security Insurance” ("POSI") policy: covers the liability of the prospectus related to the extraordinary capital increase operation in 2022;
- “Cyber Insurance Protection” policy: covers both direct material damages and the damages to third parties attributable to a cyber-attack on the Group’s information and operating systems.

A key tool in the management of Saipem’s insurable risks is Sigurd Rück AG, a captive reinsurance group, which operates to cover the first level of risk. Sigurd Rück AG in turn carries out risk mitigation by re-insuring its portfolio on primary securities markets.

Insurance policies relating to the execution of projects

For all contracts assigned there must be specific project insurance coverage in place and said coverage generally falls within the client’s contractual scope of responsibility.
In cases where such coverage instead falls within the contractor’s scope of responsibility, Saipem defines an insurance suitable for covering all project-related risks, for the entire term.
Usually it takes out “Builders’ All Risks” insurance, which covers the scope of work of the contract, i.e. damage to the works under construction, as well as to equipment, products and materials required for its construction and third party liability for all works to be performed by the Group during all phases of project execution (engineering, transportation, construction, assembly, testing) including the contractual guarantee period.

ADDITIONAL INFORMATION

Shareholders' Agreement relating to ordinary shares of Saipem SpA

On January 21, 2022, Eni SpA and CDP Industria SpA announced:

- the expiration, on January 22, 2022, of the shareholders' agreement between the Parties concerning ordinary shares of Saipem SpA ("Saipem"), entered into on October 27, 2015 and tacitly renewed for three years on January 22, 2019 (the "Original Agreement");
- the signing, on January 21, 2022, of a new shareholders' agreement between the same Parties, which is relevant pursuant to Article 122, paragraphs 1 and 5, letters a), b) and d), of the Consolidated Financial Act, also relating to ordinary shares of Saipem and which entered into force when the Original Agreement expired, i.e. on January 22, 2022 (the "Agreement"). The Agreement will last three years and will be automatically renewed upon expiration for a further period of three years only, unless terminated. The Agreement, which is substantially the same as the Original Agreement, is intended to govern the relationship between the Parties as shareholders of Saipem; specifically the appointment of bodies, obligations of prior consultation and voting at Saipem's Shareholders' Meetings and Board of Directors and the allocation of their respective shares in Saipem. For the purposes of Article 129 of the Issuers' Regulation, it should be noted that the Parties have contributed a total of approximately 25.006% of Saipem's ordinary share capital to the Agreement (CDP Industria and Eni have each contributed 126,401,182 shares, representing approximately 12.503% of Saipem's ordinary share capital).

Short-Term Variable Incentive Plan

On May 17, 2022, has been approved, pursuant to and for the purposes of Article 114-*bis* of Legislative Decree No. 58/1998, the Short-Term Variable Incentive Plan 2022 (the "Plan") was approved, granting the Board of Directors, and on its behalf the Chairman the powers relating and/or pertaining to the award and implementation of the Plan for the CEO-General Manager, and the Chairman and the CEO-General Manager severally all powers necessary for the implementation of the Plan, including the powers to: (i) allocate the monetary incentive to the General Manager; (ii) approve the Plan Regulations; (iii) define the criteria for identifying the beneficiaries; (iv) any other terms and conditions applicable to the implementation insofar as they do not conflict with the requirements established by the resolution of the shareholders; (v) define any changes to the Plan, through the Plan Regulations, resulting from local legislation applicable to the employment relationship of some beneficiaries, based on the countries where the Plan will be implemented.

Collaboration agreements

On May 30, 2022, Saipem SpA, Havfram Holding AS and HVAS Invest Kappa AS (a holding company controlled by HitecVision) have signed a non-binding agreement to evaluate a potential collaboration in the development and construction of offshore windfarms.
The parties share the common objective to create a wider value proposition by integrating a range of construction and operational services, based on the parties' respective competences and expertise.
In this context, the cooperation between the HitecVision-controlled Havfram and Saipem would build upon Havfram's agile business model and consolidated expertise in installation of offshore facilities on one side, and Saipem's offshore wind EPCI capabilities, competences and assets on the other side.

On July 14, 2022, Saipem and the Saudi construction company, Nasser S. Al Hajri Corp have signed with Aramco an industrial national engineering, procurement, and construction (EPC) champion implementation agreement as part of Namaat Industrial Investment Programs event, for the execution of onshore EPC projects in the Kingdom by a newly established entity, to be incorporated by Saipem and NSH in Saudi Arabia (the "EPC National Champion").
The initiative follows the MoU signed and announced in September 2021, under Aramco's Namaat Investment Industrial Programs, focused on building national champions, creating a robust industrial ecosystem and introducing unique job opportunities.

Regulation on Markets

Article 15 (formerly Article 36) of Consob Regulation on Markets (adopted with Resolution No. 20249 of December 28, 2017): conditions for listing shares of parent companies of companies incorporated and regulated by the law of non-EU countries

With regard to the published regulations setting out conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries and that are deemed to be of material significance in relation to the consolidated financial statements:

i. as of June 30, 2022, the regulatory prescriptions of Article 15 of the Market Regulation apply to the following subsidiaries:
   - Saudi Arabian Saipem Ltd;
   - Snamprogetti Saudi Arabia Co Ltd Llc;
   - PT Saipem Indonesia;
   - Saipem Drilling Norway AS;
   - Saipem Contracting Nigeria Ltd;
   - Petrex SA;
   - Saipem America Inc;
   - Saipem do Brasil Serviçõs de Petroleo Ltda;
   - Saimexicana SA de Cv;
   - Saipem India Project Private Ltd;
   - Saipem Singapore Pte Ltd;
   - Sigurd Rück AG;
   - Snamprogetti Engineering & Contracting Co Ltd;
   - Global Petroproject Services AG;
   - Saipem Ltd;
   - Saipem Misr for Petroleum Services (S.A.E.).

ii. Procedures designed to ensure full compliance with the aforementioned regulations have been adopted.

Business outlook

The performance of the business and the results recorded in the first and second quarter increase the visibility on the 2022 targets and allows to confirm the targets set in the Strategic Plan, approved by the Board of Directors on March 24, 2022.
At Group level, therefore, the forecasts are confirmed, including for 2022 over €500 million adjusted EBITDA and, after the share capital increase concluded in July 2022, net financial debt post IFRS 16 at the end of the year of around €800 million, excluding the income expected from the sale of Onshore Drilling.
With reference to the performance of the individual business areas, a slight decline in revenues is expected in the Onshore Engineering & Construction business, on projects with zero or very low margins, however, not enough to lead to a decline in expected margins. On the other hand, the results of Offshore Drilling and Offshore Engineering & Construction are expected to improve in line with the assumptions of the Plan and allow us to confirm the forecasts of the results for the year.

Events after the reporting period

Capital increase

On July 11, 2022, ended the period started on June 27, 2022, to exercise the option rights on the offer of 1,974,327,430 newly issued Saipem ordinary shares from the capital increase against payment, non-divisible, for a total amount including share premium of €1,999,993,686.59, approved by the Board of Directors on June 21, 2022, in execution of the delegation attributed by the Extraordinary Shareholders' Meeting of May 17, 2022, pursuant Article 2443 of the Italian Civil Code.
During the period of offer in option, 14,498,312 option rights were exercised for the subscription of 1,377,339,640 new shares, equal to around 70% of the total new shares for a total value of €1,395,245,055.32, of which around 44% of capital increase, was subscribed by shareholders exercising joint control on the Company, Eni SpA and CDP Industria SpA.
The option rights not exercised equal to 6,284,082 relating to the subscription of 596,987,790 new shares, equal to around 30% of the total new shares for a total value of €604,748,631.27 were offered by Saipem on Euronext Milan during the July 12, 2022 and July 13, 2022 sessions, when 194,982,370 newly issued Saipem ordinary shares were subscribed, equal to about 9.9% of the total new shares.
On July 15, 2022, pursuant the underwriting agreement, the 584,726,520 newly issued shares from capital increase and not subscribed following the offer in option and the offer on the stock market, for a total value of €592,327,964.76, were subscribed by BNP Paribas, Citigroup, Deutsche Bank, HSBC, Intesa Sanpaolo and UniCredit (as joint global coordinators) (the "Joint Global Coordinators") and ABN AMRO, Banca Akros - Gruppo

Banco BPM, Banco Santander, Barclays, BPER, Goldman Sachs International, Société Générale and Stifel (as joint bookrunners) (the "Joint Bookrunners" and, together with the Joint Global Coordinators, the "Guarantors").
Following the subscription, the capital increase concerning 1,974,327,430 new shares was therefore fully subscribed for a total equivalent value of €1,999,993,686.59, of which €41,460,876.03 as capital and €1,958,532,810.56 as share premium.
Saipem's new share capital amounts to €501,669,790.83, divided in No. 1,995,557,732 ordinary shares and No. 1,059 savings shares with no indication of par value.

Lease of new vessel

On July 8, 2022, a new vessel, the jack-up Perro Negro 11, was added to Saipem's drilling fleet, delivered in China at the Longkou CIMC yard. The jack-up, leased on a "bareboat" basis, was assigned to a five-year consecutive contract (with two additional optional years) to perform drilling activities in the Persian Gulf.

Additional information

Under Article 20 of the Articles of Association, pursuant to Article 2365, second paragraph of the Italian Civilian Code, the Board of Directors of Saipem SpA is responsible for amending the Articles of Association to comply with legislative provisions.

Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements

Reclassified statement of financial position

(€ million)		Dec. 31, 2021		June 30, 2022	
Reclassified statement of financial position (where not explicitly stated, the component is obtained from the mandatory template)		Partial values from mandatory template	Values from reclassified template	Partial values from mandatory template	Values from reclassified template
A)	Net property, plant and equipment		3,113		2,610
	Note 12 - Property, plant and equipment	*3,113*		*2,610*	
B)	Net intangible assets		699		696
	Note 13 - Intangible assets	*699*		*696*	
C)	Right-of-Use assets		261		249
	Note 14 - Right-of-Use assets	*261*		*249*	
D)	Equity investments		127		89
	Note 15 - Equity investments	*157*		*221*	
	Reclassified from F) - provisions for losses of investees	*(30)*		*(132)*	
E)	Working capital		(747)		(625)
	Note 7 - Other current financial assets	*567*		*507*	
	Reclassified to M) - loan assets not related to operations	*(566)*		*(506)*	
	Note 8 - Trade receivables and other assets	*2,251*		*2,556*	
	Note 9 - Inventories and contract assets	*1,578*		*1,807*	
	Note 10 - Current income tax assets and liabilities	*295*		*305*	
	Note 10 - Other current income tax assets	*196*		*200*	
	Note 11 - Other current assets	*231*		*327*	
	Note 11 - Other non-current assets	*37*		*28*	
	Note 16 - Deferred tax assets	*329*		*384*	
	Note 17 - Trade payables, other liabilities and contract liabilities	*(5,168)*		*(5,540)*	
	Note 10 - Current income tax assets and liabilities	*(84)*		*(89)*	
	Note 10 - Other current tax liabilities	*(192)*		*(151)*	
	Note 18 - Other current liabilities	*(186)*		*(437)*	
	Note 18 - Other non-current liabilities	*(30)*		*(12)*	
	Note 16 - Deferred tax liabilities	*(5)*		*(4)*	
F)	Provisions for risks and charges		(1,323)		(1,065)
	Note 21 - Provisions for risks and charges	*(1,353)*		*(1,197)*	
	Reclassified to D) - provisions for losses of investees	*30*		*132*	
G)	Employee benefits		(238)		(179)
	Note 22 - Employee benefits	*(238)*		*(179)*	
H)	Assets held for sale		-		553
	Note 24 - Discontinued operations and liabilities directly related to assets held for sale	*-*		*553*	
EMPLOYED CAPITAL, NET			**1,892**		**2,328**
I)	Equity		326		600
	Note 25 - Equity	*326*		*600*	
L)	Non-controlling interests		25		25
	Note 25 - Non-controlling interests	*25*		*25*	
M)	Net financial debt pre-lease liabilities		1,223		1,395
	Note 5 - Cash and cash equivalents	*(1,632)*		*(1,680)*	
	Note 6 - Financial assets measured at fair value through OCI	*(59)*		*(71)*	
	Note 7 - Other non-current financial assets	*(61)*		*(63)*	
	Note 19 - Current financial liabilities	*412*		*1,155*	
	Note 19 - Non-current financial liabilities	*2,432*		*2,367*	
	Note 19 - Current portion of non-current financial liabilities	*697*		*193*	
	Reclassified from E) - financial receivables for non-operating purposes (Note 7)	*(566)*		*(506)*	
N)	Lease liabilities		318		308
	Note 14 - Net lease liabilities	*318*		*308*	
O)	Net debt		1,541		1,703
FUNDING			**1,892**		**2,328**

Reclassified income statement

The reclassified income statement differs from the mandatory template solely for the following reclassification:

- the items "financial income" (€424 million), "financial expense" (-€411 million) and "derivatives" (-€72 million), which are indicated separately in the mandatory template, are stated under the item "net financial expense" (-€59 million) in the reclassified income statement.

All other items are unchanged.

Items of the reclassified statement of cash flows

The reclassified statement of cash flows differs from the mandatory template solely for the following reclassifications:

- the items "depreciation and amortisation" (€217 million), "valuation effect using the equity method" (€24 million), "other changes" (-€54 million) and "change in employee benefit provision" (-€9 million), shown separately and included in the net cash flow from operating activities in the statutory scheme, are shown net under "depreciation, amortisation and other non-cash items" (€178 million);
- the items "income taxes" (€67 million), "interest expense" (€57 million) and "interest income" (-€4 million), indicated separately and included in cash flows from working capital in the mandatory template, are shown net under the item "dividends, interests and taxes" (€120 million);
- the items regarding "trade receivables" (€67 million), changes in "inventories" (-€19 million), "provisions for risk and charges" (-€268 million), "trade payables" (€255 million), "other contract assets and liabilities" (-€153 million) and "other assets and liabilities" (-€461 million), indicated separately and included in cash flows from working capital in the mandatory template, are shown net under the item "changes in working capital related to operations" (-€579 million);
- the items "interests received" (€7 million), "dividends received" (€13 million), "income taxes paid net of refunds of tax credits" (-€84 million) and "interest paid" (-€58 million), indicated separately and included in cash flows generated by operating activities in the mandatory template, are shown net under the item "dividends received, income taxes paid and interest paid and received" (-€122 million);
- the items relating to investments in "property, plant and equipment" (-€83 million) and "intangible assets" (-€3 million), indicated separately and included in cash flows from investing activities in the mandatory template, are shown net under the item "capital expenditure" (-€86 million);
- the items "increase in non-current loans and borrowings" (€632 million), "increase (decrease) in current loans and borrowings" (€733 million) and "decrease in non-current loans and borrowings" (-€1,198 million), indicated separately and included in net cash flows from financing activities in the mandatory template, are shown net under the item "changes in current and non-current loans and borrowings" (€167 million).

All other items are unchanged.

GLOSSARY

Financial terms

- **Adjusted EBIT** operating result net of special items.
- **Adjusted EBITDA** gross operating margin net of special items.
- **Beta** coefficient that defines the measure of the systematic risk of a financial asset, i.e. the trend of an asset's return in line with changes in the reference market. The beta is defined as the ratio between the probability of the expected return of a specific asset with the expected market return, and the variance of the market return.
- **CGU** Cash Generating Unit refers to, as part of the execution of the impairment test, the smallest identifiable group of assets that generates cash inflows or outflows, deriving from the continuous use of assets, largely independent of the cash inflows or outflows from other assets or groups of assets.
- **EBIT** earnings before interest and tax.
- **EBITDA** earnings before interest, taxes, depreciation and amortisation.
- **Headroom** (Impairment Loss) positive (or negative) excess of the recoverable amount of a CGU over the carrying amount of that unit.
- **IFRS** International Financial Reporting Standards issued by the IASB (International Accounting Standards Board) and endorsed by the European Commission. They comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretations Committee (SIC) adopted by the IASB. The name International Financial Reporting Standards (IFRS) has been adopted by the IASB for standards issued after May 2003. Standards issued before May 2003 have maintained the denomination IAS.
- **KRI** (Key Risk Indicator) metric for measuring the likelihood that the combined probability of an event and its consequences will exceed the organisation's risk appetite and have a profoundly negative impact on an organisation's ability to be successful.
- **Leverage** measures a company's level of indebtedness, calculated as the ratio between net financial debt and equity including non-controlling interests.
- **OCI** (Other Comprehensive Income) items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRSs.
- **Receivables "in bonis"** total amount of receivables of a commercial nature, not expired or past due by no more than twelve months, towards clients deemed solvent.
- **ROACE** (Return On Average Capital Employed) calculated as the ratio between net result before non-controlling interests, plus net financial expense on net financial debt less the related tax effect and net average capital employed.
- **Special items** items of income arising from events or transactions that are non-recurring or that are not considered to be representative of the ordinary course of business.
- **WACC** Weighted Average Cost of Capital calculated as a weighted average of the cost of the group's debt capital and the cost of risk capital, defined on the basis of the Capital Asset Pricing Model (CAPM) methodology, consistent with the specific risk of Saipem's business, measured by the beta of the Saipem share.
- **Write-off** cancellation or reduction of the value of an asset.

Operational terms

- **Buckle detection** system that utilises electromagnetic waves during pipe laying in order to flag if the pipes laid on the bottom have collapsed or are deformed in any way.
- **Bundles** bundles of cables.
- **Carbon Capture and Storage** technology which enables the carbon present in gaseous effluents from hydrocarbon combustion and treatment plants to be captured and stored over long periods of time in underground geological formations, thus reducing or eliminating carbon dioxide emissions into the atmosphere.
- **Central Processing Facility** production unit performing the first transformation of crude oil or natural gas.
- **Cold stacked** an inactive plant with skeleton crew and maintenance.
- **Commissioning** series of processes and procedures undertaken in order to start operations of a gas pipeline, associated plants and equipment.
- **Concrete coating** reinforced concrete coating for subsea pipelines in order to ballast and protect them from damage and corrosion.
- **Conventional waters** water depths of up to 500 metres.
- **Cracking** chemical-physical process, typically employed in dedicated refinery plants, whose objective is to break down the heavy hydrocarbon molecules obtained from primary distillation into lighter fractions.
- **Debottlenecking** removal of obstacles (in rigs/fields) which leads to higher production.
- **Deck** area of a vessel or platform where process plants, equipment, accommodation modules and drilling units are located.
- **Decommissioning** a process undertaken in order to wind down the operations of a gas pipeline and its

associated plant and equipment. It is performed at the end of the useful life of the plant or vessel following an incident, for technical or financial reasons, for safety or environmental reasons.

- **Deep waters** water depths of over 500 metres.
- **Downstream** all operations that follow exploration and production operations in the oil sector.
- **Drillship** vessel capable of self-propulsion, designed to carry out drilling operations in deep waters.
- **Dry-tree** wellhead located above the water on a floating production platform.
- **Dynamically Positioned Heavy Lifting Vessel** vessel equipped with a heavy-lift crane, capable of holding a precise position through the use of thrusters, thereby counteracting the force of the wind, sea, currents, etc.
- **EPC** (Engineering, Procurement, Construction) a type of contract typical of the Onshore Engineering & Construction segment, comprising the provision of engineering services, procurement of materials and construction. The term "turnkey" means when a plant is provided to customer ready for use, so already operational.
- **EPCI** (Engineering, Procurement, Construction, Installation) type of contract typical of the Offshore Engineering & Construction segment, which relates to the realisation of a complex project where the global or main contractor (usually a construction company or a consortium) provides the engineering services, procurement of materials, construction of the system and its infrastructure, transport to site, installation and commissioning/preparatory activities for the start-up of operations.
- **Fabrication yard** yard at which offshore structures are fabricated.
- **Facilities** auxiliary services, structures and installations required to support the main systems.
- **Farm out** awarding of the contract by the client to another entity for a fixed period of time.
- **FDS** (Field Development Ship) dynamically-positioned multi-purpose crane and pipe lay vessel.
- **FEED** (Front-End Engineering and Design) basic engineering and preliminary activities carried out before beginning a complex project to evaluate its technical aspects and enable an initial estimate of the investment required.
- **Field Engineer** on-site engineer.
- **Flare** tall metal structure used to burn off gas produced by oil/gas separation in oil fields when it is not possible to utilise it on site or ship it elsewhere.
- **FLNG** Floating Liquefied Natural Gas unit used for the treatment, liquefaction and storage of gas which is subsequently transferred onto vessels for transportation to end-use markets.
- **Floatover** type of module installation on offshore platforms that does not require lifting operations. A specialised vessel transporting the module uses a ballast system to position itself directly above the location where the module is to be installed. Once the module is in contact with the supports, the vessel disconnects and the module is subsequently secured to the support structure.
- **Flowline** pipeline used to connect individual wells to a manifold or to gathering and processing facilities.
- **FPSO vessel** Floating Production, Storage and Offloading system comprising a large tanker equipped with a high-capacity production facility. This system, moored at the bow to maintain a geo-stationary position, is effectively a temporarily fixed platform that uses risers to connect the subsea wellheads to the on-board processing, storage and offloading systems.
- **FPU** Floating Production Unit.
- **FSHR** (Free Standing Hybrid Risers) system consisting of a vertical steel pipe ("riser"), which is kept under tension by a floating module position near the water whose buoyancy, ensures stability. A flexible pipe (jumper) connects the upper part of the riser to the Floating Production Unit (FPU), while the riser is anchored to the sea bottom by means of an anchoring system. A rigid pipe (riser base jumper) connects the lower part of the FSHR to the Pipe Line End Terminations (PLETs).
- **FSRU** (Floating Storage Regasification Unit) a floating terminal in which liquefied natural gas is stored and then re-gasified before being transported by pipeline.
- **Gas export line** pipeline for carrying gas from the subsea reservoirs to the mainland.
- **Grass Root Refinery** a refinery that is built from scratch with a planned capacity.
- **Hydrocracker** installation in which large hydrocarbon molecules are broken down into smaller ones.
- **Hydrotesting** operation involving high pressure (higher than operational pressure) water being pumped into a pipeline to ensure that it is devoid of defects.
- **Hydrotreating** refining process aimed at improving the characteristics of oil fractions.
- **Ice Class** classification that indicates the additional level of upgrading and other criteria that make a ship sea worthy to sail in sea ice.
- **International Oil Companies** privately-owned, typically publicly traded, oil companies engaged in various fields of the upstream and/or downstream oil industry.
- **Jacket** platform underside structure fixed to the seabed using piles.
- **Jack-up** mobile self-lifting unit comprising a hull and retractable legs used for offshore drilling operations.
- **J-laying** method of pipe laying that utilises an almost vertical launch ramp, making the pipe configuration resemble the letter "J". This type of pipe laying is suitable for deep waters.
- **Lay-up** a laid-up vessel whereby its class certification validity is suspended.
- **Leased FPSO** FPSO (Floating Production, Storage and Offloading) vessel for which a lease contract is in place between a client/lessee (Oil Company) and a contractor/lessor, whereby the lessee (client/Oil Company) makes lease payments to the lessor for use of the vessel for a specific period of time. At the end of the lease term, the lessee has the option to purchase the FPSO.
- **LNG** (Liquefied Natural Gas), which is obtained at atmospheric pressure by cooling the natural gas down to -160 °C. It is turned to liquid form for ease of transport from its extraction location to where it will then be transformed and used. A tonne of LNG is equivalent to 1,500 cubic metres of gas.

- **Local Content** policy whereby a group develops local capabilities, transfers its technical and managerial know-how and enhances the local labour market and businesses through its own business activities.
- **LPG** (Liquefied Petroleum Gas) produced in refineries through the fractionation of crude oil and subsequent processes, liquid petroleum gas exists in a gaseous state at ambient temperatures and atmospheric pressure, but changes to a liquid state under moderate pressure at ambient temperatures, thus enabling large quantities to be stored in easy-to-handle metal pressure vessels.
- **LTI** (Lost Time Injury) any work-related injury that renders the injured person temporarily unable to perform any regular job or restricted work on any day/shift after the day or shift on which the injury occurred.
- **Marginal fields** oil fields with scarce exploitable resources or that are recording a drop in production so it is sought to extend their use via low risk, cost effective technologies.
- **Midstream** sector comprising all those activities relating to the construction and management of the oil transport infrastructure.
- **Moon pool** an opening in the hull of a drillship for equipment to be lowered through.
- **Mooring buoy** offshore mooring system.
- **Multipipe subsea** subsea gas/liquid gravity separation system using a series of small diameter vertical separators operating in parallel (for deep water application).
- **National Oil Companies** State-owned/controlled companies engaged in oil exploration, production, transportation and conversion.
- **NDT** (Non Destructive Testing) a series of inspections and tests used to detect structural defects conducted using methods that do not alter the material under inspection.
- **NDT Phased Array** non-destructive testing method that employs ultrasound to detect structural or welding defects.
- **Offshore/Onshore** the term offshore indicates a portion of open sea and, by extension, the activities carried out in this area, while onshore refers to land operations.
- **Oil Services Industry** industrial sector that provides services and/or products to the National or International Oil Companies engaged in oil exploration, production, transportation and conversion.
- **Open Book Estimate** (OBE) type of contract where the lump-sum fee for the project (usually for turnkey or EPC projects) is agreed on with the client, with complete transparency, after the contract has been signed and during an advanced stage of the base engineering, on the basis of an overall project cost estimate.
- **P&ID** (Piping and Instrumentation Diagram) diagram showing all plant equipment, piping and instrumentation with associated shut-down and safety valves.
- **Pig** piece of equipment used to clean, descale and survey a pipeline internally.
- **Piggy back pipeline** small-diameter pipeline, fixed to a larger pipeline, used to transport a product other than that of the main line.
- **Pile** long and heavy steel pylon driven into the seabed. A system of piles is used as the foundation for anchoring a fixed platform or other offshore structures.
- **Pipe-in-pipe** subsea pipeline system comprising 2 coaxial pipes, used to transport hot fluids (Oil&Gas). The internal pipe has the function of transporting the fluid. The space between the two pipes is insulated to reduce heat exchange with the external environment. The external pipe provides mechanical protection from the pressure of the water.
- **Pipe-in-pipe forged end** forged end of a coaxial double pipe.
- **Pipelayer** vessel used for subsea pipe laying.
- **Pipeline** pipes and auxiliary equipment used principally for transporting crude oil, oil products and natural gas to the point of delivery.
- **Pre Assembled Rack** (PAR) pipeline support beams.
- **Pre-commissioning** phase comprising pipeline clean-out and drying.
- **Pre-drilling template** support structure for a drilling platform.
- **Pre-Salt layer** geological formation present on the continental shelves offshore Brazil and Africa.
- **Pre-Travel Counselling** health and medical advice for anyone required to travel, providing them with adequate information on the specific risks in the country of destination and the relevant preventive measures to be taken.
- **PTS** (Pipe Tracking System) an electronic system used to ensure the full traceability of the components of subsea pipes installed on a project.
- **Pulling** minor operations on oil wells due to maintenance or marginal replacements.
- **QHSE** Quality, Health, Safety, Environment.
- **Rig** drilling installation comprising the derrick, the drill deck (which supports the derrick), and ancillary installations that enable the descent, ascent and rotation of the drill unit, as well as mud extraction.
- **Riser** manifold connecting the subsea wellhead to the surface.
- **ROV** (Remotely Operated Vehicle) unmanned vehicle, piloted and powered via umbilical, used for subsea surveys and operations.
- **Shale gas** unconventional gas extracted from shale deposits.
- **Shale oil** non-conventional oil obtained from bituminous shale.
- **Shallow water** sees Conventional waters.
- **Sick Building Syndrome** a cluster of symptoms in people working in a specific workplace. The exact causes of the syndrome are not known but the presence of volatile organic compounds, formaldehyde, moulds and dust mites are thought to be contributing factors.

- **S-laying** method of pipe laying that utilises the elastic properties of steel, making the pipe configuration resemble the letter "S", with one end on the seabed and the other under tension on-board the ship. This configuration is suited to medium to shallow-water pipe laying.
- **Slug catcher** equipment for the purification of gas.
- **Smart stacking** when rig is left idle to reduce operational costs and a preservation programme is put in place.
- **Sour water** water containing dissolved pollutants.
- **Spar** floating production system, anchored to the seabed by means of a semi-rigid mooring system, comprising a vertical cylindrical hull supporting the platform structure.
- **Spare capacity** relationship between crude oil production and production capacity, i.e. quantity of oil which is not currently needed to meet demand.
- **Spool** connection between a subsea pipeline and the platform riser, or between the ends of two pipelines.
- **Spoolsep** unit used to separate water from oil as part of the crude oil treatment process.
- **Stripping** process through which volatile compounds are removed from the liquid solution or the solid mass in which they have been diluted.
- **Subsea processing** operations performed in offshore oil and/or natural gas field developments, especially relating to the equipment and technology employed for the extraction, treatment and transportation of oil or gas below sea level.
- **Subsea tiebacks** lines connecting new oil fields with existing fixed or floating facilities.
- **Subsea treatment** a new process for the development of marginal fields. The system involves the injection and treatment of sea-water directly on the seabed.
- **SURF** (Subsea, Umbilical, Risers, Flowlines) facilities, pipelines and equipment connecting the well or subsea system to a floating unit.
- **TAD** (Tender Assisted Drilling unit) an offshore platform complete with drilling tower, connected to a drilling support tender vessel housing all necessary ancillary infrastructures.
- **Tandem Offloading** method used for the transfer of liquids (oil or LNG) between two offshore units in a line via aerial, floating or subsea lines (unlike side-by-side offloading, where the two units are positioned next to each other).
- **Tar sands** mixture of clay, sand, mud, water and bitumen. The tar is made up primarily of high molecular weight hydrocarbons and can be transformed into various petroleum products.
- **Template** rigid and modular subsea structure where the oilfield well-heads are located.
- **Tendons** pulling cables used on tension leg platforms to ensure platform stability during operations.
- **Termination for Convenience** the right to unilaterally terminate the contract at any time provided they pay the agreed termination fee to do so.
- **Tie-in** connection between a production line and a subsea wellhead or simply a connection between two pipeline sections.
- **Tight oil** oil "trapped" in liquid form deep below the earth's surface in low permeability rock formations, which it is difficult to extract using conventional methods.
- **TLP** (Tension Leg Platform) fixed-type floating platform held in position by a system of tendons and anchored to ballast caissons located on the seabed. These platforms are used in ultra-deep waters.
- **Topside** portion of a platform above the jacket.
- **Train** series of units that achieve a complex refining, petrochemical, liquefaction or natural gas regasification process. A plant can be made up of one or more trains of equal capacity operating in parallel.
- **Trenching** burying of offshore or onshore pipelines.
- **Trunkline** oil pipeline connecting large storage facilities to the production facilities, refineries and/or onshore terminals.
- **Umbilical** flexible connecting sheath, containing flexible pipes and cables.
- **Upstream** relating to exploration and production operations.
- **Vacuum** second stage of oil distillation.
- **Warm Stacking** idle plant, but one ready to resume operations in the event that a new contract is acquired. Personnel are at full strength and ordinary maintenance is normally carried out.
- **Wellhead** fixed structure separating the well from the outside environment.
- **WHB** (Wellhead Barge) vessel equipped for drilling, workover and production (partial or total) operations, connected to process and/or storage plants.
- **Workover** major maintenance operation on a well or replacement of subsea equipment used to transport the oil to the surface.

Other terms

- **CCUS** (Carbon Capture, Utilization and Storage) covers all the solutions making it possible to reduce or fully eliminate from the atmosphere greenhouse gas emissions of polluting treatment plants.
- **ESG** (Environmental Social Governance) refers to the consideration of the operations of a company in relation of its interactions with the environment and territory, community and company management.
- **ESMA** European Securities and Markets Authority.
- **OECD** (Organisation for Economic Co-operation and Development) composed of thirty-five developed countries having in common a democratic system of government and a free market economy.
- **OPEC** Organization of the Petroleum Exporting Countries.

SAIPEM

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

(€ million)	Note [1]	Dec. 31, 2021 Total	Dec. 31, 2021 of which with related parties [2]	June 30, 2022 Total	June 30, 2022 of which with related parties [2]
ASSETS					
Current assets					
Cash and cash equivalents	(No. 5)	1,632		1,680	
Financial assets measured at fair value through OCI	(No. 6)	59		71	
Other financial assets	(No. 7)	567	554	507	496
Lease assets	(No. 14)	30		40	
Trade receivables and other assets	(No. 8)	2,251	606	2,556	697
Inventories	(No. 9)	258		206	
Contract assets	(No. 9)	1,320		1,601	
Tax assets	(No. 10)	275		287	
Other tax assets	(No. 10)	196		200	
Other assets	(No. 11 and 23)	231	25	327	22
Total current assets		**6,819**		**7,475**	
Non-current assets					
Property, plant and equipment	(No. 12)	3,113		2,610	
Intangible assets	(No. 13)	699		696	
Right-of-Use assets	(No. 14)	261		249	
Equity investments accounted for using the equity method	(No. 15)	157		221	
Other equity investments	(No. 15)	-		-	
Other financial assets	(No. 7)	61		63	
Lease assets	(No. 14)	46		31	
Deferred tax assets	(No. 16)	329		384	
Tax assets	(No. 10)	20		18	
Other assets	(No. 11 and 23)	37	-	28	1
Total non-current assets		**4,723**		**4,300**	
Discontinued operations and assets held for sale	(No. 24)	-	-	682	2
TOTAL ASSETS		**11,542**		**12,457**	
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	(No. 19)	412	18	1,155	199
Current portion of non-current financial liabilities	(No. 19)	697		193	
Current portion of non-current lease liabilities	(No. 14)	147		178	
Trade payables and other liabilities	(No. 17)	2,651	190	2,877	274
Contract liabilities	(No. 17)	2,517	1,049	2,663	1,075
Tax liabilities	(No. 10)	42		66	
Other tax liabilities	(No. 10)	192		151	
Other liabilities	(No. 18 and 23)	186		437	
Total current liabilities		**6,844**		**7,720**	
Non-current liabilities					
Non-current financial liabilities	(No. 19)	2,432		2,367	
Non-current lease liabilities	(No. 14)	247	1	201	1
Provisions for risks and charges	(No. 21)	1,353		1,197	
Employee benefits	(No. 22)	238		179	
Deferred tax liabilities	(No. 16)	5		4	
Tax liabilities	(No. 10)	42		23	
Other liabilities	(No. 18 and 23)	30		12	
Total non-current liabilities		**4,347**		**3,983**	
Discontinued operations and liabilities directly related to assets held for sale	(No. 24)	-		129	
TOTAL LIABILITIES		**11,191**		**11,832**	
EQUITY					
Non-controlling interests	(No. 25)	25		25	
Equity attributable to the owners of the parent:	(No. 25)	326		600	
- share capital	(No. 25)	2,191		460	
- share premium	(No. 25)	553		-	
- other reserves	(No. 25)	(97)		205	
- retained profit		230		149	
- profit (loss) for the year		(2,467)		(130)	
- negative reserve for treasury shares in portfolio	(No. 25)	(84)		(84)	
Total equity		**351**		**625**	
TOTAL LIABILITIES AND EQUITY		**11,542**		**12,457**	

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

Income statement

(€ million)	Note[1]	First half 2021 Total	First half 2021 of which with related parties [2]	First half 2022 Total	First half 2022 of which with related parties [2]
REVENUE					
Core business revenue	(No. 28)	3,042	1,245	4,187	769
Other revenue and income	(No. 28)	2		5	
Total revenue		**3,044**		**4,192**	
Operating expenses					
Purchases, services and other costs	(No. 29)	(2,669)	(750)	(3,114)	(276)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(No. 29)	(50)		(52)	
Personnel expenses	(No. 29)	(741)		(785)	
Depreciation, amortisation and impairment losses	(No. 29)	(190)		(217)	
Other operating income (expense)	(No. 29)	-		3	
OPERATING PROFIT (LOSS)		**(606)**		**27**	
Financial income (expense)					
Financial income		121	-	424	2
Finance expense		(130)		(411)	
Derivative financial instruments		(45)		(72)	
Net financial income (expense)	(No. 30)	**(54)**		**(59)**	
Gains (losses) on equity investments					
Share of profit (loss) of equity-accounted investees		(25)		(24)	
Other gains (losses) from equity investments		-		-	
Net gains (losses) on equity investments	(No. 31)	**(25)**		**(24)**	
PRE-TAX PROFIT (LOSS)		**(685)**		**(56)**	
Income taxes	(No. 34)	(54)		(67)	
PROFIT (LOSS) FOR THE PERIOD - Continuing operations		**(739)**		**(123)**	
PROFIT (LOSS) FOR THE PERIOD - Discontinued operations	(No. 24)	**(40)**		**(7)**	
PROFIT (LOSS) FOR THE PERIOD		**(779)**		**(130)**	
Attributable to Saipem Group					
- Continuing operations		(739)		(123)	
- Discontinued operations	(No. 24)	(40)	7	(7)	3
Non-controlling interests	(No. 33)				
- Continuing operations		-		-	
- Discontinued operations	(No. 24)	-		-	
Profit (loss) per share on Saipem's profit (loss) for the period (€ per share)					
Basic profit (loss) per share	(No. 34)	(0.394)		(0.066)	
Diluted profit (loss) per share	(No. 34)	(0.394)		(0.066)	
Profit (loss) per share on Saipem's profit (loss) for the period - Continuing operations (€ per share)					
Basic profit (loss) per share	(No. 34)	(0.374)		(0.062)	
Diluted profit (loss) per share	(No. 34)	(0.374)		(0.062)	

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

Statement of comprehensive income

(€ million)	Note [1]	First half 2021	First half 2022
Profit (loss) for the period		**(779)**	**(130)**
Other items of comprehensive income			
Items that will not be reclassified subsequently to the income statement			
Remeasurement of defined benefit plans for employees	(No. 25)	10	31
Change in fair value of equity investments measured at fair value through OCI	(No. 25)	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans	(No. 25)	-	-
Income tax relating to items that will not be reclassified	(No. 32)	(2)	(7)
Items that will not be reclassified subsequently to the income statement		**8**	**24**
Items that may be reclassified subsequently to the income statement	(No. 25)		
Change in the fair value of cash flow hedges	(No. 25)	(60)	(176)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	(No. 25)	-	(4)
Exchange differences arising from the translation into euro of financial statements in currencies other than euro	(No. 25)	24	52
Share of other comprehensive income of equity-accounted investees	(No. 25)	-	-
Income tax relating to items that will be reclassified	(No. 32)	13	42
Total items that may be reclassified subsequently to the income statement		**(23)**	**(86)**
Total other comprehensive income (expense) net of taxation		**(15)**	**(62)**
Comprehensive profit (loss) for the period		**(794)**	**(192)**
Saipem Group's responsibility:			
- Continuing operations		(759)	(200)
- Discontinued operations	(No. 24)	(35)	8
		(794)	**(192)**
Non-controlling interests			
- Continuing operations		-	-
- Discontinued operations	(No. 24)	-	-
		-	**-**

(1) The notes are an integral part of the condensed interim consolidated financial statements.

Statement of changes in equity

(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity instruments)	Hedging reserve, net of tax	Fair value reserve (AFS financial assets (net of tax))	Translation reserve	Actuarial reserve, net of tax	Retained profit (loss) carried forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total	Non-controlling interests	Total equity
	Saipem shareholders' equity															
Balance as of December 31, 2020	**2,191**	**553**	**(46)**	**88**	**-**	**-**	**107**	**1**	**(101)**	**(35)**	**1,387**	**(1,136)**	**(86)**	**2,923**	**25**	**2,948**
Profit (loss) first half of 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(779)**	**-**	**(779)**	**-**	**(779)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	8	-	-	-	8	-	8
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**-**	**-**	**-**	**8**	**-**	**8**
Items that may be reclassified subsequently to the income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	(47)	-	-	-	-	-	-	(47)	-	(47)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	1	-	24	-	(1)		-	24	-	24
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**(46)**	**-**	**24**	**-**	**(1)**	**-**	**-**	**(23)**	**-**	**(23)**
Comprehensive profit (loss) first half of 2021	**-**	**-**	**-**	**-**	**-**	**-**	**(46)**	**-**	**24**	**8**	**(1)**	**(779)**	**-**	**(794)**	**-**	**(794)**
Owner transactions																
Dividend distribution first half of 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained profit (loss)	-	-	-	-	-	-	-	-	-	-	(1,136)	1,136	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,136)**	**1,136**	**-**	**-**	**-**	**-**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	1
Other changes	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-	-
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**1**	**-**	**1**	**1**	**-**	**1**
Balance as of June 30, 2021	**2,191**	**553**	**(46)**	**88**	**-**	**-**	**61**	**1**	**(77)**	**(28)**	**251**	**(779)**	**(85)**	**2,130**	**25**	**2,155**
Profit (loss) second half 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,688)**	**-**	**(1,688)**	**-**	**(1,688)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	(21)	-	-	-	(21)	-	(21)
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21)**	**-**	**-**	**-**	**(21)**	**-**	**(21)**
Items that may be reclassified subsequently to the income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	(104)	-	-	-	-	-	-	(104)	-	(104)

cont'd Statement of changes in equity

(€ million)	Saipem shareholders' equity														Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity instruments)	Hedging reserve, net of tax	Fair value reserve (AFS financial assets (net of tax))	Translation reserve	Actuarial reserve, net of tax	Retained profit (loss) carried forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total		
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	1	-	26	(1)	(3)	-	-	23	-	23
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**(103)**	**-**	**26**	**(1)**	**(3)**	**-**	**-**	**(81)**	**-**	**(81)**
Comprehensive profit (loss) first half of 2021	**-**	**-**	**-**	**-**	**-**	**-**	**(103)**	**-**	**26**	**(22)**	**(3)**	**(1,688)**	**-**	**(1,790)**	**-**	**(1,790)**
Owner transactions																
Dividend distribution second half of 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained profit (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalisation of costs of share capital increase net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)	-	(15)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15)**	**(15)**	**-**	**(15)**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	(15)	-	17	2	-	2
Other changes	-	-	-	-	-	-	-	-	(2)	5	(3)	-	(1)	(1)	-	(1)
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**5**	**(18)**	**-**	**16**	**1**	**-**	**1**
Balance as of December 31, 2021	**2,191**	**553**	**(46)**	**88**	**–**	**–**	**(42)**	**1**	**(53)**	**(45)**	**230**	**(2,467)**	**(84)**	**326**	**25**	**351**
Profit (loss) first half of 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(130)**	**-**	**(130)**	**-**	**(130)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	21	-	-	-	21	-	21
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	-	3	-	-	-	3		3
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**24**	**-**	**24**
Items that may be reclassified subsequently to the income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	(135)	-	-	-	-	-	-	(135)	-	(135)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	(1)	-	43	(2)	-	-	-	40	-	40
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	12	-	-	-	-	12	-	12
Total	**-**	**-**	**-**	**-**	**-**	**-**	**(136)**	**(3)**	**55**	**(2)**	**-**	**-**	**-**	**(86)**	**-**	**(86)**
Comprehensive profit (loss) first half of 2022	**-**	**-**	**-**	**-**	**-**	**-**	**(136)**	**(3)**	**55**	**22**	**-**	**(130)**	**-**	**(192)**	**-**	**(192)**
Owner transactions																
Dividend distribution first half of 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained profit (loss)	(1,731)	(553)	(2)	(88)	-	-	-	-	-	-	(93)	2,467	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other owner transactions (payment for future capital increase)	-	-	458	-	-	-	-	-	-	-	-	-	-	458	-	458
Total	**(1,731)**	**(553)**	**456**	**(88)**	**-**	**-**	**-**	**-**	**-**	**-**	**(93)**	**2,467**	**-**	**458**	**-**	**458**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	6	-	-	6	-	6
Other changes	-	-	-	-	-	-	-	-	(4)	-	6	-	-	2	-	2
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4)**	**-**	**12**	**-**	**-**	**8**	**-**	**8**
Balance as of June 30, 2022	**460**	**-**	**410**	**-**	**-**	**-**	**(178)**	**(2)**	**(2)**	**(23)**	**149**	**(130)**	**(84)**	**600**	**25**	**625**

For details, see Note 25 "Equity".

Statement of cash flows

(€ million)	Note [1]	First half 2021	First half 2022
Group's profit (loss) for the period - Continuing operations		(739)	(123)
Group's profit (loss) for the period - Discontinued operations		(40)	(7)
Profit (loss) attributable to non-controlling interests		-	-
Adjustments to reconcile the period profit (loss) to cash flows from operating activities:			
- depreciation and amortisation - Continuing operations	(No. 29)	190	216
- depreciation and amortisation - Discontinued operations		59	51
- net impairment losses (reversals of impairment losses) on property, plant and equipment, intangible assets, and Right-of-Use assets	(No. 29)	-	1
- share of profit (loss) of equity-accounted investees	(No. 31)	25	24
- net (gains) losses on disposal of assets		-	1
- interest income		(3)	(4)
- interest expense		57	57
- income taxes	(No. 32)	54	67
- other changes		(54)	(54)
Changes in working capital:			
- inventories		5	(19)
- trade receivables		364	67
- trade payables		(204)	255
- provisions for risks and charges		222	(268)
- contract assets and contract liabilities		51	(153)
- other assets and liabilities		117	(461)
Cash flow from working capital - Continuing operations		*555*	*(579)*
Cash flow from working capital - Discontinued operations		*1*	*(22)*
Cash flow from working capital		*556*	*(601)*
Change in the provision for employee benefits - Continuing operations		(13)	(9)
Change in the provision for employee benefits - Discontinued operations		-	(1)
Dividends received		21	7
Interest received		2	13
Interest paid		(42)	(58)
Income taxes paid net of refunds of tax credits		(59)	(84)
Net cash flows from operating activities - Continuing operations		**(6)**	**(525)**
Net cash flows from operating activities - Discontinued operations		**20**	**21**
Net cash flows from operating activities		**14**	**(504)**
of which with related parties [2] - Continuing operations	(No. 36)	**508**	**514**
of which with related parties [2] - Discontinued operations		**7**	**1**
Investments:			
- property, plant and equipment - Continuing operations	(No. 12)	(121)	(83)
- property, plant and equipment - Discontinued operations	(No. 12)	(12)	(26)
- intangible assets	(No. 13)	(2)	(3)
- equity investments	(No. 15)	-	-
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
Cash flows from investments - Continuing operations		*(123)*	*(86)*
Cash flows from investments - Discontinued operations		*(12)*	*(26)*
Cash flows from investments		*(135)*	*(112)*
Disposals:			
- property, plant and equipment		2	1
- out-of-scope entities and business units		-	-
- equity investments		-	-
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
Cash flows from disposals - Continuing operations		*2*	*1*
Cash flows from disposals - Discontinued operations		-	-
Cash flows from disposals		*2*	*1*
Net variation of securities and loan assets not related to operations		*(148)*	*45*

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

cont'd **Statement of cash flows**

(€ million)	Note [1]	First half 2021	First half 2022
Net cash flows from investing activities		**(281)**	**(66)**
of which with related parties [2]	(No. 36)	**(162)**	**58**
Increase in non-current loans and borrowings		428	632
Decrease in non-current loans and borrowings		(19)	(1,198)
Decrease in lease liabilities		(85)	(57)
Increase (decrease) in current loans and borrowings		(67)	733
		257	**110**
Net capital contributions by non-controlling interests		-	458
Sale (purchase) of additional interests in consolidated subsidiaries		-	-
Dividend distribution		(26)	-
Sale (purchase) of treasury shares		-	-
Net cash flows from financing activities		**231**	**568**
of which with related parties [2]	(No. 36)	**-**	**639**
Effect of changes in consolidation scope		-	-
Effect of exchange differences and other changes on cash and cash equivalents		2	50
Net variation in cash and cash equivalents		**(34)**	**48**
Cash and cash equivalents - opening balance	(No. 5)	**1,687**	**1,632**
Cash and cash equivalents - closing balance	(No. 5)	**1,653**	**1,680**

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

For reporting required by IAS 7, please refer to Note 19 "Financial liabilities".

Table of Contents Notes to the condensed interim consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Company information

The condensed interim consolidated financial statements as of June 30, 2022 presents the Onshore Drilling sector as a “Discontinued operations” in accordance with the requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. This is due to the fact that, at the reporting date, the management was committed to realise a decommissioning plan, the execution of which was considered highly probable over the next 12 months.
On June 1, 2022, Saipem and KCA Deutag ("KCA") signed a contract for the sale of the assets pertaining to the Onshore Drilling sector (the "DRON") for a cash consideration of $550 million plus a 10% class A ordinary shares in KCA Deutag.
The closing of the transaction, subject to the completion of the carve out of the Onshore Drilling business from Saipem Group is expected to occur by October 31, 2022, for the activities in Middle East operations and by March 31, 2023, for Americas.
The Onshore Drilling sector is represented as a Discontinued operation as it is av”major line of business” of Saipem Group.
In terms of presentation, the assets and the liabilities directly associated with them are presented as held for sale.
The economic results of disposal operation are shown separately from continuing operations in a single line in the income statement and limited to only transactions with third parties, while intercompany transactions continue to be eliminated. The economic results for the comparison period are restated in accordance with the requirements of IFRS 5.
Depreciation of non-current assets included in assets held for sale is suspended from the date of classification (June 1, 2022).
Note 24 “Discontinued operations, assets held for sale and directly associated liabilities” provides detailed economic and financial information on the Discontinued operation.

1 Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the requirements of IAS 34 “Interim financial reporting” and must be read jointly with last annual Group financial statements closed as of December 31, 2021. Specific notes are included to explain the events and transactions that are relevant to understand variations to the equity and financial position and to the Group performance from last annual report.
The condensed interim consolidated financial statements as of June 30, 2022 have been prepared in accordance with the same basis of consolidation and accounting policies described in the 2021 Annual Report, to which reference should be made, with the exception of the changes to international accounting standards which entered into force on January 1, 2022, which are illustrated in the section "Recent issued international standards" of this Report.
The management and containment measures adopted by the Company to address the current state of uncertainty and crisis, including the changes in market conditions, the continuation of the COVID-19 pandemic, and the effects of the Russian-Ukrainian crisis, allow the directors to confirm that the going concern assumption on which the Consolidated interim financial statements as of June 30, 2022 is based, is guaranteed over a period of at least twelve months from the date of its approval.
For details, please refer to Note 2 below "Accounting estimates and significant judgements".
The condensed interim consolidated financial statements as of June 30, 2022, approved by Saipem's Board of Directors at its meeting held on July 26, 2022, are subject to limited review by KPMG SpA. A limited review is substantially less in scope than an audit performed in accordance with generally accepted auditing standards.
Amounts stated in financial statements and the notes thereto, considering their relevance, are in millions of euros.

Translation criteria

The financial statements of companies having a functional currency other than euro, which is the Group's presentation currency, are converted into euro applying: (i) closing spot rates for assets and liabilities; (ii) historical exchange rates to equity; (iii) the average rates to the income statement and the statement of cash flows for the period in question (source: Banca d’Italia).
Exchange differences resulting from the translation of the financial statements of investees having a functional currency other than euro, deriving from the application of different exchange rates for assets and liabilities, equity, and the income statement, are recognised in equity under the item “Translation reserve” (included in “Other reserves”) for the portion pertaining to the Group[2].
Cumulative exchange differences are charged to the income statement when an investment is fully disposed of, i.e., when control, joint control or considerable influence on the investee is lost. In such circumstances, the differences are taken to the income statement under the item “Other gains (losses) on equity investments”. In the event of a partial disposal that does not result in the loss of control, the portion of exchange differences relating to the interest sold is recognised under non-controlling interests in equity. In the event of a partial disposal that does not result in the loss of joint control or significant influence, the portion of exchange differences relating to the interest disposed of is taken to the income statement. The repayment of the

(2) The share of non-controlling interests in the cumulate exchange rate differences resulting from the translation of subsidiaries’ financial statements having a functional currency other than the euro is recognised under “Non-controlling interest” in equity.

capital, carried out by a subsidiary having a functional currency other than euro, which does not result in a change in the equity investment held, entails charging the corresponding portion of the exchange rate differences to the income statement.
The financial statements translated into euros are those denominated in the functional currency, i.e., the local currency or the currency in which most financial transactions and assets and liabilities are denominated.
The exchange rates that have been applied for the translation of financial statements in foreign currencies are as follows:

Currency	Exchange rate as of Dec. 31, 2021	Exchange rate as of June 30, 2022	Average exchange rate 2022
US Dollar	1.1326	1.0387	1.0934
British Pound Sterling	0.84028	0.8582	0.8424
Algerian Dinar	157.4077	152.0941	156.2732
Angolan Kwanza	635.082	443.867	510.008
Argentine Peso	116.3622	129.8984	122.5091
Australian Dollar	1.5615	1.5099	1.5204
Brazilian Real	6.3101	5.4229	5.5565
Canadian Dollar	1.4393	1.3425	1.39
Croatian Kuna	7.5156	7.5307	7.5415
Egyptian Pound	17.8012	19.5332	18.8763
Ghanaian New Cedi	7.0086	8.3304	7.8342
Indian Rupee	84.2292	82.113	83.3179
Indonesian Rupee	16,100.42	15,552	15,798.55
Kazakhstan Tenghe	492.75	487	493.13
Malaysian Ringgit	4.7184	4.5781	4.6694
Nigerian Naira	466.8577	430.8216	454.1007
Norwegian Kroner	9.9888	10.3485	9.9817
Peru Nuevo Sol	4.5193	3.933	4.1322
Qatar Riyal	4.1227	3.7809	3.98
Romanian New Leu	4.949	4.9464	4.9457
Russian Rouble	85.3004	57.6475	85.06603
Saudi Arabian Riyal	4.2473	3.8951	4.1002
Singapore Dollar	1.5279	1.4483	1.4921
Swiss Franc	1.0331	0.996	1.0319

2 Accounting estimates and significant judgements

The preparation of financial statements and interim reports in accordance with generally accepted accounting standards requires Management to make accounting estimates based on complex and/or subjective judgements, past experience and assumptions deemed reasonable and realistic based on the information available at the time of the estimate. The use of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.
The accounting estimates and significant judgements made by Management for the preparation of the condensed interim consolidated financial statements as of June 30, 2022 are influenced not only by the impacts of the persisting COVID-19 pandemic and the effects of the Russian-Ukrainian crisis, but also by the effects of the initiatives underway to mitigate the consequences of climate change and the potential impacts arising from the energy transition (matters discussed in detail in the chapter "Effects of climate change"), which in the medium and long term may significantly affect the Group's business models, cash flows, financial position and financial and economic performance.
Please refer to the 2021 Annual Report for details of the accounting estimates and significant judgements made by the Management.

Going concern

As of today's date, the Board of Directors of Saipem SpA reviewed all significant risk factors and uncertainties that had been identified at the time of the approval of the financial statements as of December 31, 2021 and March 31, 2022 in order to assess whether they can be considered to have been overcome and are not such as to cast significant doubts on the ability of the Company and the Group to continue to operate as a going concern.
This analysis took into consideration the fact that on July 15, 2022, the subscription of the capital increase was concluded, involving 1,974,327,430 new shares for a total value of €1,999,993,686.59, of which €41,460,876.03 was capital and

€1,958,532,810.56 was share premium. Specifically, as of July 11, 2022, option rights had been exercised to subscribe for about 70% of the total number of new shares, of which about 44% were subscribed for by shareholders exercising joint control over the Company. The remaining 30% of unexercised option rights were offered on Euronext Milan in the sessions of July 12 and 13, 2022, during which approximately 9.9% of the total new shares were subscribed. Lastly, pursuant to the underwriting agreement that had been signed as part of the broader financial and capital Package approved by the same Board of Directors on March 24, 2022, on July 15, 2022, the remaining newly issued shares that had not been subscribed to were subscribed to by the financial institutions involved in the strengthening Financial Package for a total countervalue of €592,327,964.76.
Also on July 15, 2022, the capital increase was concluded from a financial point of view.
In addition, on July 18, 2022, the Company repaid the "SACE Facility" for the full amount of €852 million, previously used to repay the “Tranche A” loan of the Liquidity Facility disbursed on April 4, 2022, for an amount of €680 million.
It should be noted that the Company has available a bonding line for an amount sufficient to cover foreseeable requirements for at least the next 12 months and is currently negotiating the obtainment of a new Revolving Credit Facility for a total amount of up to €1 billion. It should be noted that the 2022-2025 business plan approved on March 24, 2022 does not envisage the use of this facility.
Finally, with reference to ratings, on April 1, 2022 the rating agency Standard & Poor's upgraded Saipem's credit rating from BB- (CreditWatch Neg) to BB (Positive Outlook) and on July 19, 2022 the rating agency Moody's upgraded Saipem's credit rating from B1 to Ba3.
Implementation of the Strategic Plan continues also with reference to initiatives to enhance assets and improve liquidity (sale of the Onshore Drilling and FPSO vessel Cidade de Vitória) and reduce costs.
In light of the mitigating actions carried out above with reference to the financial, equity and operating position of the Saipem Group, the Board of Directors of Saipem SpA has overall determined that there are no material uncertainties that, either individually or in the aggregate, may cast significant doubt upon the ability of the Company and the Group to operate as a going concern. For this reason, the Board of Directors has concluded that all the conditions exist to prepare the condensed consolidated half-year financial statements at June 30, 2022 using the going concern assumption, maintaining the valuation criteria of a going concern entity, as described in Note 3 to the Consolidated financial statements at December 31, 2021, to which reference should be made.

EFFECTS OF COVID-19

The spread of the COVID-19 pandemic continues to have a negative effect on the global economy and, as a consequence, on Saipem and the energy sector, the latter being among the most impacted worldwide. To date, despite the turnaround in the macroeconomic scenario recorded since last year, remain several risk factors linked to new variants of the virus that could impact the growth trajectory of economies and the recovery of energy demand.
Saipem Group continues to carry out an in-depth and constant analysis of the ongoing pandemic, in terms of: (i) the evolution of the regulatory framework in the countries where the Group operates, through the monitoring of the containment measures adopted by such countries; (ii) the management of relations with customers and partners; (iii) the management of contracts, both active and passive, through the introduction and/or activation, where possible, of specific contractual clauses to mitigate the potential negative effects of the pandemic; (iv) impacts on project execution activities, and in particular on the operations of shipyards and vessels, due to the changed availability of internal and external resources and/or other circumstances directly or indirectly resulting from the pandemic; (v) performance levels and continuity of service by suppliers, subcontractors and partners.
In order to offset the increase in costs related to the COVID-19 event described above, management is still implementing an appropriate cost containment programme also related to the pandemic.
Financial aspects: in this context, the Company continues to pay particular attention to reviewing the expected losses of financial assets with particular regard to: (i) trade receivables; (ii) hedging derivatives; and (iii) financial assets measured at fair value.
The procedures implemented centrally by the Company are structured to manage the risks inherent in the transactions put in place by constantly monitoring the effects caused by the uncertainty of future variables and the risk of the market counterparties with which the contracts are concluded.
With respect to trade receivables connected with the insolvency risk of customers, Saipem constantly monitors and centrally assesses the risk indicators and the probability of default for customers using third party information, in addition to assess debt recoverability at division level.
Recoverability of non-financial assets: the cash flows used for the purpose of the impairment test are those of the Strategic Plan 2022-2025, approved by the Board of Directors on March 24, 2022 and prepared using the best available estimates, and were confirmed at the sanity check of the Plan as at June 30, 2022. It should be noted that the cash flows were normalised, where necessary, in accordance with IAS 36 and that, in particular, the long-term lease rates of the Offshore Drilling CGUs were defined using the latest reports available at the date and prepared by external sources, normally used as benchmarks. As a result of the impairment test as of June 30, 2022, no impairment was recorded.
Estimation process: with reference to revenue from contracts with customers, following the crisis caused by the COVID-19 pandemic and changed market conditions, circumstances were assessed regarding possible: (i) collections of consideration that might no longer be highly probable; and (ii) agreements between the parties that might change certain contractual aspects related to the subject matter or price of transactions.
The enforceability of contractual rights and obligations and the probability of collecting the relevant payment are prerequisites for identifying a contract with customers for accounting purposes. In fact, according to IFRS 15, if these conditions are not met, the contract should not exist from an accounting point of view and revenue could not be recognised. Given the ongoing uncertainty, it is still necessary to check whether such conditions are met when entering into a contract, and whenever there are substantial changes in the relevant facts and circumstances.

In addition, the estimate of the variable component of the consideration continues to be reviewed which, given the current situation of uncertainty, is complex and requires a high degree of judgement, due to the limitation ("constraint") envisaged by the standard that allows the recognition of revenue limited to the portions that are highly probable that they cannot be reversed in the future (so-called "reversal"). Likewise, the effects of the operational implications deriving from the pandemic have been assessed and, where necessary, considered in the cost estimate for the duration of projects.
Within the scope of the analysis of the possible effects of the COVID-19 pandemic undertaken early in 2020 and still in progress due to the continuous evolution of the phenomenon, Saipem has identified, assessed and constantly monitored these effects at the level of every project currently under execution.
Identifying the COVID-19 economic impact: relating to the contractual activities of long-term contracts, whose revenue is recognised over time according to input methods such as cost to cost, the estimate of the final costs and the timing for fulfilling the performance obligations made it necessary to consider whether the costs linked to COVID-19 should be excluded from project progress.
For this purpose, Saipem is still dividing the costs associated with COVID-19 into two clusters:
1. Costs directly related to COVID-19 (special items): these are costs that have been or will be incurred to manage the emergency at Group companies and at project sites; these costs are borne by Saipem as they are contractually non-reimbursable by the customer. These costs are recognised on specific contracts separate from operating contracts and are recognised as costs in the income statement without generating contract progress (and therefore without recognising any contract assets) and without recognising any margin. During the first half of 2022, the costs directly attributable to COVID-19 amounted to about €16 million (e.g., including: costs for stand-by resources in accordance with quarantine regulations and in the event that the activities of operational sites and vessels were stopped by authorities; costs of purchasing personal protective equipment in addition to standard practices; costs of sanitising work areas; costs of organising charter flights to bring the personnel home).
2. Costs indirectly related to COVID-19: these are costs incurred, or that will be incurred, for which it is impossible to establish with reasonable certainty whether they are due to the pandemic or to other causes such as, for instance, changing market conditions linked to fluctuations in crude oil prices. These are, by way of example, costs due to delays in project or site activities, which have continued notwithstanding the challenges due, for example, to personnel reductions, postponements in materials deliveries or delays by customers. These costs are included in the full-life estimates of projects.
Reference market: with regard to the future prospects that can be hypothesised on market trends, it is noted that despite the signs of recovery in the reference sector, mainly linked to the recovery of energy commodity prices, there remains a high level of uncertainty on the prospects of world economic growth.
It should be noted that Saipem designs and constructs plants commissioned by customers based on long-term investment assessments. These projects, from the initial concept phase of the initiative, through development and construction, can take several years, depending on their complexity. In light of this, it should be noted that Saipem is little impacted by the dynamics and fluctuations of context variables (such as Brent and natural gas prices) in the short term.
Due to the nature of the business and its diversification in various segments, there is no direct correlation between the trend in oil prices and Saipem's economic results: as of June 2022, about 76% of its E&C backlog consists of non-oil projects, including gas, renewables and infrastructure projects.
Even considering the continuation of the COVID-19 pandemic, the going concern assumption used for the preparation of the condensed interim consolidated financial statements as of June 30, 2022, is not impacted. For details on the going concern, please refer to the above section "Going concern".

EFFECTS OF THE RUSSIAN-UKRAINIAN CRISIS: EU RESTRICTIVE MEASURES AND SANCTIONS

Direct effects: in the wake of the conflict in Ukraine and the possible impacts of the restrictive measures adopted by the European Union, Saipem undertook an in-depth analysis to assess potential repercussions on its business, especially in relation to projects currently underway in Russia.
Following the outbreak of the conflict in Ukraine, the Council of the European Union deemed it appropriate to adopt a series of restrictive measures. In particular, Council Decision (CFSP) 2022/264 of February 23, 2022 imposed restrictions on access to the capital market, in particular by prohibiting the financing of Russia, its government and its Central Bank.
With the packages adopted by the European Union in Council Regulations 2022/328 of February 25, 2022, 334/2022 of February 28, 2022, 336/2022 of March 1, 2022 and 428/2022 of March 15, 2022, a series of restrictive measures were implemented against the Russian Federation, including: (i) individual sanctions against members of the National Security Council of the Russian Federation who supported Russia's immediate recognition of the non-government-controlled areas of the Ukrainian regions of Donetsk and Luhansk as independent entities; (ii) sanctions in the financial sector, for which existing restrictions were further expanded, thereby limiting Russia's access to major capital markets and prohibiting the listing and provision of services regarding shares of Russian state-owned entities on EU trading venues. New measures have also been introduced that significantly restrict financial flows from Russia into the EU, prohibiting the acceptance of deposits, above certain amounts, from Russian citizens or residents, the holding of accounts of Russian clients by EU central securities depositories, and the sale of euro-denominated securities to Russian clients; (iii) sanctions in the energy sector in accordance with which a prohibition has been introduced on the sale, supply, transfer or export, directly or indirectly, of goods and technology suitable for use in petroleum refining listed in Annex X of EU Council Regulation 2022/328 of February 25, 2022, whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The ban did not apply to the execution, until May 27, 2022, of contracts awarded before February 26, 2022, or of ancillary contracts necessary for the execution of said contracts. With the introduction of the ban, the aim was to hit the Russian oil sector and to stop Russia from modernising its oil refineries; (iv) sanctions in the technology sector: restrictions have been put in place on the export of dual-use goods and technologies (civil and military), as well as restrictions on the export of specific goods and technologies that can contribute to the technological empowerment of Russia's defence and security sector. Again, the prohibition applied to all goods listed in the

EU Dual-Use Regulation (821/2021) and those listed in Annex IV of EU Regulation 2022/328 even if not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The prohibition does not apply to the execution, until September 17, 2022, of contracts concluded before March 16, 2022 or of ancillary contracts necessary for the execution of such contracts; (v) by EU Regulation 428/2022, the same restrictions provided for dual-use goods and technologies also apply to tangible exports listed in Annex II of Regulation 833/2014 (goods of particular significance in the energy sector such as pipelines, etc.). The ban also does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts; (vi) EU Regulation 428/2022 also included a prohibition on entering into any transaction with a number of Russian natural and legal persons, including GazpromNeft, which prohibition did not apply until May 15, 2022 for the performance of contracts concluded before March 16, 2022. In addition, EU Regulation 576/2022 dated April 8, 2022 further expanded the list of goods and technologies in Annex X of the previous EU Regulation 2022/328 to include those suitable for use in natural gas liquefaction and EU Regulation 879/2022 dated June 3, 2022, in addition to providing for an embargo on Russian oil, supplemented the list of goods and technologies capable of contributing to the technological strengthening of Russia's defence and security sector (listed in Annex VII of EU Regulation 833/2014).

The EU has also decided to exclude seven Russian banks from the SWIFT system starting from March 12, 2022. This will guarantee they are excluded from the international financial system. The banks that are excluded from the SWIFT system to date are Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank and, as of June 14, 2022, Sberbank, Credit Bank of Moscow and Joint Stock Company Russian Agricultural Bank - JSC Rosselkhozbank.

In particular, the EU has decided to ban what follows:

- the provision of specialised financial messaging services, used to exchange financial data (SWIFT), to Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank. The above mentioned ban will apply also to legal persons, entities and institutions in Russia, whose property rights are directly or indirectly held by those banks for over 50%;
- investing, participating or contributing in any way to future projects co-financed by the Russian Direct Investment Fund;
- selling, supplying, transferring or exporting banknotes denominated in euro to Russia or to any natural or legal person, entity or institution in Russia, included the Russian Government and the Russian Central Bank, or to be used in Russia.

For the moment, Sberbank (the main Russian banking group) and Gazprombank are excluded from the ban.

Excluding some of the Russian banks from the international electronic payment system (SWIFT) means that companies and privates can no longer carry out worldwide transactions with those banks.

Saipem's current projects involving activities on Russian territory and/or with Russian clients are as follows: (i) Arctic LNG 2 GBS (in JV with Ronesans) - client Arctic LNG 2 - scope of work EPC; (ii) Arctic LNG 2 Topside Facilities (in JV with Technip) - Arctic LNG 2 client - scope of work EPC. For both projects, negotiations are underway with the client for the closure of the relevant activities, in line and in full compliance with the necessary authorisations and timeframes required by the above-mentioned EU regulations.

At the time the conflict in Ukraine began, Saipem had two other projects in the Russian Federation: (i) an EPC project for the Moscow Refinery with the client GazpromNeft: a contract which was terminated following the introduction of specific sanctions against GazpromNeft. The project-related outstanding balances were all settled by May 15, 2022 as required by EU Regulations; (ii) a gas drilling project in sub-Arctic waters using the Perro Negro 8 drilling rig, for which the related contract was terminated. The rig is already in the Middle East in preparation for a contract with a local operator.

The Company confirms that it operates in full compliance with the provisions established by European and national institutions with respect to the Russian Federation.

The consolidated backlog relating to projects in Russia, following the termination of the two contracts, is therefore zero. The backlog consists only of the unconsolidated projects described above, amounting to approximately €1.46 billion. The Company is negotiating with its contractual counterparties to close out the related activities in line with the timing of the aforementioned EU regulations.

Finally, please note that the Strategic Plan 2022-2025 does not envisage the acquisition of new contracts in Russia. Furthermore, the current energy market scenario could encourage the development of new energy infrastructures for the diversification of energy supply in many countries.

It should be noted that the Company uses customer default probabilities based on observable market data and info-provider assessments to quantify expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.

Following the Russian-Ukrainian conflict and the subsequent sanctions imposed by the EU, US and other countries, Saipem has activated the Corporate Crisis Unit (CCU) that cooperates daily with the Local Crisis Units (LCU) in Russia and the business operational functions involved in the management of projects and personnel onsite, on which a meeting was called. Regarding the above mentioned, it should be noted that there are no activities carried out by Saipem, nor personnel in any Ukrainian territory affected by the conflict.

At the global level, commodity prices are currently characterised by high volatility, unprecedented in the recent past, which is set, among other things, against a background of high inflation already seen in the second half of 2021.

Indirect effects: the Russian crisis increases the uncertainty caused by the pandemic and the current socio-economic scenario makes it difficult for supply chain operators to provide price forecasts and make contractual commitments with long-term estimates. Initially, suppliers were prevented from submitting bids because the production plants had become extremely selective in the initiatives to be pursued and did not provide the relevant quotations except to those customers deemed most reliable and financially sound. More recently, the situation has improved, but delivery times have lengthened considerably with a direct impact on the projects in the portfolio. High and extremely volatile prices are expected as long as the current situation continues.

With regard to the projects in Russia, at present, a portion of the containerised material in transit by sea to Russia has been unloaded at North European ports as various international shipping companies refuse to continue transit at Russian ports. Some containers are still stuck in North European ports waiting for the competent authorities and shipping companies to give transit clearance. In compliance with the existing sanctions, various materials have been shipped and are being shipped to two consolidation areas in Turkey and China; in addition, road transport by truck is still used with transit from the Baltic countries to Russia and Belarus. In some cases, transit via Finland was chosen.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are expected, but it can be assumed that the availability of steel and nobler metals (nickel, copper, aluminium) will be lower, and there will also be price impacts related to other production factors (e.g., gas and energy), which will also affect delivery times and logistics.
Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.
The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from the evolving conflict in Ukraine. The Company, considering the extreme unpredictability of this situation and the effects on the orders, is already adjusting its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the orders in execution and future initiatives.
In addition to the above, our threat intelligence services report an increased cyber threat to operators in the above markets and their supply chain. As of the date of this document, there have been no incidents of cyber-attacks directed against Saipem.
As of 2019, Saipem has implemented a system of protection against cyber attacks, in line with the requirements of the National Cybersecurity Framework, which includes organisational, physical, and logical measures. A major effort was made to define guidelines for both technology implementation and employee behaviour. Ongoing third-party assessments validate the effectiveness of the attack detection and response approach within the company's crisis management plan, as well as the technological measures in place to protect business-critical assets.
In March 2021, Saipem obtained the certification under ISO/IEC 27001, for “Cyber security events monitoring and incidents management”. This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner in the ongoing improvement of the Saipem security management system. The Company's security level is now also a function of the constant training and education of workers. During the past year, Saipem has developed e-learning training focusing on the cyber security management model (standard, high, and critical level).
Saipem coordinates closely with national cyber security institutions, DIS (the Italian Security Intelligence Department), the National Cybersecurity Agency and CNAIPIC (the Italian National Cybercrime Centre for Critical Infrastructure Protection).
Saipem uses qualified suppliers for critical services that are most exposed to the risk of cyber-attacks, particularly for the provision of IT services to support business activities.
Controlling the supply chain is one of our most difficult challenges. The Security division has defined specific cyber requirements which must be met by the Supply Chain; this will ensure that all suppliers have acceptable resilience characteristics.

EFFECTS OF CLIMATE CHANGE

Climate change and the transition to a low-carbon economy are having an increasing impact on the global economy and the energy sector. Saipem, as a global solution provider in this sector, is aware that these changes may have a significant direct and indirect impact on the activities of its business and consequently on its consolidated financial statements, in terms of the results and value of its assets and liabilities.
On the other hand, these scenarios of change offer companies operating in the energy sector, and therefore Saipem, the opportunity to play an active role in proposing technologically advanced eco-sustainable solutions to their customers, which meet the demand for low carbon solutions and products that is expected to grow in the near future.
Risks related to climate change, to which Saipem's activities are intrinsically exposed, can be classified into physical risks and transition risks. Physical risks are risks arising from physically observable climatic phenomena (e.g., flooding of plants, production sites and construction sites, as well as worsening weather and sea conditions in the offshore operating areas). Transition risks are risks arising from the transition phase that aims to reduce emissions and thus mitigate the effects of climate change. These risks are classified as market risks, in terms of strategic positioning to take advantage of the opportunities provided by the energy transition in a timely manner; technological risks, in terms of insufficient effectiveness in implementing the most efficient technologies applicable; regulatory risks, related to the issuance of laws and regulations to which one must promptly adapt and which may lead to an increase in operating costs; image risks, in terms of a negative assessment by financial stakeholders of the corporate strategy implemented.
For each identifiable risk, whether physical or transitional, Saipem undertakes an action plan that includes its identification and description, assessment in terms of: (i) timeframe; (ii) probability; (iii) magnitude of the final impact, identification of the economic and financial impact and the actions to be put in place for its management.
In this evolutionary and transformational context, Saipem, which has always been oriented towards technological innovation, is today committed alongside its customers on the frontier of energy transition with means, technologies and processes that are increasingly digital and oriented from their conception towards environmental sustainability. In this direction, it plans to progressively expand its offer in sectors with a lower impact on the climate and to propose itself as a supplier of innovative solutions to support customers in identifying the best technological choices with reduced carbon emissions.
The evolution of energy demand may affect the recoverable amount of property, plant and equipment and the Group's goodwill. Management will continue to review demand assumptions as the energy transition process progresses, which may lead to additional impairment losses on non-financial assets in the future compared to those made to date. The exposure to risks and impacts arising from climate change is considered in the estimation of future cash flows for the purpose of impairment testing.

The energy transition may reduce the expected useful life of assets used in the Oil&Gas industry, thus accelerating the depreciation costs of assets used in this sector. However, Saipem is gradually positioning itself in non-oil sectors, enhancing the use of its traditional assets where possible; at the same time, it is expected that part of the assets currently owned will be fully depreciated in the medium-long term, during which period demand for services in the oil sector is expected to remain significant. New laws or regulations introduced in response to climate change may create new requirements that did not previously exist. Consequently, the Company's management monitors the evolution of the relevant regulations in order to assess whether such obligations, even implicit ones, require the recognition of specific provisions or the reporting of related contingent liabilities.

3 Changes to standards

Compared to the 2021 Annual Report, to which reference should be made, there have been no changes in the accounting policies adopted by Saipem. Regarding the adoption of the international accounting standards of reference, please see below.

Recent issued international standards

The following are the amendments to the international accounting standards endorsed by the European Commission, which were already included in the 2021 Annual Report, which are effective from January 1, 2022, in addition to the amendments made in the first half of this year, both endorsed and not yet endorsed by the European Commission, which will be effective from January 1, 2023 or later.

Accounting standards and interpretations issued by the IASB/IFRIC and endorsed by the European Commission

With Regulation No. 2021/1080, issued by the European Commission on June 28, 2021, the following were endorsed: (i) the amendments to IAS 37, aimed at providing clarification on how to determine an onerous contract; (ii) the amendments to IAS 16, aimed at defining that revenues from the sale of goods produced by an asset before it is ready for its intended use are recognised in the income statement together with the related production costs; (iii) the amendments to IFRS 3, aimed at: completing the update of the references to the Conceptual Framework for Financial Reporting present in the accounting standard; providing clarifications regarding the conditions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (so-called "levies") acquired as part of a business combination operation and explaining that possible circumstances cannot be recognised in the context of a business combination; (iv) the document "Annual cycle of improvements to IFRS 2018-2020", containing amendments, essentially of a technical and editorial nature, to the international accounting standards. The Annual Improvements and the amendments to the standards indicated shall be effective from January 1, 2022.
At present, the above changes have had no impact on the Group.

With Regulation No. 2021/2036, issued by the European Commission on November 19, 2021, the amendments to IFRS 17 “Insurance Contracts” were endorsed which define the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which exceed those currently laid down in IFRS 4 “Insurance contracts”, aim to help businesses to implement the standard and to (i): reduce costs, simplifying the requirements laid down in the standard; (ii) make it easier to provide disclosures in the financial statements; (iii) facilitate the transition to the new standard, postponing its entry into force. These changes shall be effective from January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies” were endorsed, requiring individual entities to supply more information about their accounting policies, rather than accounting standards. The changes to the Practice Statement provide guidance on how to apply the concept of materiality to financial reporting. The amendments to the standard will be effective on or after January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 8 “Definition of Accounting Estimates” were endorsed which defines the notion of accounting estimates, removing the definition of change in accounting estimates. Under the new definition, accounting estimates are defined as monetary amounts subject to a measure of uncertainty; the amendments clarify how individual entities should distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively. The amendments to the standard will be effective on or after January 1, 2023.

Saipem is currently assessing the possible impacts of the above-mentioned amendments on the Group.

Accounting standards and interpretations issued by the IASB/IFRIC and not yet endorsed by the European Commission

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

On May 7, 2021, the IASB issued the document "Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which clarifies how to account for deferred tax assets and liabilities related to certain transactions, such as leases and decommissioning obligations. It also amends IFRS 1 “First-time Adoption of International Financial Reporting

Standards" by introducing a specific paragraph on the date of application of those amendments, and certain paragraphs regarding Appendix B of IFRS 1. The amendments shall be effective on or after January 1, 2023.

On December 9, 2021, the IASB issued "Amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information" which requires that if an entity applies IFRS 17 following the application of IFRS 9 (classification overlap), the entity must provide qualitative information that enables users of the financial statements to understand: (i) the extent to which the classification overlap has been applied (for example, whether it has been applied to all financial assets derecognised in the comparative period); and (ii) whether and to what extent the impairment provisions of IFRS 9 have been applied. The IASB also proposes to add a text block element to the IFRS taxonomy to reflect this new disclosure requirement. The amendments will be effective from January 1, 2023.

Saipem is currently assessing the possible impacts of the above-mentioned amendments on the Group.

4 Consolidation scope as of June 30, 2022

Parent company

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Saipem SpA	San Donato Milanese	EUR	460,208,914.80	Eni SpA	30.54		
				CDP Industria SpA	12.55		
				Saipem SpA	2.12		
				Third parties	54.79		

Subsidiaries

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Denuke Scarl	San Donato Milanese	EUR	10,000	Saipem SpA	55.00	55.00	F.C.
				Third parties	45.00		
International Energy Services SpA	San Donato Milanese	EUR	50,000	Saipem SpA	100.00	100.00	F.C.
Saipem Offshore Construction SpA	San Donato Milanese	EUR	20,000,000	Saipem SpA	100.00	100.00	F.C.
Servizi Energia Italia SpA	San Donato Milanese	EUR	20,000,000	Saipem SpA	100.00	100.00	F.C.
Smacemex Scarl (**)	San Donato Milanese	EUR	10,000	Saipem SpA	60.00	60.00	Co.
				Third parties	40.00		
SnamprogettiChiyoda sas di Saipem SpA	San Donato Milanese	EUR	10,000	Saipem SpA	99.90	99.90	F.C.
				Third parties	0.10		

Outside Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Andromeda Consultoria Técnica e Representações Ltda	Rio de Janeiro (Brazil)	BRL	20,494,210	Saipem SpA	99.00	100.00	F.C.
				Snamprogetti Netherlands BV	1.00		
Boscongo SA	Pointe-Noire (Congo)	XAF	6,190,600,500	Saipem SA	100.00	100.00	F.C.
ER SAI Caspian Contractor Llc	Almaty (Kazakhstan)	KZT	1,105,930,000	Saipem International BV	50.00	50.00	F.C.
				Third parties	50.00		
ERS - Equipment Rental & Services BV	Amsterdam (The Netherlands)	EUR	90,760	Saipem International BV	100.00	100.00	F.C.
European Maritime Construction sas	Montigny le Bretonneux (France)	EUR	42,370	Saipem SA	100.00	100.00	F.C.
Global Petroprojects Services AG	Zurich (Switzerland)	CHF	5,000,000	Saipem International BV	100.00	100.00	F.C.
Moss Maritime AS	Lysaker (Norway)	NOK	40,000,000	Saipem International BV	100.00	100.00	F.C.
North Caspian Service Co	Almaty (Kazakhstan)	KZT	375,350,000	Saipem International BV	100.00	100.00	F.C.
Petrex SA	Lima (Peru)	PEN	469,359,045	Saipem International BV	100.00	100.00	F.C.
PT Saipem Indonesia	Jakarta (Indonesia)	USD	372,778,100	Saipem International BV	99.99	99.99	F.C.
				Third parties	0.01		

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method
(**) In liquidation.

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Saimexicana SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	6,386,529,301	Saipem SA	100.00	100.00	F.C.
Saipem (Beijing) Technical Services Co Ltd	Beijing (China)	USD	6,700,000	Saipem International BV	100.00	100.00	F.C.
Saipem (Malaysia) Sdn Bhd	Petaling Jaya (Malaysia)	MYR	87,033,500	Saipem International BV Third parties	41.94 58.06 [a]	100.00	F.C.
Saipem (Nigeria) Ltd	Lagos (Nigeria)	NGN	259,200,000	Saipem International BV Third parties	89.41 10.59	89.41	F.C.
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	Caniçal (Portugal)	EUR	299,300,000	Saipem International BV	100.00	100.00	F.C.
Saipem America Inc	Wilmington (USA)	USD	1,000	Saipem International BV	100.00	100.00	F.C.
Saipem Argentina de Perforaciones, Montajes y Proyectos Sociedad Anónima, Minera, Industrial, Comercial y Financiera [**] [***]	Buenos Aires (Argentina)	ARS	1,805,300	Saipem International BV Third parties	99.90 0.10	99.90	Co.
Saipem Asia Sdn Bhd	Petaling Jaya (Malaysia)	MYR	238,116,500	Saipem International BV	100.00	100.00	F.C.
Saipem Australia Pty Ltd	West Pert (Australia)	AUD	566,800,001	Saipem International BV	100.00	100.00	F.C.
Saipem Canada Inc	Montreal (Canada)	CAD	100,100	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Algérie SpA	Algier (Algeria)	DZD	4,129,310,000	Sofresid SA	100.00	100.00	F.C.
Saipem Contracting Netherlands BV	Amsterdam (The Netherlands)	EUR	20,000	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Nigeria Ltd	Lagos (Nigeria)	NGN	827,000,000	Saipem International BV Third parties	97.94 2.06	97.94	F.C.
Saipem do Brasil Serviçõs de Petroleo Ltda	Rio de Janeiro (Brazil)	BRL	2,260,796,299	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Llc [**] [***]	Moscow (Russia)	RUB	6,100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Norway AS	Sola (Norway)	NOK	120,000	Saipem International BV	100.00	100.00	F.C.
Saipem East Africa Ltd	Kampala (Uganda)	UGX	3,791,000,000	Saipem International BV Snamprogetti Netherlands BV	51.00 49.00	100.00	F.C.
Saipem Finance International BV	Amsterdam (The Netherlands)	EUR	1,000,000	Saipem International BV Saipem SpA	75.00 25.00	100.00	F.C.
Saipem Guyana Inc	Georgetown (Guyana)	GYD	200,000	Saipem Ltd	100.00	100.00	F.C.
Saipem India Projects Private Ltd	Chennai (India)	INR	526,902,060	Saipem SA	100.00	100.00	F.C.
Saipem Ingenieria Y Construcciones SLU	Madrid (Spain)	EUR	80,000	Saipem International BV	100.00	100.00	F.C.
Saipem International BV	Amsterdam (The Netherlands)	EUR	172,444,000	Saipem SpA	100.00	100.00	F.C.
Saipem Ltd	Kingston upon Thames Surrey (United Kingdom)	EUR	607,500,000	Saipem International BV	100.00	100.00	F.C.

(a) Percentage of control. The percentage of ownership including preferential shares is 99.31% held by Saipem International BV and 0.69% by non-controlling investors.
(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method
(**) In liquidation.
(***) Inactive throughout the year.

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Saipem Luxembourg SA	Luxembourg (Luxembourg)	EUR	31,002	Saipem Maritime Asset Management Luxembourg Sàrl	100.00	100.00	F.C.
Saipem Maritime Asset Management Luxembourg Sàrl	Luxembourg (Luxembourg)	USD	378,000	Saipem SpA	100.00	100.00	F.C.
Saipem Misr for Petroleum Services (S.A.E.)	Port Said (Egypt)	EUR	2,000,000	Saipem International BV ERS - Equipment Rental & Services BV Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	99.92 0.04 0.04	100.00	F.C.
Saipem Moçambique Lda	Maputo (Mozambique)	MZN	535,075,000	Saipem SA Saipem International BV	99.98 0.02	100.00	F.C.
Saipem Norge AS	Sola (Norway)	NOK	100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Offshore México SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	998,259,500	Saimexicana SA de CV	100.00	100.00	F.C.
Saipem Romania Srl	Aricestii Rahtivani (Romania)	RON	29,004,600	Snamprogetti Netherlands BV Saipem International BV	99.00 1.00	100.00	F.C.
Saipem SA	Montigny le Bretonneux (France)	EUR	25,050,000	Saipem SpA	100.00	100.00	F.C.
Saipem Singapore Pte Ltd	Singapore (Singapore)	SGD	116,090,000	Saipem SA	100.00	100.00	F.C.
Saiwest Ltd	Accra (Ghana)	GHS	937,500	Saipem SA Third parties	49.00 51.00	49.00	F.C.
Sajer Iraq Co for Petroleum Services, Trading, General Contracting & Transport Llc	Baghdad (Iraq)	IQD	300,000,000	Saipem International BV Third parties	60.00 40.00	60.00	F.C.
Saudi Arabian Saipem Ltd	Dhahran (Saudi Arabia)	SAR	155,000,000	Saipem International BV	100.00	100.00	F.C.
Saudi International Energy Services Ltd Co	Dhahran (Saudi Arabia)	SAR	1,000,000	International Energy Services SpA	100.00	100.00	F.C.
Sigurd Ruck AG	Zurich (Switzerland)	CHF	25,000,000	Saipem International BV	100.00	100.00	F.C.
Snamprogetti Engineering & Contracting Co Ltd	Dhahran (Saudi Arabia)	SAR	10,000,000	Snamprogetti Netherlands BV	100.00	100.00	F.C.
Snamprogetti Engineering BV	Schiedam (The Netherlands)	EUR	18,151	Saipem International BV	100.00	100.00	F.C.
Snamprogetti Netherlands BV	Amsterdam (The Netherlands)	EUR	203,000	Saipem SpA	100.00	100.00	F.C.
Snamprogetti Saudi Arabia Co Ltd Llc	Dhahran (Saudi Arabia)	SAR	10,000,000	Saipem International BV Snamprogetti Netherlands BV	95.00 5.00	100.00	F.C.
Sofresid Engineering SA	Saint Herblain (France)	EUR	1,217,783	Sofresid SA	100.00	100.00	F.C.
Sofresid SA	Montigny le Bretonneux (France)	EUR	16,699,069	Saipem SA	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method

Associates and jointly controlled companies

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
ASG Scarl	San Donato Milanese	EUR	50,864	Saipem SpA Third parties	55.41 44.59	55.41	E.M.
CCS JV Scarl ∆	San Donato Milanese	EUR	150,000	Servizi Energia Italia SpA Third parties	75.00 25.00	75.00	E.M.
CEPAV (Consorzio Eni per l'Alta Velocità) Due	San Donato Milanese	EUR	51,646	Saipem SpA Third parties	59.09 40.91	59.09	E.M.
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	San Donato Milanese	EUR	51,646	Saipem SpA Third parties	50.36 49.64	50.36	E.M.
Consorzio F.S.B. ∆	Venice - Marghera	EUR	15,000	Saipem SpA Third parties	29.10 70.90	29.10	Co.
Consorzio Sapro ∆	San Giovanni Teatino	EUR	10,329	Saipem SpA Third parties	51.00 49.00	51.00	Co.
Rosetti Marino SpA	Ravenna	EUR	4,000,000	Saipem SA Third parties	20.00 80.00	20.00	E.M.
SCD JV Scarl ∆	San Donato Milanese	EUR	100,000	Servizi Energia Italia SpA Third parties	60.00 40.00	60.00	E.M.
Ship Recycling Scarl (**) ∆	Genoa	EUR	10,000	Saipem SpA Third parties	51.00 49.00	51.00	J.O.

Outside Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Bally Solar Energy Ltd ∆	Dublin (Ireland)	EUR	100	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Gydan Lng Snc	Nanterre (France)	EUR	9,000	Sofresid SA Third parties	15.00 85.00	15.00	E.M.
Gydan Yard Management Services (Shanghai) Co Ltd	Shanghai (China)	CNY	1,600,000	Saipem (Beijing) Technical Services Co Ltd Third parties	15.15 84.85	15.15	E.M.
Gygaz Snc	Nanterre (France)	EUR	10,000	Sofresid SA Third parties	15.15 84.85	15.15	E.M.
Hazira Cryogenic Engineering & Construction Management Private Ltd ∆	Mumbai (India)	INR	500,000	Saipem SA Third parties	55.00 45.00	55.00	E.M.
KWANDA Suporte Logistico Lda	Luanda (Angola)	AOA	25,510,204	Saipem SA Third parties	49.00 51.00	49.00	E.M.
Mangrove Gas Netherlands BV ∆	Amsterdam (The Netherlands)	EUR	2,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Novarctic Snc	Nanterre (France)	EUR	9,000	Sofresid SA Third parties	33.33 66.67	33.33	E.M.
Petromar Lda ∆	Luanda (Angola)	USD	357,143	Saipem SA Third parties	70.00 30.00	70.00	E.M.
PSS Netherlands BV ∆	Leiden (The Netherlands)	EUR	30,000	Saipem SpA Third parties	36.00 64.00	36.00	E.M.
Sabella SA	Quimper (France)	EUR	12,889,122	Sofresid Engineering SA Third parties	9.00 91.00	9.00	E.M.
SaiPar Drilling Co BV ∆	Amsterdam (The Netherlands)	EUR	20,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Saipem Dangote E&C Ltd (***) ∆	Victoria Island – Lagos (Nigeria)	NGN	100,000,000	Saipem International BV Third parties	49.00 51.00	49.00	E.M.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method.
(**) In liquidation.
(***) Inactive throughout the year.
∆ Jointly-controlled company

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or evaluation principles (*)
Saipem - Hyperion Eastmed Engineering Ltd ∆	Nicosia (Cyprus)	EUR	85,000	Saipem International BV Third parties	45.00 55.00	45.00	E.M.
Saipem Taqa Al Rushaid Fabricators Co Ltd	Dammam (Saudi Arabia)	SAR	40,000,000	Saipem International BV Third parties	40.00 60.00	40.00	E.M.
Saipon Snc ∆ †	Montigny le Bretonneux (France)	EUR	20,000	Saipem SA Third parties	60.00 40.00	60.00	E.M.
SAME Netherlands BV ∆	Amsterdam (The Netherlands)	EUR	50,000	Servizi Energia Italia SpA Third parties	58.00 42.00	58.00	E.M.
Saren BV ∆	Amsterdam (The Netherlands)	EUR	20,000	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Saren Llc ∆	Murmansk (Russia)	RUB	10,000	Saren BV	100.00	50.00	E.M.
Société pour la Réalisation du Port de Tanger Méditerranée (***) ∆	Anjra (Morocco)	EUR	33,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
Southern Gas Constructors Ltd ∆	Lagos (Nigeria)	NGN	10,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Sud-Soyo Urban Development Lda (***) ∆	Soyo (Angola)	AOA	20,000,000	Saipem SA Third parties	49.00 51.00	49.00	E.M.
TMBYS SAS (***) ∆	Guyancourt (France)	EUR	30,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
TSGI Mühendislik İnşaat Ltd Şirketi ∆	Istanbul (Turkey)	TRY	594,657,675	Saipem Ingenieria Y Construcciones, SLU Third parties	33.33 66.67	33.33	E.M.
TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	Funchal (Portugal)	EUR	5,000	TSKJ - Serviços de Engenharia Lda	100.00	25.00	E.M.
TSKJ - Nigeria Ltd (**)	Lagos (Nigeria)	NGN	50,000,000	TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	100.00	25.00	E.M.
TSKJ - Serviços de Engenharia Lda	Funchal (Portugal)	EUR	5,000	Snamprogetti Netherlands BV Third parties	25.00 75.00	25.00	E.M.
Xodus Subsea Ltd (**) (***) ∆	London (United Kingdom)	GBP	7,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.

As of June 30, 2022, the companies of Saipem SpA can be broken down as follows:

	Subsidiaries			**Associates and jointly controlled companies**		
	Italy	**Outside Italy**	**Total**	**Italy**	**Outside Italy**	**Total**
Subsidiaries/Joint operations and their participating interests	**5**	**52**	**57**	**1**	**-**	**1**
Consolidated companies	5	52	57	-	-	-
Companies consolidated as a joint operation	-	-	-	1	-	1
Participating interests held by consolidated companies (1)	**1**	**1**	**2**	**8**	**28**	**36**
Accounted for using the equity method	-	-	-	6	28	34
Accounted for using the cost method	1	1	2	2	-	2
Total companies	**6**	**53**	**59**	**9**	**28**	**37**

(1) The participating interests held by subsidiaries and joint operations accounted for using the equity method and the cost method relate to immaterial entities and entities whose consolidation would not have a material impact.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = equity method, Co. = cost method.
(**) In liquidation.
(***) Inactive throughout the year
∆ Jointly-controlled company
† Non relevant joint operation

Changes in the consolidation scope

There were no significant changes in the consolidation scope of the Group in the first half of 2022 with respect to the 2021 Annual Report. Changes are shown below by order of occurrence.

New incorporations, disposals, liquidations, mergers, change in equity investments, and changes to the consolidation method:
- **Saipem Services Mexico SA de Cv**, previously fully consolidated, was merged by incorporation into Saimexicana SA de Cv;
- **Xodus Subsea Ltd**, accounted for using the equity method, was placed into liquidation;
- **Saipem Drilling Llc**, fully consolidated, was placed into liquidation.

Changes of business name or shift from subsidiary without effect on the consolidation:
- **Saipem Maritime Asset Management Luxembourg Sarl** transferred 100% of Snamprogetti Engineering BV shares to Saipem International BV.

5 Cash and cash equivalents

Cash and cash equivalents amounted to €1,680 million, an increase of €48 million compared to December 31, 2021 (€1,632 million).
Cash and cash equivalents at the end of the first half of the year, denominated in euros for 43%, in US dollars for 28%, and in other currencies for 29%, were remunerated at an average rate of 0.20%. Cash and cash equivalents included cash and cash on hand of €2 million (€2 million as of December 31, 2021).
Cash and cash equivalents at the end of the first half of the year included for a total of €697 million: (i) cash and cash equivalents of €559 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €135 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; (iii) cash and cash equivalents amounting to €3 million in current accounts frozen or subject to restrictions.
The breakdown of cash and cash equivalents of Saipem and other Group companies as of June 30, 2022, by geographical segment (based on the country of domicile of the relevant company) was as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Italy	738	642
Rest of Europe	107	187
CIS	33	7
Middle East	110	224
Far East	138	85
North Africa	10	3
Sub-Saharan Africa	278	270
Americas	218	262
Total	**1,632**	**1,680**

6 Financial assets measured at fair value through OCI

Financial assets measured at fair value through OCI amounted to €71 million (€59 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Securities for non-operating purposes		
Listed bonds issued by sovereign states/supranational institutions	7	8
Listed bonds issued by industrial companies	52	63
Total	**59**	**71**

Listed bonds issued by sovereign states/supranational institutions as of June 30, 2022, of €8 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating classification
Fixed rate bonds					
Poland	3	3	3.75	2023	A
Other	5	5	0.00	2026	AAA
Total	**8**	**8**			

Listed bonds issued by industrial companies as of June 30, 2022, of €63 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating classification
Fixed rate bonds					
Listed bonds issued by industrial companies	66	63	0.13-5.52	2023-2028	AA/BBB
Total	**66**	**63**			

The fair value of bonds is determined on the basis of market prices. The fair value hierarchy is level 1, that is, based on quotations in active markets. The bonds measured at fair value through OCI are held both to collect contractual cash flows and for future sale.

Listed bonds issued by sovereign states/supranational institutions and by industrial companies held by the Group fall within the scope of analysis for the determination of expected losses.
Given the high creditworthiness of the issuers (investment grade) the impact of expected losses on the bonds in question as of June 30, 2022 is irrelevant.

7 Other financial assets

Other current financial assets

Other current financial assets of €507 million (€567 million as of December 31, 2021) consist of the following:

(€ million)	Dec. 31, 2021	June 30, 2022
Financial receivables for operating purposes	1	1
Financial receivables for non-operating purposes	566	506
Total	**567**	**507**

Financial receivables for operating purposes of €1 million (€1 million as of December 31, 2021) were related to receivables held by Saipem SpA from Serfactoring SpA.
Financial receivables for non-operating purposes of €506 million (€566 million as of December 31, 2021) were related mainly to financial receivables from CCS JV Scarl which is carrying out a project in Mozambique (€323 million) and SCD JV Scarl which is carrying out a project in Nigeria (€171 million).
Other current financial assets from related parties are shown in Note 36 “Related party transactions”.

Other non-current financial assets

Other non-current financial assets not instrumental to operating activities, amounting to €63 million (€61 million as of December 31, 2021), mainly included the amount of two blocked accounts of the subsidiary Saipem Contracting Algérie SpA for a total of €63 million (€64 million before discounting), classified as other non-current financial assets due to the protracted proceedings in Algeria.

8 Trade receivables and other assets

Trade receivables and other assets of €2,556 million (€2,251 million as of December 31, 2021) were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Trade receivables	1,837	2,029
Advances for services	263	347
Other receivables	151	180
Total	**2,251**	**2,556**

Trade receivables amounted to €2,029 million, representing an increase of €192 million compared to 2021.
Trade receivables for €84 million were reclassified in the Discontinued operations.
Receivables are stated net of a loss allowance of €858 million, whose movement is shown below:

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	June 30, 2022
Trade receivables	732	55	(5)	47	(1)	828
Other receivables	30	-	-	-	-	30
Total	**762**	**55**	**(5)**	**47**	**(1)**	**858**

The credit exposure to the top five customers is in line with the Group’s operations and represents around 41% of total trade receivables.
The Group is closely monitoring revenue since, as is well known, its major customers are the main Oil Companies in the reference sector.
The recoverability of trade receivables is checked using the so-called “expected credit loss model”.
As of June 30, 2022, the effect of expected losses on trade receivables, determined on the basis of the assessment of the creditworthiness of the customer, amounted to €174 million (€125 million as of December 31, 2021) on the total loss allowance of €828 million (€732 million as of December 31, 2021).
As of June 30, 2022, Saipem had non-recourse non-notification factoring agreements relating to trade receivables not past due amounting to €129 million (€38 million as of December 31, 2021). Saipem SpA is responsible for managing the collection of the receivables assigned without notice and for transferring the sums collected to the factors.

Trade receivables included retentions guaranteeing contracts of €152 million (€144 million as of December 31, 2021), of which €88 million were due within twelve months and €64 million due after twelve months.
As of June 30, 2022, there were no trade receivables relating to projects in dispute as of December 31, 2021.
Advances for services not yet rendered amounted to €347 million as of June 30, 2022, relating mainly to advances to suppliers on ongoing operational projects, an increase of €84 million compared to December 31, 2021.
Advances for services for €1 million were reclassified in the Discontinued operations.
Other receivables of €180 million were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Receivables from:		
- employees	43	38
- guarantee deposits	11	18
- national insurance/social security contributions	5	10
- insurance companies	-	10
Other	92	104
Total	**151**	**180**

Other receivables amounting to €180 million are shown net of the impairment allowance of €30 million, in line with the previous year, related mainly to the write-down of a receivable from a subcontractor.
Other receivables for €6 million were reclassified in the Discontinued operations.
Trade receivables and other assets from related parties are detailed in Note 36 "Related party transactions".
The fair value of trade receivables and other assets did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

9 Inventories and contract assets

Inventories

Inventories amounted to €206 million (€258 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Raw and auxiliary materials and consumables	258	206
Total	**258**	**206**

Inventories for €89 million were reclassified in the Discontinued operations.
The item "Raw and auxiliary materials and consumables" includes spare parts for drilling and construction activities, as well as consumables for internal use and not for sale. The item is stated net of a provision for impairment of €117 million.

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Other changes	June 30, 2022
Raw and auxiliary materials and consumables allowance	160	8	(11)	(40)	117
Total	**160**	**8**	**(11)**	**(40)**	**117**

Contract assets

Contract assets for €1,601 million (€1,320 million as of December 31, 2021) consisted of the following:

(€ million)	Dec. 31, 2021	June 30, 2022
Contract assets (from work in progress)	1,330	1,613
Allowance for impairment on contract assets (from work in progress)	(10)	(12)
Total	**1,320**	**1,601**

Contract assets (from work in progress) equal to €1,613 million, increased by €283 million due to the recognition of revenue based on operational progress of projects to be invoiced in 2022 for €566 million, an amount largely offset by €344 million arising from the recognition of milestones by customers, plus the effect of write-downs arising from the continuous legal and commercial monitoring of the claim and change order amounts considered in the full life for the purpose of contract valuation for €1 million and other positive changes for €62 million due to the exchange rate effect.
The effects relative to IFRS 9 applied to contract assets amounted to €12 million.

10 Tax assets and liabilities

Current income tax assets and liabilities

Current income tax assets and liabilities consisted of the following:

	Dec. 31, 2021		June 30, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	54	-	24	-
Foreign tax authorities	221	42	263	66
Total current income tax assets and liabilities	**275**	**42**	**287**	**66**

The increase of current income tax assets and liabilities pertained entirely to relations with foreign financial administrations.

Other current income tax assets and liabilities

Other current income tax assets and liabilities consisted of the following:

	Dec. 31, 2021		June 30, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	3	35	3	16
Foreign tax authorities	193	157	197	135
Total other current income tax assets and liabilities	**196**	**192**	**200**	**151**

Other current tax assets from Italian tax authorities amounting to €3 million (€3 million as of December 31, 2021) relate to VAT assets for €1 million (€1 million as of December 31, 2021) and to indirect tax assets for €2 million (€2 million as of December 31, 2021).
Other current tax assets from foreign tax authorities amounting to €197 million (€193 million as of December 31, 2021) relate to VAT assets for €161 million (€139 million as of December 31, 2021) and to indirect tax assets for €36 million (€54 million as of December 31, 2021).
Other current tax liabilities from Italian tax authorities amounting to €16 million (€35 million as of December 31, 2021) relate to VAT liabilities for €3 million (€21 million as of December 31, 2021) and to indirect tax liabilities for €13 million (€14 million as of December 31, 2021).
Other current tax liabilities from foreign tax authorities amounting to €135 million (€157 million as of December 31, 2021) relate to VAT liabilities for €83 million (€92 million as of December 31, 2021) and to indirect tax liabilities for €52 million (€65 million as of December 31, 2021).

Non-current income tax assets and liabilities

Non-current income tax assets and liabilities consisted of the following:

	Dec. 31, 2021		June 30, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	-	-	-	-
Foreign tax authorities	20	42	18	23
Total non-current income tax assets and liabilities	**20**	**42**	**18**	**23**

Non-current income tax assets relate to income tax assets expected to be due in more than twelve months. Non-current income tax liabilities refer to assessments of uncertain tax treatments. The Saipem Group operates in numerous countries with complex tax laws to which it also adheres thanks to the support of local tax consultants, adopting a conduct which ensures the maximum compliance with the fiscal legislation in force and established practice. It is therefore believed that no significant additional liabilities will arise with respect to those already recognised.

11 Other assets

Other current assets

Other current assets amounted to €327 million (€231 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Fair value of derivative financial instruments	87	190
Other assets	144	137
Total	**231**	**327**

The deviation of fair value on derivatives of €103 million is attributable mainly to the EUR/USD exchange rate, as well as all the other currencies linked to the US dollar.
The fair value of derivative financial instruments is commented in Note 23 “Derivative financial instruments”.
Other assets as of June 30, 2022 amounted to €137 million, a decrease of €7 million compared to December 31, 2021, and consisted mainly of costs not attributable to the financial year relating to the preparation of vessels to be used on contracts, to insurance costs and to lease contracts.
Other current assets for €29 million were reclassified in the Discontinued operations.

Other non-current assets

Other non-current assets of €28 million (€37 million as of December 31, 2021) were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Fair value of derivative financial instruments	5	2
Other receivables	9	10
Other assets	23	16
Total	**37**	**28**

The fair value of derivative financial instruments is commented in Note 23 “Derivative financial instruments”.
Other receivables amounted to €10 million, in line with 2021, and related almost exclusively to guarantee deposits of various kinds, mainly guarantee deposits paid for property leases and for the investigation of legal proceedings.
Other non-current assets as of June 30, 2022 amounted to €16 million, a decrease of €7 million compared to December 31, 2021, which mostly include costs not pertaining to the financial year, for the preparation of vessels to be used on contracts and to insurance costs.
Other non-current assets for €8 million were reclassified in the Discontinued operations.
Other non-current assets from related parties are shown in Note 36 “Related party transactions”.

12 Property, plant and equipment

Property, plant and equipment amounted to €2,610 million (€3,113 million as of December 31, 2021) and consisted of the following:

(€ million)	Property, plant and equipment
Gross value as of December 31, 2021	13,074
Depreciation and impairment losses as of December 31, 2021	9,961
Carrying amount as of December 31, 2021	**3,113**
Capital expenditure	109
Depreciation and amortisation [(a)]	(195)
Net reversals of impairment losses	(1)
Disposals	(1)
Discontinued operations	(396)
Assets held for sale	(63)
Change in the consolidation scope	-
Business unit transactions	-
Exchange differences	44
Other changes	-
Carrying amount as of June 30, 2022	**2,610**
Gross value as of June 30, 2022	10,593
Depreciation and impairment losses as of June 30, 2022	7,983

(a) Depreciation and amortisation include an amount of €48 million relating to Discontinued operations.

Capital expenditure during the first half of 2022 amounted to €109 million (€283 million as of December 31, 2021) and mainly related to:
- €66 million in the Offshore Engineering & Construction sector: extraordinary maintenance and reinforcement of the vessel Saipem 7000, and maintenance and upgrading of existing vessels, in particular FDS and FDS 2;
- €5 million in the Onshore Engineering & Construction sector: purchase and maintenance of equipment;
- €12 million in the Offshore Drilling sector: maintenance and upgrading of vessels;
- €26 million in the Onshore Drilling sector: upgrading of a rig for operations in Saudi Arabia, as well as the maintenance and upgrading of the existing facilities.

No financial expenses were capitalised during the first half of the year.

Net exchange gains due to the translation of financial statements prepared in currencies other than euro, amounted to €44 million.
As of June 30, 2022, all property, plant and equipment were unencumbered by collateral.
Investment commitments for projects for which procurement contracts have already been placed, expiring in 2023 (including values relating to the second half of 2022), amount to €95 million (€17 million relating to Discontinued operations).

Impairment

In monitoring impairment indicators, the Group considers, among other factors, the relationship between its market capitalisation and equity. Considering the timing of the capital increase, as of July 19, 2022 (date after the closing of the capital increase finalised on July 15, 2022) the Group's market capitalisation was lesser than the forecast value of equity for the second forecast of 2022. Since this situation shows a potential impairment loss of goodwill and/or other assets, the impairment test involved the verification of the recoverable amount of all Cash Generation Units (CGUs).
Compared to the impairment test conducted on December 31, 2021, the Onshore Drilling business and the leased FPSO Cidade de Vitória were not subject to impairment as they are accounted for as "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5 and given the fair value values deduced from expected transactions. The impairment test was therefore carried out on 12 CGUs compared to the 14 CGUs as of December 31, 2021, represented by the Offshore Engineering & Construction business, the Onshore Engineering & Construction business excluding the leased FPSO Cidade de Vitória (hereinafter "Onshore Engineering & Construction") and the individual rigs of the Offshore Drilling (10 individual offshore rigs, the same as of December 31, 2021).
The recoverability of the carrying amounts of the CGUs was assessed by comparing the carrying amount of each CGU with its recoverable amount, determined on the basis of value in use obtained by discounting the future cash flows generated by each CGU at the weighted average cost of capital ("WACC") specific to each business segment in which the individual CGU operates.
In view of the conditions in which the Company operates, not unlike those of December 31, 2021, the impairment test of June 30, 2022, was conducted again considering different scenarios; in particular, two "scenarios" were elaborated, including assumptions partially different from each other.
First, a basic assessment scenario was defined (so-called "full plan scenario") taking into account: (i) as for forecast flows, the flows of the 2022-2025 Strategic Plan approved by the Board of Directors (hereinafter "Plan") in March 2022, properly updated by substituting the first year of Plan with the expected results of the second half-year, based on the forecast for the second half of 2022 and on the interim financial statements as of June 30, 2022. In particular, the assumptions approved in March 2022 were confirmed by management as detailed in the Sanity Check process; (ii) in terms of the discount rate, WACC estimates calculated internally for each CGU using an analytical method (weighted average value of the Group's WACC equal to 8.3%); and (iii) in terms of the growth rate beyond the last forecast year, the target value of the inflation rate in the medium term determined by the ECB (2.0%).
The table below shows the discount rates calculated by the Company with reference to each business segment:

(%)	WACC Dec. 31, 2021	WACC June 30, 2022
Offshore E&C	8.7	9.1
Onshore E&C	8.1	9.5
Offshore Drilling	7.2	6.3

The discount rates used (WACC) reflect market assessments of the time value of money and the systematic risks specific to the activities of the individual CGUs that are not reflected in the estimate of future cash flows and have been estimated for each business segment taking into account: (i) a cost of debt estimated from the ten-year market base rates plus credit spread relating to a panel of operators assembled to take into consideration the specific business segment; (ii) median leverage of the same panel of operators (based on data regarding debt and market capitalisation of the last 5 years for each operator); (iii) the median beta of the securities of companies belonging to the same panel estimated on a 5-year historical horizon. Post-tax cash flows and discount rates were used as they produce outcomes which are equivalent to those resulting from a valuation using pre-tax cash flows and discount rates.
Once the "full plan scenario" was defined, an alternative assessment scenario was identified (so-called "impairment scenario"), defined by more conservative assumptions for the forecast economic and financial flows, the discount rate and the long-term growth rate, considering the context in which the Company carried out the analyses. In particular, for the purpose of the impairment test as of June 30, 2022, the choice was made – with reference to the information base, the valuation parameters and the configuration of flow considered for the terminal value estimate – to take external sources, making the following adjustments to the estimates and parameters of the "full plan" scenario:

- as for the economic and financial flows, the adjustments made are:
  - for the Offshore Engineering & Construction and the Onshore Engineering & Construction CGUs, a reduction of margins was applied on the contracts to be awarded for each year of Plan, in continuity with December 31, 2021, considering the outcome of the Independent Business Review ("IBR") developed by independent advisors to support the scenario for the Plan approved in March 2022. This adjustment also affected the calculation of the flow for the last year of the plan used to estimate the terminal value. In order to reflect the evolution of market conditions during the half-year and following the outbreak of the conflict between Russia and the Ukraine, another correction was applied to the flows to take into account the changes in the country risk premium compared to what was already included. The terminal value was determined on the basis of the perpetuity method, applying a long-term growth rate to the "normalised" terminal cash flow in line with the

median of analysts' consensus in relation to the entire Group (in order to take into account the dynamics of the business and/or the cyclicality of the sector);
- for Offshore Drilling rigs, for the period beyond the Plan horizon (on the basis of the residual economic and technical life of the individual assets, or, if earlier, the expected expiry date of the last cyclical maintenance), were taken into consideration: (i) long-term lease rates defined as part of the planning process, by the related business, through an estimate procedure based on managerial assessments on collected information (both internal and external), inflated by 0.5% over the projection period; in particular the long-term lease rates of the Offshore Drilling CGUs have been defined using the latest available reports processed by external sources, normally used by the business as a reference benchmark; (ii) "normalised" idle days; (iii) operating costs based on figures of the last year of the plan, inflated by 0.5% (in line with revenue); (iv) investments and related plant down times for cyclical maintenance and replacements estimated by the divisions on the basis of the planned schedule for cyclical and intermediate maintenance;

- in terms of discount rate, discount rates based on WACC (calculated as per established practice) were used, appropriately adjusted to align the Group's weighted average WACC with the analysts' median WACC of 8.7%. The discount rates, higher than the WACC estimates calculated by the Company, are: Offshore E&C 9.5%, Onshore E&C 10.0% and Offshore Drilling 6.6%.

The economic and financial forecasts used for the impairment test were determined on the basis of the best information available and expectations at the time of the estimate, considering the future expectations of the management of the divisions in relation to their respective markets, as well as actual results.
The estimates, in accordance with the provisions of IAS 36, do not consider cash inflows or outflows deriving from: (i) a future restructuring still to be approved or to which the Group is not committed yet, or (ii) the improvement or optimisation of business performance on the basis of initiatives still to be undertaken or approved, or for which there is still no commitment towards third parties for the increase of production capacity with respect to current capacity.
The impairment test performed on June 30, 2022, did not result in any write-downs.
The following table summarises the overall results of the test on the individual CGUs:

(€ million)	Offshore	Onshore	Offshore Drilling
Headroom (impairment loss)	270	610	199

The sensitivity analyses and relating to the 12 CGUs referring to the 10 Offshore Drilling assets are reported below, while those relating to the Offshore Engineering & Construction CGU and the Onshore Engineering & Construction CGU are reported in Note 13 "Intangible assets".

Sensitivity analysis of the CGUs referring to 10 Offshore Drilling rigs

The key assumptions adopted in assessing the recoverable amounts of the 10 CGUs representing the Group's offshore vessels related mainly to the operating result of the CGUs (based on a combination of several factors, including charter rates and exchange rates) and the discount rate applied to the cash flows. The effects of the sensitivity analysis on the parameters used for the estimate will be analysed below on the recoverable amount of these CGUs:
- an increase in the discount rate by 1% would not lead to a write-down;
- decreases in long-term day rates of 10% compared with the rates assumed in the plan projections would not produce any impairment loss;
- decreases in long-term day rates of 20% compared with the rates assumed in the plan projections would produce an impairment loss equal to €182 million;
- an increase in long-term euro/dollar exchange rate of 0.1 compared to the scenario assumed in plan projections amounting to 1.3 would not produce any impairment loss.

13 Intangible assets

Intangible assets of €696 million (€699 million as of December 31, 2021) consisted of the following:

(€ million)	Intangible assets with indefinite useful lives	Other intangible assets with indefinite useful lives	Total
Gross value as of December 31, 2021	283	-	283
Depreciation and impairment losses as of December 31, 2021	(251)	-	(251)
Carrying amount as of December 31, 2021	**32**	**667**	**699**
Capital expenditure	3	-	3
Depreciation and amortisation	(6)	-	(6)
Net reversals of impairment losses	-	-	-
Exchange differences and other changes	-	-	-
Carrying amount as of June 30, 2022	**29**	**667**	**696**
Gross value as of June 30, 2022	286	-	286
Depreciation and impairment losses as of June 30, 2022	(257)	-	(257)

Goodwill of €667 million related mainly to the difference between the purchase price, including transaction costs, and the net assets of Saipem SA (€629 million), Sofresid SA (€21 million) and the Moss Maritime Group (€12 million) on the date that control was acquired.
For impairment purposes, goodwill has been allocated to the following CGUs:

(€ million)	Dec. 31, 2021	June 30, 2022
Offshore E&C	403	403
Onshore E&C	264	264
Total	**667**	**667**

The recoverable amount of the CGUs, to which goodwill was allocated, was determined based on value in use, calculated by discounting the future cash flows expected to be generated by each CGU.
The basis of the cash flow estimate, the discount rate used and the terminal growth rate for the estimate of the recoverable amount of the CGUs to which goodwill is allocated are described in the "Impairment" section of Note 12 "Property, plant and equipment".
The table below shows, as of June 30, 2022, the amounts by which the recoverable amounts of the Offshore Engineering & Construction and Onshore Engineering & Construction CGUs exceed their carrying amounts, including allocated goodwill.

(€ million)	Offshore	Onshore	Total
Goodwill	403	264	**667**
Amount by which recoverable amount exceeds carrying amount	270	610	**880**

The key assumptions adopted for assessing recoverable amounts were principally the operating results of the CGU (based on a combination of various factors, e.g., sales volumes, service prices, project profit margins, cost structure), the discount rate, the growth rates adopted to determine the terminal value and working capital projections. The effects of changes in these parameters in relation to the amount by which recoverable amount exceeds the carrying amounts (including goodwill) for each of the CGUs to which goodwill was allocated are described below.

Sensitivity analysis on the Offshore Engineering & Construction CGU

The excess of the recoverable amount of the Offshore Engineering & Construction CGU over its carrying amount, including the allocated portion of goodwill, is reduced to zero under the following circumstances:
- decrease by 14.3% in the operating result, over the entire plan period and in perpetuity;
- use of a discount rate of 10.6%;
- use of a terminal growth rate of 0.3%.

Further, the excess of the recoverable amount over the value of the net capital employed would increase if working capital cash flows were reduced to zero.

Sensitivity analysis on the Onshore Engineering & Construction CGU

The excess of the recoverable amount of the Onshore Engineering & Construction CGU over its carrying amount, including the allocated portion of goodwill, is never reduced to zero for any variation of the discount rate and terminal growth rate or for a reduction, up to cancellation, of the operating profit along the entire period of the plan and in perpetuity.
In addition, the excess of the recoverable amount over the value of net invested capital employed would increase if working capital cash flows were reduced to zero.

14 Right-of-Use assets, lease assets and lease liabilities

The movements during the period of the "Right-of-Use" assets and lease financial assets and liabilities as of June 30 are shown as follows:

(€ million)	Right-of-Use assets	Lease assets		Lease liabilities	
		Current	Non-current	Current	Non-current
December 31, 2021					
Opening balance	**288**	**16**	**51**	**151**	**270**
Increases	105	-	21	1	115
Decreases and cancellations	(15)	(19)	-	(154)	(17)
Depreciation and amortisation	(106)	-	-	-	-
Net reversals of impairment losses	(15)	-	-	-	-
Exchange differences	4	2	3	5	10
Interest	-	2	-	13	-
Other changes	-	29	(29)	131	(131)
Final value	**261**	**30**	**46**	**147**	**247**
June 30, 2022					
Opening balance	**261**	**30**	**46**	**147**	**247**
Increases	58	-	-	1	55
Decreases and cancellations	(10)	(11)	-	(79)	(12)
Depreciation and amortisation [a]	(66)	-	-	-	-
Net reversals of impairment losses	-	-	-	-	-
Exchange differences	6	2	3	5	8
Interest	-	1	-	7	-
Other changes	-	18	(18)	97	(97)
Final value	**249**	**40**	**31**	**178**	**201**

(a) Depreciation and amortisation include an amount of €3 million relating to discounted operations.

The net decrease between current financial lease liabilities and assets is €68 million due to the effect of lease payments for the period and the decrease in the debt resulting from reduction in the Iraq yard area.
Based on business assessments, unexercised renewal options related mainly to land and building totalling €15 million (€23 million as of December 31, 2021) are not considered in the determination of the total duration of the contracts and lease liability as of June 30, 2022.
The breakdown of renewal options by year is as follows:

(€ million)	2023	2024	2025	2026	2027	After	Total
Renewal options	-	-	1	1	1	12	**15**

Lease assets refer to subleases of vessels.
Other changes in financial liabilities for leasing refer to the reclassification of financial liabilities from non-current to current.
The analysis by maturity of net lease liabilities as of June 30, 2022, is as follows:

(€ million)	Short term portion 2022	Non-current portion					Total
		2023	2024	2025	2026	After	
Lease liabilities	178	56	50	23	16	56	379
Lease assets	40	15	15	1	-	-	71
Total	**138**	**41**	**35**	**22**	**16**	**56**	**308**

The average marginal loan rate used for discounting the "Right-of-Use" and financial liabilities for leasing, was 4.4% as of June 30, 2022 (4.2% as of December 31, 2021).

15 Equity investments

Equity investments accounted for using the equity method

Equity investments accounted for using the equity method of €221 million (€157 million as of December 31, 2021) were as follows:

(€ million)	Opening carrying amount	Acquisitions and subscriptions	Sales and reimbursements	Share of profit of equity-accounted investees	Share of loss of equity-accounted investees	Deduction for dividends	Change in the consolidation scope	Exchange differences	Movements in reserves	Other changes	Closing carrying amount	Loss allowance
December 31, 2021												
Investments in joint ventures	89	-	(1)	26	(30)	(9)	-	2	-	1	78	-
Investments in associates	77	-	-	30	(12)	(18)	-	2	-		79	-
Total	**166**	**-**	**(1)**	**56**	**(42)**	**(27)**	**-**	**4**	**-**	**1**	**157**	**-**
June 30, 2022												
Investments in joint ventures	78	-	-	8	(12)	-	-	3	-	-	77	-
Investments in associates	79	-	-	71	(1)	(7)	-	2	-	-	144	-
Total	**157**	**-**	**-**	**79**	**(13)**	**(7)**	**-**	**5**	**-**	**-**	**221**	**-**

Equity investments accounted for using the equity method are detailed in Note 4 "Consolidation scope as of June 30, 2022".
The share of profit of equity-accounted investees of €79 million included profits for the period of €8 million recorded by the joint ventures and €71 million for the period recorded by associates.
The share of loss of equity-accounted investees of €13 million included losses for the period of €12 million recorded by the joint ventures and €1 million for the period recorded by associates.
Deductions following the distribution of dividends of €7 million related to associates.
The carrying amount of equity investments accounted for using the equity method related to the following companies:

(€ million)	Group interest (%)	Carrying amount as of Dec. 31, 2021	Carrying amount as of June 30, 2022
Gygaz Snc	15.15	35	66
Petromar Lda	70.00	52	65
Novarctic Snc	33.33	1	31
Saipem Taqa Al Rushaid Fabricators Co Ltd	40.00	24	28
Rosetti Marino SpA	20.00	15	14
TSGI Mühendislik İnşaat Ltd Şirketi	33.33	11	10
Other		19	7
Total equity investments accounted for using the equity method		**157**	**221**

The total of equity investments accounted for using the equity method does not include the allocation of the provision to cover losses, commented on in Note 21 "Provisions for risks and charges".

Other equity investments

The other equity investments are not individually significant as of June 30, 2022.

16 Deferred tax assets and liabilities

Deferred tax assets of €384 million (€329 million as of December 31, 2021) are shown net of offsetable deferred tax liabilities (offset €98 million).
Deferred tax liabilities of €4 million (€5 million as of December 31, 2021) are shown net of offsetable deferred tax assets of €98 million.

The movements of deferred tax assets and deferred tax liabilities were as follows:

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	June 30, 2022
Deferred tax assets	329	78	(48)	6	19	384
Deferred tax liabilities	(5)	(23)	16	(2)	10	(4)
Total deferred tax assets (liabilities)	**324**	**55**	**(32)**	**4**	**29**	**380**

The item "Other changes" in deferred tax assets, up €19 million, included: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (down €12 million); (ii) the tax effects (up €43 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; (iii) the tax effects (down €5 million) of revaluation of defined benefit plans for employees reported in equity; (iv) other changes (down €7 million, of which €6 million reclassified as Discontinued operations).
The item "Other changes" in deferred tax liabilities, down €10 million, included: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (down €12 million); (ii) the tax effects (up €1 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; (iii) the tax effects (up €2 million) of revaluation of defined benefit plans for employees reported in equity; (iv) other changes (up €19 million).
Net deferred tax assets consisted of the following:

(€ million)	Dec. 31, 2021	June 30, 2022
Deferred tax liabilities	(91)	(102)
Offsetable deferred tax assets	86	98
Net deferred tax liabilities	**(5)**	**(4)**
Non-offsetable deferred tax assets	329	384
Net deferred tax assets (liabilities)	**324**	**380**

Deferred tax assets recognised in the financial statements as of June 30, 2022, relating to tax losses amounted to €63 million and are considered recoverable in the next 4 years.
Taxes are shown in Note 32 "Income taxes".

17 Trade payables, other liabilities and contract liabilities

Trade payables and other liabilities

Trade payables and other liabilities of €2,877 million (€2,651 million as of December 31, 2021) consisted of the following:

(€ million)	Dec. 31, 2021	June 30, 2022
Trade payables	2,378	2,563
Other liabilities	273	314
Total	**2,651**	**2,877**

Trade payables amounted to €2,563 million, representing an increase of €185 million compared to December 31, 2021.
Trade payables for €90 million were reclassified in the Discontinued operations.
Trade payables and other liabilities to related parties are shown in Note 36 "Related party transactions".
Other liabilities of €314 million were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Liabilities to:		
- employees	141	139
- national insurance/social security contributions	63	65
- insurance companies	2	3
- consultants and professionals	4	4
- Directors and Statutory Auditors	1	1
Other	62	102
Total	**273**	**314**

Other liabilities for €14 million were reclassified in the Discontinued operations.
The fair value of trade payables and other liabilities did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

Contract liabilities

Contract liabilities of €2,663 million (€2,517 million as of December 31, 2021) consisted of the following:

(€ million)	Dec. 31, 2021	June 30, 2022
Contract liabilities (from work in progress)	1,452	1,697
Advances from customers	1,065	966
Total	**2,517**	**2,663**

Contract liabilities (from work in progress) of €1,697 million (€1,452 million as of December 31, 2021) relate to adjustments in revenue invoiced on long-term contracts, in order to comply with the principle of accruals, in application of the accounting policies based on the contractual amounts accrued.
In particular, contractual liabilities (from work in progress)) increased by €245 million as a result of adjustments to revenues invoiced during the first six months of the year following the valuation based on the operating progress of projects for €412 million, plus the impact of the exchange rate effect for €37 million, partially offset by the recognition of revenues in the current period for €204 million adjusted at the end of the previous year.
Advances from clients of €966 million (€1,065 million as of December 31, 2021) refer to amounts received in previous financial years and in the first half of the year, in relation to contracts in execution, eroded on the basis of contractual milestones.
Contract liabilities to related parties are shown in Note 36 “Related party transactions”.

18 Other liabilities

Other current liabilities

Other current liabilities amounted to €437 million (€186 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Fair value of derivative financial instruments	175	405
Other liabilities	11	32
Total	**186**	**437**

The deviation of fair value on derivatives of €230 million is attributable mainly to the EUR/USD exchange rate, as well as all the other currencies linked to the US dollar.
The fair value of derivative financial instruments is commented in Note 23 “Derivative financial instruments”.
Other liabilities amounted to €32 million, up €21 million from December 31, 2021, and included mainly the registration of insurance premium reserves.
Other liabilities for €2 million were reclassified in the Discontinued operations.
Other liabilities to related parties are shown in Note 36 “Related party transactions”.

Other non-current liabilities

Other non-current liabilities of €12 million (€30 million as of December 31, 2021) were as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Fair value of derivative financial instruments	28	10
Other payables	2	2
Other liabilities	-	-
Total	**30**	**12**

19 Financial liabilities

Financial liabilities were as follows:

	Dec. 31, 2021				June 30, 2022			
(€ million)	Current financial liabilities	Current portion of non-current financial liabilities	Non-current financial liabilities	Total	Current financial liabilities	Current portion of non-current financial liabilities	Non-current financial liabilities	Total
Banks	367	151	439	957	859	154	373	1,386
Ordinary bonds	-	546	1,993	2,539	-	39	1,994	2,033
Other financial institutions	45	-	-	45	296	-	-	296
Total	**412**	**697**	**2,432**	**3,541**	**1,155**	**193**	**2,367**	**3,715**

As of June 30, 2022, there are bank financing contracts with Financial Covenant clauses requiring compliance with the ratio between net financial debt and EBITDA (as defined in the respective financing contracts), determined every year based on the December 31 data, not higher than 3.5 times. It should be noted that the Company agreed with the respective lenders, during the period between October and December 2021, on the waiver, for the year 2021 only, of the Financial Covenant clause in the aforementioned financing contracts. As a result of this waiver, the Financial Covenant has not been recorded and calculated in relation to the date of December 31, 2021. It should also be noted that, as of June 30, 2022, there are loan agreements containing an express declaration that the Company has not been and has never been in the situation under Article 2446 of the Italian Civil Code. In view of the ex-article 2446 resulting from 2021 results, the Company, consistently with what it has been done in previous months, obtained all waivers before June 30, 2022, necessary for the temporary disapplication of that declaration, until the beginning of the next interest period of 2022. Considering that the waivers obtained by the Company have a limited effectiveness in time, activities are underway to obtain the issuance of waivers to grant the Company a definitive waiver of any declaration that the circumstances set forth in Article 2446 of the Italian Civil Code have occurred with reference to the financial statements for the year ended December 31, 2021.

Regarding the Liquidity Facility issued on April 4, 2022 for an amount of €680 million (equal to the so-called "Tranche A" of the above-mentioned facility) as part of the wider Financial Package approved by the Board of Directors on March 24, 2022, it should be noted that the financing was reimbursed on July 8, 2022 through the liquidity deriving from the use of the so-called "SACE Facility", used for the total amount of €852 million and reimbursed on July 18, 2022 through the liquidity deriving from the capital increase concluded on July 15, 2022.

It should also be noted that on June 30, 2022, all the clauses concerning limitations to the use of financial resources, including change of control, negative pledge, and cross-default clauses, are met.

The analysis by maturity of non-current financial liabilities as of June 30, 2022, is as follows:

(€ million)

Type	Maturity range	2023	2024	2025	2026	After	Total non-current financial liabilities
Banks	2023-2027	139	93	66	60	15	373
Ordinary bonds	2023-2028	498	-	497	499	500	1,994
Total		**637**	**93**	**563**	**559**	**515**	**2,367**

With reference to future contractual payments due, the maturities of non-current financial liabilities were analysed as follows:

			Long-term maturity						
(€ million)	Carrying amount as of June 30, 2022	Short-term maturity as of June 30, 2023	Second half of 2023	2024	2025	2026	2027	After	Total future payments as of June 30, 2022
Banks	527	157	141	95	66	60	15	-	534
Ordinary bonds	2,033	42	500	-	500	500	-	500	2,042
Other financial institutions	-	-	-	-	-	-	-	-	-
Total	**2,560**	**199**	**641**	**95**	**566**	**560**	**15**	**500**	**2,576**

The difference of €16 million between the carrying amount of the non-current financial liabilities recognised in the financial statements as of June 30, 2022, and the total of future payments is due to the measurement using the amortised cost method.

The analysis of financial liabilities by currency with an indication of the interest rate is as follows:

(€ million)	Dec. 31, 2021						June 30, 2022					
		Interest rate %			Interest rate %			Interest rate %			Interest rate %	
Currency	Current financial liabilities	from	to	Non-current (including current portion)	from	to	Current financial liabilities	from	to	Non-current (including current portion)	from	to
Euro	235	0.00	0.50	3,129	0.80	3.75	966	0.00	9.50	2,560	0.90	3.75
US Dollar	9	3.21	3.21	-			10	3.57	3.57	-		
Other	168	variable		-			179	variable		-		
Total	**412**			**3,129**			**1,155**			**2,560**		

Non-current financial liabilities, including the current portion, mature between 2023 and 2028.

As of June 30, 2022, Saipem had unused uncommitted short-term credit lines amounting to €164 million (€207 million as of December 31, 2021) and unused committed short-term credit lines amounting to €175 million.

Commission fees on unused lines of credit were not significant.

It should be noted that the obtainment of a new Revolving Credit Facility for a total amount of up to €1 billion is under negotiation.

There were no financial liabilities secured by mortgages or liens on real estate of consolidated companies and by pledges on securities.

The fair value of non-current financial liabilities, including the current portion, amounted to €2,163 million (€3,152 million as of December 31, 2021) and was calculated by discounting the actual future cash flows in the main currencies of the loan at the following, approximate rates:

(%)	Dec. 31, 2021	June 30, 2022
Euro	0.56-3.42	10.15-18.45

The market value of listed financial instruments was calculated using the closing stock price at the last available date of the year.
The following table lists the comparison between the notional value, the carrying amount and the fair value of non-current financial liabilities:

	Dec. 31, 2021			June 30, 2022		
(€ million)	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Banks	597	590	583	534	527	467
Ordinary bonds	2,500	2,539	2,569	2,000	2,033	1,697
Other financial institutions	–	–	–	–	–	–
Total	**3,097**	**3,129**	**3,152**	**2,534**	**2,560**	**2,164**

The following is a reconciliation between the initial and final values of finance debt and the net financial position:

			Non-cash changes				
(€ million)	Dec. 31, 2021	Changes in cash flows	Acquisitions	Exchange differences	Change in the fair value	Other non-monetary changes	June 30, 2022
Current financial liabilities	412	733	-	10	-	-	1,155
Non-current financial liabilities and current portion thereof	3,129	(566)	-	-	-	(3)	2,560
Net lease liabilities (assets)	318	(57)	-	8	-	39	308
Total net liabilities from financing activities	**3,859**	**110**	**-**	**18**	**-**	**36**	**4,023**

Financial liabilities to related parties are shown in Note 36 "Related party transactions".

20 Analyses of net financial debt

The financial debt statement prepared according to the provisions established in the Consob document 5/21 of April 29, 2021, which implements the ESMA Guidelines, is presented below.

	Dec. 31, 2021			June 30, 2022		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**1,632**	**-**	**1,632**	**1,680**	**-**	**1,680**
B. Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:						
- Financial assets measured at fair value through OCI	59	-	59	71	-	71
- Loan assets	566	-	566	506	-	506
D. Liquidity (A+B+C)	**2,257**	**-**	**2,257**	**2,257**	**-**	**2,257**
E. Current financial debt:	**559**	**-**	**559**	**1,333**	**-**	**1,333**
- Current bank loans and borrowings	367	-	367	859	-	859
- Current financial liabilities related parties	18	-	18	199	-	199
- Other current financial liabilities	27	-	27	97	-	97
- Lease liabilities	147	-	147	178	-	178
F. Current portion of the non-current financial debt:	**697**	**-**	**697**	**193**	**-**	**193**
- Non-current bank loans and borrowings	151	-	151	154	-	154
- Ordinary bonds	546	-	546	39	-	39
G. Current financial debt (E+F)	**1,256**	**-**	**1,256**	**1,526**	**-**	**1,526**
H. Net current financial debt (G-D)	**(1,001)**	**-**	**(1,001)**	**(731)**	**-**	**(731)**
I. Non-current financial debt:	**-**	**686**	**686**	**-**	**574**	**574**
- Non-current bank loans and borrowings	-	439	439	-	373	373
- Non-current financial liabilities related parties	-	-	-	-	-	-
- Lease liabilities	-	247	247	-	201	201
J. Debt instruments:	**-**	**1,993**	**1,993**	**-**	**1,994**	**1,994**
- Ordinary bonds	-	1,993	1,993	-	1,994	1,994
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**2,679**	**2,679**	**-**	**2,568**	**2,568**
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(731)**	**2,568**	**1,837**

Reconciliation of net financial debt

	Dec. 31, 2021			June 30, 2022		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(731)**	**2,568**	**1,837**
N. Non-current loan assets	**-**	**61**	**61**	**-**	**63**	**63**
O. Lease assets	**30**	**46**	**76**	**40**	**31**	**71**
P. Net financial debt (M-N-O)	**(1,031)**	**2,572**	**1,541**	**(771)**	**2,474**	**1,703**

Net financial debt as of June 30, 2022, before IFRS 16 lease liability effects amounted to €1,395 million, which, net of the payment made by the shareholder Eni for €458 million, recorded an increase of €630 million compared to December 31, 2021 (€1,223 million), mainly due to the cash absorption of projects subject to backlog review, the negative trend in the balance of advances from customers and suppliers, and investments for the period. Net debt inclusive of IFRS 16 lease liabilities, for €308 million, amounted to €1,703 million.
Loan assets are explained in Note 7 “Other financial assets”.

21 Provisions for risks and charges

Provisions for risk and charges of €1,197 million (€1,353 million as of December 31, 2021) consisted of the following:

(€ million)	Opening balance	Accruals	Utilisations	Other changes	Final value
December 31, 2021					
Provisions for taxes	13	2	(2)	1	14
Provisions for disputes	74	294	(109)	6	265
Provisions for losses on investments	26	23	(18)	(1)	30
Provision for contractual expenses and losses on long-term contracts	144	858	(31)	2	973
Provisions for redundancy incentives	-	21	(2)	(2)	17
Other provisions	38	21	(9)	4	54
Total	**295**	**1,219**	**(171)**	**10**	**1,353**
June 30, 2022					
Provisions for taxes	14	-	(1)	-	13
Provisions for disputes	265	7	(49)	5	228
Provisions for losses on investments	30	90	-	12	132
Provision for contractual expenses and losses on long-term contracts	973	45	(263)	1	756
Provisions for redundancy incentives	17	1	(4)	2	16
Other provisions	54	4	(8)	2	52
Total	**1,353**	**147**	**(325)**	**22**	**1,197**

The **provisions for taxes** amounted to €13 million and related principally to disputes concerning indirect taxes with foreign tax authorities that are ongoing and take into account the results of recent assessments.
The Group operates in numerous countries with complex tax laws to which it adheres thanks also to the support of local tax consultants. In some of these jurisdictions, the Group is handling, through appeals, some requests made by the tax authorities, from which the Directors believe that no further significant charges will arise with respect to what has already been set aside.
The **provisions for disputes** amounted to €228 million and consisted of provisions set aside by Saipem SpA and a number of foreign subsidiaries in relation to ongoing disputes, of which €12 million were for disputes with employees. The provision mainly includes an estimate of contingent liabilities arising from settlements and legal proceedings.
The **provisions for losses on investments** amounted to €132 million and related to provisions for losses of investees accounted for using the equity method. The increase in the provision for the period is mainly attributable to the contractual changes to a project carried out in Russia by an associate company and to a project carried out in JV in the Far East.
The **provision for contractual expenses and losses on long-term contracts** amounted to €756 million and included the estimate of losses for €741 million and the provision for final project costs for the amount of €15 million related to Offshore and Onshore E&C projects.
The **provisions for redundancy** incentives amounted to €16 million and referred to provisions made by the Parent Company and a foreign subsidiary.
Other provisions amounted to €52 million and are for other contingencies.
For further information, see Note 27 “Guarantees, commitments and risks”.

22 Employee benefits

Employee benefits amounted to €179 million (€238 million as of December 31, 2021); €23 million were reclassified in the Discontinued operations.

23 Derivative financial instruments

	Dec. 31, 2021		June 30, 2022	
(€ million)	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Derivatives qualified for hedge accounting				
Interest rate contracts (Spot component)				
- purchases	-	1	-	2
- sales	-	-	-	-
Currency forwards (Spot component)				
- purchases	54	19	90	37
- sales	4	110	2	261
Currency forwards (Forward component)				
- purchases	3	2	-	-
- sales	(1)	5	-	(9)
Commodity forwards (Forward component)				
- purchases	-	1	13	6
- sales	-	-	-	
Total derivatives qualified for hedge accounting	**60**	**138**	**105**	**297**
Derivatives not qualified for hedge accounting				
Currency forwards (Spot component)				
- purchases	27	12	77	26
- sales	3	48	2	90
Currency forwards (Forward component)				
- purchases	2	1	4	(1)
- sales	-	5	4	3
Commodity forwards (Forward component)				
- purchases	-	-	-	-
- sales	-	-	-	-
Total derivatives not qualified for hedge accounting	**32**	**66**	**87**	**118**
Total derivatives	**92**	**204**	**192**	**415**
Of which:				
- current	87	175	190	405
- non-current (includes IRS, Note 20 "Analyses of net financial debt")	5	29	2	10

The change in positive fair value in the first half of 2022 equal to €100 million and in negative fair value equal to €211 million concerning derivatives is mainly attributable to the change in the EUR/USD exchange rate and in the exchange rate of other currencies linked to the US dollar.
The derivative contracts' fair value hierarchy is level 2.
Purchase and sale commitments on derivatives are detailed as follows:

	Dec. 31, 2021		June 30, 2022	
(€ million)	Assets	Liabilities	Assets	Liabilities
Purchase commitments				
Derivatives qualified for hedge accounting:				
- interest rate derivatives	-	75	-	75
- currency contracts	1,393	1,444	1,152	1,233
- commodity contracts	-	30	-	67
Derivatives not qualified for hedge accounting:				
- currency contracts	736	1,897	981	(408)
	2,129	**3,446**	**2,133**	**967**
Sale commitments				
Derivatives qualified for hedge accounting:				
- currency contracts	755	2,424	49	2,851
Derivatives not qualified for hedge accounting:				
- currency contracts	1,258	2,185	1,105	1,445
	2,013	**4,609**	**1,154**	**4,296**

The change in purchase commitments on derivatives equal to €2,479 million is attributable to a general decrease of volumes compared to December 31, 2021, relating in particular to derivatives not qualified for hedge accounting matured during the first half of 2022.

The fair value of derivative instruments was determined using valuation models commonly used in the financial sector and based on market data at the end of the period (exchange and interest rates).
The fair value of forward contracts (forward outright and currency swaps) was determined by comparing the net present value at contractual conditions of forward contracts outstanding as of June 30, 2022, with their present value recalculated at year-end market conditions. The model used is the Net Present Value model, which is based on the forward contract exchange rate, the year-end exchange rate, and the respective forward interest rate curves.
An asset of €0.3 million (liability of €1 million as of December 31, 2021) relating to the fair value of an interest rate swap has been recorded under Note 20 "Analyses of net financial debt". The fair value of interest rate swaps was determined by comparing the net present value at contractual conditions of swaps outstanding as of June 30, 2022, with their present value recalculated at year-end market conditions. The model used is the Net Present Value model, which is based on EUR forward interest rates.
Cash flow hedging transactions related to forward purchase and sale transactions (forwards, outright and currency swaps).
The cash flows and the income statement impact of hedged highly probably forecast transactions as of June 30, 2022, are expected to occur up until 2023.
During the first half of 2022, there were no significant cases in which transactions previously qualified as hedges were no longer considered highly probable.
The positive fair value of derivatives qualified for hedge accounting as of June 30, 2022, amounted to €105 million (€60 million as of December 31, 2021). For these derivatives, the spot component, amounting to €92 million (€58 million as of December 31, 2021), was suspended in the hedging reserve for an amount of €82 million (€53 million as of December 31, 2021), and was recorded as financial income and expense for €10 million (€5 million as of December 31, 2021). No forward component was recorded as financial income and expense (€2 million as of December 31, 2021). With regard to commodities contracts, the fair value of €13 million was suspended in the hedging reserve.
The negative fair value of derivatives qualified for hedge accounting as of June 30, 2022, amounted to €297 million (€138 million as of December 31, 2021). For these derivatives, the spot component, amounting to €298 million (€129 million as of December 31, 2021), was suspended in the hedging reserve for an amount of €289 million and recorded as financial income and expense for €9 million (no component as of December 31, 2021), while the forward component was recorded as financial income and expense for -€9 million (€7 million as of December 31, 2021). With regard to commodities contracts, the fair value of €6 million was suspended in the hedging reserve.
The hedging reserve, related to currency contracts, is negative for €256 million with an average weighted exchange of the hedging components of 1.1685 over the US Dollar (USD), 0.2397 over the Saudi Riyal (SAR) and 0.3421 over the Kuwaiti Dinar (KWD). The hedging reserve related to commodity contracts is positive for €23 million, with an average weighted price of the hedging instruments of $5,693/MT related to copper and $700/MT for fuel.
During the first half of 2022, core business revenue and expenses were adjusted by a net negative amount of €25 million to reflect the effects of hedging.

24 Discontinued operations, assets held for sale and directly associated liabilities

Discontinued operations

On June 1, 2022, Saipem and KCA Deutag ("KCA") signed a contract for the sale of the activities related to the sector Onshore Drilling ("DRON") for a consideration comprising a cash element of $550 million, as well as a stock component of 10% of KCA's class A ordinary shares. The transaction does not involve any transfer of financial debts from Saipem to KCA.
Prior to the completion of the sale (the "Closing"), Saipem and its subsidiaries will transfer the DRON perimeter to dedicated companies. The Closing is currently expected for the fourth quarter of 2022.
The payment will take place in two instalments:

a. $500 million of the consideration in cash and the entire consideration in shares will be paid at the Closing, at which time the entire perimeter of DRON will be transferred with the exclusion of the Latin American operations;
b. $50 million will be paid at the transfer of the activities in Latin America.

In accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", considering that the above-mentioned transaction will take place in the fourth quarter of 2022, the DRON's economic, capital, and financial gains other half-year are stated as "Discontinued operations" as major line of business.
For the purposes of the presentation: (i) in the balance sheet, assets and liabilities were stated respectively as a single voice as asset or liability; (ii) in the income statement, the economic results, net of the tax effects, were stated in a specific item before the period's net profit; (iii) in the financial statements, the net cash flow were stated separately. Correspondent comparative data are given for the income statement and cash flow data of the Discontinued operations. Moreover, the depreciation and amortisation of tangible assets were interrupted at the date of their classification as Discontinued operations (June 1, 2022).

Below are the main balance sheet values of Discontinued operations.

(€ million)	June 30, 2022
Current assets	209
Non-current assets	410
Total assets	**619**
Current liabilities	106
Non-current liabilities	23
Total liabilities	**129**

Below is the main financial information of Discontinued operations.

(€ million)	June 30, 2021	June 30, 2022
Total revenue	158	248
Operating expenses	(190)	(244)
Operating profit (loss)	(32)	4
Financial income (expense)	(2)	(3)
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	(34)	1
Income taxes	(6)	(8)
Net profit (loss):	(40)	(7)
- of which Saipem shareholders	(40)	(7)
- of which non-controlling interests	-	-
Net profit per share	(0.020)	(0.004)
Net cash flows from operating activities	20	21
Net cash flows from investing activities	(12)	(26)
Capital expenditure	12	26

Assets held for sale

In accordance with IFRS 5, activities destined to sale are shown separately from the other activities in the statement of financial position for an amount of €63 million and refer to the sale of the floating production, storage, and offloading unit (FPSO) Cidade de Vitória, currently owned by Saipem and managed for Petrobras in the Golfinho field, offshore Brazil.
On June 27, 2022, Saipem and BW Energy signed a Memorandum of Agreement (MoA) for $73 million.
The FPSO sale is subject to the closing of the acquisition, by BW Energy, of 100% of Petrobras' right to the Golfinho field ("closing of the Golfinho transaction") planned for the first quarter of 2023.
In consideration of the terms of the Golfinho transaction, the current lease contract and operations management between Saipem and Petrobras – maturing in February 2023 – was extended until the acquisition of the FPSO or alternatively until June 2024, which ever happens first.
Based on the Memorandum of Agreement, BW Energy will pay Saipem $73 million, of which $25 million at the closing of the Golfinho transaction, $13 million at the time of the acquisition and clearance of the FPSO, planned in 2023, and $35 million in 18 monthly instalments following the acquisition.
The transaction does not involve the recognition of a loss.

25 Equity

Non-controlling interests

Non-controlling interests as of June 30, 2022, amounted to €25 million (€25 million as of December 31, 2021).

Equity attributable to the owners of the parent
Equity attributable to the owners of the parent as of June 30, 2022, amounted to €600 million (€326 million as of December 31, 2021) and was as follows:

(€ million)	Dec. 31, 2021	June 30, 2022
Share capital	2,191	460
Share premium	553	-
Legal reserve	88	-
Hedging reserve	(42)	(178)
Fair value reserve	1	(2)
Translation reserve	(53)	(2)
Actuarial reserve	(45)	(23)
Other	(46)	410
Negative reserve for treasury shares in portfolio	(84)	(84)
Retained earnings	230	149
Profit (loss) for the year	(2,467)	(130)
Total	**326**	**600**

As of June 30, 2022, there are no distributable reserves.

Share capital
As acknowledged, also pursuant to Article 2446 of the Italian Civil Code, that the Ordinary Shareholders' Meeting of Saipem SpA on May 17, 2022, approved the financial statements at December 31, 2021 and resolved to cover the full loss for the year 2021, equal to €2,382,569,149.09, resulting from the Company's balance sheet at December 31, 2021, by using available reserves equal to €661,643,754.60 and by reducing the share capital from €2,191,384,692.79 to €460,208,914.80. In this context a reverse stock split was carried out, by having 21 ordinary shares every 100 ordinary shares (thereby reducing the number of ordinary shares to 798,663,772 shares), subject to the cancellation of No. 41 treasury shares held by the Company. In this context and, for mere accounting purposes, profits are carried forward of €10,250,383.50.
As a result, as of June 30, 2022, Saipem's subscribed and paid-up share capital amounts to €460,208,914.80, divided into 212,303,028 ordinary shares (number equal to 1,010,966,841 before the reverse split) and 10,598 savings shares (number unchanged from the situation before the reverse split), all of which lack the indication of par value.

Share premium
The reserve was fully used for €553 million to cover losses as of December 31, 2021.

Other reserves
Other reserves as of June 30, 2022, were negative in the amount of €205 million (negative in the amount of €97 million as of December 31, 2021) and consisted of the following:

(€ million)	Dec. 31, 2021	June 30, 2022
Legal reserve	88	-
Hedging reserve	(42)	(178)
Fair value reserve	1	(2)
Translation reserve	(53)	(2)
Actuarial reserve	(45)	(23)
Other	(46)	410
Total	**(97)**	**(205)**

Legal reserve
The legal reserve was fully used for €88 million to cover losses as of December 31, 2021.

Hedging reserve
This reserve showed a negative balance of €178 million (-€42 million as of December 31, 2021), which related to the fair value of interest rate swaps, commodity hedges and the spot component of foreign exchange risk hedges as of June 30, 2022.
The hedging reserve is shown net of tax effects of €55 million (€14 million as of December 31, 2021).

Fair value reserve
The negative reserve of €2 million (positive for €1 million as of December 31, 2021) includes fair value of available-for-sale financial instruments.

Translation reserve
This reserve amounted to -€2 million (negative balance of €53 million as of December 31, 2021) and related to exchange differences arising from the translation into euro of financial statements denominated in currencies other than euro (mainly the US dollar).

Actuarial reserve

This reserve has a negative balance of €23 million (-€45 million as of December 31, 2021), net of the tax effect of €7 million.
This reserve, in accordance with the provisions of IAS 19, includes the actuarial gains and losses relative to the employee defined benefit plans. These remeasurements are not allocated to the income statement. This reserve for benefit plans for employees includes a negative value of €1 million relating to equity investments accounted for using the equity method.

Other

Other with a positive balance of €410 million (negative for €46 million as of December 31, 2021), consisted of the following items:

- the revaluation reserve consisting of the positive revaluation balance following the application of Law No. 413 of December 30, 1991, Article 26 (in case of distribution, 5% of the reserve contributes to forming the taxable profit of the Company and is subject to the tax rate of 24%), of €2 million, was fully used to cover losses as of December 31, 2021;
- negative for €48 million for the effect recognised as a reserve following the acquisition of a non-controlling interest in consolidated subsidiaries;
- custom ("targata") reserve as payment for future capital increase for €458 million received from the shareholder Eni SpA, exercising joint control over the company.

Negative reserve for treasury shares in portfolio

The negative reserve for treasury shares in portfolio, established pursuant to Article 2357-*ter* of the Civil Code amended to include Legislative Decree No. 139/2015, amounted to €84 million for 448,967 ordinary shares. It includes the value of treasury shares for the implementation of long-term incentive plans for the Group's Senior Managers.
During the half-year two share groupings were approved, as described below.
A first share grouping was approved by the Extraordinary Shareholders' Meeting of May 17, 2022, at a ratio of 21 new shares for every existing 100 shares, after the cancellation of 41 ordinary shares held by the Company.
The second share grouping was approved on June 8, 2022, by the Board of Directors in the context of the capital increase delegated by the Extraordinary Shareholders' Meeting of May 17, in the ratio of 1 new ordinary share for every 10 existing shares, and 1 new savings share for each 10 existing savings shares, after the cancellation of 8 ordinary shares held by the Company.
During the half-year, 15,397 shares were also assigned before the grouping, equal to about 323 shares after the grouping operation, allocated in implementation of the 2016-2018 long-term incentive plan.
Taking into account the transactions described above, the breakdown of treasury shares is as follows:

	Number of shares	Average cost (€)	Total cost (€ million)	Share capital (%)
Treasury shares held as of December 31, 2021	21,394,893	3.910	84	2.12
Purchases in 2022	-	-	-	-
Allocations before the grouping	(15,397)	3.910	-	-
Cancellation of treasury shares May 2022	(41)	-	-	-
Share grouping May 2022 - existing shares	(21,379,455)	n.s.	n.s.	n.s.
Share grouping May 2022 - new shares	4,489,685	n.s.	n.s.	n.s.
Cancellation of treasury shares June 2022	(8)	-	-	-
Share grouping June 2022 - existing shares	(4,489,677)	n.s.	n.s.	n.s.
Share grouping June 2022 - new shares	448,967	n.s.	n.s.	n.s.
Treasury shares held as of June 30, 2022	**448,967**	**186.183** (*)	**84**	**2.12**

(*) Weighted average cost calculated following the share grouping operations described above.

As of June 30, 2022, the number of shares in circulation was 20,782,394 (989,582,546 as of December 31, 2021).

26 Additional information

Additional information on the financial statements

There were no cash flows in the first half of 2022 associated to investments or disposals in companies joining/exiting the scope area and company branches.

27 Guarantees, commitments and risks

Guarantees

Guarantees amounted to €8,019 million (€7,995 million as of December 31, 2021), and were as follows:

	Dec. 31, 2021			June 30, 2022		
(€ million)	Unsecured	Other personal guarantees	Total	Unsecured	Other personal guarantees	Total
Joint ventures and associates	120	407	527	113	370	483
Consolidated companies	60	1,001	1,061	61	1,078	1,139
Own	-	6,407	6,407	-	6,397	6,397
Total	**180**	**7,815**	**7,995**	**174**	**7,845**	**8,019**

Other personal guarantees issued for consolidated companies amounted to €1,078 million (€1,001 million as of December 31, 2021), which are related to independent guarantees given to third parties mainly to bid bonds and performance bonds.
Guarantees of €42 million relate to Discontinued operations.
Guarantees issued to/through related parties are detailed in Note 36 “Related party transactions”.

Commitments

Commitments have been made by the Parent Company to principals and/or other beneficiaries (financial and insurance institutions, ECA export agencies) to fulfil obligations, contractually assumed by it and/or by subsidiaries, affiliates and joint ventures awarded contracts, in the event of default by the latter, as well as to repay any damages resulting from such defaults.
These commitments, which entail accepting a performance obligation, guarantee contracts whose overall value amounted to €79,282 million (€73,659 million as of December 31, 2021), including both work already performed and the relevant portion of the backlog of orders as of June 30, 2022.
The repayment obligations of bank loans granted to Saipem Group companies are generally supported by guarantees issued by the parent company Saipem SpA and other Group companies. The repayment obligations of the Group’s bond issues are covered by guarantees issued by the parent company Saipem SpA, and other Group companies.

Risk Management

The policies for managing and monitoring the main factors of enterprise risks are given in the section " Risk Management" of the "Interim Directors’ Report".

Additional information on financial instruments

INFORMATION ON FAIR VALUE

The classification of financial assets and liabilities is given below; these are measured at fair value in the statement of financial position, according to the fair value hierarchy defined according to the significance of the inputs used in the assessment process. In particular, depending on the characteristics of the inputs used for assessment, the fair value hierarchy has the following levels:
a) level 1: prices (not subject to variations) listed on active markets for the same financial assets or liabilities;
b) level 2: assessments made on the basis of inputs, other than the listed prices referred to in the preceding point, which, for the measured asset/liability, can be observed directly (prices) or indirectly (derived from prices). Inputs used include spot and forward exchange rates, interest rates, and forward commodity prices; and
c) level 3: inputs not based on observable market data.
In relation to the above, the financial instruments measured at fair value as of June 30, 2022, were as follows:

	June 30, 2022			
(€ million)	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) held for trading:				
- non-hedging derivatives	-	(31)	-	(31)
Financial assets available for disposal:				
- financial assets measured at fair value through OCI	71	-	-	71
Net hedging derivative assets (liabilities)	-	(192)	-	(192)
Total	**71**	**(223)**	**-**	**(152)**

Throughout the first half of 2022, there were no transfers between the different levels of the fair value hierarchy.

Legal proceedings

The Group is a party in some judicial proceedings. Provisions for legal risks are made on the basis of information currently available, including information acquired by external consultants providing the Group with legal support. Information available to the Group for the purposes of risk assessment regarding criminal proceedings at the preliminary investigation phase is by its very nature incomplete due to the principle of pre-trial secrecy. A summary of the most important disputes is provided below.
With respect to pending legal proceedings provisions are not accounted when the negative outcome of the proceedings is evaluated as not probable or when it is impossible to estimate the outcome of the proceeding.

All civil/arbitration disputes are evaluated, also by external lawyers, as "unlikely negative outcome" (there are no provisions).
All criminal proceedings are also evaluated by external lawyers as proceedings whose outcome cannot be predicted (there are no provisions) except in relation to the Algerian GNL Arzew proceeding, for which, despite pending a challenge before the Algerian Supreme Court which is not possible to estimate the outcome, it was necessary to take note of the sentence of first instance of February 14, 2022 – on June 28, 2022, the Court of Appeal of Algiers upheld the sentence of first instance – which is why a fund was set up for an amount equal to that which was the subject of the sentence.

ALGERIA

Investigations in Italy: on February 4, 2011, the Milan Public Prosecutor's office, through Eni, requested the transmission of documentation pursuant to Article 248 of the Code of Criminal Procedure. This related to the activities of Saipem Group companies in Algeria in connection with an allegation of international corruption. The crime of "international corruption" specified in the request is one of the offences punishable under Legislative Decree No. 231/2001 in connection with the direct responsibility of collective entities for certain crimes committed by their own employees.
Collection of documentation commenced immediately to comply with the request, and on February 16, 2011, Saipem filed such documentation.
On November 22, 2012, Saipem received a notification of inquiry from the Milan Public Prosecutor's office related to alleged unlawful administrative acts arising from the crime of international corruption pursuant to Article 25, paragraphs 2 and 3 of Legislative Decree No. 231/2001, together with a request to provide documentation regarding a number of contracts connected with activities in Algeria. This request was followed by the notification to Saipem of a seizure order on November 30, 2012, two further requests for documentation on December 18, 2012 and February 25, 2013, as well as the issue of a search warrant on January 16, 2013.
On February 7, 2013, a search was conducted, also at Eni offices, to obtain additional documentation relating to intermediary agreements and subcontracts entered into by Saipem in connection with its Algerian projects. The subject of the investigations are allegations of corruption which, according to the Milan Public Prosecutor, occurred up until and after March 2010 in relation to a number of contracts the Company was awarded in Algeria.
Several former employees of the Company were involved in the proceedings, including the former Deputy Chairman and CEO in office until December 5, 2012, the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 and the former Chief Financial Officer in office until August 1, 2008. The Company collaborated fully with the Prosecutor's Office. Saipem rapidly implemented decisive managerial and administrative restructuring measures, irrespective of any liability that may have resulted in the course of the proceedings. In agreement with the Board of Statutory Auditors and the Internal Control Bodies, and having duly informed the Prosecutor's Office, Saipem looked into the contracts that are subject to investigation, and to this end appointed an external legal firm. On July 17, 2013, the Board of Directors analysed the conclusions reached by the external consultants following an internal investigation carried out in relation to a number of brokerage contracts and subcontracts regarding projects in Algeria. The internal investigation was based on the examination of documents and interviews of personnel from the Company and other companies in the Group, excluding those, that to the best knowledge of the Company, would be directly involved in the criminal investigation so as not to interfere in the investigative activities of the Prosecutor. In July 2013, the Board of Directors, confirming its full cooperation with the investigative authorities, decided to convey the findings of the external consultants to the Public Prosecutor of Milan, for any appropriate assessment and initiatives under its responsibility in the wider context of the ongoing investigation. The consultants reported to the Board: (i) that they found no evidence of payments to Algerian public officials through the brokerage contracts or subcontracts examined; (ii) that they found violations, deemed detrimental to the interests of the Company, of internal rules and procedures – in force at the time – in relation to the approval and management of brokerage contracts and subcontracts examined and a number of activities in Algeria.
In July 2013, the Board of Directors decided to initiate legal action against certain former employees and suppliers in order to protect the interests of the Company, reserving the right to take any further action necessary should additional information emerge. As part of these legal proceedings, on February 11, 2021, the Milan Court of Appeal ordered the former Chief Operating Officer of the Engineering & Construction Business Unit, in office until December 5, 2012, to pay Saipem the sum of €10 million as compensation for damages, plus interest and revaluation from the due date to the date of settlement and Saipem is currently taking enforcement action to recover this amount.
On June 14, 2013, January 8, 2014 and July 23, 2014, the Milan Public Prosecutor's office submitted requests for extensions to the preliminary investigations. On October 24, 2014, notice was received of a request from the Milan Public Prosecutor to gather evidence before trial by way of questioning the former Chief Operating Officer of the Saipem Engineering & Construction Business Unit in office until December 5, 2012, and another former manager of Saipem, who are both under investigation in the criminal proceedings. After the request was granted, the Judge for the Preliminary Hearing in Milan set hearings for December 1 and 2, 2014. On January 15, 2015, Saipem defence counsel received notice from the Milan Public Prosecutor's office of the conclusion of the preliminary investigations, pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure. Notice was also received by Saipem, by eight physical persons and the legal person of Eni. In addition to the crime of "international corruption" specified in the request from the Milan Public Prosecutor's office, the notice also contained an allegation against seven individuals of a violation of Article 3 of Legislative Decree No. 74 of March 10, 2000 concerning the filing of fraudulent tax returns, in connection with the recording in the books of Saipem of *"brokerage costs deriving from the agency agreement with Pearl Partners signed on October 17, 2007, as well as Addendum No. 1 to the agency agreement entered into August 12, 2009"*, which is alleged to have led subsequently *"to the inclusion in the consolidated tax return of Saipem of profits that were lower than the real total by the following amounts: 2008: -€85,935,000; 2009: -€54,385,926"*.
Criminal proceedings in Italy: on February 26, 2015, Saipem defence counsel received notice from the Judge for the Preliminary Hearing of the scheduling of a preliminary hearing, together with a request for committal for trial filed by the Milan Public Prosecutor's office on February 11, 2015. Notice was also received by Saipem, by eight physical persons and the legal

person of Eni. The hearing was scheduled by the Judge for the Preliminary Hearing for May 13, 2015. During the hearing, the Italian Revenue Office appeared as plaintiff in the proceedings whereas other requests to be admitted as plaintiff were rejected.
On October 2, 2015, the Judge for the Preliminary Hearing rejected the questions of unconstitutionality and those relating to the statute of limitations presented by the defence attorneys and determined as follows:
- ruling not to proceed for lack of jurisdiction in regard to one of the accused;
- ruling of dismissal in regard to all of the accused in relation to the allegation that the payment of the commissions for the MLE project by Saipem (approximately €41 million) may have served to enable Eni to acquire the Algerian ministerial approvals for the acquisition of First Calgary and for the expansion of a field in Algeria (CAFC). This measure also contains the decision to acquit Eni, the former CEO of Eni and an Eni executive in regard to any other charge;
- a decree that orders trial, among others, for Saipem and three former Saipem employees (the former Deputy Chairman and CEO in office until December 5, 2012, the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 and the former Chief Financial Officer in office until August 1, 2008) with reference to the charge of international corruption formulated by the Public Prosecutor's office according to which the accused were complicit in enabling Saipem to win seven contracts in Algeria on the basis of criteria of mere favouritism. For the physical persons only (not for Saipem) the committal for trial was pronounced also with reference to the allegation of fraudulent statements (tax offences) brought by the Public Prosecutor's office.

On the same date, at the end of the hearing relating to a section of the main proceedings, the Judge for the Preliminary Hearing of Milan issued a plea-bargaining sentence in accordance with Article 444 of the Code of Criminal Procedure for a former executive of Saipem.
On November 17, 2015, the Public Prosecutor of Milan and the Prosecutor General at the Milan Court of Appeal filed an appeal with the Court of Cassation against the first two measures. On February 24, 2016, the Court of Cassation upheld the appeal lodged by the Public Prosecutor of Milan and ordered the transmission of the trial documents to a new Judge for the Preliminary Hearing at the Court of Milan for a new preliminary hearing.
With reference to this branch of the proceedings (the so-called "Eni branch"), on July 27, 2016, the new Judge for the Preliminary Hearing ordered the committal for trial of all the accused parties.
On November 11, 2015, on the occasion of publication of the 2015 corporate liability report of the office of the Public Prosecutor in Milan, it was disclosed that: *"a ruling was recently issued by the Judge for the Preliminary Investigation for the preventive seizure of assets belonging to the accused parties for the sum of €250 million. The ruling confirms the freezing previously decided upon by the foreign authorities of monies deposited in bank accounts in Singapore, Hong Kong, Switzerland and Luxembourg, totalling in excess of €100 million"*. Saipem was not target of such measures; it came to its attention, however, that the seizure in question involved the personal assets of the Company's former Chief Operating Officer in office until December 5, 2012 and of two other persons accused.
At the same time, following the decree ordering the trial pronounced on October 2, 2015 by the Judge for the Preliminary Hearing, the first hearing before the Court of Milan in the proceedings of the so-called "Saipem branch" was held on December 2, 2015. During said hearing, Sonatrach asked to be admitted as plaintiff only against the physical persons charged. The Movimento cittadini algerini d'Italia e d'Europa likewise put forward a request to be admitted as plaintiff. The Italian Revenue Office confirmed the request for admission as plaintiffs only against the physical persons accused of having made fraudulent tax returns. At the hearing of January 25, 2016, the Court of Milan rejected the request put forward by Sonatrach and the Movimento cittadini algerini d'Italia e d'Europa to be admitted as plaintiff. The Court adjourned to February 29, 2016, reserving the right to pass judgement on the claims put forward by the accused of invalidity of the committals to trial.
At the hearing of February 29, 2016, the Court combined the proceedings with another pending case against a sole defendant (a physical person against whom Sonatrach had appeared as a plaintiff) and rejected the claims of invalidity of the committal to trial, calling on the Public Prosecutor to reformulate the charges against a sole defendant and adjourning the hearing to March 21, 2016. The Court then adjourned the proceedings to the hearing of December 5, 2016 in order to assess whether to combine it with the proceedings described earlier (the so-called Eni branch) for which the Judge for the Preliminary Hearing ordered the committal for trial of all the accused parties on July 27, 2016.
With the order of December 28, 2016, the President of the Court of Milan authorised the abstention request of the Chairman of the Panel of judges.
At the hearing on January 16, 2017, the two proceedings (the so-called Saipem branch and the so-called Eni branch) were combined before a new panel appointed on December 30, 2016.
Once the hearings on evidence finished with the hearing of February 12, 2018, in the subsequent hearings of February 19, 2018 and February 26, 2018, the Public Prosecutor proceeded with the indictment.
Given that generic extenuating circumstances were not considered to be initially attributable to the defendants and, conversely, that the aggravating circumstance of the transnational crime allegedly subsisted, the Public Prosecutor formulated sentencing requests for the accused individuals.
With regard to Saipem and Eni the Public Prosecutor requested a fine of €900,000 as the sentence for each company. Furthermore, the Public Prosecutor requested a "seizure of assets", equal to currently seized assets, relating to some seizures previously carried out against certain natural persons accused. Therefore, the request for seizure of assets did not concern Saipem.
At the hearing of March 5, 2018:
(i) the Italian Revenue Agency has requested the conviction of only the physical persons indicted as was requested by the Public Prosecutor with the conviction of only the physical persons charged for compensation of the pecuniary and non-pecuniary damage in favour of the Italian Revenue Agency to be liquidated on an equitable basis and with a provisional amount of €10 million;
(ii) Sonatrach has requested the conviction of the accused Samyr Ourayed and sentencing of the latter to the compensation of the damage to be liquidated in equitable way.

On September 19, 2018, the hearings dedicated to arguments by the defence and to the replies by the Public Prosecutor and the defence ended.

The first instance ruling of the Court of Milan: on September 19, 2018, the Court of Milan pronounced the first instance ruling. The Court of Milan convicted, among others, some former managers of Saipem for international corruption offences and also sentenced Saipem to pay the pecuniary fine of €400,000, considering it to be allegedly responsible for offences pursuant to Legislative Decree No. 231/2001 with reference to the crime of international corruption.

The former managers of Saipem who were convicted by the Court of Milan had all left the Company between 2008 and 2012.

The Court also ordered the confiscation of, as alleged profit from the crime, the total sum of approximately €197 million from all the individuals who were convicted (and among them some of the former managers of the Company).

The Court also ordered the confiscation of, as alleged price from the crime, the total sum of approximately €197 million from Saipem pursuant to Article 19 of Legislative Decree No. 231/2001.

From what emerged during the proceedings and the requests of the Public Prosecutor, a preventive seizure had already been in place in order to confiscate an amount totalling approximately €160 million from certain individuals – other than the Company – all convicted in the first instance ruling.

The first instance ruling of the Court was not enforceable. The reasons for the first instance ruling were filed by the Court of Milan on December 18, 2018.

The judgement before the Court of Appeal of Milan: on February 1, 2019, Saipem challenged the first instance ruling before the Court of Appeal of Milan. The individuals convicted in the first instance have also appealed the first instance ruling. The Public Prosecutor's office of Milan also appealed the first instance ruling requesting, in a reversal of that ruling, that the conviction of Eni, of the former Chief Executive Officer of Eni and of one of its managers "be imposed by the Court of Appeal, as well as financial penalties and interdictory sanctions deemed lawful". The Public Prosecutor's office of Milan has also requested a reversal of the contested ruling to "condemn the company Saipem to financial penalties and interdictory sanctions deemed lawful". On February 14, 2019, Saipem's lawyers lodged a defence brief in which they pleaded: (i) the inadmissibility of the appeal by the Public Prosecutor of the Court's decision not to consider interdictory sanctions applicable to Saipem; and/or (ii) the inapplicability of the interdictory sanctions requested by the Public Prosecutor's Office against Saipem.

On January 15, 2020, the Court of Appeal of Milan fully upheld the appeal of Saipem and of the individuals charged (including some former managers of Saipem who all left the Company between 2008 and 2012), stating, among other things, the absence of the administrative offence of Saipem because of the inexistence of the alleged facts, revoking the confiscation of the price of the offence that was pronounced in the first instance by the Court of Milan, pursuant to Article 19 of Legislative Decree No. 231/2001.

The Court has filed the reasons of the second instance ruling on April 15, 2020.

On June 12, 2020, the General Public Prosecutor General at the Milan Court of Appeal filed an appeal before the Court of Cassation against the Milan Court of Appeal judgment issued on January 15, 2020, asking for the annulment of that decision and for the review of the case by another section of the Court of Appeal.

The judgement before the Court of Cassation: the Court of Cassation, on December 14, 2020, rejected the appeal by the General Public Prosecutor of Milan.

On December 14, 2020, Saipem issued the following press release:

"Today the Court of Cassation issued its ruling on the appeal presented by the General Public Prosecutor at the Milan Court of Appeal on June 12, 2020 against the second instance judgement concerning offences allegedly committed in Algeria up to March 2010 relating to certain contracts, which were completed many years ago.

Specifically, the Court of Cassation today pronounced its judgement, fully rejecting the appeal presented by the General Public Prosecutor at the Milan Court of Appeal, which had requested the annulment of the second instance judgment issued on January 15, 2020 by the Milan Court of Appeal. The latter had acquitted the defendants (including some former managers of Saipem who had all left the Company between 2008 and 2012), stating, among other things, vis-à-vis the alleged international corruption charge, the non-existence of the administrative offence of Saipem pursuant to Legislative Decree No. 231/2001, because of the non-existence of the alleged facts, revoking the confiscation of the price of the offence of approximately €197 million and the payment of the fine of €400,000, that were pronounced in the First Instance by the Court of Milan. Saipem expresses its satisfaction for the decision issued today by the Court of Cassation, which brings an end to the 'Algeria' proceedings with Saipem's full acquittal". The grounds for the ruling of the Court of Cassation of December 14, 2020, were filed on October 20, 2021.

Request for documents from the US Department of Justice: at the request of the US Department of Justice ("DoJ"), in 2013 Saipem entered into a "tolling agreement" which extended by 6 months the limitation period applicable to any possible violations of federal laws of the United States in relation to previous activities of Saipem and its subsidiaries. The tolling agreement, which has been renewed until November 29, 2015, does not constitute an admission by Saipem of having committed any unlawful act, nor does it imply any recognition on the Company's part of United States jurisdiction in relation to any investigation or proceedings. Saipem therefore offered its complete cooperation in relation to investigations by the Department of Justice, which on April 10, 2014 made a request for documentation relating to past activities of the Saipem Group in Algeria, with which Saipem has complied. On November 29, 2015, the tolling agreement expired and, at the date of the preparation of this report, almost seven years have passed since the deadline, no request has been received from the Department of Justice.

Proceedings in Algeria: in 2010, proceedings were initiated in Algeria regarding various matters and involving 19 parties investigated for various reasons (so-called "Sonatrach 1 investigation"). The Société nationale pour la recherche, la production, le transport, la transformation et la commercialisation des hydrocarbures SpA ("Sonatrach") appeared as plaintiff in these proceedings and the Algerian Trésor Public also applied to appear as a plaintiff.

The Algerian company Saipem Contracting Algérie SpA ("Saipem Contracting Algérie") is also part of these proceedings regarding the manner in which the GK3 contract was awarded by Sonatrach. In the course of these proceedings, some bank accounts denominated in local currency of Saipem Contracting Algérie were frozen.

In particular, in 2012 Saipem Contracting Algérie received formal notice of the referral to the Chambre d'accusation at the Court of Algiers of an investigation underway into the company regarding allegations that it took advantage of the authority or influence of representatives of a government-owned industrial and trading company in order to inflate prices in relation to contracts awarded by that company. The GK3 contract was awarded in June 2009 and had an equivalent value of €433.5 million (at the exchange rate in effect when the contract was awarded).
At the beginning of 2013, the "Chambre d'accusation" ordered Saipem Contracting Algérie to stand trial and further ordered that the aforementioned bank accounts remain frozen. According to the allegation, the price offered was up to 60% higher than the market price; according to the allegation, this alleged increase over the market price was reduced to up to 45% of the price as a result of the discount negotiated between the parties after the offer. In April 2013 and in October 2014, the Algerian Supreme Court rejected a request to unfreeze the bank accounts that had been made by Saipem Contracting Algérie in 2010. The documentation was then transmitted to the Court of Algiers which, in the hearing of March 15, 2015, adjourned the proceedings to the hearing of June 7, 2015, during which, in the absence of certain witnesses, the Court officially handed over the case to a criminal court. The trial commenced with the hearing fixed for December 27, 2015. In the hearing of January 20, 2016, the Algiers Public Prosecutor requested the conviction of all 19 defendants accused in the "Sonatrach 1" trial.
The Algiers Public Prosecutor requested that Saipem Contracting Algérie be fined 5 million Algerian dinars (approximately €40,000 at the current rate of exchange).
The Algiers Public Prosecutor also requested the confiscation of the alleged profit ascertained by the Court, of all 19 parties whose conviction has been requested (including Saipem Contracting Algérie).
For the offence with which Saipem Contracting Algérie is charged, local regulations prescribe a fine as the main punishment (up to a maximum of approximately €40,000) and allow, in the case of the alleged offence, additional sanctions such as the confiscation of the profit arising from the alleged offence (which would be the equivalent of the amount allegedly over the market price of the GK3 contract as far as the profit is ascertained by the judicial authority) and/or disqualification sanctions.
On February 2, 2016, the Court of Algiers issued the first instance ruling. Amongst other things, this ruling ordered Saipem Contracting Algérie to pay a fine of approximately 4 million Algerian dinars (corresponding to approximately €30,000). In particular, Saipem Contracting Algérie was held to be responsible, in relation to the call for bids for the construction of the GK3 gas pipeline, of "an increase in price during the awarding of contracts signed with a public company of an industrial and commercial character in a way that causes benefit to be derived from the authority or influence of representatives of said company", an act punishable under Algerian law. The ruling also returned two bank accounts denominated in local currency to Saipem Contracting Algérie. These held a total of approximately €63.2 million (amount calculated at the exchange rate as of June 30, 2022), which were frozen in 2010.
The client Sonatrach, which appeared as plaintiff in the proceedings, reserved the right to pursue its claims in the civil courts. The request by the Algerian Trésor Civil to appear as plaintiff was rejected.
Pending the filing of the reasons thereof, the ruling of February 2, 2016 of the Court of Algiers was challenged in the Court of Cassation: by Saipem Contracting Algérie (which requested acquittal and had announced that it would challenge the decision); by the Prosecutor General (who had requested the imposition of a fine of 5 million Algerian dinars and the confiscation, requests that were rejected by the Court, which, as said, fined Saipem Contracting Algérie the lesser amount of approximately 4 million Algerian dinars); by the Trésor Civil (whose request to be admitted as plaintiff against Saipem Contracting Algérie had been – as already stated – rejected by the Court); by all the other parties sentenced, in relation to the cases concerning them.
Owing to these challenges, the decision of the Court of Algiers was fully suspended and pending the ruling of the Court of Cassation:
- the payment of the fine of approximately €30,000 is suspended; and
- the unfreezing of the two bank accounts is suspended, containing a total of approximately €63.2 million (amount calculated at the exchange rate as of June 30, 2022). Sonatrach has not challenged the decision of the Court, consistently with its request, accepted by the Court, to be allowed to claim compensation subsequently in civil proceedings. This civil action was not initiated by Sonatrach.

With the judgement handed down on July 17, 2019, the Algerian Court of Cassation has fully overruled the decision of the Tribunal of Algiers of February 2, 2016, meaning that the Court of Appeal of Algiers will have to rule on the matter following a new trial. The future Court of Appeal's decision can be challenged before the Algerian Court of Cassation.
The reasons for the judgement of the Algerian Court of Cassation were made available on October 7, 2019. The sentence of the Algerian Court of Cassation decrees the total annulment of the decision of the Court of Algiers of 2016, following the acceptance of the appeals filed by all applicants (including the appeal by Saipem Contracting Algérie). The beginning of the new proceedings before the Court of Appeal is neither known nor predictable at the date of the preparation of this report.
The Court of Appeal of Algiers has initially set the hearing for the case on February 17, 2021.
At the hearing of February 17, 2021, the Court of Appeal of Algiers postponed the hearing to a date to be determined. The Court of Appeal of Algiers has subsequently scheduled the hearing for June 16, 2021.
At the hearing of June 16, 2021, the Court of Appeal of Algiers postponed the hearing to the 2021 fall session. At the hearing on December 2, 2021, the Court of Appeal of Algiers postponed the proceedings to the next criminal session. The Court of Appeal of Algiers had set the beginning of the proceedings at the hearing of June 23, 2022. That hearing was subsequently postponed to the next criminal session due to begin in October 2022; Saipem will then be notified of the date of the next hearing.
Ongoing Investigation - Algeria - Sonatrach 2: in March 2013, the legal representative of Saipem Contracting Algérie was summoned to appear at the Court of Algiers, where he received verbal notification from the local investigating judge of the commencement of an investigation ("Sonatrach 2") underway "into Saipem for charges pursuant to Articles 25a, 32 and 53 of the Anti Corruption Law No. 01/2006". The investigating judge also requested documentation (Articles of Association) and other information concerning Saipem Contracting Algérie, Saipem and Saipem SA. After this summons, no further activities or requests followed.

GNL3 Arzew - Algeria: on October 16, 2019 and October 21, 2019, Saipem Contracting Algérie and Snamprogetti SpA Algiers branch were summoned by the investigating judge at the Supreme Court as part of investigations relating to events in 2008 (award of the GNL3 Arzew contract). Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA were further summoned on November 18, 2019 by the General Public Prosecutor at the Supreme Court of Algiers to provide information and documents relating to the GNL3 Arzew contract awarded by Sonatrach in 2008.
A further hearing of the representative of Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA took place on November 18, 2019, at which the General Public Prosecutor of Algiers was provided with the information and documentation he had requested; the General Public Prosecutor of Algiers assigned Saipem Contracting Algérie and Snamprogetti SpA Algiers branch a new term to provide further documentation by December 4, 2019. Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA promptly filed the documentation requested by the deadline of December 4, 2019.
The Algiers General Public Prosecutor also summoned a representative of Saipem. The Algiers Attorney General's Office on November 20, 2019 informed Saipem Contracting Algérie and Snamprogetti Algiers branch that Algeria's Tresor Public had joined as a civil party in these proceedings.
On December 9, 2020, the hearing with the local representative of Saipem took place.
Saipem, Saipem Contracting Algérie and the Algiers Branch of Snamprogetti were again called on December 16, 2020.
In September 2021, it became known that the Court of Algiers – Sidi Mhamed pole economic et financier – having taken note of the closure of the investigations, issued an order to seize certain bank accounts of Saipem Group companies in Algeria. These accounts have a balance of approximately €837,000.
The commencement of the trial relating to the 2008 award of the GNL3 Arzew contract was initially set before the Court of Algiers pole economic et financier for the hearing of December 6, 2021, which was first postponed to December 20, 2021, then to January 3, 2022. At the hearing of January 17, 2022, the trial was first postponed to January 24, 2022, then to the hearing of January 31, 2022.
In these criminal proceedings, which involve 38 individuals (including the former Algerian Ministry of Energy, certain former executives of Sonatrach and Algerian customs officials) and legal persons, the Public Prosecutor alleges that – with regard to the award in 2008 and the execution of the contract for the GNL3 Arzew contract project (the original value of which was approximately €2.89 billion) – the following alleged offences were committed, inter alia, by Saipem Algerian branch, Snamprogetti SpA Algerian branch, Saipem Contracting Algérie, two former employees of the Saipem Group and an employee of the Saipem Group:
(i) the *"mark-up of prices in connection with the award of contracts concluded with a public company of an industrial and commercial nature benefiting from the authority or influence of representatives of that body"*;
(ii) infringement of certain Algerian customs regulations.
Sonatrach, the Algerian Tresor Public and the Customs Agency requested to appear as plaintiff. The trial was declared open at the hearing of January 31, 2022. At the hearing of February 1, 2022, the judge closed the hearing stage. The ruling was due on February 14, 2022. The Saipem Group will defend itself on the merits, stating the lack of grounds for the charges, noting among other things the final acquittal verdict pronounced by the Italian judicial authority regarding matters that included the award of the GNL3 Arzew contract and in any case the effects of the settlement signed with Sonatrach on February 14, 2018, which also concerned the arbitration previously pending regarding the same project.
With the press release dated February 15, 2022, Saipem has disclosed what follows:
"The Court of Algiers yesterday has ruled in first instance on the legal proceeding ongoing since 2019 in Algeria concerning, among other things, the award of the 2008 project GNL3 Arzew.
Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will appeal the decision of the Court of Algiers with subsequent suspension of its effects.
It should be noted that the Italian judicial authority, at the end of a criminal proceeding in which the award methods of the 2008 project GNL3 Arzew were also scrutinised, pronounced on December 14, 2020 a final acquittal.
With reference to the criminal proceeding by the Court of Algiers, the companies Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch were accused of the offences sanctioned by the Algerian law in the case of: 'price increase when awarding contracts with a public company, industrial and commercial, benefitting of the authority or influence of representatives of said company' and of 'false customs declaration'.
The ruling of the Court of Algiers, with reference to both charges, established for Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch a fine and damage compensation for a total of approximately €192 million. The ruling determined the recognition in the financial statements as of December 31, 2021 of an obligation of equal value, of which the payment remains on hold due to the appeal.
The Court of Algiers has also sentenced two former employees of the Saipem Group (the former head of the GNL3 Arzew project and an Algerian employee) to 5 and 6 years of conviction respectively. Another employee of the Saipem Group was acquitted of all charges.
The ground of the sentence have not yet been made available by the Court of Algiers".
The first-degree sentence had imposed the payment of approximately €201 million, of which €140 million in favour of the civil parties and €61 million in damages (amounts calculated at the exchange rate as of June 30, 2022).
On February 16, 2022, the companies Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch have appealed the sentence of February 14, 2022.
On April 4, 2022, the grounds of ruling were made available by the Court of Algiers.
The first hearing in the appeal judgment, initially scheduled for April 12, 2022, was postponed to May 10, 2022 and then to May 24, 2022.
On May 24, 2022, hearing, the Judge scheduled for June 14, 2022 the first hearing.
At the hearing on June 14, 2022, the Judge indicated June 28, 2022 as the date for issuing the decision.
With a press release dated June 28, 2022, Saipem informed as follows:

"*The Court of Appeal of Algiers today ruled in the criminal proceeding, ongoing in Algeria since 2019, connected, inter alia, to the 2008 tender for the award of the GNL3 Arzew contract. In this proceeding, the companies Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch were charged, in accordance with Algerian law, of allegedly 'having obtained a contract, with a price higher than the correct value, concluded with a state-owned commercial and industrial company, benefitting of the influence of representatives of that company'; and of 'false custom declarations'.*
The Court of Appeal of Algiers upheld, on both charges, the judgement of the first-degree ruling issued by the Court of Algiers on February 14, 2022. This ruling had imposed against Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch fines and damages for an overall amount of approximately €199 million euros equivalent at today's exchange rate (of which approximately €60 million in fines and around €139 million in favour of the civil parties). Following the first degree ruling by the Court of Algiers, the Company set aside an equivalent amount in the Financial Statements as of December 31, 2021, even though the payment had been suspended following the appeal against the decision. The Tribunal of Algiers had also sentenced two former employees of Saipem Group (the then head of the project GNL3 Arzew and a former Algerian employee) to 5 years and 6 years of imprisonment, respectively. Another employee of Saipem Group had been acquitted of all charges.
The reasons for the ruling have not yet been made available by the Court of Appeal of Algiers.
Saipem notes that the Italian judiciary authority – further to criminal proceedings in which also the process of award in 2008 of the project GNL3 Arzew had been analysed – fully acquitted the Company on December 14, 2020.
Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will promptly challenge before the Algerian Supreme Court the decision issued by the Court of Appeal of Algiers. Under Algerian law, the opposition against the ruling of the Court of Appeal suspends the effects of such ruling with regard to the fines (equal to approximately €60 million) while the ruling in favour of the civil parties (equal to approximately €139 million) is enforceable despite the pending opposition.
The judgement, whose amount has already been set aside in the financial statements as of December 31, 2021, does not affect the validity of the financing package and the achievement of the objectives of the 2022-2025 Strategic Plan".
Amicable Settlement of Mutual Differences - Saipem Sonatrach agreement: on February 14, 2018, Sonatrach and Saipem announced the amicable settlement of mutual differences, decided to settle their mutual differences amicably and signed an agreement to put an end to litigations in course concerning the contract for the construction of a gas liquefaction plant in Arzew (Arzew); the contract for the realisation of three trains of LPG, of an oil separation unit (LDPH) and of installations for the production of condensates in Hassi Messaoud (LPG); the contract for the realisation of the LZ2 24" LPG pipeline (line and station) in Hassi R'Mel (LZ2); and the contract for the construction of a gas and production unit in the Menzel Ledjmet field on behalf of the association Sonatrach/FCP (MLE). This agreement is the result of constructive dialogue and represents an important step forward in relations between the two companies. Sonatrach and Saipem have expressed their satisfaction at having reached a definitive agreement that puts an end to litigations that were detrimental to both parties.

ONGOING INVESTIGATIONS - PUBLIC PROSECUTOR'S OFFICE OF MILAN - BRAZIL

On August 12, 2015, the Public Prosecutor's office of Milan served Saipem with a notice of investigation and a request for documentation in the framework of new criminal proceedings, for the alleged crime of international corruption, initiated by the Court of Milan in relation to a contract awarded in 2011 by the Brazilian company Petrobras to Saipem SA (France) and Saipem do Brasil (Brazil). Investigations are still underway.
According to what was learned only through the press, this contract is being looked into by the Brazilian judicial authorities in relation to a number of Brazilian citizens, including a former associate of Saipem do Brasil.
In particular, on June 19, 2015, Saipem do Brasil learned through the media of the arrest (in regard to allegations of money laundering, corruption and fraud) of a former associate, as a result of a measure taken by the Brazilian Public Prosecutor's office of Curitiba, in the framework of a judicial investigation in progress in Brazil since March 2014 ("Lava Jato" investigation). On July 29, 2015, Saipem do Brasil then learned through the press that, in the framework of the conduct alleged against the former associate of Saipem do Brasil, the Brazilian Public Prosecutor's office also alleges that Petrobras was unduly influenced in 2011 to award Saipem do Brasil a contract called "Cernambi" (for a value, at the current exchange rate, of approximately €56 million). This has been purportedly deduced from the circumstance that in 2011, in the vicinity of the Petrobras headquarters, said former associate of Saipem do Brasil claims to have been the target of a robbery in which approximately 100,000 reals (approximately €26,000) just withdrawn from a credit institution were stolen from him. According to the Brazilian Prosecutor, the robbery allegedly took place in a time period prior to the award of the aforesaid "Cernambi" contract.
Saipem has cooperated fully with the investigations and has started an audit with the assistance of a third-party consultant. The audit examined the names of numerous companies and persons reported by the media as being under investigation by the Brazilian judicial authorities. The audit report, issued on July 14, 2016, recognised the absence of communications or documents relating to transactions and/or financial movements between companies of the Saipem Group and the personnel of Petrobras under investigation.
The witnesses heard in the criminal proceedings underway in Brazil against this former associate, as well as in the framework of the works of the parliamentary investigative committee set up in Brazil on the "Lava Jato" case, have stated that they were unaware of any irregularities regarding Saipem's activities.
Petrobras appeared as a plaintiff ("Assistente do Ministerio Publico") in the proceedings against the three individuals charged. The proceedings were then resumed on June 9, 2017 as the Brazilian Attorney General considered that the conditions for keeping confidential an agreement signed in October 2015 by the former associate of Saipem do Brasil – who, with such agreement committed himself to substantiating with evidence some of the statements made – had ceased. The Attorney General noted in particular that attempts to substantiate such statements had not been successful, the reason why the content of the statements contained in the additional agreement had not been maintained confidential. At the hearing on June 9, 2017, the depositions of the three defendants were obtained, among them the former associate of Saipem do Brasil and a former Petrobras official.

Saipem do Brasil's former associate, with regard to the theft of 100,000 Brazilian reals (approximately €18,440 – amount updated at the exchange rate as of June 30, 2022) in October 2011, said that money was needed to pay the costs of real estate for a company he was managing on behalf of a third party vis-à-vis Saipem (that is, the former Petrobras official charged in the same proceeding who confirmed that statement).
The former Saipem do Brasil associate also stated that the Saipem Group did not pay any bribes because Saipem's compliance system prevented this from happening. That statement was confirmed by the former Petrobras official charged in the same proceeding. The former associate of Saipem do Brasil and the former Petrobras official charged in the same proceeding, while offering a reconstruction of the facts which was partially different, reported, that the possibility of some inappropriate payments was discussed with reference to certain contracts of Saipem do Brasil but in any case no payment was made by the Saipem Group. The former Saipem do Brasil associate and the former Petrobras official charged in the same proceeding stated that the contracts awarded by the client to the Saipem Group were won through regular bidding procedures. The proceedings in Brazil against the former associate of Saipem do Brasil and another two defendants has not yet ended with a final ruling. During the proceedings against the former associate of Saipem do Brasil, no evidence of irregularities emerged in the management of tenders assigned by Petrobras to Saipem Group and/or evidence of illegal payments by Saipem Group in relation to tenders assigned by Petrobras to Saipem Group and/or evidence of damages suffered by Petrobras in relation to tenders assigned to Saipem Group. Saipem Group has not been involved in this proceeding.
The audit that was concluded in 2016 was relaunched with the support of the same third-party consultant used earlier and with the same methodology in order to analyse some of the information mentioned during the depositions of June 9, 2017.
The audit report, issued on July 18, 2018, confirmed the absence of communications or documents relating to transactions and/or financial movements between companies of the Saipem Group and the personnel of Petrobras under investigation.
With the press release dated May 30, 2019, Saipem informed as follows:
"Saipem: notification of administrative proceedings in Brazil to the subsidiaries Saipem SA and Saipem do Brasil in relation to a contract awarded in 2011.
San Donato Milanese (Milan), May 30, 2019 - Saipem informs that today its French subsidiary Saipem SA and its Brazilian subsidiary Saipem do Brasil were notified by the competent Brazilian administrative authority (Controladoria-Geral da União through the Corregedoria-Geral da União) about the opening of administrative proceedings with respect to alleged irregularities in relation to the award by the Brazilian oil company Petrobras, as leader of the "Consortium BMS 11", in December 2011, of the contract (whose value was equal to approximately 249 million Brazilian reals, currently equivalent to approximately €56 million) for the installation of the underwater gas pipeline connecting the Lula and Cernambi fields in Santos Basin.
Saipem SA and Saipem do Brasil will cooperate in the administrative proceedings by providing all the clarifications requested by the competent administrative authority and have confidence in the correctness of the award of the above-mentioned contract and in the absence of circumstances to affirm the administrative liability of the companies".
As part of the aforementioned administrative proceedings, on June 21, 2019, Saipem do Brasil and Saipem SA presented their initial defence statements before the competent administrative authority (Controladoria-Geral da União through Corregedoria Geral da União).
With a communication dated August 21, 2019, the competent administrative authority (Controladoria-Geral da União through Corregedoria-Geral da União) informed Saipem do Brasil and Saipem SA that, following the preliminary investigation carried out up to that moment, the administrative procedure has not been closed and invited Saipem do Brasil and Saipem SA to present further defence statements by September 20, 2019.
Saipem do Brasil and Saipem SA submitted their defence statements by the set deadline. On April 24, 2020, the competent Brazilian Administrative Authority (Controladoria-Geral da União through the Corregedoria-Geral da União) ordered a 180-day postponement for the conclusion of the administrative procedure.
On November 30, 2020, Saipem SA and Saipem do Brasil submitted further defence statements before the Brazilian Administrative Authority (Controladoria-Geral da União through the Corregedoria-Geral da União).
The administrative proceeding is still ongoing.
On June 8, 2020, the Brazilian Federal Prosecutor's office issued a press release informing of a new charge against a former President of Saipem do Brasil, who left the Saipem Group on December 30, 2009. The charge concerns alleged episodes of corruption and money laundering that allegedly occurred between 2006 and 2011 in relation to two contracts awarded by Petrobras Group companies to Saipem Group companies (the Mexilhao contract signed in 2006 and the Uruguà-Mexilhao contract signed in 2008).
The new charge was made only against individuals (not Saipem Group companies) and involves, in addition to the former President of Saipem do Brasil, some former Petrobras officials.
The Brazilian Federal Court of Curitiba on July 6, 2020 accepted the complaint filed by the Brazilian Federal Prosecutor's Office against the former Chairman of Saipem do Brasil (who left the company on December 30, 2009) and a former Petrobras official against whom a criminal trial was opened in Brazil. Petrobras was admitted as plaintiff ("Assistente do Ministerio Publico") in the same proceeding against the two accused persons. No company of the Saipem Group is party to this proceeding.

PRELIMINARY INVESTIGATIONS IN PROGRESS - PUBLIC PROSECUTOR'S OFFICE AT THE COURT OF MILAN - IRAQ

On August 2, 2018, the Public Prosecutor of the Court of Milan notified Saipem of a request for documents relating to previous activities (2010-2014) of Saipem Group in Iraq and in particular to relations with the Unaoil group. The request also contained information that – with regard to these past activities – Saipem was subject in Italy to investigations for international corruption. In January 2019, the US Department of Justice, which claimed to have an ongoing investigation into the activities and relations of Unaoil for some time and to be aware of a pending investigation in Italy against Saipem by the Public Prosecutor's office of Milan, asked Saipem if it would be willing to provide "voluntary production" of documents relating to previous activities of Saipem Group in Iraq with the involvement of Unaoil and, more in general, the previous between Saipem and the Unaoil group. Saipem has confirmed that it is willing to provide such "voluntary production". The "voluntary production" is without prejudice to any question concerning possible US jurisdiction, an aspect for which the US Department of Justice has not indicated at the moment any supporting evidence, asking only for Saipem to cooperate in the assessments that the US Department of Justice has under way. Within the context of the aforementioned "voluntary production", Saipem in March 2019, through its US lawyers, delivered to the US Department of Justice the files delivered in 2018 to the Milan Public Prosecutor's office in order to fulfil the above-mentioned request for documents received on August 2, 2018. It was later learned during 2021 that the proceedings in Italy were settled against, among others, Saipem with a dismissal order following the transfer ex Article 746-*quater* Code of Criminal Procedure of the above-mentioned proceedings to the United States of America, due to the pending investigations mentioned above.

FOS CAVAOU

With regard to the Fos Cavaou ("FOS") project for the construction of a regasification terminal, the client Société du Terminal Méthanier de Fos Cavaou ("STMFC", now Fosmax LNG) in January 2012 commenced arbitration proceedings before the International Chamber of Commerce in Paris ("Paris ICC") against the contractor STS, a French "société en participation" made up of Saipem SA (50%), Tecnimont SpA (49%) and Sofregaz SA (1%). On July 11, 2011, the parties signed a mediation memorandum pursuant to the rules of Conciliation and Arbitration of the Paris ICC. The mediation procedure ended on December 31, 2011 without agreement having been reached, because Fosmax LNG refused to extend the deadline.

The brief filed by Fosmax LNG in support of its request for arbitration included a demand for payment of approximately €264 million for damages allegedly suffered, penalties for delays and costs for the completion of works ("mise en régie"). Of the total sum demanded, approximately €142 million was for loss of profit, an item excluded from the contract except for cases of willful misconduct or gross negligence. STS filed its defence brief, including a counterclaim for compensation for damage due to excessive interference by Fosmax LNG in the execution of the works and for the payment of extra work not approved by the client (and reserving the right to quantify the amount as the arbitration proceeds). On October 19, 2012, Fosmax LNG lodged a "Mémoire en demande". Against this, STS lodged its own Statement of Defence on January 28, 2013, in which it filed a counterclaim for €338 million. The final hearing was held on April 1, 2014. On the basis of the award issued by the Arbitration Panel on February 13, 2015, Fosmax LNG paid STS the sum of €84,349,554.92, including interest on April 30, 2015. 50% of this amount is due to Saipem SA. On June 26, 2015, Fosmax LNG challenged the award before the French Conseil d'Etat, requesting its annulment on the alleged basis that the Arbitration Panel had erroneously applied private law to the matter instead of public law. On November 18, 2015, a hearing was held before the Conseil d'Etat. Subsequently to the submission of the Rapporteur Public, the judges concluded the discussion phase. The Rapporteur requested a referral to the Tribunal des Conflits. With its judgement of April 11, 2016, the Tribunal des Conflits held that the Conseil d'Etat had jurisdiction for deciding on the dispute regarding the appeal to overrule the arbitration award of February 13, 2015. On October 21, 2016, a hearing was held before the Conseil d'Etat and on November 9, the latter issued its own ruling, with which it partially nullified the award of February 13, 2015 for only the mise en régie costs (quantified by Fosmax in €36,359,758), stating that Fosmax should have relinquished such costs back to an arbitration tribunal, unless otherwise agreed by the parties.

Parallel with the aforementioned appeal before the Conseil d'Etat, on August 18, 2015, Fosmax LNG also filed an appeal with the Court of Appeal of Paris to obtain the annulment of the award and/or the declaration of nullity of the relevant exequatur, the enforceability of which had been recognised and of which Fosmax had been notified on July 24, 2015. On February 21, 2017, the Court of Appeal declared itself incompetent to decide on the annulment of the award and stated that it would postpone the subsequent decision on the alleged nullity of the exequatur. On July 4, 2017, the Court annulled the exequatur issued by the President of the Tribunal de grande instance and sentenced STS to pay the costs (€10,000) of the proceeding in favour of Fosmax.

On June 21, 2017, Fosmax notified Sofregaz, Tecnimont SpA and Saipem SA, of a request for arbitration, requesting that the aforementioned companies (as members of the société en partecipation STS) be jointly and severally condemned to pay the mise en régie costs as quantified above beyond delays and legal fees. The Arbitration Tribunal was officially constituted on January 19, 2018 when the Chairman was confirmed and, in accordance with the calendar agreed between the Parties, on April 13, 2018 Fosmax filed its Mémoire en demande in which it detailed its demands at €35,926,872 in addition to interest for late payments of approximately €4.2 million. STS filed its brief and response on July 13, 2018, with which it has made the counter claim that Fosmax be ordered to pay €2,155,239 in addition to interest for loss of profit and €5,000,000 for non material damage.

Hearings were held from February 25 to February 27, 2019. The award was communicated to the lawyers of the parties on July 3, 2020. The Arbitration Tribunal fully rejected the counterclaims made by the STS members and sentenced them, jointly and severally, to pay Fosmax: (i) €31,966,704 for "en règie" works made by Fosmax; (ii) default interest on the aforementioned amount at the annual rate EURIBOR 1 month plus two basis points, starting from the 45th day from the issue of the accepted invoices and up to complete payment; (iii) USD 204,400 as a partial refund of the advance paid by Fosmax for the costs of the arbitration procedure; and (iv) €1,343,657 as compensation for legal defence costs. With an addendum to the award, the Arbitral Tribunal provided some clarification on the application of the default interest.

On July 30, 2020, Saipem SA paid Fosmax its share of the principal capital of the award, equal to €16,744,610. Tecnimont announced that it has appealed the ruling. Saipem was not a party to these proceedings, which ended in 2021 with the rejection of the appeal filed by Tecnimont.

By letter dated November 16, 2020, Fosmax's defence jointly notified Tecnimont SpA and Saipem SA to pay the outstanding part of the award within 15 days, quantifying the interest and VAT at €11,374,761. However, there is no consensus on how to calculate interest, and the issue is still under discussion between the parties. Tecnimont subsequently paid its capital share and expenses. On December 30, 2021, Saipem paid its VAT share (€3,196,670). Tecnimont and Saipem agreed to pay FOS only the amount of undisputed interests, notifying such decision to FOS through their lawyers. On February 1, 2022, Saipem has therefore made a payment of €3,073,902.

Fosmax notified of a seizure order for four Saipem SA current accounts up to the amount of €5,712,140 plus expenses, for alleged additional interest on arrears over and above the interest already paid. On May 23, 2022, Saipem opposed the execution of the seizure. The amount seized is equal to €92,154. Saipem SA, disputing the legitimacy of the action by Fosmax, notified Fosmax that it opposed the execution and requested the annulment of the seizure, deemed illegitimate, and that Fosmax be sentenced to a fine of €3,000 for reckless litigation plus the payment of €20,000 for damages. The first hearing in this opposition proceeding will be held on September 14, 2022.

COURT OF CASSATION - CONSOB RESOLUTION NO. 18949 OF JUNE 18, 2014 - ACTIONS FOR DAMAGES

Preliminary hearings in Milan: with the measure adopted with Resolution No. 18949 of June 18, 2014, Consob decided to apply a monetary fine of €80,000 to Saipem for an alleged delay in issuing the profit warning issued by the company on January 29, 2013 and, "with a view to completing the preliminary investigation", to transmit a copy of the adopted disciplinary measure to the Public Prosecutor's office at the Court of Milan. On March 12, 2018, the Public Prosecutor's Office at the Court of Milan – at the end of its investigations – notified Saipem of the "Notice to the person under investigation of the conclusion of the preliminary investigations" with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8, 25-*ter*, lett. b) and 25-*sexies* of Legislative Decree No. 231/2001, allegedly committed until April 30, 2013 "for not having prepared an organisational model suitable to prevent the completion" of the following alleged offences:

(i) offence pursuant to Article 185 TUF (in conjunction with Article 114 TUF and Article 68, paragraph 2, of the Issuers Regulation), allegedly committed on October 24, 2012, with reference to the press release published for the approval of the quarterly report as of September 30, 2012, by Saipem and the related conference call of October 24, 2012, with external analysts;

(ii) offence pursuant to Article 2622 of the Civil Code (continuing illegal offence with Article 2622 paragraphs 1, 3 and 4, old civil code formulation in force at the time of the facts), allegedly committed on April 30, 2013, with reference to the 2012 consolidated and statutory financial statements of Saipem approved by the Board of Directors on March 13, 2013 and by the Shareholders' Meeting on April 30, 2014;

(iii) offence pursuant to Article 185 TUF, allegedly committed from March 13, 2013 to April 30, 2013, with reference to press releases issued to the public regarding the approval of the 2012 consolidated and statutory financial statements of Saipem.

In addition to the Company, the following physical persons were also investigated in relation to the same allegations as those above:

- for the alleged crime under (i): the two Chief Executive Officers and the Chief Operating Officer of the Engineering & Construction Business Unit of Saipem in office at the date of the press release of October 24, 2012, as they *"through the press release dated October 24, 2012 issued on the occasion of the approval by the Board of Directors of the quarterly report as of September 30, 2012 and during the related conference call [...], they spread false news – which was incomplete and reticent – concerning the economic and financial situation of Saipem, [...], capable of causing a significant alteration of the price of its ordinary shares";* and
- for the alleged crimes under (ii) and (iii): the Chief Executive Officer and the Officer responsible for financial reporting, who was in office at the date of approval of the 2012 consolidated and separate financial statements of Saipem as they:

  in relation to the alleged offence (ii), they would have *"disclosed in the consolidated and statutory financial statements 2012 of Saipem, approved by the Board of Directors and by the Shareholders' Meeting on March 13, 2013 and April 30, 2013, material facts that do not correspond to the truth, although subject to evaluation, as well as the omission of information on the economic, asset and financial situation of Saipem, the reporting of which is required by law, [...], and, in particular:*

  - *in contrast to the provisions of paragraphs 14, 16, 17, 21, 23, 25, 26 and 28 of IAS 11, no extra costs related to delays in the execution of activities and late penalties were recorded in the costs for the entire lifespan of the project, [...] for a total of €245 million:*

  and the effect was:

  1) *they recorded higher revenue for €245 million in the income statement compared to the amount accrued, on the basis of a state of economic progress that did not consider the extra costs described above in the costs for the lifespan of the project, in contrast with paragraphs 25, 26 and 30 of the IAS 11;*
  2) *they omitted to record the expected loss of the same amount ... as the cost of the year, in contrast with paragraph 36 of IAS 11, thus recording an operating result higher than the pre-tax profit of €1,349 million in the income statement, in place of the actual operating result of €1,106 million, and a higher than realistic shareholders' equity of €17,195 million, instead of the actual shareholders' equity of €16,959 million [...]".*

  In relation to the alleged offence (iii), "*with the aforementioned press releases, they spread the news of the approval of the 2012 consolidated and statutory financial statements of Saipem, in which material facts that did not correspond to the truth were disclosed, and more specifically revenue higher than actual revenue for €245 million and an EBIT higher than reality for the corresponding amount [...]*".

On April 11, 2018, Saipem received the notice of hearing set for October 16, 2018, together with the request for indictment against Saipem formulated on April 6, 2018 by the Public Prosecutor.

On October 16, 2018, the trial began before the Judge for the Preliminary Hearing in Milan during which two individuals were presented as plaintiffs.

At the hearing of January 8, 2019, the Judge for the Preliminary Hearing granted the establishment of a civil suit against the accused individuals and rejected the second request for the constitution of a civil suit against all the defendants. No civil suit has been granted against Saipem.

Following the discussions of the parties and the Public Prosecutor, the Judge for the Preliminary Hearing postponed the case to March 1, 2019.

At the hearing of March 1, 2019, the Preliminary Hearing Judge ordered the indictment of Saipem for an alleged administrative offence pursuant to Articles 5, 6, 7, 8, 25-*ter*, lett. b) and 25-*sexies* of Legislative Decree No. 231/2001, allegedly committed until April 30, 2013 *"for failing to provide a suitable organisational model to prevent criminal acts"* with regard to the following alleged crimes: (i) offence pursuant to Article 2622, of the Civil Code ("false accounting") allegedly committed on April 30, 2013 in relation

to the separate and statutory 2012 financial statements of Saipem; and (ii) offence under Article 185 TUF ("manipulation of the market"), allegedly committed from March 13, 2013 to April 30, 2013, with reference to press releases issued to the public regarding the approval of the 2012 consolidated and statutory financial statements of Saipem.
The Judge for the Preliminary Hearing ruled in favour of Saipem, because the statute of limitations had passed regarding charge of an administrative offence pursuant to Articles 5, 6, 7, 8, 25-*ter*, lett. b) and 25-*sexies* of Legislative Decree No. 231/2001, *"for failing to provide a suitable organisational model to prevent criminal acts"* with regard to the following alleged crime: (iii) offence pursuant to Article 185 TUF ("manipulation of the market"), allegedly committed on October 24, 2012, with reference to the press release published for the approval of the quarterly report as at September 30, 2012 by Saipem and the related conference call of October 24, 2012.
The Judge for the Preliminary Hearing ordered the committal for trial of the following individuals: (a) for the alleged crimes under (i) and (ii): the Chief Executive Officer and the Officer responsible for financial reporting who was in office at the date of approval of the 2012 consolidated and statutory financial statements of Saipem; (b) for the alleged crime under (iii): the Chief Executive Officer and the Chief Operating Officer of the Engineering & Construction Business Unit of Saipem in office at the date of the press release of October 24, 2012.
All individuals committed for trial by the Judge of the Preliminary Hearing of Milan have long since left the Company.
On May 23, 2019, the first instance proceedings began before the Criminal Court of Milan (R.G.N.R. 5951/2019). The hearing was postponed on June 4, 2019 as the first instance proceedings were assigned to a new section of the Criminal Court of Milan. On June 4, 2019, after the formalities of the first hearing including the filing of the requests for the admission as plaintiffs by some parties, the Court adjourned the proceedings to the September 26, 2019 hearing, in order to allow the parties to better understand the terms and the conditions of the requests for the admission as plaintiffs and the requests to summon Saipem as the civilly liable party ("responsabile civile"). At the hearing scheduled on September 26, 2019, the Court merely postponed the ruling following the request for the admission as plaintiffs and on the request to summon Saipem as the civilly liable party ("responsabile civile") to a hearing on October 17, 2019. The requests for the admission as plaintiffs have been proposed by more than 700 private investors. The overall amount referred to in the requests has not been determined.
At the hearing of October 17, 2019, at the request of the plaintiffs, the Court ordered the summons of Saipem as the civilly liable party at the hearing of December 12, 2019.
At the hearing of December 12, 2019, Saipem was admitted as the civilly liable party in the proceedings.
The Court also invited the parties to formulate their preliminary statements.
The Public Prosecutor and the lawyers of the other parties and of Saipem have requested the admission of witnesses indicated in their lists.
During the debate phase, continuing from 2019 to 2021, the Court proceeded with calling the witnesses indicated by the Prosecutor and the parties' lawyers.
On May 13, 2021, the Prosecutor submitted their conclusions summarised below: (i) ruling of acquittal under Article 530, section 2, Code of Criminal Procedure, because the fact was not committed against the Chief Operating Officer of Saipem Business Unit Engineering & Construction, in office at the date of October 24, 2012, in relation to the offence charged under Article 185 TUF; (ii) sentence to 4 years detention and a €90,000 fine against the CEO in office at the date of October 24, 2012, in relation to the offence under Article 185 TUF; (iii) ruling not to proceed for lack of jurisdiction in regard to the CEO and the Manager in charge of preparing the accounting and corporate documents in office at the date of the approval of the December 31, 2012 consolidated and statutory financial statements of Saipem in relation to the offence under Article 2622 of the Civil Code; (iv) sentence to 2 years detention and the payment of a €60,000 fine against the CEO and the Manager in charge of preparing the accounting and corporate documents in office at the date of the approval of the December 31, 2012 consolidated and statutory financial statements of Saipem in relation to the offence under Article 185 TUF; (v) sentence to the payment of a €600,000 fine against Saipem in relation to administrative offences under Articles 5, 6, 7, 8, 25-*ter*, lett. b) and 25-*sexies* of Legislative Decree No. 231/2001.
Also on May 13, 2021, the 49 plaintiffs admitted by the Court filed written conclusions, specifically:

- No. 10 plaintiffs sought judgment against the defendants with the penalty provided by law, and compensation for property and moral damages jointly with Saipem civilly liable party to be settled in a separate proceeding, with a request of a provisional amount of €10,000 immediately payable to each plaintiff;
- No. 39 plaintiffs sought judgment against the defendants with the penalty provided by law, and compensation for property and moral damages jointly with Saipem civilly liable party. The property damage was determined in the amount equal to the value of the shares held, or, alternatively, a different amount deemed equitable plus interests and reassessment of the amount owed. Regarding moral damages, the amount calculated was at least 1/5 of the property damage or, alternatively, an amount to be determined on an equitable basis. In this case also a request was submitted for the payment of a provisional amount equal to 20% of the property damage suffered, or, alternatively, a different amount deemed to be fair.

At the hearing of June 10, 2021 and July 6, 2021, the defence of Saipem as civilly liable party was discussed, as well as the defence of Saipem as defendant under Legislative Decree No. 231/2001, and the defence of the individual defendants. Lastly, the Court adjourned the hearing to September 28, 2021, for the parties' replies and for the judgment.
With the press release dated September 28, 2021, Saipem informed as follows:
"*The Criminal Court of Milan (Section X) ruled today in the proceedings relating to alleged offences committed in the preparation and dissemination to the market of the press release of October 24, 2012, with the results as of September 30, 2012 and the consolidated and statutory financial statements as of December 31, 2012.*
In relation to the aforementioned proceedings, at the hearing of May 13, 2021, the Public Prosecutor had submitted the following conclusions to the Court against the Company and certain former employees who had long since left the Company:

- *sentence to pay a fine of €600,000 against Saipem in relation to the administrative offences referred to in Articles 5, 6, 7, 8, 25-*ter*, lett. b) ('fraudulent accounting') and 25-*sexies*, of Legislative Decree No. 231/2001 ('market abuse');*

- *acquittal, pursuant to Article 530, paragraph 2, of the Italian Criminal Code, for not having committed the act with regard to the former General Manager of the Saipem Engineering & Construction Business Unit, in office as of October 24, 2012 (and who left the Company in December 2012), in relation to the offence charged pursuant to Article 185 of Legislative Decree No. 58/1998 ('market manipulation');*
- *sentence of 4 years' imprisonment and €90,000 fine against the former CEO in office on October 24, 2012 (and who left the Company in December 2012), in relation to the offence under Article 185 of Legislative Decree No. 58/1998 ('market manipulation');*
- *judgment of non-application of the statute of limitations to the former Chief Executive Officer (who left the Company in April 2015) and the former Manager responsible for preparing the Company's accounting and corporate documents (who left the Company in December 2013) in office at the date of approval of the consolidated and statutory financial statements for the year ended December 31, 2012 of Saipem in relation to the offence under Article 2622 of the Italian Civil Code ('fraudulent accounting'); and*
- *a sentence of two years' imprisonment and a fine of €60,000 against the former Chief Executive Officer (who left in April 2015) and the former Manager responsible for preparing the company's financial reports (who left in December 2013) in office at the date of approval of the consolidated and statutory financial statements as of December 31, 2012 of Saipem in relation to the offence under Article 185 of Legislative Decree No. 58/1998 ('market manipulation').*

The Court of Milan, accepting in full the requests of the defence, acquitted the Company and all the individuals charged because the fact does not exist and rejected the claims for compensation filed by 49 retail shareholders who had joined the proceedings as civil parties.
Saipem expresses satisfaction with the decision of the Court of Milan".
The Court of Milan filed the grounds of the first instance ruling on December 21, 2021. The first instance ruling became final on February 11, 2022.
On July 28, 2014, Saipem lodged an appeal at the Court of Appeal of Milan against the above mentioned Consob Resolution No. 18949 dated June 18, 2014 to impose a monetary fine. By decree filed on December 11, 2014, the Court of Appeal of Milan rejected the opposition made by Saipem which then appealed to the Court of Cassation against the Decree issued by the Court of Appeal of Milan. The appeal was discussed on November 7, 2017. On February 14, 2018, the Court of Cassation filed its decision rejecting Saipem's petition on the grounds of the *"absolute uniqueness of the situation concerning the interpretation of the phrase 'without delay' in the text of the paragraph 1 of Article 114 TUF".*
Current legal proceedings. Proceeding with foreign institutional investors: on April 28, 2015, a number of foreign institutional investors initiated legal action against Saipem before the Court of Milan, seeking judgement against the Company for the compensation of alleged loss and damage (quantified in approximately €174 million), in relation to investments in Saipem shares which the claimants alleged that they had made on the secondary market. In particular, the claimants sought judgement against Saipem requiring the latter to pay compensation for alleged loss and damage which purportedly derived from the following: (i) with regard to the main claim, from the communication of information alleged to be "imprecise" over the period from February 13, 2012 to June 14, 2013; or (ii) alternatively, from the allegedly "delayed" notice, only made on January 29, 2013, with the first "profit warning" (the so-called "First Notice") of privileged information which would have been in the Company's possession from July 31, 2012 (or such other date to be established during the proceedings, identified by the claimants, as a further alternative, on October 24, 2012, December 5, 2012, December 19, 2012 or January 14, 2013), together with information which was allegedly "incomplete and imprecise" disclosed to the public over the period from January 30, 2013 to June 14, 2013, the date of the second "profit warning" (the so-called "Second Notice"). Saipem appeared in court, case number R.G. 28789/2015, fully disputing the adverse party's requests, challenging their admissibility and, in any case, their lack of grounds.
As per the order made by the Judge at the hearing of May 31, 2017, the parties proceeded to file the briefs referred to in Article 183, paragraph 6, Civil Procedure Code. With the same order, the Court set a hearing for February 1, 2018 for the possible admission of the evidence.
With the same order of May 31, 2017, the Court ordered the separation of the judgement for five of the parties involved in the proceedings and this separate proceeding – number R.G. 28177/2017 – was discontinued pursuant to Article 181 of the Civil Procedure Code on November 7, 2017.
At the hearing of February 1, 2018, the Judge, by order dated February 2, 2018, postponed the proceeding to the hearing of July 19, 2018. pursuant to Article 187, paragraph 2, Civil Procedure Code. During the hearing, after the parties clarified the conclusions, the judge assigned said parties the deadline for filing the final briefs and the replies.
On October 2, 2018, Saipem filed the final brief and on October 22, 2018 Saipem filed the reply.
On November 9, 2018, the Court filed the first instance ruling No. 11357 rejecting the merit of the request by the parties. The Court has indeed ruled that there is lack of evidence of ownership of Saipem shares by said actors in the period indicated above and has condemned them to pay €100,000 in favour of Saipem, by way of reimbursement of legal expenses.
On December 31, 2018, the institutional investors challenged the aforementioned sentence before the Court of Appeal of Milan, requesting that Saipem be ordered to pay approximately €169 million. The first hearing before the Court of Appeal of Milan was held on May 22, 2019. The Appeal's Judge adjourned the hearing to July 15, 2020, for the parties to file their final conclusions.
At the hearing of July 15, 2020, the parties clarified their respective conclusions and the Court of Appeal fixed the terms of October 14, 2020 for filing their final conclusions and of November 3, 2020 for filing their replies.
The Court of Appeal, with an order issued on November 16, 2020, requested the remittal by parties of the translation of some documents to be filed at an ad-hoc hearing set for January 20, 2021.
At the hearing on January 20, 2021, the Judge, after verifying the filing of the required documents, set a new hearing for February 10, 2021. At that hearing, the case was held in decision without terms for further conclusive statements. On February 23, 2021, the Judge ordered an integrative evidence phase.
On April 14, 2022, the court technical expert ("CTU") filed his technical report, in which he deemed, favourably to Saipem, that (i) the 2013 forecast data, later reflected in the press release on the profit warning of January 29, 2013, could not be considered

known, sufficiently reliable and definitive before the date of the aforementioned press release, and that (ii) Saipem could not notify the market reliably about the revision of the guidance in the press release on the profit warning of June 14, 2013 before the date. The court technical expert ("CTU") did not consider to proceed with the quantification of any (alleged) damage complained of by investors. At the final conclusion hearing of May 4, 2022, the Milan Court of Appeal held the case in decision. The final and replies briefs were respectively filed on July 4 and July 25, 2022. The Judge's decision is pending.

The 27 corporate investors proceeding: with a writ of summons dated December 4, 2017, twenty-seven corporate investors took legal action before the Court of Milan section specialised in the field of corporate law, against Saipem and two former Chief Executive Officers of said company, requesting that they are jointly condemned to pay compensation (with respect to the two former members of the company, limited to their periods of stay in office) for compensation for damages, material and non-material, allegedly suffered due to an alleged manipulation of information released to the market during the period between January 2007 and June 2013.

Saipem liability was calculated pursuant to Article 1218 of the Civil Procedure Code (contractual liability) or pursuant to Article 2043 of Civil Code (non-contractual liability) or pursuant to Article 2049 of the Civil Procedure Code (owner and client liabilities) for the illegal conduct committed by the two former company representatives.

Damages were not initially quantified by the investors, who reserved the right to quantify damages during the trial.

The Company appeared in court to contest the claims in full, pleading inadmissibility and in any case the groundlessness in fact and in law.

On June 5, 2018, the first hearing was held. In this hearing the judge assigned terms for evidence pleadings, reserving judgement until said pleadings could be examined.

The parties proceeded to deposit the pleadings referred to in Article 183, paragraph 6, Civil Procedure Code. In the pleading pursuant to Article 183, paragraph 6, No. 1, c.p.c., the plaintiffs provided for the quantification of damages allegedly suffered in the amount of approximately €139 million. In its evidence pleading, Saipem and the other defendants remarked, in particular, on the lack of evidence regarding the acquisition of Saipem shares on the secondary markets by the plaintiffs. Therefore, due to this lack of evidence from the plaintiffs, all the defendants asked the Court to set a hearing to clarify the conclusions pursuant to Article 187 of Civil Procedure Code. With the pleading under Article 183, paragraph 6, No. 3, c.p.c., one of the plaintiffs declared to waive the action pursuant to Article 306, c.p.c.

On November 9, 2018, the Company filed sentence No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case R.G. No. 28789/2015, as this provision decided the same preliminary issues of merit raised by Saipem and the other defendants in the case under consideration, in particular with reference to the failed proof of purchase of Saipem shares.

On November 9, 2019, Saipem produced in the proceedings the order of the Criminal Court of Milan dated October 17, 2019, with reference to the pending criminal judgment R.G.N.R. 5951/2019, in which the constitution of approximately 700 civil parties was declared inadmissible in that case, with reasons similar to those of judgment No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case R.G. No. 28789/2015.

In a note dated October 23, 2019, the plaintiffs filed an application with the judge to authorise the filing of a pro veritate opinion in relation to Saipem's filing of November 9, 2018.

With note dated October 25, 2019, Saipem has challenged the inadmissibility of the filing of the aforementioned opinion brought by the plaintiffs.

The Court set the hearing for the parties' clarification of their conclusions on November 3, 2020, having deemed it necessary to remit the decision on all questions and exceptions made by the parties to the Court.

The hearing of November 3, 2020 was postponed to February 9, 2021 with the written discussion of the case.

At the hearing on February 9, 2021, the Judge held the case in decision, setting the legal terms for the filing of the final statements and the replies which were respectively filed on April 12 and May 3, 2021.

On November 20, 2021, the Court of Milan ruled in favour of Saipem, rejecting the plaintiffs' claims for approximately €101 million out of €139.6 million.

The investors whose claims were rejected may appeal to the Milan Court of Appeal. In the meantime, the investors have paid Saipem approximately €150,000 in legal fees.

The Court of Milan, with the above ruling and with an order dated November 20, 2021, referred the case to the preliminary investigation for further claims for damages amounting to approximately €38 million.

With an order dated March 10, 2022, the Court of Milan – at the request of all the parties in the proceedings – made some changes to the first instance sentence, adding some plaintiffs and funds/assets separated to the group of those whose claims were fully rejected, and adding other plaintiffs and funds/assets to the group of investors for which the prosecution in first instance was ordered.

By virtue of the ruling, corrected by the aforementioned ordinance, the lawsuit is continuing in the first instance for investors who have submitted legal claims for an amount of approximately €38 million.

At the hearing on February 9, 2022, the Court assigned the parties the terms until March 7 and April 7, 2022 for the filing of explanatory notes about the consequences of the criminal sentence of December 21, 2021 issued in the criminal proceedings R.G.N.R. 5951/2019.

At the hearing on May 9, 2022, all the defendants asked primarily to provide the terms in order to rebate to the investor' notes of April 7, 2022 and to illustrate the relevance of the court expert report ("CTU") (issued in the appeal proceedings against the sentence issued in the first instance in the criminal proceedings R.G.N.R. 28789/2015), requesting that the case be held in decision ("trattenuta in decisione"), in the alternative, should the Court still intend to continue with the evidence phase, it could be focused on the results of the aforementioned criminal sentence and the court expert report ("CTU").

Counterparties, on the other hand, asked to proceed with the evidence phase and to evaluate the court expert report ("CTU") and the aforementioned criminal decision – both in their opinion irrelevant – in the context of the expert investigations that will be asked of the CTU.

The Court authorised the production of the expert report ("CTU") (made in the appeal proceedings against the first instance sentence issued in the case R.G. 28789/2015) and set the term until July 29, 2022, for the parties to produce defensive notes, reserving any decision.
On January 21, 2022, Saipem appealed the ruling of November 20, 2021, insofar as it remanded the claims of these plaintiffs for investigation. The deadline for the establishment of the other parties of the trial (one of which has already filed in advance) will expire on September 2, 2022. The first hearing in the trial is set for September 28, 2022. On January 24, 2022 the investors whose claims were rejected, because they had failed to prove they owned Saipem shares in the relevant period, had also appealed the ruling of November 20, 2021.
Saipem appeared in this judgment with a brief filed on May 25, 2022 also containing an incidental appeal. The other defendants appeared by filing a briefs with incidental appeal on May 19 and May 20, 2022.
On June 14, 2022, the other investors – for whom the lawsuit is continuing in the first instance – appeared before the court, declaring that they were making an incidental appeal on the incidental appeals proposed by Saipem and the other defendants. The investors filed hearing notes on the same date. At the hearing on June 15, 2022, Saipem's defence objected the inadmissibility, as well as groundlessness, of the appearance brief filed on June 14, 2022 by the investors and the defences formulated in the hearing notes.
Considering that three appeals are pending (two indicated above and the one described below) against the same ruling and given that all the parties have requested to unite the three appeals, the judge has set a hearing on September 28, 2022 so that the various appeals can be heard at that time.
In light of the changes made by the correction order ("ordinanza di correzione") of the Court of Milan on March 10, 2022 to the sentence of the court of Milan of November 20, 2021, Saipem, on March 18, 2022, challenged the sentence also in the parts corrected by the correction order, with reference to the plaintiffs and funds initially omitted from the proceeding and subsequently "added" to the group of those for which the continuation of the trial in the first instance was ordered. The first hearing in the proceedings is set for September 14, 2022 and the term for the constitution of other parties will expire on July 25, 2022.
Demands for out-of-court settlement and mediation proceedings: in relation to alleged delays in providing information to the market, Saipem received a number of out-of-court claims and requests for mediation during the period 2015-2022.
With regard to out-of-court requests, the following were made: (i) in April 2015 by 48 institutional investors on their own behalf and/or on behalf of the funds respectively managed for a total amount of approximately €291.9 million, without specifying the value of the claims of each investor/fund (subsequently, 21 of these institutional investors together with 8 others proposed a request for mediation, for a total amount of approximately €159 million; 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (ii) in September 2015 by 9 institutional investors on their own behalf and/or on behalf of the funds respectively managed, for a total amount of approximately €21.5 million, without specifying the value of the claims of each investor/fund (subsequently 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (iii) during 2015 by two private investors respectively for approximately €37,000 and for approximately €87,500; (iv) during July 2017 by some institutional investors for approximately €30 million; (v) on December 4, 2017 by 141 institutional investors for an unspecified amount (136 of these investors on June 12, 2018 renewed their out-of-court request, again for an unspecified amount); (vi) on April 12, 2018 for approximately €150-200 thousand by a private investor; (vii) on July 3, 2018 by a private investor for approximately €330 thousand; (viii) on October 25, 2018 for approximately €8,800 from a private investor; (ix) on November 2, 2018 for approximately €48,000 from a private investor; (x) on May 22, 2019 for approximately €53,000 from a private investor; (xi) on June 3, 2019 for an unspecified amount from a private investor; (xii) on June 5, 2019 for an unspecified amount from two private investors; (xiii) in February 2020 by a private investor who claims to have suffered damages worth €1,538,580; (xiv) in March 2020 by two private investors who did not indicate the value of their claims; (xv) in April 2020 by two private investors who did not indicate the value of their claims and by a private investor claiming alleged damages of approximately €40,000; (xvi) in May 2020 by a private investor who did not indicate the value of his claim; (xvii) in June 2020 by one private investor who did not indicate the value of its claim for damages; (xviii) in June 2020 by twenty-three private investors who did not indicate the value of their claim for damages; (xix) in July 2020 by eighteen investors claiming damages of approximately €22.4 million; (xx) in July 2020 by thirty-four private investors who did not indicate the value of their claim for damages; (xxi) in August 2020: (a) by four private investors who did not indicate the value of their claim; (b) by three institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €7.5 million; (xxii) in September 2020 by ten private investors who did not indicate the value of their claim; (xxiii) in October 2020 by: (a) twelve private investors who did not indicate the value of their claim, (b) by one private investor claiming to have suffered damages in the amount of €113,810, (c) by six hundred and forty-four associated private investors who did not indicate the value of their claim and (d) by three institutional investors in their own right and/or on behalf of the funds respectively managed for a total amount of €115,000; (xxiv) in November 2020: (a) by eleven private investors who did not indicate the value of their claim, (b) by two institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €166,000; (xxv) in December 2020 by ten private investors who did not indicate the value of their claim and by one private investor who claims to have suffered damages in the amount of €234,724; (xxvi) in January 2021 by four private investors who did not indicate the value of their claim; (xxvii) in March 2021 by three private investors who did not indicate the value of their claim and by five associated private investors who did not indicate the value of their claim; (xxviii) (a) in April 2021 by one private investor who did not indicate the value of his claim; (b) by fourteen institutional investors in their own right and/or on behalf of the funds respectively managed for a total amount of approximately €3 million; (xxix) in May 2021 (a) by two private investors who did not indicate the value of their claim, (b) by one private investor who indicated the value of his claim in a total amount of approximately €100,000 and (c) by a private investor who indicated the value of his claim in a total amount of approximately €84,000; (xxx) in July 2021 by a private investor who indicated the value of his claim in a total amount of approximately €92,000; (xxxi) in December 2021 by two private investors who indicated the value of their claim in a total amount of approximately €143,000; (xxxii) (a) in January 2022 by 161 private investors

who indicated the value of their claim in a total amount of approximately €23 million; (xxxiii) in May 2022 by 6 private investors who indicated the value of their claim in a total amount of €3.9 million and by 103 private investors claiming approximately €7.9 million; (xxxiv) in June 2022 by 14 private investors claiming a total of approximately €1.9 million; (xxxv) in July 2022 by two private investors claiming a total of approximately €387,000. A total of 1,312 claims for a total value of approximately €306,178,414. Those applications where mediation has been attempted, but with no positive outcome, involve seven main demands: (a) in April 2015 by 7 institutional investors acting on their own behalf and/or for the funds managed by them, in relation to about €34 million; (b) in September 2015 by 29 institutional investors on their own behalf and/or for the funds managed by them respectively, for a total amount of approximately €159 million (21 of these investors, together with another 27, submitted out-of-court demands in April 2015, complaining that they had suffered loss and damage for a total amount of approximately €291 million without specifying the value of the claims for compensation for each investor/fund); (c) in December 2015 by a private investor in the amount of approximately €200,000; (d) in March 2016 by 10 institutional investors on their own behalf and/or for the funds managed by each respectively, for a total amount of approximately €21.9 million (5 of these investors together with another 4 had presented out-of-court applications in September 2015 complaining they had suffered loss and damage for a total amount of approximately €21.5 million without specifying the value of the compensation sought by each investor/fund. Another 5 of these investors, together with a further 43, had submitted out-of-court applications in April 2015 alleging they had suffered loss and damage for an amount of approximately €159 million without specifying the value of the compensation sought by each investor/fund); (e) from a private investor in April 2017 for approximately €40,000; (f) in 2018-2019 by a private investor for approximately €48,000; (g) in December 2020, a private investor initiated an attempt at mediation aimed at the request of compensation for an undetermined value. Saipem verified the aforementioned requests for out-of-court claims and mediation and found them to be groundless and denying all liability. As of today, the aforementioned requests carried out out-of-court and/or through mediation have not been the subject of legal action, except as specified above in relation to the two lawsuits pending before the Court of Milan and the Court of Appeal of Milan, respectively, another lawsuit, with a claim value of approximately €3 million, in which Saipem had been summoned during 2018 by the defendant in the action and for which (after the claim against Saipem was rejected by the Court of First Instance in the first instance and the Court of Appeal in the second instance, accepting Saipem's defence, rejected the counterparty's appeal, ordering the latter to pay Saipem the costs of the litigation) is pending before the Supreme Court, another case with a claim value of approximately €40 thousand – which ended with a ruling in favour of Saipem, and another case served on Saipem with a claim value of approximately €200 thousand which also ended in favour of Saipem.

ARBITRATION WITH NATIONAL COMPANY FOR INFRASTRUCTURE PROJECTS DEVELOPMENT CONSTRUCTION AND SERVICES KSC (CLOSED), FORMERLY KHARAFI NATIONAL CLOSED KSC ("KHARAFI") - JURASSIC PROJECT

With reference to the Jurassic project and the relating EPC contract between Saipem and Kharafi, on July 1, 2016 Saipem filed a request for arbitration with the London Court of International Arbitration ("LCIA") with which it requested that Kharafi be sentenced:

1. KWD 25,018,228 (approximately €68,243,008) to return, cashed by Kharafi through the enforcement of a performance bond following the termination of the contract with Saipem;
2. KWD 20,135,373 (approximately €54,922,842) as refund for costs deriving from the suspension of the procurement activities, particularly those connected with the purchase by Saipem of 4 turbines;
3. KWD 10,271,409 (approximately €28,009,394) as refund for engineering costs borne by Saipem prior to the termination of the contract by Kharafi;

for a total of KWD 55,425,010 (equal to approximately €153,065,479 on the basis of the exchange rate at December 31, 2017).

Kharafi responded to Saipem's request for arbitration rejecting the claims therein and demanding, by way of counterclaim, that Saipem be sentenced to pay an amount not yet quantified but including, among other things:

1. the costs allegedly sustained by Kharafi due to Saipem's alleged non-fulfilment of the contract obligations (more than KWD 32,824,842 (approximately €89,510,985); and
2. the damage allegedly suffered by Kharafi following the enforcement of a guarantee in a sum equivalent to KWD 25,136,973 issued by Kharafi to the final client of the Jurassic project.

On April 28, 2017, Saipem filed its Statement of Claim and on October 16, 2017 Kharafi filed its Statement of Defence and Counterclaim. The Kharafi counterclaim was set out in KWD 102,737,202 (approximately €283 million). Saipem filed its response on February 6, 2018 and Kharafi the related Reply and Defence to Counterclaim on April 6, 2018.

On November 14, 2018, the parties filed their expert reports. At that time, Kharafi produced a report prepared by an external consulting company in which, for the first time, it claimed that the company would have suffered damages for equal to approximately €1.3 billion, allegedly attributable to Saipem related to the failure of the Jurassic and BS171 projects (in which Kharafi was a subcontractor of Saipem). Subsequently, Saipem filed an appeal with the Arbitral Tribunal requesting that the expert report in question, as well as the related request, be thrown out as late and without foundation.

On February 5, 2019, the Arbitral Tribunal pronounced that the report in question was inadmissible and, with it, the new claim for compensation brought by Kharafi for the equivalent of €1.3 billion.

On March 1, 2019, Kharafi appealed against the decision of the Arbitral Tribunal which stated that the aforementioned report was inadmissible before the High Court of Justice in London. At the hearing on July 6, 2019, the High Court of Justice in London ruled in favour of Saipem, fully rejecting the request of Kharafi and ordering Kharafi to pay, within 14 days from the ruling, GBP 79,000 (approximately €91,329) as legal expenses.

With their last filing the parties specified their demands, based on the final quantifications performed by the experts, indicating as follows: (i) Saipem, KWD 46,069,056.89 (approximately €125,611,591); and (ii) Kharafi, KWD 162,101,263 (approximately €441,984,259).

Hearings were held in London from February 18 to March 1, 2019. The award was issued on November 8, 2019 and notified to the parties in the following days. In the award, the Arbitral Tribunal sentenced Kharafi to pay Saipem the amount of the guarantee deemed unfairly enforced by Kharafi, namely KWD 25,018,228 (approximately €68.1 million), in addition to interest at 7%, rejecting all Kharafi's claims and sharing among the parties the legal costs. At present, Kharafi has not paid Saipem the amount referred to in the award.

ARBITRATION WITH CPB CONTRACTORS PTY LTD (FORMERLY LEIGHTON CONTRACTORS PTY LTD) ("CPB") - GORGON LNG JETTY PROJECT

In August 2017, CPB notified Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda (together "Saipem Companies" or, for the purpose of this section, "Saipem") of a request for arbitration.
The dispute stems from the construction of the jetty of an LNG plant for the Gorgon LNG project in Western Australia. The main contract for engineering and construction of the pier ("Jetty Contract") was signed on November 10, 2009 by CPB, Saipem SA, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Chevron Australia Pty Ltd ("Chevron").
CPB, based on alleged contractual breaches by Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda, has requested that Saipem Companies be ordered to pay approximately AUD 1.39 billion (approximately €900 million). Saipem sustains that the CPB claims are totally unfounded and has filed its statement in which it has requested the rejection of all the claims made by CPB and filed a counterclaim for AUD 37,820,023 (approximately €24.5 million), subsequently increased to approximately AUD 50 million (approximately €32.4 million), for payments related to the consortium agreement, extra costs related to non-compliance and delays by CPB in the execution of the works and backcharges. Subsequently, the parties specified their claims. In particular: (i) CPB clarified its demands by making a claim of approximately AUD 1 billion (approximately €649 million) for alleged violations of the consortium agreement between the parties and another alternative claim of approximately AUD 1.46 billion (approximately €948 million) based on the assumption that CPB would not have entered into the Jetty Contract (and would not have suffered the related damages), if Saipem had not violated the consortium contract; (ii) Saipem has now quantified its claims in a total amount of approximately AUD 30 million (approximately €19.4 million). During 2020 and 2021, the first tranches of hearings were held, while the last was held from March 28 to April 1, 2022. Oral closing submissions were held from July 5 to July 7, 2022. The award is expected to be issued within the end of the 2022.
It is noted that, with reference to the same project, in 2016 Chevron initiated a separate arbitration proceeding against the consortium between CPB and Saipem, requesting payment of liquidated damages and back-charges for an amount currently equal to approximately AUD 54 million (approximately €35 million). In this arbitration, both CPB and Saipem filed separate counterclaims against Chevron, quantified, respectively, at AUD 1.9 billion (approximately €1.2 billion) (it is noted that the items of damages proposed by CPB against Chevron appear, in large part, superimposable to those proposed by CPB against Saipem in the arbitration between the latter two, referred to in the first part of this paragraph) and AUD 23 million (approximately €14.9 million). The hearings of these proceedings were held in November 2019.
On October 20, 2020, the partial award was notified in this second arbitration (it is a partial ruling as it did not rule on the Australian GST – goods and services tax – interest and arbitration costs). This award recognised: (i) to Saipem, USD 8,835,710 (approximately €7.3 million) and €99,460; (ii) to CPB, AUD 65,803,183 (approximately €42.7 million); and (iii) to Chevron, AUD 34,570,936 (approximately €22,465,976). The award, however, does not distinguish between Saipem and CPB, treating the two parties as a single entity. By offsetting the credits and debits indicated above, the Arbitration Panel therefore indicated the Saipem/CPB consortium as the creditor for the following amounts: AUD 31,232,247 (approximately €20,296,323), USD 8,835,710 (approximately €7.3 million) and €99,460, leaving it to the members of the Saipem/CPB Consortium to agree on the relevant sharing of these sums between them. The members of the Saipem/CPB Consortium have then reached an internal agreement based on which the amounts due to Saipem are equal to €99,460.47 and USD 7,464,454.02 (approximately €6.1 million), without prejudice to the rights of the members of the consortium to claim a different split in court. Saipem collected the amount it was owed by Chevron.
On April 21, 2021, the Arbitral Tribunal issued the final award on costs and interests. By applying setoffs among the credits and debits of the parties, the tribunal has established that Chevron shall pay the Consortium: AUD 6,560,564.84 (approximately €4,220,638), USD 2,894,266.25 (approximately €2,410,530) and €38,136.56. However, the tribunal has not distinguished between the amounts to be assigned to each of the Consortium parties, leaving it to Saipem and CPB to agree on the relevant split. Saipem and CPB agreed to divide equally the amounts of costs and interest settled in the ruling. Each party therefore received from Chevron AUD 3,280,282, USD 1,447,133 and €19,068.

ARBITRATION WITH NATIONAL COMPANY FOR INFRASTRUCTURE PROJECTS DEVELOPMENT CONSTRUCTION AND SERVICES KSC (CLOSED), FORMERLY KHARAFI NATIONAL KSC (CLOSED) - BOOSTER STATION 171 (KUWAIT) PROJECT ("BS171")

On March 18, 2019, the International Chamber of Commerce of Paris, at the request of the National Company for Infrastructure Projects Development Construction and Services KSC (Closed) (formerly Kharafi National KSC, for convenience, hereinafter "Kharafi") notified Saipem of a request for arbitration, in which Kharafi requested that Saipem be ordered to pay sums of at least KWD 38,470,431 (approximately €104,843,488) as extra-costs deriving from alleged breaches of contract, in addition to KWD 8,400,000 (approximately €22,893,337) by way of refund of the amount collected by Saipem in 2016 following the enforcement (illegitimate according to Kharafi) of the bond issued by Kharafi to guarantee project performance.
The dispute pertains to subcontract No. 526786 signed by Saipem and Kharafi on August 27, 2010, relating to the BS171 project (final client KOC) terminated by Saipem on July 30, 2016 for serious breaches and delays by Kharafi in the execution of the works, with consequent enforcement of the aforementioned performance guarantee.
Appearing in court, on May 17, 2019, Saipem filed its response to the request for arbitration, contesting the requests by Kharafi and making a counterclaim, which involves: (i) a payment of KWD 14,964,522 (approximately €40,783,154); and (ii) the recognition of Saipem's enforcement of the performance bond and the consequent rejection of the reimbursement claim for the same amount (KWD 8,400,000) made by Kharafi.
In the Schedule of Loss filed by Kharafi in March 2020, the claim was reduced to KWD 31,824,929 (approximately €86,734,625) in addition to interest and costs, including KWD 8,400,000 (approximately €22.893,337) by way of return of the performance

bond. Saipem should have filed its Statement of Defence and Counterclaim on April 9, 2020. However, the deadline was postponed due to the COVID-19 emergency. Finally, on September 18, 2020, Saipem filed its defence and counterclaim, contesting the opposing claims and quantified its counterclaim in KWD 23,431,109 (approximately €63,861,514) plus interest and expenses. Kharafi should have filed its reply by December 4, 2020; however, on the same date, Kharafi's lawyers sent a letter to the ICC Arbitral Tribunal in which they informed that, due to economic difficulties, Kharafi would no longer have any legal representation in the BS171 arbitration, would not be able to produce further documentation in the proceeding and would not participate in any future arbitration hearings. Despite this, Kharafi invited the Court not to consider its claim as withdrawn or Saipem's claim as admitted, asking that the arbitration proceeding be continued in absentia and that the Arbitral Tribunal rule on the basis of the deeds and documents filed by both parties. On December 16, 2020, Saipem sent its response to the Court, asking that the Court: (i) reject Kharafi's request of a proceeding tried in absentia to be decided on the sole basis of the available documentation; and (ii) reject Kharafi's claims, as Kharafi was no longer able to support such claims in the proceedings. The Arbitral Tribunal gave Kharafi a deadline of January 7, 2021 to respond to Saipem's request, then extended it to January 18, 2021, given Kharafi's inaction. Kharafi, however, did not file any replies. On February 1, 2021, the Arbitral Tribunal decided to proceed in Kharafi's absentia and to set three hearing days (instead of three weeks in March 2022, as initially foreseen by the arbitration calendar), inviting the parties to provide comments on the decision. Saipem expressed its agreement. Following the filing of technical reports by the parties' experts, Kharafi's claim has been maintained at KWD 34,554,608 (approximately €104,938,937), while Saipem's counterclaim is now quantified at KWD 20,604,294 (approximately €62,587,844). Hearings were held from March 14 to March 16, 2022. At the time of the present document, the award has not yet been issued.

LITIGATION INITIATED BY ISIODU COMMUNITY IN EMOHUA LOCAL GOVERNMENT AREA OF RIVERS STATE + OTHERS

HRH Eze Jacob O Ugwugwueli, Chief Tobin Iregbundah, Chief Robinson Chukwu, Chief Sunday P. Azundah, Elder Clifford Ikpo, Chief Samuel C. Azundah (on its own and on behalf of the Council of Chiefs and people of Isiodu Community in Emohua Local Government Area of Rivers State (together the "Plaintiffs") sued Saipem Contracting Nigeria Ltd ("SCNL"), Shell Petroleum Development Company Nigeria Ltd ("SPCD"), Patyco Global Concept Ltd, the Nigerian Federal Ministry of Environment and the Nigerian Department of Petroleum Resources before the Federal High Court of Port Harcourt (Nigeria) alleging that toxic substances deriving from the realisation of the Southern Swamp Associated Gas Solutions project in Nigeria were illegally spilled into the territory of their community by the Nigerian company Patyco Global Concept Ltd, a subcontractor appointed by SCNL/SPDC to dispose of the waste deriving from the realisation of this project. The Plaintiffs requested that all the defendants be sentenced to pay, jointly and severally, compensation of: (i) USD 60 million (approximately €49.5 million) for the alleged damage to the environment and the health/life of the Plaintiffs; (ii) USD 3 billion (approximately €2.47 billion) for the alleged special damages for all of the related consequences and recovery activities that would allegedly derive from them; (iii) legal fees and interest at 20%. The defendants contest any responsibility vis-à-vis the claims put forth by the Plaintiffs. After several postponements, the first hearing was held on March 30, 2022. At the hearing the judge postponed to the hearing of June 23, 2022. At the hearing of June 23, 2022, the proceeding was postponed to October 13, 2022.

CONSOB RESOLUTION OF MARCH 2, 2018

With reference to Consob Resolution No. 20324 of March 2, 2018 (the "Resolution"), Saipem Board of Directors, in disagreement with the Resolution of Consob, resolved on March 5, 2018 to appeal the Resolution in the competent courts.
The appeal to the TAR-Lazio was filed on April 27, 2018. Following access to the administrative proceedings, on May 24, 2018 Saipem filed with the TAR-Lazio additional grounds for appeal against the aforementioned Resolution.
On June 15, 2021, a hearing was held before the TAR-Lazio to discuss Saipem's appeal against the Consob Resolution of March 2, 2018.
On July 6, 2021, the TAR-Lazio rejected the appeal filed by Saipem on April 27, 2018.
On July 6, 2021, Saipem issued the following press release:
"Saipem: the Regional Administrative Court of Lazio rejects the appeal against Consob Resolution No. 20324 of March 2, 2018.
San Donato Milanese (Milan), July 6, 2021: Saipem informs that with the judgment filed today the Tribunale Amministrativo Regionale ("TAR") of Lazio rejected the appeal submitted by the Company on April 27, 2018 against Consob Resolution No. 20324 of March 2, 2018 (disclosed to the market in the press release of March 5, 2018, the "Resolution").
*With the Resolution (the contents of which are described in paragraph 'Information regarding censure by Consob under Article 154-*ter*, paragraph 7, Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018', of Saipem Annual Report as of December 31, 2020) Consob has stated the non-compliance of Saipem's 2016 Annual Statutory and Consolidated Reports with the regulations which govern their preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.*
*With the Resolution, Consob has therefore asked the Company, under Article 154-*ter*, paragraph 7, Legislative Decree No. 58/1998, to disclose the following elements of information to the markets: (A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above; (B) the applicable international accounting standards and the violations detected in relation thereto; (C) the illustration, in an appropriate pro-forma consolidated income statements and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.*
Saipem on April 16, 2018 issued a press release providing a pro forma consolidated income statements and balance sheet as of December 31, 2016 with the only aim to comply with the Resolution.
The TAR of Lazio has rejected the appeal presented by Saipem requesting the annulment of the Resolution.
Saipem reserves its right to appeal the decision of the TAR of Lazio before the Council of State".
On November 6, 2021, Saipem filed its own appeal before the Council of State against decision of the TAR-Lazio.

CONSOB RESOLUTION OF FEBRUARY 21, 2019

With reference to Consob Resolution No. 20828 of February 21, 2019 communicated to Saipem on March 12, 2019 (the "Resolution") the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-*ter*, paragraph 7, Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018". The Board of Directors of Saipem resolved on April 2, 2019 to appeal before the Court of Appeal of Milan the Resolution No. 20828. On April 12, 2019, Saipem appealed against the Resolution before the Court of Appeal of Milan, under Article 195 TUF, requesting the Resolution cancellation. A similar appeal was filed by the two individuals sanctioned under the Resolution, i.e. the Chief Executive Officer of Saipem and the Chief Financial Officer and Officer responsible for financial reporting in office at the time of the events. The first hearing before the Milan Court of Appeal was held on November 13, 2019.
On that day, the Milan Court of Appeal postponed the discussion on November 4, 2020.
On October 23, 2020, Saipem and the two individuals sanctioned submitted an application to the Court of Appeal, to be allowed to file documents required to debate the appeal by November 4, 2020.
On November 2, 2020, the Court of Appeal authorised the filing of the documents requested on October 23, 2020 by the parties, also granting Consob a deadline to submit any counter-arguments on those documents by December 15, 2020 and postponed the hearing to discuss the appeal to January 27, 2021.
On January 20, 2021, Saipem and the two individuals sanctioned presented a new application to the Court of Appeal, to be allowed to file additional documents required to debate the appeal by January 27, 2021 and to be authorised to propose new grounds for the appeal. which came to light when new documents were found.
On January 21, 2021, the Court of Appeal accepted the applications by Saipem and the individuals and authorised the filing of the documents requested on January 20, 2021. The Court also upheld the proposal of additional grounds, to be submitted through written filings by February 26, 2021, and also granted Consob the right to submit its counter filings by March 25, 2021. The Court set the hearing for April 21, 2021.
At the hearing of April 21, 2021, the appeals were discussed.
The Milan Court of Appeal has partially upheld the appeals, whilst it rejected the remaining:
- reducing from €200,000 to €150,000 the administrative financial fine imposed by Consob in 2019 against the former Chief Executive Officer of the Company in office from April 30, 2015 to April 30, 2021;
- reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the ex CFO and Officer responsible for the Company's financial reporting in office at the time of the capital increase of 2016 and until June 7, 2016; and
- consequentially reducing from a total of €350,000 to a total of €265,000 the condemnation of Saipem to the payment of the afore mentioned administrative financial fines, as the party jointly and severally liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance.

On January 20, 2022, Saipem has filed an appeal to the Supreme Court against the sentence of the Court of Appeal of Milan.
On March 1, 2022, Consob has notified Saipem of its cross-appeal with counterclaim.
Saipem's cross-appeal against Consob's counterclaim was notified on April 8, 2022.

ONGOING INVESTIGATIONS. PUBLIC PROSECUTOR'S OFFICE OF MILAN - 2015 AND 2016 FINANCIAL STATEMENTS. PROSPECTUS OF THE JANUARY 2016 CAPITAL INCREASE

On January 22, 2019, the Public Prosecutor's Office of Milan notified Saipem of a *"local search warrant and seize and notice of indictment"*, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter* - lett. B), Legislative Decree No. 231/2001, based on the alleged crime of false accounting allegedly committed from April 2016 to April 2017, as well as in relation to the alleged unlawful administrative act pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, based on the alleged crime of manipulation of the market, allegedly committed from October 27, 2015 to April 2017.
At the same time, the Public Prosecutor's office of Milan had notified the following individuals that they were under investigation: the Chief Executive Officer of the Company pro tempore (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018 and in office until April 30, 2021), as well as, for various reasons, one manager and two former managers (the former Officer responsible for financial reporting in office until June 7, 2016 and the former Officer responsible for financial reporting in office until May 16, 2019). The investigation concerns the following offences: (i) false accounting relating to the 2015 and 2016 financial statements; (ii) manipulation of the market allegedly committed from October 27, 2015 to April 2017; and (iii) false statements in the prospectus issued with reference to the documentation for the offer of the capital increase in January 2016.
On December 18, 2020, the Milan Public Prosecutor's office served the notice of conclusion of the preliminary investigations to the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), to a former executive (the Officer responsible for financial reporting in office until June 7, 2016) and to Saipem.
Saipem is charged with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8 and 25-*ter* of Legislative Decree No. 231/2001, *"for having failed to prepare an organisational model suitable to prevent the crimes of false accounting"*, pursuant to Article 2622 of the Code of Civil Procedure, allegedly committed from March 16, 2016 to July 27, 2016 in relation to the financial statements as of December 31, 2015 and the interim financial statements as of June 30, 2016, as well as the administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001 *"for having failed to provide an organisational model suitable to prevent the crimes of false statements in the prospectus"*, pursuant to Article 173-*bis* of the Financial Law, and "market manipulation", pursuant to Article 185 TUF, allegedly committed from October 27, 2015 until July 27, 2016.
From the notice of conclusion of the preliminary investigations in relation to the two individuals still under investigation (the Company CEO appointed by the Shareholders' Meetings of April 30, 2015 and May 3, 2018 and a former manager who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016) shows the following alleged offences: (i) false accounting pursuant to Article 2622 of the Italian Code of Civil Procedure, in relation to the financial statements as of December 31, 2015 (with reference to both individuals under investigation) and the interim financial statements of June 30,

2016 (only for the CEO of the Company appointed by the Shareholders Meeting of April 30, 2015 and May 3, 2018); (ii) false statements in the Prospectus pursuant to Article 173-*bis* of the Financial Law with reference to both individuals under investigation, in relation to the documentation for the offer of capital increase in January 2016 from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 TUF, allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016.
On March 29, 2021, the Judge for the preliminary hearing of the Court of Milan has notified to Saipem that the preliminary hearing is scheduled for May 10, 2021, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter* - lett. B) of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the offence of false accounting, allegedly committed from March 16, 2016 to July 27, 2016, as well as in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the crimes of false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.
This notification follows the issue of the notice of completion of the preliminary investigations and the subsequent request for indictment by the Public Prosecutor of Milan, notified together with the decree scheduling the preliminary hearing, against Saipem, the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former executive of the Company (the CFO and Officer responsible for the Company's Financial Reporting in office until June 7, 2016).
The Public Prosecutor of Milan in its request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Code of Civil Procedure, in relation to the financial statements of December 31, 2015, charged to both individuals, and to the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders' Meeting of April 30, 2015 and May 3, 2018); (ii) market manipulation pursuant to Article 185 TUF allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for Financial Reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016; and (iii) false statement in the prospectus pursuant to Article 173-*bis* TUF brought against both individuals under investigation, with reference to the documentation for the offer of capital increase of January 2016, from January 22, 2016 to February 5, 2016.
At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications were filed, both in the name and on behalf of Saipem shareholders, and on behalf of associations representing diffuse interests. The Judge of the Preliminary Hearing adjourned the next hearings to September 21, 2021, in order to allow the parties lawyers to review the plaintiff applications filed and to formulate their remarks, and consequentially to decide on their admissibility. Given the assignment of the aforementioned judge to another post, the file was assigned to a new judge who, at the hearing of January 20, 2022, adjourned the case to the next hearing on February 28, 2022.
At the hearing of February 28, 2022, the Judge for Preliminary Hearings granted 503 plaintiff applications (all of them natural persons) in the case.
At the hearing on March 15, 2022, the defence was discussed. On April 12, 2022, the Judge for the preliminary hearing at the Court of Milan acquitted "because the fact does not exist" the Company, the former Chief Executive Officer of the Company (in office from April 30, 2015 to April 30, 2021) and the former CFO and Manager in charge of preparing accounting and corporate documents (in office from December 6, 2013 to June 7, 2016) in relation to the charges of: (i) false corporate communications, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false prospectus and market manipulation, allegedly committed from October 27, 2015 to July 27, 2016. The reasons of the decision were filed on July 11, 2022. The 15 days term – starting from the filing of the reasons of the sentence – for the appeal of the Public Prosecutor's Office and of the plaintiff also expired, while remaining the theoretical possibility of an appeal by the General Public Prosecutor at the Court of Appeal of Milan within September 2, 2022, pursuant to Article 593-*bis,* c.p.p.

Tax proceedings

The Group is a party in some tax proceedings. Provisions for fiscal risks are made on the basis of information currently available, including information acquired by external consultants providing the Group with tax consultant support.
A summary of the most important disputes is provided below.

Snamprogetti Saudi Arabia Ltd

On October 21, 2020, the Saudi tax authority, following a tax audit on the tax periods from 2015 to 2018, notified Snamprogetti Saudi Arabia Ltd of an assessment of higher taxes on income and omitted withholding taxes for a total amount of €170 million.
The main disputed findings that generated the claim for higher income taxes concern:

- restatement of higher taxable amounts corresponding to the difference between the values of the imported goods as resulting from the declarations submitted to the Saudi customs and the value of the goods purchased from foreign suppliers booked in the accounts. The explanation for this difference lies instead in the purely administrative activity of importing project materials carried out, based on precise contractual provisions, by the Saudi subsidiary on behalf of its local customers, actual buyers of those same materials;
- assessment of higher taxable amounts corresponding to 25% of the revenues of a contractual joint venture (therefore an unincorporated entity, that is a temporary association of companies that does not give rise to a new autonomous legal entity separate from the shareholders) constituted by Snamprogetti Saudi Arabia Ltd together with a local partner for the execution of a contract on behalf of Saudi Aramco. The defence of the company is essentially based on the fact that, since the joint venture is totally transparent, its revenues are periodically attributed, entirely, pro-rata to the two partners, on the basis of the provisions of the collaboration agreement, and are therefore regularly subjected to taxation by the latter;

- denial of the deductibility of accruals of costs pertaining to previous years and carried forward in the years that have been subject to verification. The Saudi administration raised the assessment by completely ignoring the reversals of the same accruals recorded by the company in the tax periods verified, in accordance with national and international accounting standards. These reversals had in fact totally sterilized the economic, and therefore also fiscal, effects of those provisions on the income declared by the company for the periods being assessed.

As regards the finding in respect of the omitted withholding taxes, the local tax authority contested the existence of a permanent establishment of some foreign Group companies providing services in favour of Snamprogetti Saudi Arabia Ltd and consequently claimed the failure to apply withholding taxes to the related payments in accordance with the domestic law. In formulating this dispute, the Saudi tax authority did not consider the provisions of the Double Tax Treaty signed by Saudi Arabia with the countries of residence of the supplier companies, which prevail over the internal law. In particular, Article 5, paragraph 21 of the OECD model convention establishes that the provision of services by a company resident in a contracting state may give rise to the existence of a permanent establishment in the other contracting state only in case the activities are actually carried out in that same state. In the present case, all the activities were carried out by the non-Saudi companies of the Group entirely at their own head offices. On April 26, 2022, Saipem SpA submitted an application to the Revenue Agency for the initiation of an amicable procedure based on Article 25 of the Double Tax Treaty stipulated between the Republic of Italy and the Kingdom of Saudi Arabia as the notices of assessment would not comply with the provisions of Articles 5 and 7 of the Treaty itself.
On December 19, 2020, the Company filed an application for cancellation of the assessment to the Saudi tax authority which was rejected on March 16, 2021. Consequently, on April 13, 2021 an appeal was filed against the assessment document with the Tax Commission of first instance ("Tax Violations and Disputes Resolution Committee"), which only partially accepted the complaints of the respondent party on October 31, 2021. On December 20, 2021, the Company therefore appealed the unfavourable sentence with the Tax Commission of second degree ("Tax Violations and Disputes Appellate Committee") where the judgment is still pending.

Petrex SA Colombian subsidiary
On October 7, 2019, the Colombian tax authority, following an audit on the 2014 tax year, notified the local branch of Petrex SA of a notice of assessment which contested, pursuant to a local anti-avoidance rule, the USD 120 million loan agreement signed in that same year with Eni Finance International SA, a financial company of the Eni Group, as a sham operation. In accordance with the above-mentioned rule, the entire amount of the loan was considered taxable income by the tax authority, with a consequent assessment of higher taxes and the imposition of penalties for a total amount equivalent to €78 million. The tax authority claims that the relevant Group company has not provided sufficient evidences to demonstrate the use of the financing to support its economic activities. Moreover, the same notice of assessment does not recognise the interest accrued on the same loan and the losses on foreign exchange arising from the accounting of the financial debt in US dollars as deductible, which leads to higher taxes and penalties for additional €2 million.
On December 3, 2019, the company filed an application for the annulment of the assessment with the Colombian tax authority, supported by accurate and indisputable evidences that demonstrate the pertinence of the loan agreement with respect to its business activity. In summary, the borrowed funds were used to purchase some drilling rigs that were needed to execute commercial contracts signed with local customers. On October 14, 2020, the local tax authority rejected the application.
On February 15, 2021, the company appealed the notice of assessment with the Administrative Court, which is the court of first instance for the tax disputes, where the judgment is still pending.

Saipem SpA - Saipem SA - Snamprogetti Engineering BV - Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda - Saipon Snc
Following a tax audit carried out through questionnaires in 2016, on November 10, 2016, the Nigerian tax administration ("FIRS") notified Saipem SpA, Saipem SA, Snamprogetti Engineering BV, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Saipon Snc with a notice of assessment in which the local administration claims the existence of their permanent establishments in Nigeria during the period 2009-2013 in relation to the carrying out of engineering and procurement activities for the execution of turnkey contracts for various Nigerian customers and consequently assesses the failure to pay income tax. In the notices, the tax authority, in fact, ascribes to the alleged permanent establishments all the income obtained from the performance of the aforementioned activities, non-recognising that, as regards the taxability of the income, the same activities were exclusively carried out by the head offices of the recipient companies of the assessment. The tax claim, including the imposed fines, amounts to approximately €250 million.
The companies involved challenged the notices of assessment before the Federal High Court on April 11, 2017, requesting to combine all the cases into one procedure, which was granted by the Court. On July 17, 2020, the Court decided in favour of the applicant companies and accepted all the reasons for the grievances. The Nigerian administration lodged an appeal at the Court of Appeal on October 15, 2020. The first hearing has not yet been scheduled by the Court.

28 Revenue

The following is a summary of the main components of revenue. For more information about changes in revenue and reporting by business segment, see the "Financial and economic results" section of the "Interim Directors' Report".

Core business revenue

Core business revenue was as follows:

	First half	
(€ million)	**2021**	**2022**
Revenue from sales and E&C services	2,875	3,898
Revenue from sales and Offshore Drilling services	167	289
Total	**3,042**	**4,187**

Net sales by geographical segment were as follows:

	First half	
(€ million)	**2021**	**2022**
Italy	136	163
Rest of Europe	343	365
CIS	219	207
Middle East	602	1,557
Far East	352	386
North Africa	27	86
Sub-Saharan Africa	1,119	898
Americas	244	525
Total	**3,042**	**4,187**

As described in the paragraph "Contract assets and contract liabilities", to which we refer, in consideration of the nature of the contracts and the type of works performed by Saipem, the individual obligations contractually identified are mainly satisfied over time. The revenue that measures the progress of the work is determined, in line with the provisions of IFRS 15, by using an input method based on the percentage of costs incurred with respect to the total contractually estimated costs ("cost-to-cost" method).
Contract revenue includes the amount agreed in the initial contract, plus revenue from change orders and claims.
The change orders consist of additional fees deriving from changes to the contractually agreed works requested by the customer; price revisions (claims) consist of requests for additional fees deriving from higher charges incurred for reasons attributable to the customer. Change orders and claims are included in the amount of revenue when the changes to the agreed works and/or price have been approved, even if their definition has not yet been agreed on and in any case for a total amount not exceeding €30 million. Any pending revenue reported for a period longer than one year, with no changes in the negotiations with the customer, is impaired, despite the confidence in recovery of the business. Amounts higher than €30 million are reported only if supported by outside technical-legal expert opinions.
The cumulative amount – related to the progress of projects also in previous years – of the additional fees (change order and pending revenues claim), of the Engineering & Construction segment as of June 30, 2022, was €265 million (€176 million as of December 31, 2021, and €376 million as of June 30, 2021). There are no additional amounts relating to ongoing legal proceedings.
The share of revenue for leasing included in the item "Core business revenue" does not have a significant impact on the overall amount of core business revenue, as it amounts to less than 2% of the total and it refers to the Offshore Drilling and Leased FPSO sectors.
Revenue from related parties is shown in Note 36 "Related party transactions".

Other revenue and income

Other revenue and income were as follows:

	First half	
(€ million)	**2021**	**2022**
Gains on disposal of assets	1	-
Indemnities	-	-
Other income	1	5
Total	**2**	**5**

29 Operating expenses

The following is a summary of the main components of operating expenses. The most significant variations are analysed in the "Financial and economic results" section of the "Interim Directors' Report".

Purchases, services and other costs

Purchases, services and other costs included the following:

	First half	
(€ million)	2021	2022
Raw, ancillary and consumable materials and goods	577	1,082
Services	1,716	2,003
Use of third-party assets	183	306
Net accruals to (utilisation of) the provisions for risks and charges	218	(264)
Other expenses	(2)	17
less:		
- internal work capitalised	(15)	(6)
- changes in inventories of raw, ancillary and consumable materials and goods	(8)	(24)
Total	**2,699**	**3,114**

During the first half of 2022 no brokerage fees were incurred.
Research and development costs that do not meet the requirements for capitalisation amounted to €12 million (€15 million in the first half of 2021).
"Use of third-party assets" equal to €306 million, refer to €301 million for lease contracts, of which €241 million relate mainly to "Short-term Leases" with a term of less than or equal to 12 months, €26 million relate to "Intangible Leasing software" and €34 million relate to "Variable payments".
Net accruals to/utilisations of the provisions for risks and charges for a total of €264 million refer to the provisions for risks related to disputes, provisions for contractual expenses and losses on long-term contracts and other provisions included in Note 21 "Provisions for risks and charges".
Purchases, services and other costs to related parties are shown in Note 36 "Related party transactions".

Net reversals of impairment losses (impairment losses) on trade receivables and other assets

Net reversals of impairment losses (impairment losses) on trade receivables and other assets include the effects relative to IFRS 9 applied to contract assets and are broken down as follows:

	First half	
(€ million)	2021	2022
Trade receivables	(49)	(50)
Other receivables	-	-
Contract assets	(1)	(2)
Total	**(50)**	**(52)**

Personnel expenses

Personnel expenses were as follows:

	First half	
(€ million)	2021	2022
Labour cost	746	787
less:		
- internal work capitalised	(5)	(2)
Total	**741**	**785**

Labour costs include net accruals/utilisations to the provision for voluntary redundancies of €3 million commented in Note 21 "Provisions for risks and charges".

Share-based incentive plans

In order to create a system of incentives and loyalty among Group's Senior Managers, Saipem SpA, defined, among other things, incentive plans starting from 2016, through the free allocation of Saipem SpA ordinary shares which was implemented in three-year cycles.
As of June 30, 2022, the outstanding plans were divided into (i) long-term incentive plans (2016-2018 and 2019-2021) and (ii) short-term incentive plan (2021-2023), approved by the Ordinary Shareholders' Meeting on April 29, 2016, April 30, 2019, and April 29, 2020, respectively.

All plans provide for the free allocation of Saipem ordinary shares to the executives of Saipem SpA and its subsidiaries, holders of organisational positions with significant impact on the achievement of business results, also in relation to performance expressed and professional skills.
The 2021-2023 short term plan includes, in addition to the share incentive, monetary incentives for the three-year period 2021-2023 for resources who achieve the annual performance goals assigned. In this paragraph only the share-based component is discussed.
For additional information about the characteristics of the plans, please see the disclosure made available to the public on the company's website (www.saipem.com), under the current law (Article 114-*bis* of Italian Legislative Decree No. 58/1998 and Consob implementing regulations).
The cost is determined with reference to the fair value of the option assigned to the senior manager, while the portion is determined pro-rata temporis throughout the period to which the incentive refers (so-called vesting period and co-investment period/Retention Premium).
The fair value accrued as of June 30, 2022, referring to all completed implementations, was approximately €7 million.
The breakdown of fair value as of June 30, 2022, is as follows:

(€)	Average fair value of labour costs
ILT Plan 2016-2018: Implementation 2017	364,503
ILT Plan 2016-2018: Implementation 2018	261,098
ILT Plan 2019-2021: Implementation 2019 [(a)]	3,210,542
ILT Plan 2019-2021: Implementation 2020	1,307,769
ILT Plan 2019-2021: Implementation 2021	1,391,250
IBT Plan 2021-2023: Implementation 2021	272,192
	6,807,354

(a) The fair value related to the 2019 implementation reflects its cancellation, as decided by the Board of Directors of Saipem SpA on March 24, 2022.

On the assignment date, the classification and number of beneficiaries, the respective number of shares allocated and the subsequent fair value calculation of the last two implementations made, are as follows:

ILT Implementation for 2021

	No. of managers	No. of shares [(1)]	Share portion (%)	Unit fair value TSR E&C (weight 35%) [(2)]	Unit fair value TSR Drilling (weight 15%) [(2)]	Unit fair value PFN (weight 15%) [(2)]	Unit fair value ROAIC (weight 15%) [(2)]	Unit fair value EBITDA (weight 20%) [(2)]	Fair value overall (€)	Fair value attributable to June 30, 2022 [(3)]	Fair value attributable to June 30, 2022
Strategic senior managers (vesting period)	80	80,552	75	0.88	0.89	1.04	1.04	1.04	4,672,165	-	666,185
Strategic senior managers (Retention Premium period)			25	1.75	1.75	1.04	1.04	1.04			
Non-strategic senior managers	304	81,205	100	0.88	0.89	1.04	1.04	1.04	3,770,917	-	639,676
Chief Executive Officer (vesting period)	1	10,326	75	0.88	0.89	1.04	1.04	1.04	598,891	-	85,389
Chief Executive Officer (co-investment period)			25	1.75	1.75	1.04	1.04	1.04			
Total	**385**	**172,083**							**9,041,973**	**-**	**1,391,250**

(1) The number of shares shown in the table corresponds to the number allocated to the beneficiaries on the grant date, appropriately restated on the basis of the share split on May 23 and June 13, 2022. On the other hand, the number of shares used for the total fair value and fair value calculation as of June 30, 2022, is 90,736 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) Following the reverse stock split on May 23, 2022 and June 13, 2022, through which Saipem's ordinary shares were combined at a ratio of 21 new ordinary shares for every 100 existing ordinary shares with the reverse stock split on May 23, 2022 and at a ratio of 1 new share for every 10 existing shares with the reverse stock split on June 13, 2022, for consistency of presentation it was necessary to show the fair value per share in proportion to the same ratio of the reverse stock split.
(3) The fair value for the period is measured as of the observation date.

IBT implementation for 2021

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value (2)	Fair value overall (€)	Fair value attributable to June 30, 2021 (3) (€)	Fair value attributable to June 30, 2022 (€)
Senior managers	132	19,338	100	1.03	1,590,321	117,128	272,192
Total	**132**	**19,338**			**1,590,321**	**117,128**	**272,192**

(1) The number of shares shown in the table corresponds to the number allocated to the beneficiaries on the grant date, appropriately restated on the basis of the share split on May 23 and June 13, 2022. On the other hand, the number of shares used for the calculation of the total fair value and the accrued fair value as of June 30, 2022, corresponds to 16,012 shares, which also reflects the rights forfeited due to termination of employment on the observation date.
(2) Following the reverse stock split on May 23, 2022 and June 13, 2022, through which Saipem's ordinary shares were combined at a ratio of 21 new ordinary shares for every 100 existing ordinary shares with the reverse stock split on May 23, 2022 and at a ratio of 1 new share for every 10 existing shares with the reverse stock split on June 13, 2022, for consistency of presentation it was necessary to show the fair value per share in proportion to the same ratio of the reverse stock split
(3) The fair value for the period is measured as of the observation date.

The evolution of the share plan is as follows:

	2021			2022		
	Number of shares	Average price financial year (a) (€ thousand)	Market price (b) (€ thousand)	Number of shares	Average price financial year (a) (€ thousand)	Market price (b) (€ thousand)
Options outstanding as of January 1	**409,106**	**-**	**42,956**	**455,675**	**-**	**40,034**
New options granted	195,085	-	19,627	-	-	
(Options exercised during the period)	(76,083)	-	7,655	(324)	-	18
(Options expiring during the period)	(72,433)	-	7,287	(86,464)	-	1,556
Existing rights at the end of the period	**455,675**	**-**	**40,034**	**368,887**	**-**	**33,918**
Of which:						
- exercisable until June 30, 2022	-	-	-	-	-	-
- exercisable at the end of the vesting period	383,154	-	-	303,300	-	-
- exercisable at the end of the co-investment period/Retention Premium	78,191	-	-	65,587	-	-

a) The number of shares shown in the table takes into account the share regrouping that took place on May 23 and June 13, 2022. For the sake of representative consistency, the figures for the financial year 2021 have also been restated based on the share regrouping that took place in the first half of 2022.
(b) As these are grants, the strike price is zero.
(c) The market value of the shares underlying the rights granted or expired during the period corresponds to the average market value of the shares; the market value of the shares underlying the rights existing at the beginning and end of the period is punctual to the latest available data as of January 1 and June 30, as reported on the Electronic Stock Market managed by Borsa Italiana.

The long-term incentive plans for Saipem SpA employees are shown in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity.
The fair value of allocated options for employees of subsidiaries is shown at the date of option grant in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity. In the same year, the corresponding amount is charged to affiliated companies, as a counter-item to the item "Personnel expenses".
In the case of Saipem SpA personnel who provides service to other group companies, the cost is charged pro-rata temporis to the company where the beneficiaries are in service.

Average number of employees

The average number of employees, by category, for all consolidated companies was as follows:

	First half	
(number)	2021	2022
Senior managers	398	390
Junior managers	4,340	4,495
White collars	14,844	14,526
Workers	6,833	7,881
Seamen	241	228
Total	**26,656**	**27,520**

The average number of employees was calculated as the arithmetic mean of the number of employees at the beginning and end of the period and doesn't include employees of Discontinued operations. The average number of senior managers included managers employed and operating in foreign countries whose position was comparable to senior manager status.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are detailed below:

(€ million)	First half 2021	2022
Depreciation and amortisation:		
- property, plant and equipment	135	147
- intangible assets	6	6
- Right-of-Use assets	49	63
Total depreciation and amortisation	**190**	**216**
Impairment losses:		
- property, plant and equipment	-	1
- intangible assets	-	-
- Right-of-Use assets	-	-
Total impairment losses	**-**	**1**
Total	**190**	**217**

Other operating income (expense)

In the first half of 2022, there was €3 million in operating income (in the first half of 2021, there was no operating income (expenses)).

30 Financial income (expense)

Financial income (expense) consisted of the following:

(€ million)	First half 2021	2022
Financial income (expense)		
Financial income	121	424
Financial expense	(130)	(411)
Total	**(9)**	**13**
Derivative financial instruments	(45)	(72)
Total	**(54)**	**(59)**

Net financial income (expense) was as follows:

(€ million)	First half 2021	2022
Net exchange gains (losses)	**45**	**109**
Exchange gains	118	419
Exchange losses	(73)	(310)
Financial income (expense) related to net financial debt	**(52)**	**(76)**
Interest income from banks and other financial institutions	2	2
Interest income on leases	1	1
Interest and other expense due to banks and other financial institutions	(49)	(72)
Interest expense on leases	(6)	(7)
Other financial income (expense)	**(2)**	**(20)**
Other financial income from third parties	-	2
Other financial expense to third parties	(1)	(21)
Financial income (expense) on defined benefit plans	(1)	(1)
Net financial income (expense)	**(9)**	**13**

Net gains (losses) on derivatives consisted of the following:

(€ million)	First half 2021	2022
Exchange rate derivatives	(45)	(71)
Interest rate derivatives	-	(1)
Total	**(45)**	**(72)**

Net losses on derivative contracts of €72 million (losses of €45 million in the first half of 2021) mainly related to the recognition in the income statement of the effects related to the fair value measurement of derivative contracts that do not qualify for hedge accounting under IFRS and the measurement of the forward component of derivative contracts qualifying for hedge accounting. Financial income (expense) with related parties is shown in Note 36 "Related party transactions".

31 Gains (losses) on equity investments

Effect of accounting using the equity method

The share of profit (loss) of equity-accounted investees consisted of the following:

(€ million)	First half 2021	2022
Share of profit of equity-accounted investees	18	79
Share of loss of equity-accounted investees	(38)	(13)
Net utilisations of (accruals to) the provisions for losses related to equity-accounted investees	(5)	(90)
Total	**(25)**	**(24)**

The share of profits (losses) of equity-accounted investees is commented in Note 15 "Equity investments".

Other gains (losses) from equity investments

During the first half of 2022, there were no other gains (losses) from equity investments.

32 Income taxes

Income taxes consisted of the following:

(€ million)	First half 2021	2022
Current taxes:		
- Italian subsidiaries	18	27
- foreign subsidiaries	39	63
Net deferred taxes:		
- Italian subsidiaries	(2)	(38)
- foreign subsidiaries	(1)	15
Total	**54**	**67**

(€ million)	First half 2021	2022
Income taxes recognised in the income statement	54	67
Income tax related to items of other comprehensive income that will be reclassified to profit or loss	13	42
Of which:		
- tax effect due to the change in the fair value of cash flow hedges	13	42
- tax effect due to the change in the fair value of financial assets, other than equity investments, measured at fair value through OCI		
Income tax related to items of other comprehensive income that will not be reclassified to profit or loss	(2)	(7)
Of which:		
- tax effect due to the remeasurement of defined benefit plans for employees	(2)	(7)
Tax on comprehensive income (loss)	**65**	**102**

33 Non-controlling interests

There was no income by non-controlling interests in the first half of 2021 and 2022.

34 Profit (loss) per share

Basic profit (loss) per ordinary share is calculated by dividing profit or loss for the period attributable to the Group's shareholders by the weighted average of Saipem SpA ordinary shares outstanding during the period, excluding treasury shares.

The reconciliation of the weighted average number of outstanding shares used to determine basic profit (loss) per share and that used to determine diluted profit per share is shown below:

		June 30, 2021	June 30, 2022
Weighted average number of outstanding shares [(a)] used for the calculation of the basic profit (loss) per share		**1,974,220,080**	**1,974,220,080**
Number of potential shares following long-term incentive plans		368,887	368,887
Number of savings shares convertible into ordinary shares [(a)]		1,059	1,059
Weighted average number of outstanding shares used for the calculation of the diluted profit (loss) per share [(a) (b)]		**1,974,221,139**	**1,974,221,139**
Profit (loss) attributable to Saipem - Continuing operations	(€ million)	**(739)**	**(123)**
Basic profit (loss) per share	(€ per share)	(0.374)	(0.062)
Diluted profit (loss) per share	(€ per share)	(0.374)	(0.062)
Profit (loss) attributable to Saipem - Discontinued operations	(€ million)	**(40)**	**(7)**
Basic profit (loss) per share	(€ per share)	(0.020)	(0.004)
Diluted profit (loss) per share	(€ per share)	(0.020)	(0.004)
Profit (loss) attributable to the owners of the parent	(€ million)	**(779)**	**(130)**
Basic profit (loss) per share	(€ per share)	(0.394)	(0.066)
Diluted profit (loss) per share	(€ per share)	(0.394)	(0.066)

(a) The number of outstanding shares used to calculate basic and diluted profit (loss) per share corresponds to the number of shares outstanding after the share capital increase.

(b) It should be noted that, with reference to the first half of 2021 and 2022, the number of potential shares for long-term incentive plans was not considered in the calculation of the weighted average number of shares outstanding for the purpose of determining diluted profit (loss) per share.

35 Information by sector of activity and geographical area

As of January 14, 2022, the Company has a new organisation structured around four new distinct business areas and is consequently adjusting its reporting structure in accordance with IFRS 8.

Since the Company has not yet established a management control system in line with the new organisational structure and therefore separate financial statement information as required by IFRS 8 is not available as of today, the Company, also in order to facilitate the financial market's understanding of the development of economic-financial performance during 2022, in continuity with previous years maintains the reporting structure based on the four divisions Offshore Engineering & Construction, Onshore Engineering & Construction, Offshore Drilling and Onshore Drilling.

The Company will adopt the new reporting structure as of the financial year 2023 and will present segment reporting in its financial statements consistent with this structure.

The new organisation goes beyond the divisional structure, with the aim of increased efficiency, centralised risk control and development of innovative and flexible execution models, in line with the needs of the energy transition.

The new business lines will have the following structure:

- Asset Based Services will include the Offshore E&C Division (excluding the Offshore Wind segment), Offshore Drilling and Onshore Drilling;
- Energy Carriers will include the Onshore E&C Division (excluding the Sustainable Infrastructure segment);
- Robotics and Industrialized Solutions will include the Offshore Wind segment and the segments deriving from the modular plant and monitoring and maintenance service;
- Sustainable Infrastructures will include the Sustainable Infrastructures segment and the segments deriving from the sustainable mobility service.

For further details on the new organisation, please refer to the “Interim Directors’ Report”.

Reporting by business segment*

(€ million)	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Unallocated	Total
First half 2021						
Core business revenue	1,536	2,046	301	-	-	3,883
less: intra-group sales	504	203	134	-	-	841
Net revenue	**1,032**	**1,843**	**167**	**-**	**-**	**3,042**
Operating profit (loss)	(428)	(188)	10	-	-	(606)
Depreciation, amortisation and impairment losses	124	35	31	-	-	190
Gains (losses) on equity investments	4	(29)	-	-	-	(25)
Capital expenditure	77	5	41	12	-	135
Property, plant and equipment and intangible assets	2,546	436	552	406	-	3,940
Right-of-Use assets	159	80	12	14	-	265
Equity investments [(a)]	90	8	-	1	-	99
Current assets	1,191	2,103	214	159	2,651	6,318
Current liabilities	1,444	2,710	111	71	1,039	5,375
Provisions for risks and charges [(a)]	270	196	5	8	18	497
First half 2022						
Core business revenue	2,803	1,998	430	-	-	5,231
less: intra-group sales	731	172	141	-	-	1.044
Net revenue	**2,072**	**1,826**	**289**	**-**	**-**	**4,187**
Operating profit (loss)	4	(25)	48	-	-	27
Depreciation, amortisation and impairment losses	150	29	38	-	-	217
Gains (losses) on equity investments	3	(27)	-	-	-	(24)
Capital expenditure	67	7	12	-	-	86
Property, plant and equipment and intangible assets	2,410	360	536	-	-	3,306
Right-of-Use assets	178	61	10	-	-	249
Equity investments [(a)]	105	(16)	-	-	-	89
Current assets	1,755	2,643	315	-	2,754	7,458
Net assets held for sale	2,223	3,681	232	-	1,570	7,706
Current liabilities	-	63	-	490	-	553
Provisions for risks and charges [(a)]	652	511	12	-	17	1,192

(*) The results of the Onshore Drilling segment being divested, have been recognized as discontinued operations in accordance with the criteria set out in IFRS 5. The comparison periods have been restated.
(a) See the section "Reconciliation of reclassified statement of financial position, income statement and statement of cash flows with the mandatory templates" on page 89.

For more details on the information by sectors please see the specific sections of the "Interim Directors' Report".

Reporting by geographical segment

Since Saipem's business involves the deployment of a fleet on a number of different projects over a single year, it is difficult to allocate assets to a specific geographic segment.
The unallocated part of property, plant and equipment and intangible assets and capital expenditure relates to vessels and their related equipment and goodwill.
The unallocated part of current assets pertained to inventories related to vessels.

A breakdown of revenue by geographical segment is provided in Note 28 "Revenue".

(€ million)	Italy	Rest of Europe	CIS	Rest of Asia	North Africa	Sub-Saharan Africa	Americas	Unallocated	Total
December 31, 2021									
Capital expenditure	18	17	-	44	-	2	22	195	298
Property, plant and equipment and intangible assets	61	35	30	389	-	33	225	3,039	3,812
Right-of-Use assets	58	70	1	62	1	8	16	45	261
Identifiable assets (current)	1,467	457	209	2,309	54	1,126	562	635	6,819
First half 2022									
Capital expenditure	5	5	-	1	-	3	2	70	86
Property, plant and equipment and intangible assets	59	30	22	87	-	36	77	2,995	3,306
Right-of-Use assets	48	64	-	74	6	8	15	34	249
Identifiable assets (current)	1,345	758	129	2,377	65	1,279	848	674	7,475
Assets held for sale	3	5	6	414	1	2	245	6	682

Current assets were allocated by geographical segment using the following criteria: (i) cash and cash equivalents and loan assets were allocated on the basis of the country in which individual company bank accounts were held; (ii) inventories were allocated on the basis of the country in which onshore storage facilities were situated (i.e. excluding inventories in storage facilities situated on vessels); (iii) trade receivables and other assets were allocated to the geographical segment to which the related project belonged.
Non-current assets were allocated on the basis of the country in which the asset operates, except for offshore drilling and construction vessels, which were included under "Unallocated".

36 Related party transactions

From January 22, 2016, following the entry into force of the transfer of 12.5% of Saipem SpA's share capital from Eni SpA to CDP Equity SpA (formerly Fondo Strategico Italiano SpA), Eni SpA no longer has sole control over Saipem SpA, which has been replaced by the joint control exercised by Eni SpA and CDP Equity SpA (taken over on December 13, 2019 by CDP Industria SpA), on the basis of the shareholders' agreement, with a resulting variation in the scope of related parties.
Eni SpA and CDP Industria SpA do not exercise sole control over Saipem pursuant to Article 93 of TUF.
Both Eni SpA and CDP Industria SpA are subject to the indirect joint control of the Italian Ministry of Economy and Finance ("MEF"). Specifically: (i) MEF, directly and indirectly, holds a 30.33% stake in Eni SpA's share capital, approximately a 4.37% stake is held directly, and a 25.96% stake is held through CDP SpA, a company also controlled by MEF, which holds a stake of approximately 82.77% in it; (ii) CDP SpA holds a direct 100% stake in the share capital of CDP Industria SpA.
Transactions with related parties entered into by Saipem SpA and/or companies within the consolidation scope concern mainly the supply of services, the exchange of goods with joint ventures, associates and subsidiaries not fully consolidated, with subsidiaries, jointly-controlled entities and associates of Eni SpA, with several jointly-controlled entities and associates of CDP Industria SpA (who took the place of CDP Equity SpA from December 13, 2019), and with entities controlled by the Italian State, in particular companies of the Snam Group. These transactions are an integral part of ordinary day-to-day business and are carried out under market conditions which would be applied between independent parties. All transactions were carried out for the mutual benefit of the Saipem SpA companies involved.
Directors, statutory auditors, general managers, and key management personnel must declare, every 6 months, any transactions they enter into with Saipem SpA or its subsidiaries, directly or through a third party. Directors and Statutory Auditors release every six months and/or in the event of a change, a statement in which each potential interest is represented in relation to the parent and the Group and in any case report to the Chief Executive Officer (or the Chairman where the Chief Executive Officer is involved), who informs the other directors and the Board of Statutory Auditors of the individual transactions that the parent intends to perform, in which they have direct interests.
Saipem SpA is not under the management or coordination of any other company. Saipem SpA manages and coordinates its subsidiaries pursuant to Article 2497 of the Italian Civil Code.
Within the framework of related party transactions and pursuant to disclosure requirements of Consob Regulation No. 17221 of March 12, 2010, during the first half of 2022 the following transactions were carried out, which exceeded the relevance threshold in compliance with the aforementioned Regulation in the Saipem SpA, Management System Guideline "Transactions with Related Parties and Parties of Interest" for transactions of greater importance.

Indemnity agreement

> On January 13, 2022, Saipem, as guarantor, signed an indemnity and guarantee agreement (the "**Agreement**") with the Italian Export Credit Agency [Agenzia del Credito all'Esportazione] ("**SACE**") with the below terms and conditions.
For the implementation of the Engineering, Procurement & Construction Project ("**EPC**" or the "**Project**"), contract No. 406-юр/2018 (the "**Contract**") was signed on December 19, 2018, between Arctic LNG 2 Llc (the "**Client**"), a Russian limited liability company incorporated by Novatek (holding 60% of the shares) and participated by Total, CNPC, CNOOC and a

consortium consisting of Mitsui/JOGMEC with a 10% share each, and Saren BV, a company incorporated under Dutch law with a 50% share each by:

- Servizi Energia Italia SpA (fully owned by Saipem); and
- RHI Russia BV, a Dutch company part of the Turkish holding Ronesans Holding AS (the "**JV Partner**").

The Project involves the start of Liquefied Natural Gas ("**LNG**") production by exploiting an important Offshore field in Russia.
The value of the Contract, as of the subscription date, is of around €2.7 billion, equal to an initial value of around €2.2 billion including change orders.
The duration of the work is expected to be approximately 82 months.
The Project and part of the Contract payment will be partially refinanced through a Export Financing scheme supported by SACE, implemented through a financing contract ("**Financing Agreement**") of €500 million signed by the Client, Gruppo Intesa Sanpaolo, and Cassa Depositi e Prestiti SpA ("**CDP**"). For this reason, in December 2018 a Memorandum of Understanding (MoU) was signed by SACE and Novatek.
Among the contractual obligations for Saren BV is the duty to cooperate actively with the client to obtain and use the financing supported by Export Credit Agencies, among which is SACE.
The banks and CDP's willingness to grant the financing is based on the assumption that reimbursement of the sums financed in the Financing Agreement is covered at 95% by SACE against a few risks that are detailed in the related policy (the "**Cover**").
In order to grant the Cover and allow the utilisation of the credit line by the Client, SACE required, in accordance with its own regulations and established practice for Export Finance transactions, the signing by Saren BV, Saipem and Ronesans Holding AS, the latter as "guarantor", of the aforementioned Indemnity and Guarantee Agreement.
Under the Agreement, Saren BV, and each of Saipem and Ronesans Holding AS, separately from each other and in proportion to their participation in the project (50% and 50% respectively), and jointly with Saren BV, irrevocably commit to indemnify SACE (with a maximum of €225 million for Saipem) from any damage, expenditure, charge, or disbursement incurred by SACE as direct consequence:

a) of falsehood, inaccuracy or incompleteness of the statements made, and/or violation of commitments and obligations undertaken by them (i.e., Saren BV, Saipem and Ronesans Holding AS) in compliance with legislation on international corruption pursuant the OECD Convention, with the national legislation pursuant Legislative Decree No. 231 of June 8, 2001, or with the applicable legislation concerning restrictive measures towards Russia, including EU Regulation No. 833/2014; and/or
b) non-performance (whether finally adjudicated or acknowledged) by Saren BV of its obligations under the Contract.

Whereas:

i. Saren BV qualifies as a company jointly controlled by Saipem through Servizi Energia Italia SpA, which is directly controlled by Saipem SpA;
ii. Saipem is jointly controlled by Eni and CDP Industria, which is controlled by CDP;
iii. SACE SpA is also controlled by CDP,

the transaction relating to the signing of the above-mentioned Agreement qualifies as a related party transaction, carried out between companies under common, or joint, control with Saipem.
The signing of the Agreement with SACE – although it qualifies as a "major significance" transaction , since it exceeds the value significance index (amounting to €53 million, with reference to Saipem SpA market capitalisation as of September 30, 2021) – can qualify as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions under the Regulation and the Procedure implemented by Saipem SpA in light of the following:

i. SACE's involvement was made clear to the client since the pre-contractual steps, as an element to support the commercial offer;
ii. the need for such involvement is stipulated in the Contract as a contractual obligation towards the client;
iii. the content of the Agreement is based on a standard template used by SACE on all the initiatives, both in Italy and abroad, where its support is needed for insurance coverages;
iv. the indemnity within the Agreement was granted in connection with the performance of a project falling within the ordinary course of business of Saipem, and in particular its Onshore Engineering & Construction activities;
v. for operations falling within the scope of the OECD "Consensus Guidelines for Export Credit" framework agreement, other Export Credit Agencies unrelated to Saipem (i.e., the English UKEF and Korean KSURE) require the signing of indemnities similar to their domestic exporters.

For completeness, it should be noted that Saipem signed identical indemnity agreements in 2021 in favour of SACE in relation to two other projects financed by SACE, i.e., Bonny LNG Train 7 in Nigeria and Total Mozambique Area 1 LNG Project in Mozambique, which qualified as "ordinary" major significance related party transactions concluded under equivalent market or standard conditions.

Financing package

> The Board of Directors of Saipem SpA approved the update of the 2022-2025 Strategic Plan on March 24, 2022, as well as and the package to strengthen the Company's financial and capital structure (hereinafter the "**Financial Package**").
In this context, also to support the Company's short-term financial needs until completion of the €2 billion capital increase to be offered to shareholders as options, the Financial Package provided for immediate liquidity intervention for a total amount of €1.5 billion, detailed as follows:

i. for €646 million by March 31, 2022, as a "payment for future capital increase" by shareholders exercising joint control – Eni SpA and CDP Industria SpA (hereinafter the "Shareholders"); and
ii. for the residual amount, in accordance with timeframes substantially similar to the Shareholders' intervention described above and subject to such intervention, through financial support from leading Italian and international banks. It should be

noted in particular that, on March 24, 2022, a mandate letter was signed with a pool of financing banks (the "Funders") that involves, inter alia:

- a liquidity facility in favour of the Company for an amount of €855 million, assisted by a parent company guarantee for a maximum amount of €898 million issued by the shareholder Eni (the "**Liquidity Facility**"); this facility, with the related Eni guarantee, will remain in place until the possible disbursement of the loan referred to in the following point;
- a loan in favour of the Company for an amount of €851.6 million, backed by an "Garanzia Italia" to be issued by SACE SpA ("SACE") and by a parent company guarantee from Eni for an amount equal to 18% of the amount of the above mentioned line (the "**SACE Facility**" and, together with the Liquidity Facility, the "**Guaranteed Financing**") and to be used, in accordance with the reference regulations for the intervention of SACE under the "Garanzia Italia", also for the purpose of refinancing the amounts utilised by the Company under the aforesaid Liquidity Facility.

For the purposes of the above, it should be noted that Saipem SpA is jointly controlled by Eni and CDP Industria, the latter controlled by Cassa Depositi e Prestiti SpA ("**CDP**"), all companies subject with Saipem to common control, including joint control (Article 9 of the RPT Procedure).

Within the framework of the overall Financial Package, the Saipem Related Parties Committee analysed, with the support of one of its legal advisors and one of its financial advisors, the profiles of possible relevance, for the purposes of the regulations on related party transactions, of the commitments undertaken by Shareholders towards Saipem SpA.

Introduction

In particular, the Saipem SpA Related Parties Committee met on March 1, March 8, March 18 and March 23, 2022, to review the existence or non-existence and, therefore, the treatment of any profiles of the Financial Package being finalised by the Company that might appear relevant in the matter of related parties.

While carrying out the analyses, the Committee was assisted by a legal advisor and a financial advisor, both independent.

Analyses performed

The analyses carried out revealed the following with regard to any profiles of the aforementioned Financial Package that may be relevant to related parties:

- regarding the commitment to the future capital increase by the Shareholders exercising joint control (Eni and CDP Industria) within the planned capital increase of €2 billion, the above-mentioned payment was considered an integration of a transaction exempt from related party regulation pursuant Article 13, paragraph 1-*bis*, letter a) of the Regulation, since the payment is comparable to the proportional subscription of a capital increase offered as an option to all shareholders with the only difference of being carried out in advance;
- regarding the irrevocable commitment of Eni towards Saipem SpA to release a first demand guarantee to cover the Liquidity Facility that will be issued by banks for a total of €855 million, it was considered that the issuing of the guarantee qualified within the exemption for ordinary transactions concluded under equivalent market conditions (pursuant Article 13 of Consob Regulation regarding related party transactions and Article 9 of Saipem Procedure regarding related party transactions), assuming that the guarantee is functional and linked to maintaining the Company's operating activity. In particular, the Company considered subsistent the exemption conditions in the Interpretative communication by Consob No. DEM/10078683 of September 24, 2010, which are the connection with Saipem's operating activity and the alignment between remuneration and market conditions.

Documents examined by the Related Parties Committee

The Related Parties Committee has examined the letter received by Saipem on March 18, 2022, and the following email of March 23, 2022, in which Saipem management qualified as ordinary transaction concluded at equivalent market conditions (yearly interest rate of 7.5%) the first demand guarantee by Eni to cover the 100% of the interim financing in favour of Saipem granted by the banks for a total amount of €855 million, noting that:

i. Eni's guarantee will make it possible for the Company to obtain financing necessary for the completion of transactions pertaining to its operations;
ii. the cost of the Eni guarantee (interest rate of 7.5% p.a.) is in line with market conditions;
iii. the planned use of the aforementioned financing is aimed at satisfying the following needs of the Company:
    a) labour costs of Italian companies for around €200 million;
    b) payments to suppliers of Italian companies for around €655 million.

From the opinion release on March 24, 2022, by the Related Parties Committee's financial advisor, containing the following conclusions:

"In light of the foregoing, on the basis of the data and information received and used for the purposes of the analyses performed, with the limitations and qualifications set forth above, considering that:

- *the total unavailability of the credit institutions to supply emergency finance to the Company within the end of March without (i) a direct spot commitment by shareholders Eni and CDP, and (ii) the presence of suitable guarantees such as Corporate Guarantees by Eni and/or the SACE Guarantee;*
- *Corporate Guarantees guarantee new finance with bridge to equity function;*
- *the annual cost of the Corporate Guarantees is of 750 basis point, value that is in the range of unsecured bond yields on Company bonds taken as reference, and below the intervals determined for the purpose of the analysis of Saipem's cost of equity.*

We deem the economic and financial terms of the Transaction in line with market conditions, as represented by Saipem".

Assessments by the Related Parties Committee

At the end of their preliminary analyses, the Related Parties Committee of Saipem during the meeting of March 23, 2022, communicated they received continuous information regarding the discussions between the Company, banks and shareholders exercising joint control about the Finance Package. The Committee has also noted the correct application regarding information and procedure by management, of the exemption cases for the transaction related to Eni's commitment to release the above-mentioned guaranteed, which was qualified by management as "major significance" transaction

(regarding the value significance index of €46 million with reference to Saipem's market capitalisation as of December 31, 2021), defined "ordinary". With the support of the Committee's financial advisor, the Related Parties Committee particularly agreed with the Company's assessment that the transaction can be considered concluded on market-equivalent terms.
During the meeting of March 24, 2022, the Board of Directors of the Company took note of the communication of the shareholder Eni containing the above-mentioned guarantee commitments of March 24, 2022, and of the verifications carried out by the Related Parties Committee, sharing the text of the disclosure to be included in the press release issued by the Company on March 25, 2022, in order to inform about the analyses and assessments carried out by the Saipem Related Parties Committee.

Coral FLNG

> On April 1, 2022, Saipem Moçambique Lda (a company indirectly controlled by Saipem) was awarded a contract for the "Provision of Maintenance Services for Coral on the FLNG" with reference to Project 2020-5431 MM2105 - Coral FLNG - GMS, for the client Coral FLNG SA, a company registered in Mozambique and owned by Eni 25%, Exxon 25%, CNODC 20%, Gulp, Kogas and ENH 10% each (the "Contract").
The project covered by the Contract is the Provision of Maintenance Services for a value of $142,881,692 (equivalent to approximately €130,500,000) for the provision for 8 years of maintenance services (with an option to extend for 1 year) on board the FLNG vessel, including the provision of an onshore base in Pemba with warehouse and workshop.
In particular, upon payment of predetermined instalments, Saipem committed to carry out services of ordinary and extraordinary maintenance, including preventive maintenance, repairs and improvements, according to the client's needs.
Whereas:

i. Saipem Moçambique Lda is fully controlled by Saipem through the directly controlled companies Saipem SA (99.98%) and Saipem International BV (0.02%);
ii. Saipem is jointly controlled by Eni and CDP Industria;
iii. Coral FLNG SA is an associate of Eni,

the transaction qualifies as a related party transaction.
The award of the Agreement – although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €46 million, with reference to Saipem's market capitalisation as of December 31, 2021) – qualified as an ordinary transaction concluded under equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Consob Regulation and the Company's Procedure.
The transaction can be considered as ordinary and concluded under equivalent market or standard conditions as:

- the purpose of the project is part of the normal activities carried out by Saipem's Energy Carriers Business Line and precisely, within the business segment called MMO - Modifications, Maintenance and Operations;
- the contractual conditions applicable to the project are in line with the usual practices applicable to international industrial projects and the Contract conditions are based on the client's standard contractual conditions;
- the contract was awarded at economic, technical and contractual market conditions comparable to 5 reference projects with non related parties analysed by the Energy Carries Business Line.

Eni Angola - Scarabeo 9

> On April 7, 2022, revision No. 1 of contract No. 5000019838, dated July 2, 2021, concerning the "Provision of offshore drilling services through a semi-submersible dual activity dynamic positioning (DPDA) rig with mooring capacity" between the client Eni Angola SpA and the consortium formed by Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Saipem Luxembourg SA (Sucursal) Angola for the execution of Offshore drilling activities with the drilling rig Scarabeo 9, targeting Angolan waters.
The original value of the contract is of $44.5 million, equal to about €40 million, to which the value of review No. 1 of the contract must be added, for $11.2 million, equal to about €10 million.
In light of the above, the total value of the Contract is around $55.7 million, equal to around €50 million.
Whereas:

i. Saipem Luxembourg SA is indirectly controlled (100%) by Saipem through Saipem Maritime Asset Management Sàrl, fully controlled by Saipem;
ii. Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda is indirectly controlled (100%) by Saipem through Saipem SA, fully controlled by Saipem;
iii. Saipem is jointly controlled by Eni and CDP Industria;
iv. Eni Angola SpA is fully controlled by Eni,

the transaction qualified as a related party transaction.
The transaction – although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €46 million, with reference to Saipem's market capitalisation as of December 31, 2021) – is configured as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Regulation and the Saipem Procedure.
In particular, the transaction can be considered as ordinary and concluded under equivalent market or standard conditions as:

- the economic conditions agreed for the use of the Scarabeo 9 are in line with market conditions from international specialised third parties for the reference sector (Offshore Drilling vessels), available at the date of the signing and of review No. 1 of the contract and used by the Asset Based Services Business Line for the Offshore Drilling business segment;

- with reference to the above, it is hereby confirmed that, more generally, the contractual terms agreed for the contract in question and the related revision No. 1 are in line with those applied to similar contracts entered into with parties not identified as related parties of Saipem.

Eni Angola - Scarabeo 5

> On April 10, 2022, in continuity with the completion of the "firm" period (duration of one year) of contract No. 5000015888 signed on November 25, 2019 (the "Scarabeo 5 Contract"), revision No. 4 to the same Scarabeo 5 Contract, concerning the "Provision of mobile Offshore production unit" between the client Eni Angola SpA and the consortium composed of Saipem and Saipem Luxembourg (Sucursal) Angola, for the performance of activities to assist in the production operations of the Agogo 1 well with the semi-submersible drilling platform Scarabeo 5, in the Angolan offshore.

Scarabeo 5 was used by Saipem for offshore drilling projects in Norway since the early '90s. After operating on long-term contract in the North Sea, the vessel remained idle and in "preservation" since 2017, waiting for potential future uses.

In order to be reactivated for drilling projects, Scarabeo 5 needed significant investments to renew the certifications requires by the Class Institution, both for the marine part and for the drilling part of the rig.

In the last two years preceding the Scarabeo 5 contract of November 2019 and up to the revision No. 4 of the same, there were no other projects carried out by Scarabeo 5, as its reactivation for use in drilling would have implied for Saipem a Class investment expense not deemed sustainable on the basis of the commercial opportunities assessed up to that time in the reference market context.

In light of the above, it was considered appropriate to evaluate the request from Eni Angola SpA ("Eni Angola") regarding the availability of a vessel capable of assisting with the production operations at the Agogo 1 well, offshore Angola, capable to guarantee suitable spaces and assistance by personnel qualified for the following activities:

a) installation of equipment and machinery for Eni Angola and its suppliers;
b) accommodation of specialised technical personnel and related services;
c) use of onboard equipment, including dynamic positioning systems, as required to carry out specific offshore drilling activities.

The Scarabeo 5 Contract included the right of the client to extend the contractual period ("firm") of one year through the use of No. 5 optional periods of 120 days each.

The original value of the Scarabeo 5 contract signed in 2019 was $21.9 million, equivalent to €19.7 million, to which must be added the total value of the individual revisions made to the Scarabeo 5 contract itself as detailed below:

- review No. 1 of the Scarabeo 5 Contract of August 19, 2020, involved the use of the first optional period by Eni Angola, extending the duration of the Scarabeo 5 Contract by 120 days. The review increased the value of the Scarabeo 5 Contract by around $7.5 million, equal to around €6.8 million;
- review No. 2 of the Scarabeo 5 Contract of May 13, 2021, involved the use of the second and third optional periods by Eni Angola, extending the duration of the Scarabeo 5 Contract by 240 days. The review increased the value of the Scarabeo 5 Contract by around $13.9 million, equal to around €12.5 million;
- review No. 3 of the Scarabeo 5 Contract of November 16, 2021, involved the use of the fourth optional period by Eni Angola, extending the duration of the Scarabeo 5 Contract by 120 days. The review increased the value of the Scarabeo 5 Contract by around $7.5 million, equal to around €6.8 million (the total agreed amount for the "firm" period added to those agreed for the 3 reviews signed before November 16, 2021, did not exceed the value significance index (amounting to €53 million at the time, with reference to Saipem's market capitalisation as of September 30, 2021);
- the above-mentioned review No. 4 of the Scarabeo 5 Contract, signed on April 10, 2022, involves the use of the fifth and final optional period by Eni Angola, extending the duration of the Scarabeo 5 Contract by 120 days. The review increases the value of the Scarabeo 5 Contract by around $9 million, equal to around €8 million.

In view of the foregoing, the total value (signature period and five optional periods) of the aforementioned Scarabeo 5 contract thus amounts to approximately $59.9 million, equivalent to approximately €53.8 million.

Whereas:

i. Saipem Luxembourg (Sucursal) Angola is indirectly controlled (100%) by Saipem through Saipem Maritime Asset Management Sàrl, also fully controlled by Saipem (100%);
ii. Saipem is jointly controlled by Eni and CDP Industria;
iii. Eni Angola is fully controlled by Eni;

the transaction qualified as a related party transaction (chapter 2 of the Procedure).

The transaction – although qualified as a "major significance" transaction, since with review No. 4 to the Scarabeo 5 Contract, the value of the Contract itself exceeded the value significance index (amounting to €46 million, with reference to Saipem's market capitalisation as of December 31, 2021) – is configured as an ordinary transaction concluded under equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, not included in the exemption cases under the Consob Regulation and the Procedure implemented by Saipem (chapter 9).

In particular, the transaction is to be considered ordinary and concluded under equivalent market or standard conditions for the reasons below:

- the scope of work of the Scarabeo 5 Contract includes services routinely supplied for projects carried out by the Saipem's Asset Based Services business line, with reference to the Offshore Drilling business segment activities, also in light of the fact that the reactivation of Scarabeo 5 for this use did not require the re-certification of drilling equipment, but only the re-certification of the marine part, limiting the investment on the project to support the profitability;
- to support the strategic decision, it should also be noted that the reactivation of Scarabeo 5 in the above-mentioned mode represented an opportunity to promote the vessel and expanded its portfolio of possible future uses by Saipem's Asset Based Services business line;

- the transaction, including review No. 4 of the contract, was concluded under economic and profitability conditions in line with those relating of the Scarabeo 5 activities as applied by the business line to non-related parties.

Therefore, although no sources are available from international specialised third-party sources for this specific sector ("Offshore support units" for activities assisting production), the prices agreed for the use of the semi-submersible platform Scarabeo 5, also in relation to review No. 4 of the Contract, are in line with market or standard conditions.

Baleine Fase 1 (APA SURF and APA Revamping)

> On May 12, 2022, Eni Côte d'Ivoire Ltd (controlled by Eni) and Saipem SA signed Review 1 of Agreement for Preliminary Activities ("APA SURF Rev. 1") for the performance of preliminary activities related to the execution of engineering services, purchase of materials for Subsea Umbilicals, Risers & Flowlines (SURF) activities of the vessel FPSO Firenze, for a total value of $125 million, therefore increased, following the signing of Revision 1 to the Contract, for an amount of $95 million, compared to the value of $30 million at the time of the signing of the "APA SURF" contract.

On the same day Review 1 of Agreement for Preliminary Activities ("APA Revamping Rev. 1") between Eni Côte d'Ivoire Ltd (controlled by Eni), Floaters SpA (controlled by Eni) and Servizi Energia Italia SpA (controlled by Saipem) was also signed regarding the execution of engineering services, purchase of materials, maintenance, restoration, and lay-up of the vessel FPSO Firenze, for $65 million. The amount was increased following the signing of Review 1 by $35 million compared to the signing of the "APA Revamping" contract of $30 million (hereinafter listed cumulatively as the "Contracts").

Whereas:

i. Saipem SA and Servizi Energia Italia SpA are fully controlled by Saipem;
ii. Saipem is jointly controlled by Eni and CDP Industria;
iii. Floaters SpA and Eni Côte d'Ivoire Ltd are controlled (one directly, the other indirectly) by Eni,

the transaction qualifies as related party transaction, as it was carried out between companies under common or joint control.

Moreover, the Contracts qualify as "major significance" transactions since they exceed the value significance index (amounting to €28 million, with reference to Saipem's market capitalisation as of March 31, 2022).

These transactions, although qualified as "major significance" transactions, are configured as ordinary transactions concluded under equivalent market or standard conditions, and are, therefore, exempt from the procedural and reporting obligations established for "major significance" transactions, not included in the exemption cases under the Regulation and the Procedure implemented by the Company, given that:

- the activities subjects of the Contracts fall within the ordinary scope of Offshore Engineering & Construction business of Saipem's Asset Based Services Business Line (APA SURF) and Onshore Engineering & Construction business of Saipem's Energy Carriers Business Line (APA Revamping);
- the contractual conditions are based on client's standards in line with contractual standards of international industrial projects;
- the prices for the execution of the activities have been agreed:
  a) for Project Management and engineering services based on prices as stated in existing agreements;
  b) for the purchase of equipment and materials a consideration of 12% will be paid on top of the value of suppliers' invoices.

It should be noted, in general, that the margin of Contracts is in line with market conditions. Moreover, the contractual conditions applied to clients would be the same applied to other clients not qualifying as related parties for Saipem.

Eni Mediterranea Idrocarburi SpA (EniMed)

> On June 24, 2022, contract No. 2500044305 (the "contract") was signed by Saipem and Eni Mediterranea Idrocarburi SpA - EniMed ("client") for the provision of drilling services, completion (or abandonment), and workover activities of wells offshore the Italian coast, using the Saipem drillship 10000.

The contract involves a firm period for the drilling of 4 wells, for an estimated duration of 217 days and a value of about $53 million, and an optional period that can be activated at the discretion of the client, for the drilling/intervention on 7 wells, for a duration of 233 days and a value, in relation to the activities required, estimated at present between $50 million and $73 million.

Whereas:

i. Saipem is jointly controlled by Eni and CDP Industria, and that
ii. EniMed is controlled by Eni,

the transaction qualifies as related party transaction, as it was carried out between companies under common or joint control (section 2 of Saipem Procedure).

Moreover, the Contract qualifies as "major significance" transaction since it exceeds the value significance index (amounting to €28 million, with reference to Saipem SpA market capitalisation as of March 31, 2022).

The transaction, although qualified as a "major significance" transaction, is configured as an ordinary transaction concluded under equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for "major significance" transactions, not included in the exemption cases under the Consob Regulation and the Procedure implemented by the Company (section 9), given that:

- the activity subject of the Contract falls within the scope of ordinary activity of the Saipem Group, in particular of the Asset Base Services Business Line - Offshore Drilling sector;
- the economic conditions, agreed with the client for the use of the drillship Saipem 10000, are in line with market conditions reported by sector studies/international specialised third party sources and their analyses of rates for the reference sector (offshore drilling vessels with characteristics comparable to the Saipem 10000) and used by the Asset Based Services Business Line - Offshore Drilling sector;

- more in general the contractual conditions agreed in the above-mentioned contract would be applied to drilling service contracts with third parties not qualifying as related parties for Saipem.

The tables below show the value of transactions of a trade, financial or other nature entered into with related parties. The analysis by company is based on the principle of relevance in relation to the total amount of transactions. Transactions not itemised because they are immaterial are aggregated under the following captions:

- subsidiaries not consolidated on a line-by-line basis;
- joint ventures and associates;
- companies controlled by Eni and CDP Industria SpA;
- associates and jointly controlled companies of Eni and CDP Industria SpA;
- companies controlled by the State and other related parties.

Trade and other transactions

Trade and other transactions consisted of the following:

(€ million)

	Dec. 31, 2021			First half 2021			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated on a line-by-line basis							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated on a line-by-line basis	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	3	-	-	-	-	-
CCS JV Scarl [2]	208	479	-	-	627	704	-
CEPAV (Consorzio Eni per l'Alta velocità) Due [2]	100	327	468	-	82	67	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	59	-	-	-	-
Gydan Lng Snc	1	-	-	-	-	7	-
Gydan Yard Management Services (Shanghai) Co Ltd	1	-	-	-	-	1	-
Gygaz Snc	1	-	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	6	-	-	1	2	-
Novarctic Snc	1	-	-	-	-	1	-
Petromar Lda	6	1	-	-	1	4	-
PSS Netherlands BV	31	18	-	-	-	12	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	16	12	-	-	-	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	20	-	-	-	-	-	-
Saren BV	61	1	-	-	-	37	-
SCD JV Scarl [2]	14	203	-	-	32	54	-
TSGI Mühendislik İnşaat Ltd Şirketi	3	-	-	-	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**466**	**1,050**	**527**	-	743	890	-
Companies controlled by Eni/CDP Industria SpA							
Eni SpA [2]	16	2	16	-	-	24	-
Eni Angola SpA	30	1	57	-	-	79	-
Eni Congo SA	18	7	-	-	(3)	11	-
Eni East Sepinggan Ltd	-	-	7	-	-	28	-
Eni Ghana E&P	-	-	2	-	-	12	-
Eni Kenya	4	-	-	-	-	-	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	19	-
Eni New Energy SpA	1	-	-	-	-	1	-
EniProgetti SpA	1	-	-	-	-	2	-
Eni Rewind	-	-	-	-	-	1	-
EniServizi SpA	-	2	-	-	8	-	-
Floaters SpA	2	-	-	-	-	2	-
Naoc - Nigerian Agip Oil Co Ltd	-	120	-	-	-	6	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	**84**	**132**	**82**	**-**	**5**	**186**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.
(3) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

Trade and other transactions consisted of the following:

(€ million)

Name	Dec. 31, 2021			First half 2021			
				Expenses		Revenue	
	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Eni/CDP Industria SpA associates and jointly controlled companies							
Greenstream BV	-	-	-	-	-	1	-
Mellitah Oil&Gas BV	-	-	4	-	-	-	-
Mozambique Rovuma Venture SpA	7	-	-	-	-	46	-
Petrobel Belayim Petroleum Co	18	28	103	-	-	48	-
PetroJunin SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	-	-
Transmediterranean Pipeline Co Ltd	1	-	-	-	-	-	-
Var Energy AS	1	-	-	-	-	42	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly controlled companies	**27**	**28**	**110**	**-**	**-**	**137**	**-**
Total Eni/CDP Industria SpA companies	**111**	**160**	**192**	**-**	**5**	**323**	**-**
Companies controlled or owned by the State	**24**	**25**	**47**	**-**	**2**	**32**	**-**
Total related party transactions - Continuing operations	**606**	**1,239**	**766**	**-**	**750**	**1,245**	**-**
Incidence (%)	**26.92**	**23.97**	**9.58**	**-**	**39.54**	**40.93**	**-**
Overall total - Continuing operations	**2,251**	**5,168**	**7,995**	**577**	**1,897**	**3,042**	**2**
Discontinued operations							
Companies controlled by Eni/CDP Industria SpA							
Eni Congo SA	-	-	-	-	-	7	-
Total controlled by Eni/CDP Industria SpA	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Overall total - Discontinued operations	**-**	**-**	**-**	**12**	**60**	**158**	**-**
Total related party transactions	**606**	**1,239**	**766**	**-**	**750**	**1,252**	**-**
Overall total	**2,251**	**5,168**	**7,995**	**589**	**1,957**	**3,200**	**2**
Incidence (%)	**26.92**	**23.97**	**9.58**	**-**	**38.32**	**39.13**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.

Trade and other transactions as of June 30, 2022, consisted of the following:

(€ million)

	June 30, 2022			First half 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated on a line-by-line basis							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated on a line-by-line basis	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	3	-	-	-	-	-
CCS JV Scarl [2]	171	549	-	-	57	84	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	99	305	424	-	124	75	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	1	59	-	-	-	-
Gydan Lng Snc	-	-	-	-	-	3	-
Gydan Yard Management Services (Shanghai) Co Ltd	2	-	-	-	-	1	-
Gygaz Snc	1	-	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	8	-	-	2	2	-
Novartic Snc	2	-	-	-	-	2	-
Petromar Lda	12	-	-	-	(1)	10	-
PSS Netherlands BV	22	2	-	-	-	7	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	17	15	-	-	2	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	4	-	-	-	-	37	-
Saren BV	93	1	-	-	-	30	-
SCD JV Scarl [2]	49	193	-	-	81	110	-
TSGI Mühendislik İnşaat Ltd Şirketi	3	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**478**	**1,077**	**483**	**-**	**265**	**361**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions consisted of the following:

(€ million)

	June 30, 2022			First half 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Companies controlled by Eni/CDP Industria SpA							
Eni SpA [2]	5	15	11	-	-	4	-
Eni Angola Exploration	5	5	-	-	-	2	-
Eni Angola SpA	44	8	35	-	5	124	-
Eni Congo SA	11	9	-	-	(1)	5	-
Eni Costa d'Avorio	18	8		-	-	57	-
Eni East Sepinggan Ltd	-	-	7	-	-	-	-
Eni Gas e Luce SpA	-	-	-	-	1	-	-
Eni Ghana E&P	2	-	2	-	-	2	-
Eni Kenya BV	-	-	-	-	-	21	-
Eni México, S. de R.L. de Cv	11	2	-	-	-	24	-
Eni New Energy SpA	-	-	-	-	-	1	-
EniProgetti SpA	2	-	-	-	-	3	-
Eni Rewind SpA	-	-	-	-	-	-	-
EniServizi SpA	1	-	-	-	2	-	-
Eni US Operating Co. Inc.	17	31		-	-	45	-
Floaters SpA	24	-	-	-	-	24	-
Ieoc Exploration BV	-	-	-	-	-	-	-
Ieoc Production BV	1	-	-	-	-	2	-
Naoc - Nigerian Agip Oil Co Ltd	-	130	-	-	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	**141**	**208**	**55**	**-**	**7**	**315**	**-**
Eni/CDP Industria SpA associates and jointly controlled companies							
Greenstream BV	-	-	-	-	-	1	-
Mellitah Oil&Gas BV	7	-	4	-	-	7	-
Mozambique Rovuma Venture SpA	-	-	-	-	-	1	-
Petrobel Belayim Petroleum Co	35	30	149	-	-	59	-
PetroJunin SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	-	-
Solenova Ltd	12	1	-	-	-	10	-
Transmediterranean Pipeline Company Limited	-	-	-	-	-	-	-
Var Energy AS	-	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly controlled companies	**54**	**31**	**156**	**-**	**-**	**78**	**-**
Total Eni/CDP Industria SpA companies	**195**	**239**	**211**	**-**	**7**	**393**	**-**
Companies controlled or owned by the State	**19**	**29**	**46**	**-**	**4**	**15**	**-**
Total related party transactions - Continuing operations	**697**	**1,349**	**740**	**-**	**276**	**769**	**-**
Incidence (%)	**27.27**	**24.35**	**9.23**	**-**	**11.87**	**18.37**	**-**
Overall total - Continuing operations	**2,556**	**5,540**	**8,019**	**1,082**	**2,326**	**4,187**	**5**
Discontinued operations							
Companies controlled by Eni/CDP Industria SpA							
Eni Congo SA	2	-	-	-	-	3	-
Total controlled by Eni/CDP Industria SpA	**2**	**-**	**-**	**-**	**-**	**3**	**-**
Total related party transactions - Discontinued operations	**2**	**-**	**-**	**-**	**-**	**3**	**-**
Overall total - Discontinued operations	**91**	**104**	**42**	**91**	**20**	**248**	**-**
Total related party transactions	**699**	**1,349**	**740**	**-**	**276**	**772**	**-**
Overall total	**2,647**	**5,644**	**8,061**	**1,173**	**2,346**	**4,435**	**5**
Incidence (%)	**26.41**	**23.90**	**9.18**	**-**	**11,76**	**17.41**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.
(2) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

The figures shown in the tables refer to Note 8 “Trade receivables and other assets”, Note 17 “Trade payables, other liabilities and contract liabilities”, Note 27 “Guarantees, commitments and risks”, Note 28 “Revenue (core business revenue and other revenue and income)”, and Note 29 “Operating expenses (purchases, services, and other costs)”.
The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad.
Existing relations with entities controlled or owned by the State are mainly in relation to the Snam Group.
Other transactions consisted of the following:

	Dec. 31, 2021		June 30, 2022	
(€ million)	Other assets	Other liabilities	Other assets	Other liabilities
CCS JV Scarl	20	-	22	-
CEPAV (Consorzio Eni per l’Alta Velocità) Uno	5	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-
Total related party transactions - Continuing operations	**25**	**-**	**23**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**
Overall total - Continuing operations	**268**	**216**	**355**	**449**
Overall total - Discontinued operations	**-**	**-**	**37**	**22**
Incidence - Continuing operations (%)	**9.33**	**-**	**6.48**	**-**

Related party transactions include also funds for employee benefits for €6 million as of June 30, 2022 (€7 million as of December 31, 2021).

Financial transactions

Financial transactions for 2021, excluding net lease liabilities, consisted of the following:

(€ million)

	Dec. 31, 2021			First half 2021		
Name	Loan assets (1)	Loans and borrowings	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	344	-	-	-	-	-
Saren BV	-	8	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	208	-	-	-	-	-
Serfactoring SpA	1	-	-	-	-	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
TSGI Mühendislik İnşaat Ltd Şirketi	-	9	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-
Total related party transactions	**554**	**18**	**-**	**-**	**-**	**-**

(1) Shown in the statement of financial position under “Other current financial assets”.

Financial transactions, excluding net lease liabilities, as of June 30, 2022, consisted of the following:

(€ million)

	June 30, 2022			First half 2022		
Name	Loan assets (1)	Loans and borrowings	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	323	-	-	-	1	-
CDP Industria SpA	-	188	-	-	-	-
Eni México, S. de R.L. de Cv	-	-	-	-	1	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	171	-	-	-	-	-
Serfactoring SpA	1	-	-	-	-	-
TSGI Mühendislik İnşaat Ltd Şirketi	-	10	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-
Total related party transactions	**496**	**199**	**-**	**-**	**2**	**-**

(1) Shown in the statement of financial position under “Other current financial assets”.

The incidence of financial transactions and positions with related parties was as follows:

	Dec. 31, 2021			June 30, 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Current financial liabilities	412	18	4.37	1,155	199	17.23
Non-current financial liabilities (including current portion)	3,129	-	-	2,560	-	-
Total	**3,541**	**18**		**3,715**	**199**	

	First half 2021			First half 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Financial income	121	-	-	424	2	0.47
Financial expense	(132)	-	-	(411)	-	-
Derivative financial instruments	(45)	-	-	(72)	-	-
Other operating income (expense)	-	-	-	3	-	-
Total	**(56)**	**-**		**(56)**	**2**	

Financial lease transactions

Financial lease transactions for 2021, consisted of the following:

(€ million)

	Dec. 31, 2021		First half 2021		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

Financial lease transactions as of June 30, 2022, consisted of the following:

(€ million)

	June 30, 2022		First half 2022		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

The incidence of transactions or positions with related parties relating to financial lease transactions is as follows:

	Dec. 31, 2021			June 30, 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Long-term leases liabilities (including portion of short-term leases)	394	1	0.25	379	1	0.26
Total - Continuing operations	**394**	**1**		**379**	**1**	
Total - Discontinued operations	**-**	**-**		**7**	**-**	

The main cash flows with related parties were as follows:

(€ million)	June 30, 2021	June 30, 2022
Revenue and income	1,245	769
Costs and other expenses	(750)	(276)
Financial income (expenses) and derivatives	-	2
Change in trade receivables and payables	13	19
Net cash flows from operating activities - Continuing operations	**508**	**514**
Net cash flows from operating activities - Discontinued operations	**7**	**1**
Change in loan assets	(162)	58
Net cash flow from investing activities - Continuing operations	**(162)**	**58**
Net cash flow from investing activities - Discontinued operations	**-**	**-**
Change in loans and borrowings	-	181
Net capital contributions by non-controlling interests	-	458
Net cash flow from financial activities - Continuing operations	**-**	**639**
Net cash flow from financial activities - Discontinued operations	**-**	**-**
Total cash flow to related entities - Continuing operations	**346**	**1,211**
Total cash flow to related entities - Discontinued operations	**7**	**1**

The incidence of cash flows with related parties was as follows:

(€ million)	June 30, 2021			June 30, 2022		
	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Cash flows from operating activities	14	508	3,628.57	(525)	514	(97,90)
Cash flows from investing activities	(281)	(162)	57.65	(40)	58	(145,00)
Cash flows from financing activities (*)	257	-		568	639	112,59

(*) Cash flows from financing activities do not include dividends distributed, net repurchases of treasury shares or capital contributions by non-controlling interests and the purchase of additional interests in consolidated subsidiaries.

Information on jointly controlled entities

Jointly controlled companies classified as joint operations do not have a significant value.

37 Significant non-recurring events and operations

See Note 2 "Accounting estimates and significant judgements" for details about the management and containment measures adopted by the Group to address the present state of crisis, including the shifting uncertainties of the market, the COVID-19 pandemic, and the effects of the Russian-Ukrainian crisis.

38 Transactions deriving from atypical or unusual transactions

In the first half of 2022, no atypical and unusual transactions were reported.

39 Events after the reporting period

Share capital increase

On July 11, 2022, ended the period started on June 27, 2022, to exercise the option rights on the offer of 1,974,327,430 newly issued Saipem ordinary shares from the capital increase against payment, non-divisible, for a total amount including share premium of €1,999,993,686.59, approved by the Board of Directors on June 21, 2022, in execution of the delegation attributed by the Extraordinary Shareholders' Meeting of May 17, 2022, pursuant Article 2443 of the Italian Civil Code.
During the period of offer in option, 14,498,312 option rights were exercised for the subscription of 1,377,339,640 new shares, equal to around 70% of the total new shares for a total value of €1,395,245,055.32, of which around 44% of capital increase, was subscribed by shareholders exercising joint control on the Company, Eni SpA and CDP Industria SpA.
The option rights not exercised equal to 6,284,082 relating to the subscription of 596,987,790 new shares, equal to around 30% of the total new shares for a total value of €604,748,631.27 were offered by Saipem on Euronext Milan during the July 12, 2022 and July 13, 2022 sessions, when 194,982,370 newly issued Saipem ordinary shares were subscribed, equal to about 9.9% of the total new shares.
On July 15, 2022, pursuant the underwriting agreement, the 584,726,520 newly issued shares from capital increase and not subscribed following the offer in option and the offer on the stock market, for a total value of €592,327,964.76, were subscribed by BNP Paribas, Citigroup, Deutsche Bank, HSBC, Intesa Sanpaolo and UniCredit (as joint global coordinators) (the "Joint Global Coordinators") and ABN AMRO, Banca Akros - Gruppo Banco BPM, Banco Santander, Barclays, BPER, Goldman Sachs International, Société Générale and Stifel (as joint bookrunners) (the "Joint Bookrunners" and, together with the Joint Global Coordinators, the "Guarantors").
Following the subscription, the capital increase concerning 1,974,327,430 new shares was therefore fully subscribed for a total equivalent value of €1,999,993,686.59, of which €41,460,876.03 as capital and €1,958,532,810.56 as share premium.
Saipem's new share capital amounts to €501,669,790.83, divided in No. 1,995,557,732 ordinary shares and No. 1,059 savings shares with no indication of par value.

Lease of new vessel

On July 8, 2022, a new vessel, the jack-up Perro Negro 11, was added to Saipem's drilling fleet, delivered in China at the Longkou CIMC yard. The jack-up, leased on a "bareboat" basis, was assigned to a five-year consecutive contract (with two additional optional years) to perform drilling activities in the Persian Gulf.

INFORMATION REGARDING CENSURE BY CONSOB PURSUANT TO ARTICLE 154-*TER*, SUBSECTION 7, OF LEGISLATIVE DECREE NO. 58/1998 AND THE NOTICE FROM THE CONSOB OFFICES DATED APRIL 6, 2018

On January 30, 2018, Consob, having concluded its inspection commenced on November 7, 2016 (which ended on October 23, 2017) and about which Saipem gave information in the Annual Report 2016, has informed Saipem that it has detected non compliances in "the Annual Report 2016, as well as in the Interim Consolidated Report as of June 30, 2017" with the applicable international accounting standards (IAS 1 "Presentation of Financial Statements"; IAS 34 "Interim Financial Reporting"; IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", par. 5, 41 and 42; IAS 36 "Impairment of Assets", par. 31, 55-57) and, consequently, has informed Saipem about the commencement "of proceedings for the adoption of measures pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998".
With notes of February 13 and 15, 2018, the Company transmitted to Consob its own considerations in relation to the remarks formulated by the offices of Consob, highlighting the reasons for which it does not share such remarks.
On March 2, 2018, the Commission of Consob, partially accepting the remarks of the offices of Consob, informed Saipem of its own Resolution No. 20324 (the "Resolution"), with which it ascertained the "non-compliance of Saipem's Annual Report 2016 with the regulations governing their preparation", without censuring the correctness of the Interim Consolidated Report as of June 30, 2017.
According to the Resolution, the non-compliance of Saipem's Annual Report 2016 with the regulations which govern its preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.
Consob has therefore asked the Company, pursuant to Article 154-*ter*, subsection 7 of Legislative Decree No. 58/1998, to disclose the following elements of information to the markets:
(A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above;
(B) the applicable international accounting standards and the violations encountered in relation thereto;
(C) the illustration, in an appropriate pro forma consolidated income statement and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.

A. Weaknesses and non-compliance identified by Consob regarding the correctness of accounting in the consolidated and statutory financial statements of 2016.
   The weaknesses and non-compliance identified by Consob with regard to the 2016 consolidated and statutory financial statements can be substantially attributed to the following two items:
   (a) non-compliance of the "2016 consolidated and statutory Saipem SpA financial statements with reference to the comparative data for 2015";
   (b) non-compliance of the process of estimation of the discount rate underpinning the 2016 impairment test with IAS 36 which requires that the Company must "apply the appropriate discount rate to [...] future cash-flows".
   With regard to point (a), the contestation concerns the non-compliance of the 2016 consolidated and statutory financial statements with:
   (i) IAS 1, par. 27, according to which "an entity shall prepare its statements, except for cash flow information, using the accrual basis of accounting" and par. 28, according to which "when the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework"; and
   (ii) IAS 8, par. 41, according to which "[...], material errors are sometimes not discovered until a subsequent year, and these prior year errors are corrected in the comparative information presented in the financial statements for that subsequent year" and par. 42 according to which "the entity shall correct the material prior year errors retrospectively in the first financial statements authorised for issue after their discovery by: (a) restating the comparative amounts for the year/years prior to the one in which the error occurred [...]".
   In substance, in Consob's opinion, the circumstances at the basis of some of the impairment losses recognised in the 2016 financial statements already existed, wholly or in part, when preparing 2015 financial statements. Indeed, Consob alleges that the Company approved 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous administrative period, in relation to the following items:
   > "property, plant and equipment";
   > "inventories";
   > "tax assets".
   With regard to point sub (b), Consob alleges that the Company, for the purposes of the impairment test: (i) used a single rate to discount business unit cash flows, characterised by a different risk profile; (ii) did not consider the country risk in relation to some assets operating in specific geographical areas over a long period of time; (iii) did not take into account the changes in the Company risk profile subsequent to the transaction that determined the deconsolidation of Saipem from the Eni Group.

B. The applicable international accounting standards and the violations encountered in relation thereto.
Consob holds that the 2016 consolidated and statutory financial statements of Saipem as of December 31, 2016, were not compliant with the following standards: IAS 1, IAS 8, and IAS 36.
Specifically, Consob has observed that the Company approved the 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous period, in relation to the following items:
- "property, plant and equipment;"
- "inventories;"
- "tax assets."

With reference to the item "Property, plant and equipment" as of December 31, 2015, Consob alleges the incorrect application of IAS 16 "Property, plant and equipment" and of IAS 36.
Specifically, Consob alleges that some impairment losses carried out by the Company on "property, plant and equipment" in the 2016 consolidated financial statements should have been accounted for, at least in part, in the previous year.
In particular Consob alleges:
(i) the incorrect application of IAS 36 with reference to the impairment test of some assets recognised as "property, plant and equipment" of the Offshore Drilling business unit and with respect to the assets recognised in the Offshore and Onshore Engineering & Construction business units. Consob's remark relates to the manner in which the cash flows expected from the use of these assets were estimated for the purpose of applying the impairment test with regard to the 2015 financial year, and in particular to the incorrect application of IAS 36: (a) paragraph 33, letter a). This states that "in assessing value in use, an entity shall: a) base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight shall be given to external evidence;" (b) paragraph 34 in the sections that requires management to assess the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past cash flow projections and actual cash flows and ensuring that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes; (c) paragraph 35 in the section that mentions the approach to be followed when using cash flow projections over a period longer than five years, stressing that such an approach is allowed "if [the entity] is confident that these projections are reliable and it can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period";
(ii) the incorrect application of IAS 16, paragraphs 51, 56 and 57 with reference to the residual useful life of some assets registered as "property, plant and equipment" of the Onshore Drilling business unit, of the Offshore Engineering & Construction business unit and of the Onshore Engineering & Construction business unit. Consob's remarks concern the circumstances that the review of the estimation of the residual useful life of assets cited (reported in the 2016 financial statements) should have already been done in the financial year 2015. Specifically, Consob alleges that IAS 16: (a) paragraph 51 was not correctly applied in the part that requests that "the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"; (b) paragraph 56 in the part that requires that "the future economic benefits embodied in an asset are consumed by an entity principally through its use. However, other factors, such as technical or commercial obsolescence and wear and tear while an asset remains idle, often result in the diminution of the economic benefits that might have been obtained from the asset" [...]; paragraph 57 in the part that requires that "the useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgement based on the experience of the entity with similar assets."

As a consequence of the above-mentioned remarks, Consob likewise does not agree with the recognition of the impairment losses included in the 2016 consolidated and statutory financial statements with reference to some inventories and to a deferred tax asset related to the items criticised by Consob for which the items of the impairment loss according to Consob should have been accounted for in 2015.
Consob notes in this regard:
(i) IAS 2, paragraph 9, that "inventories shall be measured at the lower of cost and net realisable value" and at paragraph 30 that "estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise";
(ii) IAS 12 in the part that requires at paragraph 34 that "a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised" and that "to the extent that it is not probable that taxable profit will be available against which unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised".

Furthermore, Consob criticises the process of estimating the discount rate at the base of the impairment test for 2016 in so far as it is characterised by an approach that is not compliant with IAS 36 which requires that the Company "shall apply the appropriate discount rate to the future cash flows". More precisely, with respect to 2016 Consob does not agree with the approach taken by the Company, i.e., with reference to the execution of the impairment test it: (i) has used a single rate to discount cash flows of different business units which are characterised by different risk profiles; (ii) has not considered the country risk in relation to some assets operating in specific geographical areas over a long period of time.

In relation to the above, Consob also alleges the violation of the principle of correct representation of the company's situation which would not guarantee the observance of fundamental assumptions and qualitative characteristics of information.
Consob believes, in fact, that the importance of the errors and the significance of the shortcomings can likewise determine the non-compliance of the aforementioned financial statements with the requirements of reliability, prudence and completeness, pursuant to IAS 1.

C. The illustration, in an appropriate pro-forma consolidated income statement and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.
While not sharing the judgement of non-compliance of the 2016 consolidated and statutory financial statements put forward by Consob in its Resolution, Saipem points out that the 2016 consolidated and statutory financial statements of the Company were approved by the Board of Directors on March 16, 2017 and by the Shareholders' Meeting on April 28, 2017 and were subject to audit pursuant to Legislative Decree No. 39 of January 27, 2010, Articles 14 and 16, and the report was issued on April 3, 2017.
In addition, with the press release of March 6, 2018, Saipem reported that "the Board of Directors of Saipem, in disagreement with the Resolution of Consob, resolved on March 5, 2018, to appeal the Resolution in the competent courts".
In the press release dated March 21, 2018, Saipem reported that for the purposes of ensuring a correct interpretation, and in order to implement the findings of the Resolution, today the Company has filed a petition with Consob in order to obtain interpretative clarifications suitable for overcoming the technical and evaluation complexities related to the findings of the Authority and to be able, in this way, to inform the market correctly, reaffirming that it does not share – and has no intention of accepting – the judgement of non-compliance of the consolidated and statutory financial statements as of December 31, 2016.

On April 27, 2018, Saipem lodged an appeal with the Regional Administrative Court ("TAR") of Lazio requesting the annulment of the Resolution and of any other presumed or related act and/or provision.
On May 24, 2018, Saipem filed with the TAR-Lazio additional grounds for appeal against the aforementioned Resolution.
On June 15, 2021, a hearing was held before the TAR-Lazio to discuss Saipem's appeal against the Consob Resolution of March 2, 2018.
On July 6, 2021, the TAR-Lazio rejected the appeal filed by Saipem SpA on April 27, 2018.
On July 6, 2021, Saipem SpA issued the following press release:
"Saipem: the Regional Administrative Court ("TAR") of Lazio rejected the appeal against Consob Resolution No. 20324 dated March 2, 2018.
San Donato Milanese (Italy), July 6, 2021: Saipem SpA informs that the Regional Administrative Court ('TAR') of Lazio, through decision filed today, has rejected the appeal presented on April 27, 2018, by the Company against Consob resolution No. 20324 dated March 2, 2018 (of which the markets were informed with the Press Release dated March 5, 2018, the 'Resolution').
*With the Resolution (the contents of which are described in paragraph 'Information regarding censure by Consob pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018' of the Annual Report 2020 of Saipem SpA) Consob has stated the non-compliance of Saipem's 2016 Annual Statutory and Consolidated Reports with the regulations which govern their preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.*
*With the Resolution Consob has therefore asked the Company, pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998, to disclose the following elements of information to the markets: (A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above; (B) the applicable international accounting standards and the violations detected in relation thereto; (C) the illustration, in an appropriate pro forma consolidated income statements and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.*
Saipem SpA on April 16, 2018 issued a press release providing a pro forma consolidated income statements and balance sheet as of December 31, 2016 with the only aim to comply with the Resolution.
The TAR of Lazio has rejected the appeal presented by Saipem SpA requesting the annulment of the Resolution.
Saipem reserves its right to appeal the decision of the TAR of Lazio before the Council of State".
On November 6, 2021, Saipem SpA filed its appeal before the Council of State against the decision of the TAR of Lazio.

On April 16, 2018, Saipem issued a press release regarding the pro-forma consolidated income statements and statement of financial position as of December 31, 2016, for the sole purpose of complying with the Resolution.

On April 6, 2018, after the closure of the market, the Offices of the Italian securities market regulator Consob (Divisione Informazione Emittenti - Issuer Information Division) announced with their communication No. 0100385/18 (the "Communication"), that they started an administrative sanctioning procedure, claiming some violations pursuant to Articles 191 and 195 of Italian Legislative Decree No. 58/1998 (the "Financial Law"), relating to the offer documentation (Prospectus and Supplement to the Prospectus) made available to the public by Saipem on the occasion of its capital increase operation, which took place in January and February 2016. The alleged violations were exclusively addressed to the members of the Board of Directors and the Chief Financial Officer/Officer responsible for financial reporting in office at that time.

The Offices of Consob, in communicating their allegations to the interested parties also pointed out that, if the alleged violations were ascertained by the Commission of Consob at the outcome of the procedure, said violations "*would be punishable by an administrative fine between €5,000 and €500,000*".
Saipem received notice of the communication solely as guarantor ex lege for the payment *"of any economic fines that may eventually be charged to the company executives at the outcome of the administrative procedure"*.
The allegations follow Consob Resolution No. 20324 of March 2, 2018 (the "Resolution"), the content of which was communicated to the market by the Company with its press release of March 5, 2018. The Resolution – with which, as also communicated to the market, the Company disagreed and that it will appeal before the Regional Administrative Tribunal (TAR) of Lazio – alleged, among other things, *"the inconsistency of the assumptions and elements underlying the Strategic Plan for 2016-2019 with respect to the evidence at the disposal of the administrative bodies"*, as the indicators of possible impairment of value of the assets, later impaired by Saipem in its nine-month interim report as of September 30, 2016 would already have existed, in the opinion of Consob, at the time of approval of the consolidated financial statements of 2015.
With its Communication, the Offices of Consob have charged the company executives who, at the time of the capital increase, performed management functions, with the violations that are the subject of the Resolution and have already been communicated to the market, as stated above. The Offices of Consob further claim certain *"elements relative to the incorrect drafting of the declaration on the net working capital"* required by the standards in force applicable to the prospectus.
The foregoing would imply, according to the Offices of Consob*, "the inability of the offer documentation to ensure that the investors would be able to formulate a well-grounded opinion about the equity and financial position of the issuer, its economic results and prospects, pursuant to Article 94, sections 2 and 7, of the Financial Law, with regard to the information concerning: a) estimates of the Group's results for 2015 (Guidance 2015 and underlying assumptions)"; "b) forecast of the Group results drawn from the Strategic Plan for 2016-2019 and underlying assumptions"; "c) the declaration on the Net Working Capital"*.
Also according to the Offices of Consob, Saipem would have additionally omitted, in violation of Article 97, section 1 and Article 115, section 1, letter a), of the Financial Law, to report to Consob *"information pertaining to: (i) the assumptions underlying the declaration on its Net Working Capital; (ii) the availability of an updated 'Eni Scenario' on the price of oil; and (iii) the existence of significant amendments to the assumptions underlying the Strategic Plan for 2016-2019"*.
On July 4, 2018, Saipem, as guarantor ex lege for the payment *"of any fines that may eventually be charged to the company executives at the outcome of the administrative procedure"*, submitted its defence to Consob.
Saipem and all the company executives who have received the Communication have proceeded to file their defences with the Consob Offices.
Consob, with its Resolution No. 20828 of February 21, 2019, communicated to Saipem on March 12, 2019 and adopted at the outcome of the procedure for application of a fine initiated on April 6, 2018, applied the following fines: a) €200,000 on the company CEO; b) €150,000 on the Officer responsible for financial reporting in office at the time of the capital increase in 2016.
Consob also sentenced Saipem SpA to a payment of €350,000, as the party jointly liable for payment of the aforementioned administrative fines with the two persons fined pursuant to Article 195, section 9, of the Finance Law (in force at the time of the alleged violations), with obligation to recourse against the authors of the alleged breaches.
Consob ordered the filing of the procedure launched on April 6, 2018, against the non-executive Directors in office at the time of the facts alleged.
The Board of Directors of Saipem resolved on April 2, 2019 to appeal the Resolution No. 20828 before the Court of Appeal.
A similar appeal was filed by the two individuals sanctioned under the Resolution, i.e., the Chief Executive Officer of Saipem SpA and the Chief Financial Officer and Officer responsible for financial reporting in office at the time of the events. The first hearing before the Milan Court of Appeal was held on November 13, 2019.
On that day, the Milan Court of Appeal postponed the discussion on November 4, 2020.
On October 23, 2020, Saipem SpA and the two individuals sanctioned applied to the Court of Appeal, to be allowed to file documents required to debate the appeal by November 4, 2020.
On November 2, 2020, the Court of Appeal authorised the filing of the documents requested on October 23, 2020, by the parties, also granting Consob a deadline to submit any counterarguments on those documents by December 15, 2020, and postponed the hearing to discuss the appeal to January 27, 2021.
On January 20, 2021, Saipem SpA and the two individuals sanctioned presented a new application to the Court of Appeal, to be allowed to file additional documents required to debate the appeal by January 27, 2021, and to be authorised to propose new grounds for the appeal. which became known when new documents were found.
On January 21, 2021, the Court of Appeal accepted the applications by Saipem and the individuals and authorised the filing of the documents requested on January 20, 2021. The Court also upheld the proposal of additional grounds, to be submitted through written filings by February 26, 2021, and also granted Consob the right to submit its counter filings by March 25, 2021. The hearing for the discussion will be held on April 21, 2021.
At the hearing of April 21, 2021, the appeals were discussed.
The Milan Court of Appeal has partially upheld the appeals, whilst it rejected the remaining:
- reducing from €200,000 to €150,000 the administrative financial fine imposed by Consob in 2019 against the former Chief Executive Officer of the Company in office from April 30, 2015, until April 30, 2021;
- reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the former CFO and Officer responsible for the Company's financial reporting in office at the time of the 2016 capital increase until June 7, 2016; and
- consequentially reducing from €350,000 to €265,000 the condemnation of Saipem SpA to the payment of the afore mentioned administrative financial fines, as the party jointly and severally liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance (Legislative Decree No. 58/1998).

On January 20, 2022, Saipem appealed the Milan Court of Appeal decision before the Italian Supreme Court ("Corte di Cassazione"). On March 1, 2022, Consob served Saipem SpA with its appeal ("controricorso con ricorso incidentale").
Saipem SpA filed its appeal against Consob's appeal ("controricorso con ricorso incidentale") on April 8, 2022.

Ongoing investigations. Public Prosecutor's Office of Milan - 2015 and 2016 Financial Statements. Prospectus of the January 2016 capital increase

On January 22, 2019, the Public Prosecutor's office of Milan notified Saipem SpA of a *"local search warrant and seize notice of investigation"*, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter*, letter b), Legislative Decree No. 231/2001, based on the alleged crime of false accounting allegedly committed from April 2016 to April 2017, as well as in relation to the alleged unlawful administrative act pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, based on the alleged crime of manipulation of the market, allegedly committed from October 27, 2015 to April 2017.
At the same time, the Public Prosecutor's office of Milan had notified the following individuals that they were under investigation: the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), as well as, for various reasons, one manager and two former managers (the former Officer responsible for financial reporting in office until June 7, 2016 and the former Officer responsible for financial reporting in office until May 16, 2019). The investigation concerns the following offences: (i) false accounting relating to the 2015 and 2016 financial statements; (ii) manipulation of the market allegedly committed from October 27, 2015, to April 2017; and (iii) false statements in the prospectus issued with reference to the documentation for the offer of the capital increase in January 2016.
On December 18, 2020, the Milan Public Prosecutor's office served the notice of conclusion of the preliminary investigations to the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015, and on May 3, 2018), to a former executive (the Officer responsible for financial reporting in office until June 7, 2016) and to Saipem SpA.
Saipem SpA is charged with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8 and 25-*ter* of Legislative Decree No. 231/2001 *"for having failed to prepare an organisational model suitable to prevent the crimes of false accounting"*, pursuant to Article 2622 of the Italian Civil Code, allegedly committed from March 16, 2016 until July 27, 2016 with reference to the Financial Statements as of December 31, 2015 and the Half-Year Report as of June 30, 2016 and the administrative offence referred to in Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001 *"for having failed to prepare an organisational model suitable to prevent the crimes of false statements in the prospectus"*, pursuant to Article 173-*bis* of Legislative Decree No. 58/1998, and *"market manipulation"*, pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed from October 27, 2015 until July 27, 2016.
From the notice of conclusion of the preliminary investigations, the following offences are waged against the two individuals still under investigation (the Chief Executive Officer of the Company appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018 and a former Executive who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016): (i) false accounting pursuant to Article 2622 of the Italian Civil Code in relation to the Financial Statements as of December 31, 2015 (with reference to both suspects) and the First Half Report as of June 30, 2016 with reference only to the Chief Executive Officer of the Company appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018); (ii) false statements in the Prospectus pursuant to Article 173-*bis* of Legislative Decree No. 58/1998 with reference to both suspects, issued with reference to the documentation for the offer of the capital increase in January 2016, from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 of Legislative Decree No. 58/1998, allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016.
On March 29, 2021, the Judge for the Preliminary Hearing of the Tribunal of Milan has notified to Saipem SpA that the preliminary hearing is scheduled for May 10, 2021, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*ter*, letter B) of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the offence of false accounting, allegedly committed from March 16, 2016 to July 27, 2016, as well as in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-*sexies* of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the crimes of false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.
This notification follows the issue of the notice of completion of the preliminary investigations and the subsequent request for indictment by the Public Prosecutor of Milan, notified together with the decree scheduling the preliminary hearing, against Saipem SpA, the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former executive of the Company (the CFO and Officer responsible for the Company's Financial Reporting in office until June 7, 2016).
The Public Prosecutor of Milan in the request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Civil Code relating to the financial statements as of December 31, 2015, allegedly committed by both individuals, and the First Half Report as of June 30, 2016 allegedly committed only by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018); (ii) manipulation of the market pursuant to Article 185 of Legislative Decree No. 58/1998 allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016; and (iii) false statement in the prospectus pursuant to Article 173-*bis* of Legislative Decree No. 58/1998 allegedly committed from January 22, 2016 until February 5, 2016 by both individuals with reference to the documentation for the offer of a capital increase in January 2016.
At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications ("richieste di costituzione di parte civile") were filed, both in the name and on behalf of Saipem SpA shareholders, and on behalf of associations representing diffuse interests. The Judge of the Preliminary Hearing adjourned the next hearings to September 21,

2021, in order to allow the parties lawyers to review the plaintiff applications filed and to formulate their remarks, and consequentially to decide on their admissibility. The Judge in these proceedings has since been moved to a different assignment and the proceedings has been assigned to a new judge who, at the hearing on January 20, 2022, postponed the discussion to the next hearing on February 28, 2022.
On February 28, 2022, hearing, the Judge admitted No. 503 individuals as plaintiffs in the proceedings.
At the hearing of March 15, 2022, was held the discussion of the defences. On April 12, 2022, the Judge for the Preliminary Hearing at the Court of Milan, who acquitted, because *"no offence has been committed"*, the Company, the former CEO of the Company (in office from April 30, 2015 until April 30, 2021), and the former CFO and officer responsible for the Company's financial reporting (in office from December 6, 2013 until June 7, 2016) in relation to the following alleged crimes: (i) false accounting, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.
The 15 days term – starting from the filing of the reasons of the sentence – for the appeal of the Public Prosecutor's Office and of the plaintiff also expired, while remaining the theoretical possibility of an appeal by the General Public Posecutor at the Court of Appeal of Milan within September 2, 2022, pursuant to Article 593-*bis,* c.p.p.

INFORMATION UPON REQUEST OF CONSOB PURSUANT TO ARTICLE 114, SUBSECTION 5, OF LEGISLATIVE DECREE NO. 58/1998 ("TUF")

At the request of Consob received on May 10, 2022 and motivated by the need for the market to be kept constantly informed following the existence of "uncertainties regarding the ability of the Company (and 'the Saipem Group') to continue as a going concern", as reflected in the audit reports on the Company's statutory and consolidated financial statements as of December 31, 2021, the information requested by the Regulatory Authority is provided in this press release.
It should also be noted that on July 15, 2022, the Group carried out the Saipem capital increase approved by the Extraordinary Shareholders' Meeting held on May 17, 2022.
The prospect of the fulfilment of these circumstances, as highlighted in the reports to the aforementioned financial statements, constituted the assumption, now realised, of the Company as a going concern.
The following information at June 30, 2022 concerning Saipem SpA and its Group is provided.

Net Financial Position of Saipem SpA and the Saipem Group as of June 30, 2022, showing short-term components separately from medium/long-term components

The table below shows the financial position as of June 30, 2022, of Saipem SpA and Saipem Group, prepared in accordance with the provisions of Consob document 5/21 of April 29, 2021, which implements the ESMA guidelines, compared with the position as of December 31, 2021.

Net Financial Position of Saipem SpA

	Dec. 31, 2021			June 30, 2022		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**889**	**-**	**889**	**955**	**-**	**955**
B. Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:						
- Financial assets measured at fair value through OCI	-	-	-	-	-	-
- Loan assets	267	-	267	348	-	348
D. Liquidity (A+B+C)	**1,156**	**-**	**1,156**	**1,303**	**-**	**1,303**
E. Current financial debt:	**1,448**	**-**	**1,448**	**1,550**	**-**	**1,550**
- Current bank loans and borrowings	226	-	226	965	-	965
- Current financial liabilities - related parties	1,182	-	1,182	540	-	540
- Other current financial liabilities	-	-	-	-	-	-
- Lease liabilities	39	-	39	45	-	45
F. Current portion of the non-current financial debt:	**63**	**-**	**63**	**63**	**-**	**63**
- Non-current bank loans and borrowings	63	-	63	63	-	63
- Ordinary bonds	-	-	-	-	-	-
G. Current financial debt (E+F)	**1,511**	**-**	**1,511**	**1,612**	**-**	**1,612**
H. Net current financial debt (G-D)	**355**	**-**	**355**	**309**	**-**	**309**
I. Non-current financial debt:	**-**	**157**	**157**	**-**	**129**	**129**
- Non-current bank loans and borrowings	-	113	113	-	93	93
- Non-current financial liabilities related parties	-	-	-	-	-	-
- Lease liabilities	-	45	45	-	36	36
J. Debt instruments:	**-**	**-**	**-**	**-**	**-**	**-**
- Ordinary bonds	-	-	-	-	-	-
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**157**	**157**	**-**	**129**	**129**
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**355**	**157**	**512**	**309**	**129**	**438**

The net financial debt of Saipem SpA includes the financial asset related to the IRS contract, amounting to €265 thousand, while it does not include the fair value of derivative contracts amounting to €101 million (€51 million as of December 31, 2021).

Reconciliation of net financial debt

(€ million)	Dec. 31, 2021 Current	Non-current	Total	June 30, 2022 Current	Non-current	Total
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**355**	**157**	**512**	**309**	**129**	**438**
N. Non-current loan assets	**-**	**-**	**-**	**-**	**-**	**-**
O. Lease assets	**-**	**-**	**-**	**-**	**-**	**-**
P. Net financial debt (M-N-O)	**355**	**157**	**512**	**309**	**129**	**438**

As of June 30, 2022, Saipem SpA reported a net financial debt before lease liabilities of €357 million (€428 million as of December 31, 2021) and a net financial debt including lease liabilities of €438 million (€512 million as of December 31, 2021).

Saipem Group Net Financial Position

(€ million)	Dec. 31, 2021 Current	Non-current	Total	June 30, 2022 Current	Non-current	Total
A. Cash and cash equivalents	**1,632**	**-**	**1,632**	**1,680**	**-**	**1,680**
B. Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:						
- Financial assets measured at fair value through OCI	59	-	59	71	-	71
- Loan assets	566	-	566	506	-	506
D. Liquidity (A+B+C)	**2,257**	**-**	**2,257**	**2,257**	**-**	**2,257**
E. Current financial debt:	**559**	**-**	**559**	**1,333**	**-**	**1,333**
- Current bank loans and borrowings	367	-	367	859	-	859
- Current financial liabilities - related parties	18	-	18	199	-	199
- Other current financial liabilities	27	-	27	97	-	97
- Lease liabilities	147	-	147	178	-	178
F. Current portion of the non-current financial debt:	**697**	**-**	**697**	**193**	**-**	**193**
- Non-current bank loans and borrowings	151	-	151	154	-	154
- Ordinary bonds	546	-	546	39	-	39
G. Current financial debt (E+F)	**1,256**	**-**	**1,256**	**1,526**	**-**	**1,526**
H. Net current financial debt (G-D)	**(1,001)**	**-**	**(1,001)**	**(731)**	**-**	**(731)**
I. Non-current financial debt:	**-**	**686**	**686**	**-**	**574**	**574**
- Non-current bank loans and borrowings	-	439	439	-	373	373
- Non-current financial liabilities related parties	-	-	-	-	-	-
- Lease liabilities	-	247	247	-	201	201
J. Debt instruments:	**-**	**1,993**	**1,993**	**-**	**1,994**	**1,994**
- Ordinary bonds	-	1,993	1,993	-	1,994	1,994
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**2,679**	**2,679**	**-**	**2,568**	**2,568**
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(731)**	**2,568**	**1,837**

Reconciliation of net financial debt

(€ million)	Dec. 31, 2021 Current	Non-current	Total	June 30, 2022 Current	Non-current	Total
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,001)**	**2,679**	**1,678**	**(731)**	**2,568**	**1,837**
N. Non-current loan assets	**-**	**61**	**61**	**-**	**63**	**63**
O. Lease assets	**30**	**46**	**76**	**40**	**31**	**71**
P. Net financial debt (M-N-O)	**(1,031)**	**2,572**	**1,541**	**(771)**	**2,474**	**1,703**

Net debt at June 30, 2022 before IFRS 16 lease liability amounted to €1,395 million, which, net of the payment made by the shareholder Eni for €458 million, recorded an increase of €630 million compared to December 31, 2021 (€1,223 million), mainly due to the cash absorption of projects subject to backlog review, the negative trend in the balance of advances from customers and suppliers, and investments for the period. Net financial debt including IFRS 16 lease liability of €308 million amounted to €1,703 million.

Overdue debt positions of Saipem SpA and the Saipem Group as of June 30, 2022, broken down by type (financial, trade, tax, social security, and employee) and related creditor reaction initiatives (reminders, injunctions, suspension of supply, etc.)

Overdue debt positions of Saipem SpA

The overdue debt positions of Saipem SpA as of June 30, 2022, are summarised below.

(€ million)	Total as of June 30, 2022
Trade payables	**124**
- of which expired by less than three months	**93**

The level of overdue payables falls within levels that can be considered physiological given the nature and complexity of business. It should also be noted that the balance of advances to suppliers on the same date amounted to €88 million.
There are no overdue financial, tax, social security and employee payables.

Saipem Group overdue debt positions

The following is a summary of the Saipem Group's overdue debt positions as of June 30, 2022.

(€ million)	Total as of June 30, 2022
Trade payables	**297**
- of which expired by less than three months	**214**

The level of overdue payables, amounting to €297 million or about 4.5% of revenues for the year 2021, falls within levels that can be considered physiological given the nature and complexity of business. It should also be noted that the balance of advances to suppliers on the same date was €111 million.
There are no overdue financial, tax, social security and employee payables.

Principal changes in transactions with related parties of Saipem SpA and the Saipem Group since the last annual financial report approved in accordance with Article 154-*ter* of the Consolidated Finance Act

Transactions carried out by Saipem SpA and the companies included in the scope of consolidation with related parties essentially relate to the provision of services and the exchange of goods with joint ventures, associates and subsidiaries excluded from the scope of consolidation of Saipem SpA, with subsidiaries, joint ventures and associates mainly of Eni SpA, with certain joint ventures and associates of CDP Industria SpA (which took over from CDP Equity SpA on December 13, 2019), with companies controlled by the Italian state, in particular companies in the Snam Group; they are part of ordinary operations and are settled on market terms, i.e. on the terms that would be applied between two independent parties. All transactions were carried out in the interest of Saipem SpA companies.

Trade and other transactions

Trade and other transactions consisted of the following:

((€ million)

	Dec. 31, 2021			First half 2021			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated on a line-by-line basis							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated on a line-by-line basis	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	3	-	-	-	-	-
CCS JV Scarl [2]	208	479	-	-	627	704	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	100	327	468	-	82	67	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	59	-	-	-	-
Gydan Lng Snc	1	-	-	-	-	7	-
Gydan Yard Management Services (Shanghai) Co Ltd	1	-	-	-	-	1	-
Gygaz Snc	1	-	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	6	-	-	1	2	-
Novarctic Snc	1	-	-	-	-	1	-
Petromar Lda	6	1	-	-	1	4	-
PSS Netherlands BV	31	18	-	-	-	12	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	16	12	-	-	-	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	20	-	-	-	-	-	-
Saren BV	61	1	-	-	-	37	-
SCD JV Scarl [2]	14	203	-	-	32	54	-
TSGI Mühendislik Insaat Ltd Sirketi	3	-	-	-	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**466**	**1,050**	**527**	**-**	**743**	**890**	**-**
Companies controlled by Eni/CDP Industria SpA							
Eni SpA [2]	16	2	16	-	-	24	-
Eni Angola SpA	30	1	57	-	-	79	-
Eni Congo SA	18	7	-	-	(3)	11	-
Eni East Sepinggan Ltd	-	-	7	-	-	28	-
Eni Ghana E&P	-	-	2	-	-	12	-
Eni Kenya	4	-	-	-	-	-	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	19	-
Eni New Energy SpA	1	-	-	-	-	1	-
EniProgetti SpA	1	-	-	-	-	2	-
Eni Rewind	-	-	-	-	-	1	-
EniServizi SpA	-	2	-	-	8	-	-
Floaters SpA	2	-	-	-	-	2	-
Naoc - Nigerian Agip Oil Co Ltd	-	120	-	-	-	6	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	**84**	**132**	**82**	**-**	**5**	**186**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.
(3) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

Trade and other transactions consisted of the following:

(€ million)

	Dec. 31, 2021			First half 2021			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [(1)]	Goods and services	Other
Eni/CDP Industria SpA associates and jointly controlled companies							
Greenstream BV	-	-	-	-	-	1	-
Mellitah Oil&Gas BV	-	-	4	-	-	-	-
Mozambique Rovuma Venture SpA	7	-	-	-	-	46	-
Petrobel Belayim Petroleum Co	18	28	103	-	-	48	-
PetroJunìn SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	-	-
Transmediterranean Pipeline Co Ltd	1	-	-	-	-	-	-
Var Energy AS	1	-	-	-	-	42	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly controlled companies	**27**	**28**	**110**	**-**	**-**	**137**	**-**
Total Eni/CDP Industria SpA companies	**111**	**160**	**192**	**-**	**5**	**323**	**-**
Companies controlled or owned by the State	**24**	**25**	**47**	**-**	**2**	**32**	**-**
Total related party transactions - Continuing operations	**606**	**1,239**	**766**	**-**	**750**	**1,245**	**-**
Incidence (%)	**26.92**	**23.97**	**9.58**	**-**	**39.54**	**40.93**	**-**
Overall total - Continuing operations	**2,251**	**5,168**	**7,995**	**577**	**1,897**	**3,042**	**2**
Discontinued operations							
Companies controlled by Eni/CDP Industria SpA							
Eni Congo SA	-	-	-	-	-	7	-
Total companies controlled by Eni/CDP Industria SpA	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**	**-**	**7**	**-**
Overall total - Discontinued operations	**-**	**-**	**-**	**12**	**60**	**158**	**-**
Total related party transactions	**606**	**1,239**	**766**	**-**	**750**	**1,252**	**-**
Overall total	**2,251**	**5,168**	**7,995**	**589**	**1,957**	**3,200**	**2**
Incidence (%)	**26.92**	**23.97**	**9.58**	**-**	**38.32**	**39.13**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.

Trade and other transactions as of June 30, 2022 consisted of the following:

(€ million)

	June 30, 2022			First half 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services (1)	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated on a line-by-line basis							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated on a line-by-line basis	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl (2)	1	3	-	-	-	-	-
CCS JV Scarl (2)	171	549	-	-	57	84	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due (2)	99	305	424	-	124	75	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno (2)	-	1	59	-	-	-	-
Gydan Lng Snc	-	-	-	-	-	3	-
Gydan Yard Management Services (Shanghai) Co Ltd	2	-	-	-	-	1	-
Gygaz Snc	1	-	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	8	-	-	2	2	-
Novartic Snc	2	-	-	-	-	2	-
Petromar Lda	12	-	-	-	(1)	10	-
PSS Netherlands BV	22	2	-	-	-	7	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	17	15	-	-	2	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	4	-	-	-	-	37	-
Saren BV	93	1	-	-	-	30	-
SCD JV Scarl (2)	49	193	-	-	81	110	-
TSGI Mühendislik Insaat Ltd Sirketi	3	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**478**	**1,077**	**483**	**-**	**265**	**361**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions consisted of the following:

(€ million

	June 30, 2022			First half 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Companies controlled by Eni/CDP Industria SpA							
Eni SpA [2]	5	15	11	-	-	4	-
Eni Angola Exploration	5	5	-	-	-	2	-
Eni Angola SpA	44	8	35	-	5	124	-
Eni Congo SA	11	9	-	-	(1)	5	-
Eni Costa d'Avorio	18	8	-	-	-	57	-
Eni East Sepinggan Ltd	-	-	7	-	-	-	-
Eni Gas e Luce SpA	-	-	-	-	1	-	-
Eni Ghana E&P	2	-	2	-	-	2	-
Eni Kenya BV	-	-	-	-	-	21	-
Eni México, S. de R.L. de Cv	11	2	-	-	-	24	-
Eni New Energy SpA	-	-	-	-	-	1	-
EniProgetti SpA	2	-	-	-	-	3	-
Eni Rewind SpA	-	-	-	-	-	-	-
EniServizi SpA	1	-	-	-	2	-	-
Eni US Operating Co Inc	17	31	-	-	-	45	-
Floaters SpA	24	-	-	-	-	24	-
Ieoc Exploration BV	-	-	-	-	-	-	-
Ieoc Production BV	1	-	-	-	-	2	-
Naoc - Nigerian Agip Oil Co Ltd	-	130	-	-	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	**141**	**208**	**55**	**-**	**7**	**315**	**-**
Eni/CDP Industria SpA associates and jointly controlled companies							
Greenstream BV	-	-	-	-	-	1	-
Mellitah Oil&Gas BV	7	-	4	-	-	7	-
Mozambique Rovuma Venture SpA	-	-	-	-	-	1	-
Petrobel Belayim Petroleum Co	35	30	149	-	-	59	-
PetroJunìn SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	-	-
Solenova Ltd	12	1	-	-	-	10	-
Transmediterranean Pipeline Co Ltd	-	-	-	-	-	-	-
Var Energy AS	-	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly controlled companies	**54**	**31**	**156**	**-**	**-**	**78**	**-**
Total Eni/CDP Industria SpA companies	**195**	**239**	**211**	**-**	**7**	**393**	**-**
Companies controlled or owned by the State	**19**	**29**	**46**	**-**	**4**	**15**	**-**
Total related party transactions - Continuing operations	**697**	**1,349**	**740**	**-**	**276**	**769**	**-**
Incidence (%)	**27.27**	**24.35**	**9.23**	**-**	**11.87**	**18.37**	**-**
Overall total - Continuing operations	**2,556**	**5,540**	**8,019**	**1,082**	**2,326**	**4,187**	**5**
Discontinued operations							
Companies controlled by Eni/CDP Industria SpA							
Eni Congo SA	2	-	-	-	-	3	-
Total companies controlled by Eni/CDP Industria SpA	**2**	**-**	**-**	**-**	**-**	**3**	**-**
Total related party transactions - Discontinued operations	**2**	**-**	**-**	**-**	**-**	**3**	**-**
Overall total - Discontinued operations	**91**	**104**	**42**	**91**	**20**	**248**	**-**
Total related party transactions	**699**	**1,349**	**740**	**-**	**276**	**772**	**-**
Overall total	**2,647**	**5,644**	**8,061**	**1,173**	**2,346**	**4,435**	**5**
Incidence (%)	**26.41**	**23.90**	**9.18**	**-**	**11.76**	**17.41**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses, and net reversals of impairment losses (impairment losses) on trade receivables and other receivables.
(2) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad. Existing relations with entities controlled or owned by the State are mainly in relation to the Snam Group.
Other transactions consisted of the following:

	Dec. 31, 2021		June 30, 2022	
(€ million)	Other assets	Other liabilities	Other assets	Other liabilities
CCS JV Scarl	20	-	22	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	5	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-
Total related party transactions - Continuing operations	**25**	**-**	**23**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**
Overall total - Continuing operations	**268**	**216**	**355**	**449**
Overall total - Discontinued operations	**-**	**-**	**37**	**22**
Incidence - Continuing operations (%)	**9.33**	**-**	**6.48**	**-**

Related party transactions include also funds for employee benefits for €6 million as of June 30, 2022 (€7 million as of December 31, 2021).

Financial transactions

Financial transactions for 2021, excluding net lease liabilities, consisted of the following:

(€ million)

	Dec. 31, 2021			First half 2021		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	344	-	-	-	-	-
Saren BV	-	8	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	208	-	-	-	-	-
Serfactoring SpA	1	-	-	-	-	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
TSGI Mühendislik Insaat Ltd Sirketi	-	9	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-
Total related party transactions	**554**	**18**	**-**	**-**	**-**	**-**

Financial transactions, excluding net lease liabilities, as of June 30, 2022 consisted of the following:

(€ million)

	June 30, 2022			First half 2022		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	323	-	-	-	1	-
CDP Industria SpA	-	188	-	-	-	-
Eni México, S.de R.L. de Cv	-	-	-	-	1	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	171	-	-	-	-	-
Serfactoring SpA	1	-	-	-	-	-
TSGI Mühendislik Insaat Ltd Sirketi	-	10	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-
Total related party transactions	**496**	**199**	**-**	**-**	**2**	**-**

The incidence of financial transactions and positions with related parties was as follows:

	Dec. 31, 2021			June 30, 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Current financial liabilities	412	18	4.37	1,155	199	17.23
Non-current financial liabilities (including current portion)	3,129	-	-	2,560	-	-
Total	**3,541**	**18**		**3,715**	**199**	

	First half 2021			First half 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Financial income	121	-	-	424	2	0.47
Financial expense	(132)	-	-	(411)	-	-
Derivative financial instruments	(45)	-	-	(72)	-	-
Other operating income (expense)	-	-	-	3	-	-
Total	**(56)**	**-**		**(56)**	**2**	

Financial lease transactions

Financial lease transactions for 2021, consisted of the following:

(€ million)	Dec. 31, 2021		First half 2021		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

Financial lease transactions as of June 30, 2022, consisted of the following:

(€ million)	June 30, 2022		First half 2022		
Name	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

The incidence of transactions or positions with related parties relating to financial lease transactions is as follows:

	Dec. 31, 2021			June 30, 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Long-term leases liabilities (including portion of short-term leases)	394	1	0.25	379	1	0.26
Total - Continuing operations	**394**	**1**		**379**	**1**	
Total - Discontinued operations	**-**	**-**		**7**	**-**	

The main cash flows with related parties were as follows:

(€ million)	June 30, 2021	June 30, 2022
Revenue and income	1,245	769
Costs and other expenses	(750)	(276)
Financial income (expenses) and derivatives	-	2
Change in trade receivables and payables	13	19
Net cash flows from operating activities - Continuing operations	**508**	**514**
Net cash flows from operating activities - Discontinued operations	**7**	**1**
Change in loan assets	(162)	58
Net cash flows from investing activities - Continuing operations	**(162)**	**58**
Net cash flows from investing activities - Discontinued operations	**-**	**-**
Change in loans and borrowings	-	181
Net capital contributions by non-controlling interests	-	458
Net cash flows from financing activities - Continuing operations	**-**	**639**
Net cash flows from financing activities - Discontinued operations	**-**	-
Total cash flows with related parties - Continuing operations	**346**	**1,211**
Total cash flows with related parties - Discontinued operations	**7**	**1**

The incidence of cash flows with related parties was as follows:

	June 30, 2021			June 30, 2022		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Cash flows from operating activities	14	508	3,628.57	(525)	514	(97.90)
Cash flows from investing activities	(281)	(162)	57.65	(40)	58	(145.00)
Cash flows from financing activities (*)	257	-		568	639	112.59

(*) Cash flows from financing activities do not include dividends distributed, net repurchases of treasury shares or capital contributions by non-controlling interests and the purchase of additional interests in consolidated subsidiaries.

Compliance with covenants, negative pledges and any other clause in the Saipem Group's indebtedness involving limits on the use of financial resources, with an indication as of June 30, 2022, of the degree of compliance with such clauses

At June 30, 2022, the portion of gross financial indebtedness characterised by clauses involving limits on the use of financial resources, including negative pledge and cross-default clauses, was €3,242 million, of which (i) the portion deriving from contracts characterised by clauses involving obligations to comply with financial parameters, or financial covenants, was €1,209 million (of which €680 million related to the Liquidity Facility fully repaid on July 8, 2022) and (ii) the portion deriving from contracts that require compliance with representations and warranties relating to the non-existence of the case provided for by Article 2446 of the Italian Civil Code was €453 million.
As of June 30, 2022, these clauses were all fulfilled.
In particular, with regard to financing agreements that require compliance with declarations and warranties relating to the non-existence of the circumstances envisaged by Article 2446 of the Italian Civil Code, Saipem requested and obtained waivers in good time so that the Company would not have to make, at the scheduled renewal dates (i.e. on the first day of each interest period), the aforementioned declarations relating to the non-existence of the circumstances envisaged by Article 2446 of the Italian Civil Code. Considering that the waivers obtained by the Company have a limited effectiveness (the first waiver maturing is effective until September 30, 2022), while the declaration that the Company does not pay and has never paid in the circumstances set forth in Article 2446 of the Italian Civil Code must be renewed periodically until the expiry of the relevant contracts, it is the Company's intention, also as a result of the completion of the share capital increase on July 15, 2022, to request the banks to issue waivers to grant the Company a definitive waiver of any declaration that the circumstances set forth in Article 2446 of the Italian Civil Code have occurred with reference to the financial statements for the year ended December 31, 2021.

Status of implementation of any industrial and financial plans, highlighting deviations of actual data from planned data

The business performance and the results recorded in the first and second quarter increase the visibility on 2022 targets and allow the confirmation of targets set in the Strategic Plan, approved by the Board of Directors on March 24, 2022.
At Group level, the targets are confirmed, including adjusted EBITDA of over €500 million by 2022 and net debt post IFRS 16 at year-end of around €800 million, excluding the expected proceeds from the disposal of Onshore Drilling.
Regarding the performance of each business area, a slight decrease in revenues in the Onshore Engineering & Construction business, on projects with no or very small margins, however not likely to result in a decline in the expected margins, On the other hand, the results from the Offshore Drilling and Offshore Engineering & Construction are expected to improve on the Plan forecast and allow for the confirmation of the year's expected results.
The implementation of the Strategic Plan continues, also with reference to the initiatives of asset valorisation and liquidity improvement (sale of the onshore drilling and FPSO vessel Cidade de Vitória) and cost reduction.

CERTIFICATION PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 5 OF THE LEGISLATIVE DECREE NO. 58/1998 (TESTO UNICO DELLA FINANZA)

1. The undersigned Francesco Caio and Paolo Calcagnini in their quality as Chief Executive Officer (CEO) and Manager responsible for the preparation of the financial reports of Saipem SpA, also pursuant to Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998, certify that internal controls over financial reporting were:
> adequate to the Company structure, and
> the effective application of administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements as of June 30, 2022, and during the first half of 2022.

2. The administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements as of June 30, 2022, have been established and the assessment of their adequacy was carried out based on the standards and methodologies defined by Saipem in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a generally accepted international framework for the internal control system.

3. The undersigned officers also certify that:
   3.1 The condensed interim consolidated financial statements as of June 30, 2022:
      a) have been prepared in accordance with applicable international accounting standards adopted by the European Commission pursuant to Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002;
      b) correspond to the accounting books and entries;
      c) fairly and truly represent the financial position, the performance and the cash flows of the issuer and the companies included in the consolidation as of, and for, the period presented in this report;
   3.2. the interim directors' report includes a reliable analysis of references to major events that occurred in the first six months of the fiscal year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the fiscal year. The interim directors' report also includes a reliable analysis of information on material transactions with related parties.

July 26, 2022

/signed/ Francesco Caio
Francesco Caio
CEO

/signed/ Paolo Calcagnini
Paolo Calcagnini
Manager responsible for the preparation
of the financial reports

INDEPENDENT AUDITORS' REPORT

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Saipem S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Saipem Group comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2022. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Saipem Group
Report on review of condensed interim consolidated financial statements
30 June 2022

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Saipem Group as at and for the six months ended 30 June 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 3 August 2022

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

Società per Azioni
Share Capital €460,208,914.80 fully paid up
Tax identification number and Milan, Monza-Brianza,
Lodi Companies' Register No. 00825790157

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Publications
Relazione finanziaria annuale (in Italian)
Annual Report (in English)

Condensed Interim Consolidated Financial Statemets
as of March 31 (in Italian and English)

Interim Financial Report as of June 30
(in Italian and English)

Sustainability Report 2021 (in Italian and English)

Also available on Saipem's website:
www.saipem.com

Website: www.saipem.com
Operator: +39-0244231

Layout and supervision: Studio Joly Srl - Rome - Italy
Printing:

SAIPEM SpA
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20097 San Donato Milanese (Milan)
ITALY

SAIPEM.COM