(Translation from the Italian original which remains the definitive version)

Trevi Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2022

(with independent auditors' report thereon)

KPMG S.p.A.

30 September 2022

KPMG S.p.A.
Revisione e organizzazione contabile
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Trevi Finanziaria Industriale S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Trevi Finanziaria Industriale S.p.A. and its subsidiaries (the "Trevi Group"), comprising the statement of financial position as at 30 June 2022, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The 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 the 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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
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Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

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 Trevi 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.

Material uncertainty about going concern

We draw attention to that disclosed by the directors in the “Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption” section of the notes to the condensed interim consolidated financial statements about events and circumstances that indicate that there are material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

Our conclusion is not qualified in this respect.

Bologna, 30 September 2022

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

GruppoTREVI

(Translation from the Italian original that remains the definitive version)

TREVI – Finanziaria Industriale S.p.A.

Interim Financial Report at 30 June 2022

TREVI– Finanziaria Industriale S.p.A.

Registered Office in Cesena (FC) – Via Larga 201– Italy

Share capital of Euro 97,475,554 fully paid-up

Forlì - Cesena Chamber of Commerce Business Register No. 201.271

Tax code, VAT number and Forlì - Cesena Register of Companies No.: 01547370401

Website: www.trevifin.com

MEMBERS OF THE CORPORATE BODIES

At the date of this report, following the Shareholders' Meeting held on 11 August 2022, the corporate bodies are composed as follows:

CHAIRMAN
Pierpaolo Di Stefano

CHIEF EXECUTIVE OFFICER
Giuseppe Caselli

BOARD OF DIRECTORS
Davide Manunta (non-executive)
Manuela Franchi (non-executive and independent)
Sara Kraus (non-executive and independent)
Elisabetta Oliveri (non-executive and independent)
Alessandro Piccioni (non-executive and independent)
Cristina De Benetti (non-executive and independent)
Anna Zanardi (non-executive and independent)
Bartolomeo Cozzoli (non-executive and independent)
Davide Contini (non-executive and independent)

BOARD OF STATUTORY AUDITORS
Standing auditors
Marco Vicini (Chairman)
Francesca Parente
Mara Pierini

OTHER CORPORATE BODIES

Committee for the appointment and remuneration of Directors
Anna Zanardi (Chairperson)
Bartolomeo Cozzoli
Alessandro Piccioni

Related Party Committee
Cristina De Benetti (Chairperson)
Sara Kraus
Davide Contini

Control, Risks and Sustainability Committee
Manuela Franchi (Chairperson)
Elisabetta Oliveri
Davide Manunta

Director of Administration, Finance and Control
Massimo Sala
Appointed manager in charge of financial reporting by resolution of the Board of Directors on 11 August 2022.

Independent Auditors
KPMG S.p.A.
Appointed on 15 May 2017 and in charge until the Shareholders' Meeting called to approve the financial statements at 31 December 2025.

Supervisory Body of the Organisational Model 231/01

Floriana Francesconi (Chairperson)

Yuri Zugolaro

Matteo Tradii[1]

[1] On 15 September 2022, Mr. Tradii resigned from his office.

The Trevi Group is a worldwide leader in all-round underground engineering (special foundations, soil consolidation, reclamation of polluted sites), in the design and marketing of specialised technologies in the sector and in the construction of automated multi-storey underground car parks. Born in Cesena in 1957, the Group has about 67 companies and is present in 90 countries with its dealers and distributors. Among the reasons for the success of the Trevi Group are the internationalisation, integration and continuous interchange between the two divisions: Trevi, which carries out special foundation and soil consolidation works for large infrastructure projects (subways, dams, ports and docks, bridges, railway and freeway lines, industrial and civil buildings) and Soilmec, which designs, manufactures and markets machinery, plants and services for the foundation engineering. The Parent Trevi -Finanziaria Industriale S.p.A. (TreviFin) has been listed on the Milan stock exchange since July 1999. Trevifin is listed on Euronext Milan that supersedes the old term MTA, as a result of the market rebranding activities that followed the acquisition of Borsa Italiana by Euronext N.V.

Directors' Report

Methodological note

The Directors' Report includes information concerning the revenue, profitability, financial position and financial performance of the Trevi Group at 30 June 2022.
Unless otherwise indicated, all amounts are expressed in thousands of Euro. Items of the Statement of Financial Position were compared with the amounts of the previous year, while, regarding the Statement of Profit or Loss, the amount was compared to that of the half-year ended 30 June 2021.
Any differences detected in some tables are due to the rounding effects of amounts expressed in thousands of Euro. The Parent, Trevi - Finanziaria Industriale S.p.A., is referred to with its full company name or simply as Trevifin or the Parent; the Group headed by the same is hereinafter referred to as the Trevi Group or simply as the Group.
The Condensed Interim Consolidated Financial Statements are drawn up based on the opening balances resulting from the financial statements at 31 December 2021, approved by the Board of Directors on 29 June 2022.

Significant accounting policies

The Interim Financial Report at 30 June 2022 was prepared in compliance with Art.154-*ter,* paragraph 5 of Italian Legislative Decree 58/98 – T.U.F. [Italian Consolidated Law on Finance] - and subsequent amendments and additions - and pursuant to Art. 2.2.3. of the Italian Market Regulation.
The accounting standards, the basis of consolidation and the accounting policies used in preparing the interim financial report are the same as those used in the 2021 Annual Report, available on the website www.trevifin.com, under the section "*Investor Relations*".
The Parent and the Group applied the "*International Financial Reporting Standards*" ("IFRS") endorsed by the European Union, the provisions of Italian Legislative Decree 38/2005 and other CONSOB provisions concerning financial statements, according to the cost method (except for derivative financial instruments and for financial instruments to be measured at fair value) and on a going concern basis.

Reclassified statement of profit or loss

The Statement of Profit or Loss of the Group included in this Directors' Report was reclassified according to the presentation method deemed useful by Management to represent interim indicators of profitability such as Production Revenue, Gross Operating Profit (EBITDA) and Operating Profit/(Loss) (EBIT).
Some of the interim indicators of profitability mentioned above are not identified as accounting measures by the IFRS endorsed by the European Union and, therefore, the quantitative determination of such indicators may not be unique. Such indicators are measures used by Management to monitor and evaluate the operating performance of the Group. Management believes that said indicators are an important measurement of the operating performance insofar as they are not affected by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortisation and depreciation policies. The criterion used by the Group for determining said indicators may not be consistent with the one adopted by other groups or companies and, therefore, their value may not be comparable with the one determined by the latter.
The Trevi Group key financial highlights at 30 June 2022 are shown below:

Group financial highlights

(in thousands of Euro)	First half 2022	First half 2021	Change	% change
Total revenue	236,125	216,453	19,672	9%
Recurring gross operating profit (EBITDA)	23,087	19,999	3,089	15%
Gross operating profit (EBITDA)	21,022	18,678	2,345	13%
Operating loss (EBIT)	(80)	(4,455)	4,375	n/a
Loss from continuing operations	(18,385)	(28,531)	10,147	36%
Profit/(Loss) from discontinued operations	0	0	0	
Loss for the period	(18,385)	(28,531)	10,147	36%
Loss for the period attributable to the owners of the Parent	(19,776)	(29,249)	9,473	32%

Order backlog and order intake

(in thousands of Euro)	**30/06/2022**	**31/12/2021**	***Change***	***% change***
Order backlog	633,100	454,593	178,507	39%
(in thousands of Euro)	**First half 2022**	**First half 2021**	***Change***	***% change***
Order intake	391,333	319,506	71,827	22%

Trevi Group Net Financial Debt

(in thousands of Euro)	30/06/2022	31/12/2021	Change	% change
Total net financial debt	(274,561)	(251,806)	-22,755	-9%

Group's workforce

	30/06/2022	31/12/2021	Change	% change
Number of employees	3,107	3,218	(111)	-3%

Total revenue for the first half of 2022 amounted to approximately Euro 236.1 million, compared to Euro 216.5 million for the first half of 2021, marking an increase of approximately Euro 19.7 million (+9%).

Recurring gross operating profit and gross operating profit for the first half of 2022 were approximately Euro 23.1 million and Euro 21 million, respectively.

The operating loss for the first half of 2022 was Euro 0.08 million, marking an improvement of Euro 4.4 million compared to the same period in 2021 (a loss of Euro 4.5 million).

The loss for the period attributable to the owners of the Parent was Euro 19.8 million (a loss of Euro 29.2 million for the first half of 2021).

The order backlog at 30 June 2022 amounted to Euro 633.1 million (Euro 454.6 million at 31 December 2021). The order intake in the first half of 2022 amounted to approximately Euro 391.3 million, up by approximately Euro 71.8 million compared to the same period of the previous year (up by 22%).

The net financial debt amounted to Euro 274.6 million at 30 June 2022, marking an increase of Euro 22.8 million compared to Euro 251.8 million recognised at 31 December 2021.

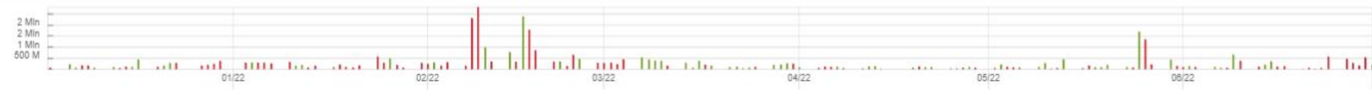
During the first half of 2022, the Trevi Group continued its recovery plan in spite of the general context influenced by cost inflation and supply chain issues caused by the war in Ukraine. Measures to combat the COVID-19 pandemic continued to be adopted in compliance with the existing provisions in force in Italy and in the countries where the Group operates, in a general context of progressive improvement: the COVID-19 risk management has become to all intents and purposes a process fully incorporated into the ISO45001 Health and Safety Management System implemented by the Trevi Group.

During the period, the Parent continued managing the necessary negotiations with the Lending Banks following the failure to meet one of the financial covenants at 31 December 2020 set out in the Restructuring Agreement (as defined below).

In this regard, reference is made to “Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption”.

The performance of the Trevi Finanziaria Industriale share on the Stock Exchange is shown below:

Volumes



The reclassified Statement of Profit or Loss, Statement of Financial Position and Net Financial Debt are shown below.

(In thousands of Euro)	First half 2022	First half 2021	Change
TOTAL REVENUE	**236,125**	**216,453**	**19,672**
Change in finished goods and work in progress	7,078	4,015	3,063
Internal work capitalised	4,234	7,609	(3,375)
PRODUCTION REVENUE (1)	**247,437**	**228,077**	**19,360**
Consumption of raw materials and external services (2)	(162,663)	(145,526)	(17,137)
VALUE ADDED (3)	**84,774**	**82,551**	**2,223**
Personnel expense	(61,687)	(62,552)	865
RECURRING GROSS OPERATING PROFIT (4)	**23,087**	**19,999**	**3,088**
Non-recurring expenses	(2,065)	(1,321)	(744)
GROSS OPERATING PROFIT (5)	**21,022**	**18,678**	**2,344**
Depreciation and amortisation	(14,990)	(17,745)	2,755
Provisions and impairment losses	(6,113)	(5,388)	(725)
OPERATING LOSS (6)	**(81)**	**(4,455)**	**4,374**
Net financial expense (7)	(7,089)	(10,090)	3,001
Net exchange losses	(4,682)	(2,526)	(2,156)
Adjustments to financial assets	(402)	21	(423)
LOSS BEFORE TAXES	**(12,254)**	**(17,050)**	**4,796**
Income taxes	(6,131)	(11,481)	5,350
LOSS FOR THE PERIOD	**(18,385)**	**(28,531)**	**10,146**
Attributable to:			
Owners of the Parent	(19,776)	(29,249)	9,473
Non-controlling interests	1,391	718	(673)
LOSS FOR THE PERIOD	**(18,385)**	**(28,531)**	**10,146**

[1] *"Production revenue" includes the following items: revenue from sales and services, internal work capitalised, other operating revenue and change in finished goods and work in progress.*

[2] *"Consumption of raw materials and external services" includes the following items: raw materials and consumables, change in raw materials, consumables, supplies and goods, and other operating expenses not including other operating costs. This item is shown net of non-recurring expenses.*

[3] *"Value added" is the sum of production revenue, consumption of raw materials and external services and other operating costs.*

[4] *"Recurring gross operating profit" (recurring EBITDA) represents the normalised EBITDA by eliminating non-recurring operating income and expense from the EBITDA calculation.*

[5] *"Gross Operating Profit" (EBITDA) is a financial indicator not defined in the IFRS, adopted by the Trevi Group starting from the consolidated financial statements at 31 December 2005. EBITDA is a measure used by TREVI's Management to monitor and measure the operating performance of the Group. Management believes that EBITDA is an important measurement of the Group performance insofar as it is not affected by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortisation and depreciation policies. To date (subject to a subsequent in-depth analysis connected with the development of alternative corporate performance measurement criteria), EBITDA is defined by Trevi as Profit/Loss for the year, gross of depreciation of property, plant and equipment, amortisation of intangible assets, provisions, impairment losses, financial income and expense and income taxes.*

[6] *"Operating loss" (EBIT) is a financial indicator not defined in the IFRS. EBIT is a measure used by TREVI's Management to monitor and evaluate the operating performance of the Group. Management believes that EBIT is an important measurement of the Group performance insofar as it is not affected by the volatility generated by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortisation and depreciation policies. EBIT is defined by the Trevi Group as Profit/Loss for the year, gross of financial income and expense and income taxes.*

[7] *"Net financial expense" is the sum of the following Statement of Profit or Loss items: financial income and (financial expense).*

The following table shows the analysis of the reclassified statement of financial position at 30 June 2022; inventories include contract work in progress

	(In thousands of Euro)	30/06/2022	31/12/2021	Change
A)	**Non-current assets**			
	- Property, plant and equipment [8]	174,388	173,144	1,242
	- Intangible assets	16,093	15,999	94
	- Financial assets [9]	708	647	61
		191,187	**189,790**	**1,397**
B)	**Net working capital**			
	- Inventories	171,712	139,875	31,838
	- Trade receivables [10]	218,099	222,068	(3,969)
	- Trade payables (-) [11]	(123,646)	(115,655)	(7,990)
	- Payments on account [12]	(33,728)	(31,439)	(2,289)
	- Other liabilities [13]	(45,867)	(51,800)	5,932
		186,570	**163,049**	**23,522**
C)	**Assets held for sale and liabilities associated with assets held for sale**			**0**
D)	**Invested capital, less current liabilities (A+B+C)**	**377,757**	**352,839**	**24,919**
E)	Post-employment benefits (-)	(11,334)	(11,109)	(225)
F)	**NET INVESTED CAPITAL (D+E)**	**366,423**	**341,730**	**24,693**
	Financed by:			
G)	**Equity attributable to the owners of the Parent**	**92,967**	**91,556**	**1,411**
H)	Deficit attributable to non-controlling interests	(1,105)	(1,631)	526
I)	**Net financial debt [14]**	**274,561**	**251,806**	**22,755**
L)	**TOTAL SOURCES OF FINANCING (G+H+I)**	**366,423**	**341,730**	**24,693**

The Statement of Financial Position shown above, referred to in the Notes, is a reclassified summary of the Statement of Financial Position

[8] "Property, plant and equipment" also include investment property.
[9] "Financial assets" include equity investments and other non-current loans.
[10] "Trade receivables" include non-current and current amounts, current amounts due from associates and amounts due from customers.
[11] "Trade payables" include current amounts from suppliers and current amounts due from associates.
[12] "Payments on account" include both current and non-current amounts.
[13] "Other assets/(liabilities)" include amounts from/due to others, prepayments, accrued income/(accrued expenses and deferred income), amounts due to customers, tax assets/(liabilities) and current and non-current provisions for risks.
[14] The "Net financial debt", used as an indicator of financial debt, is the sum of the following assets and liabilities of the Statement of Financial Position in accordance with CONSOB communication No. DEM/6064293 of 28 July 2006, updated with the provisions of ESMA guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice No. 5/21 of 29 April 2021. This statement shows a preliminary representation of the Group, based on the current guidelines and interpretations available:

current and non-current assets: cash and cash equivalents (cash, cheques and bank accounts), highly-liquid securities and loans; current and non-current liabilities: loans and borrowings, loans and borrowings from other financial backers (lease and factoring companies) and shareholder loans. Further details on this item are given in the relevant table in the Notes.

Reconciliation of the Reclassified Statement of Financial Position with the Consolidated Financial Statements with reference to the reclassification of contract work in progress:

The scope of IFRS 15 relates to the accounting of contract work in progress in the financial statements of contractors. The standard requires that contract work in progress be expressed net of the relevant payments on account received from customers and that this net balance be represented by trade receivables or other liabilities, respectively depending on whether the progress of the work is greater than the payment on account received or lower.
Below is a reconciliation between the figures shown in the reclassified Statement of Financial Position that does not take into account the presentation required by IFRS 15 with respect to the Consolidated Financial Statements in which this effect is reflected.

Net working capital	**30/06/2022**	**Reclassification**	**30/06/2022 Reclassified Statement of Financial Position**	**31/12/2021**	**Reclassification**	**31/12/2021 Reclassified Statement of Financial Position**
- Inventories	171,712	(33,071)	138,641	139,875	(25,265)	114,609
- Trade receivables	218,099	37,143	255,242	222,068	30,110	252,178
- Trade payables (-)	(123,646)	0	(123,646)	(115,655)	0	(115,655)
- Payments on account (-)	(33,728)	7,116	(26,612)	(31,439)	2,403	(29,036)
- Other liabilities	(45,867)	(11,188)	(57,055)	(51,800)	(7,248)	(59,048)
	186,570	**0**	**186,570**	**163,049**	**0**	**163,049**

The Net Financial Debt at 30 June 2022 compared with figures at 31 December 2021 is shown in the following table:

(in thousands of Euro)	**30/06/2022**	**31/12/2021**	**Change**
Short-term loans and borrowings	(200,857)	(201,135)	278
Short-term loans and borrowings from other financial backers	(73,511)	(63,786)	(9,725)
Current derivatives	0	0	0
Current financial assets	13,953	10,847	3,106
Short-term cash and cash equivalents	67,068	77,647	(10,579)
Total short-term	**(193,347)**	**(176,427)**	**(16,920)**
Medium/Long-term loans and borrowings	(8,243)	(12,697)	4,454
Medium/Long-term loans and borrowings from other financial backers	(71,352)	(72,699)	1,347
Non-current derivatives	0	0	0
Trade payables and other non-current liabilities	(1,770)		(1,770)
Total medium/long-term	**(81,365)**	**(85,396)**	**4,031**
Net financial debt (as provided for by Consob warning notice No. 5/21 of 29 April 2021)	**(274,712)**	**(261,823)**	**(12,889)**
Non-current financial assets	151	10,017	(9,866)
Total net financial debt	**(274,561)**	**(251,806)**	**(22,755)**

As specified under paragraph “Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption”, as a result of the failure to meet covenants relating to loans and borrowings under the Restructuring Agreement, these liabilities have been presented in the financial statements with a short-term maturity, although the original maturity date of 2024 remains unchanged.

Performance of the period

The market context

In the first half of 2022, the global construction market was affected in its recovery phase by issues caused by Covid-19 in 2020 and 2021 and by other circumstances, such as the consequences of war in Ukraine, the increase in energy and commodity prices as well as in interest rates due to central banks' actions to contain inflationary pressures. Nevertheless, the global construction market is expected to grow at a rate of 2.9% in 2022 (source: Global Data - August 2022, previously estimated at a 4% increase) and the driving industries of this growth are the infrastructure sector (expected to increase by 6.0% in the current year), the energy and utilities sector (expected to grow by 4.7%) and the industrial sector (projecting a 3.4% growth).
The prices of all commodities increased: Brent grew from $65/barrel in the first half of 2021 to $108/barrel in the first half of 2022 (up by 66%) and gas prices in Europe increased fivefold.
Despite the context, in the first half of 2022, the Trevi Group effectively continued its recovery phase by acquiring orders for Euro 391.3 million at a consolidated level, of which Euro 310.2 million attributable to the Trevi Division and Euro 86 million attributable to the Soilmec Division, with a consolidated order backlog amounting to Euro 633.1 million (up by 39% compared to the order backlog at 31 December 2021 and up by 38% compared to the previous period), of which Euro 545.4 million related to the Trevi Division and Euro 69.6 million attributable to the Soilmec Division.

Investments

Gross investments by the Trevi Group in the first half of 2022 amounted to Euro 13.6 million attributable to property, plant and equipment and Euro 1.7 million attributable to intangible assets.

In the first half of 2022, investments mainly concerned the purchase of drilling equipment (2 hydromills, 1 cable excavator, 1 desanding plant) for Trevi Australia.
Concurrently, some assets subject to long-term leae or rental were purchased: specifically, the Soil & Sediment Washing plant of 6V srl, one hydromill and three motor pumps for jet-grouting works.
The remaining part of the investments was mainly characterised by purchases of minor equipment to support production.
Equipment hire continued, and remained the preferred procurement option, with medium- and long-term formulas, where feasible.

Divestments

Sales volumes in the first half of the year were in line with the objectives set on an annual basis.
In terms of divestments, the process of selling obsolete equipment continued, with a substantial increase in sales of minor equipment and spare parts present in the various warehouses. In the Middle East area, a strong reduction in cranes and micropiling rigs continued.
Furthermore, Trevi Galante (Colombia) successfully completed the sale of its property, including all the equipment present.
The sale of hydromills and jet-grouting pumps, which may generate additional revenue, was in its definition phase. The main segments involved in these processes were the Latin American segment, the Middle East segment, Italy and the United States.
In addition to the divestments in the segments indicated above, the process for the sale of equipment from Algeria was already underway, where major reductions in owned equipment present were planned.

Performance

The Trevi Group order backlog at 30 June 2022 amounted to Euro 633 million, an increase of 48.8% or Euro 204 million compared to June 2021 (Euro 428.8 million at 30 June 2021). The order intake at the Group level in the first half of 2022 was equal to approximately Euro 391.3 million, marking an increase of 22% or approximately Euro 71.8 million compared to the same period of the previous year (approximately Euro 319.5 million in the first half of 2021).
The breakdown of total revenue by business segment is as follows:

(In thousands of Euro)

Activity	First half 2022	%	First half 2021	%	Change	%
Special foundation works	182,100	77%	166,180	75%	15,920	10%
Manufacturing of special machinery for foundations	55,928	23%	54,290	25%	1,638	3%
Intradivisional eliminations	(2,890)		(2,642)		(248)	
Sub-Total of Foundations Segment (Core Business)	**235,138**	**100%**	**217,828**	**100%**	**17,310**	
Parent	**7,798**		**5,199**		**2,598**	**50%**
Intradivisional and Parent eliminations	(6,811)		(4,846)		(1,965)	
TREVI GROUP	**236,125**	**100%**	**218,181**	**100%**	**17,943**	**8%**

The Trevi Group's revenue for the first half of 2022 amounted to Euro 236.1 million, up by 8% (an increase of Euro 17.9 million) compared to Euro 218.2 million totalled in the first half of 2021.
The global macroeconomic scenario, already uncertain in second half of 2021, became even more complex in the first half of 2022. The wage-price spiral triggered by the staggering increase in the prices of raw materials, fuels, energy sources and transport in the second half of 2021, which was further accelerated by the conflict between Russia and Ukraine, aggravated the international economic crisis. Restrictions on the supply sources of gas and oil products, iron, wheat and commodities from Eastern Europe led to a further increase in prices, thereby penalising all international production activities.
As regards the construction sector, the global economic crisis led to delays in the acquisition of new projects, in the start-up of already acquired projects, often due to difficulties in the procurement of materials and equipment and the need to renegotiate contractual instalments for the increase in raw material prices, as well as in the execution of works in progress.
As for the Trevi Group in the first half of 2022, volumes produced grew compared to the same period in 2021 and the order intake saw a significant rebound (an increase of 22.5% compared to the same period of the previous year), despite the economic crisis, the situation of international uncertainty and the conclusion of some major projects (such as the Drammen tunnel in Norway and the Seli Lonato high-speed project in Italy); there was also a growing trend in the order backlog from the beginning of the year, totalling Euro 633 million at 30 June 2022, with an increase of 48.8% compared to 30 June 2021.
In view of the above, apparent factors of economic recovery and growth could already be seen in the first half of 2022, supported by some specific characteristics of the Trevi Group, such as excellent engineering know-how, technological reliability and a strong focus on customer satisfaction.

Foundations segment

Trevi Division

What follows is a description of site operations, which at the Trevi Division level are particularly diversified:

- Total revenue in **Europe** in the first half of 2022 was down compared to the first half of 2021 (down by 38%, or Euro 15.6 million), mainly due to the conclusion of some major projects in the early months of the year (the Drammen tunnel in Norway, the Seli high-speed project in Lonato and the ST Microelectronics project in Catania). Despite the growth in production in Italy (up by Euro 3 million, or 18%) compared to the first half of 2021, the decline in volumes prevailed in other countries, particularly Norway (down by Euro 10.7 million) and France (down by Euro 8 million); the Dach segment (Germany and Austria), where a progressive restructuring is currently ongoing, remained critical.
  In France, all the Paris metro projects were operationally completed although the settlement of some contractual lots is still under definition.
- Revenue growth in the **Far East** was 10% compared with the first half of 2021 (up by Euro 3.7 million), evident mainly in Hong Kong, thanks to the contribution generated by the International Airport's expansion project following major contractual changes. On the contrary, the productivity of the project for the extension of Tung Chung New Town was reduced, and the new urban development project with Chung Wo was cancelled by local authorities. In the Philippines, volumes increased by 5% compared to June 2021, despite delays in some works and the occurrence of some standby due to the non-granting of workspaces in other projects. There was also a recovery in Australia, where a major project, the Northeast Link Project, was acquired and preparatory works began.
- **In Africa** there is a marked increase in volumes compared to the previous year (up by 69%, or approximately Euro 13 million), particularly significant in Nigeria, thanks to the acquisition of the Berth 3 extension at Jetty 2 MOF project in Bonny Island, with the owner Saipem – Daewoo.
  In Nigeria, however, the process of acquiring new projects slowed down.
  In contrast, revenue was down in Algeria, where the projects with Cosider relating to the Algiers metro and the Constantine Tunnel are nearing completion.
- A strong recovery was registered in the **Middle East**, with revenue growth (up by approximately Euro 17 million, or 80 %) compared to the first half of 2021, particularly in Saudi Arabia (up by Euro 10.6 million) thanks to the important acquisition of the Neom project. A recovery was also registered in the United Arab Emirates volumes (up by Euro 5.6 million) compared to the first half of 2021, mainly due to the acquisition of the City Tower project in Dubai.
- In the **North America** segment, the presence of strong competition and a very aggressive pricing policy resulted in delays in the process of sourcing materials and acquiring new projects. Revenue was down (with a decrease of Euro 7 million, or 18%) compared to the first half of 2021 for a number of reasons such as delays in the mobilisation and test program in Roxboro, reduction in the amount of backlog works in the Boston area and delays in the approval of payments by USACE for projects executed in Florida. However, thanks to the excellent performance of some projects, the margin of the segment was improving.
  Of particular note is the positive USD/Euro exchange effect on the Group's results for the period, thanks to the appreciation of the US Dollar against the Euro.
- In the **South American** segment, sales volumes increased (up by Euro 3.8 million) compared to June 2021, despite repeated standby, slowdowns in production and difficulties in mobilising construction sites in Argentina and Uruguay. Volumes and margins were recovered for the Puerto Capurro project in Uruguay, whose contract with the owner was renegotiated. Galloping inflation continued to plague Argentina, with considerable difficulties in controlling costs and obtaining contract tariff

updates. Set-up issues and many owner-related standby led to low productivity also to the Panama City Metro project.

The main orders acquired or order variations during the year by the Trevi Division broken down by geographical segment are as follows:

Italy

- **Carron – Merano Tunnel (BZ) – Owner Consorzio San Benedetto Scarl, led by Carron Bau S.r.l.** - worth approximately Euro 17.7 million. The project consists of foundation and consolidation works for the new 3.3-km-long underground connection between the Merano-Bolzano motorway and the Val Passiria, the main asset of the new north-west bypass. This project will allow reducing the size of traffic and travel times as well as improving air quality in the city.
- **Florence South - Incisa - Owner Pavimental S.p.A.** - worth approximately Euro 5.0 million. This project involves the execution of special foundation works and piles for the widening of the third motorway lane in the Florence South - Incisa section of the A1 Motorway Milan - Naples. Bored piles will be executed for this project.
- **Menarini Sesto Fiorentino - Menarini Manufacturing Logistics and Services S.r.l.** - worth Euro 3.8 million. Project involving the execution of foundation piles and anchors for the construction of a new production site of the Menarini Industrie Farmaceutiche Riunite.

Tajikistan

- **Rogun Dam HPP project - Owner Webuild Spa TJ Branch -** worth approximately Euro 21.8 million. The work consists in the execution of the consolidation, jet grouting and drainage of the wall of the Rogun Main Dam Foundation, which makes part of the project to increase the power of the Rogun Hydroelectric Plant. The power plant is located in the Vakhsh River flowing from the Pamir Mountains and the owner is Open Joint Stock Company (OJSC) “Rogun HPP” of the Republic of Tajikistan. The purpose of the work in the first phase is to drill and grout the rock around the concrete dam to consolidate and fill any cracks and fractures.

Hong Kong

Hong Kong International Airport - expansion project of the Hong Kong airport

- contractual changes with **Gammon Engineering and Construction Co Ltd** for a total worth approximately Euro 2.8 million;
- offset by a reduction of approximately Euro 7.2 million of the contract of **Penstone Hong Kong Limited.**

The Chun Wo Foundation project was cancelled by the Hong Kong Housing Authority, but a few minor projects were acquired with Build King - SK ecoplant JV and Titan Foundation Ltd.

Philippines

- **Malolos-Clark Railway NSCR CPN-02 (Zone 2+Zone 4) - with Acciona-Daelim JV (contractual changes)** - contractual changes for a total worth approximately Euro 7.4 million in the first half of 2022. The project is part of the new 161-km North-South Commuter Railway line, which will connect the cities of Clark and Calamba, located north and south of Manila, respectively. The execution of bored piles entrusted to Trevi Foundations Philippines will constitute the deep foundations of the main railway viaduct, the San Fernando station and three other service buildings.

- **MRT-7 Stations with NSCR MRT-7 - (contractual changes)** - contractual changes for a total worth approximately Euro 10.4 million in the first half of 2022. The railway project runs between the northern area of Manila and the province of Bulacan and involves the execution of foundation bored piles for six stations of the urban railway line and the main viaduct.

Australia

- **North-East Link Project** (NEL Project) in Melbourne, on behalf of the **Spark consortium and in joint venture with Wagstaff Piling,** total worth as JV Euro 101.7 million (share of Trevi Australia: 70%). Trevi will execute the works of foundation and consolidation**.** This is the largest tunneling project in the State of Victoria and involves the construction of two twin three-lane tunnels to complete the Melbourne motorway network, in order to reduce congestion levels and travel times for tens of thousands of drivers.

Middle East

Saudi Arabia

- The subsidiary Arabian Soil Contractors, after completing the execution of all the foundation pile tests to determine the best technology solution for the project in the early part of the year (**NEOM Main Piling** test worth approximately Euro 5.3 million), signed a contract to execute the foundations of the “The Line”, a futuristic and eco-friendly project under construction in the province of Tabuk with **NEOM COMPANY** – worth approximately Euro 50 million. This is a major project with a duration of several years. The futuristic city will host one million inhabitants in the future and will consist of a series of communities arranged on a straight line, “The Line”, which is 170 kilometres long, running from the Red Sea coast in the north-west of the country to the inland, crossing deserts and mountains. The distribution pattern of The Line moves underground, at two distinct levels, high-speed rail and infrastructures.
- **Zuluf - Site with ALKHODARI & SONS CO.** - worth approximately Euro 4.4 million. The project involves ground improvement work, preparatory for the ZULUF’s Central Processing Facility. The technologies employed are: RDC (Rapid dynamic compaction) / DC/DR (Dynamic compaction & Dynamic Replacement).

United Arab Emirates

- **City Tower – Piling with Dubai Contracting Co. - worth approximately Euro 5.4 million.** The project involves a series of special foundation activities (dewatering, digging and reinforcement work, piling, shoring) to build an 83-storey tower to develop a commercial and residential centre in the first Trade Centre in Dubai, which includes shops, offices, apartments and multi-storey car parks.

Africa

Nigeria

- **BOURDILLON ROAD TOWER, IKOYI, Lagos** - Kaizen Properties - contract worth approximately Euro 4 million. The project consists in the execution of foundation piles for residential buildings.
- **POP PLANT AT PORT HARCOURT, RIVERS STATE** – with **Bua International Ltd**. - worth approximately Euro 2.3 million.

Algeria

- Some contractual changes to the contract with Cosider for the project of the **Metro C1 Ain Naja Baraki extension with Cosider**, worth approximately Euro 2.9 million, and the **Constantine Tunnel**, worth approximately Euro 1.1 million.

North America

- **Landmark Phase III - Suffolk Construction Co building –** contact worth Euro 10.5 million. The third phase of the Landmark Center Redevelopment project involves the replacement of the existing facility, located at the intersection of Brookline Avenue and Park Drive, with offices and a life science building of approximately 550,000 square feet.
- **Roxboro – Owner Trans Ash,** worth approximately USD 50 million. The project consists of a preventive environmental protection measure for the construction of containment dikes, Deep Material Mixing (DMM), in the landfill of the coal-fired Roxboro power plant in North Carolina. The coal ash within the waste boundary of the Roxboro landfill must be stabilised to allow the excavation of the ash basin.

South America

Acquisition of minor projects in Argentina:

- Remoción Dolfin D1 Y ejecución de nuevo cabezal - ACA - Asociación Cooperativas Argentinas - worth approximately Euro 2.5 million,
- Pantalla Pilotes secantes – Barrio Rodrigo Bueno - MIAVASA – worth approximately Euro 1.1 million.

Operating Performance

Below is a description of the main contracts underway in the first half of 2022, broken down by geographical segment and project:

Europe

- **Italy Scapigliato - Rosignano Marittimo – Livorno - Scapigliato S.r.l. -** worth approximately Euro 3.6 million: construction of a bulkhead of trelicons and tie rods to stem the slide of a landfill wall. The work was executed in a few months and will be completed in July.
- **Italy High Speed Tunnel in Lonato** (BS) - Owner Cepav Due, implementing body for the High Speed/High Capacity line of the Brescia East-Verona section, customer Seli Overseas S.p.A.: ground consolidation works by means of drilling and cement injections to protect the A4 Motorway and some buildings in correspondence with the excavation of the new High Speed tunnel in the Brescia East-Verona section, in Lonato (BS). The project was completed at the beginning of the year with excellent performance.
- **Italy Works for the "Marcegaglia quay renovation" at the port of Ravenna,** commissioned by the Autorità di Sistema Portuale del Mare Adriatico Centro Settentrionale. The technologies used consist of: soil vibroflotation, driving of steel pilings, tie-rods.
- **Germany Alte Akademie - Alte Akademie Immobilien** — the project is part of the refurbishment of a building built in the early 1950s in the centre of Munich, which will be renovated to build offices, shops and flats, transforming it into a shopping centre.

Hong Kong

- **Contract No. 3310 for the Hong Kong Airport project with Penstone Hong Kong Limited**, is part of the expansion project of the Hong Kong airport. It consists of jet grouting column installation works.

- **Hong Kong NL/2017/03 Tung Chun New Town Extension** – the order is part of the current Tung Chung major expansion project, which aims at building a new city according to a regulated development plan, to accommodate the growing population and to provide it with adequate local and regional services and infrastructure.

Philippines

- **MRT-7 Stations – Owner SCM MRT-7** - the MRT Line-7 urban railway project runs between the northern area of Manila and the province of Bulacan. The project covers the installation of bored piles
  for six stations of the urban railway line and the main viaduct.

Saudi Arabia

- **NEOM Main Piling Works (WO. No. 1) - with NEOM COMPANY** - worth approximately Euro 50 million.
- **Saudi Arabia - APOC Polypropyline Project - 2021-010063** - Owner Tecnimont Arabia Ltd., involving the construction of two chemical plants. The scope of the project was reduced and reached its completion in the first months of the year.

Nigeria

- **Berth 3 Extension at MOF Jetty 2 in Bonny Island - Owner Saipem & Daewoo JV.**
  The project consists in the execution of the engineering aspects and the construction of the extension works of Berth No. 3 at MOF Jetty 2 in Bonny Island**.**

USA

- **401 Congress (10 World Trade Center)** - Owner Suffolk Construction Co. -
  the project involves the construction of new Class A office buildings and a life science building for important public uses in South Boston.
- **Florida - Herbert Hoover Dike - MATOC#2 with USACE:** the contract makes part of the rehabilitation programme for the banks of Lake Okeechobee in Florida.
- **Florida - Herbert Hoover Dike – MATOC TO#4 with USACE:** further tranche of the rehabilitation project for the banks of Lake Okeechobee in Florida. The work is a continuation of the various works previously completed by Treviicos and consists of the installation of a cut-off wall that covers about 4 miles of embankment, with depths between 15 and 20 metres.

South America

- **Metro Panama Line 3** – owner: Ministry of Public Works, main contractor: Hyundai Engineering & Construction Co. Ltd. The project aims at the construction of the Panama Metro Line 3, which will connect Panama City with the western side of the Panama Canal.
  The object of the TREVI subcontract work is the execution of foundations, using the onshore large diameter bored pile technology for the viaduct, stations and urban planning.
- **Argentina Aña Cua Project** - owner Consorcio Aña Cua A.R.T. (Astaldi (Italy) – Rovella Carranza (Argentina) – Tecnoedil (Paraguay)). The project involves the execution of civil works and some electromechanical parts of the expansion of the Yacyretá hydroelectric plant on the left bank of the Aña Cuá arm. Pilotes Trevi was awarded two subcontracts: a contract for the construction of slurry walls, which will penetrate the watertight cores of the existing dam, in order to connect the dam's sealing components, and a drilling and grouting contract.
- **Uruguay Puerto Capurro –** The project recovered good margins during the year and is almost completed.

Soilmec Division

For the Soilmec Division, the first half of 2022 was a year of resumption of the growth path, with an increase in the turnover of 10% compared to the same period in 2021. This growth was mainly attributable to Europe (Italy included) and the Far East. Furthermore, a good performance was recorded in the Asian segment while the United States lagged slightly behind.

In the Soilmec Division a concrete plan to restructure and relaunch the business has been initiated, and the first signs of improvement are already visible.

There was also a modest decrease in the percentage margin due to the increase in raw material costs.

In the first half of 2022, the Soilmec Division acquired orders for approximately Euro 86 million (up by 6.0% compared to the first half of 2021), increasing its backlog to Euro 69.6 million, about 25% higher than the same period in 2021.

In particular, a robust order volume in Europe was matched by an excellent performance in North Africa, recording growth of about 38% in the EMEA segment, and in the Asia-Pacific segment up by 10%, while the North America segment remained unchanged.

Approximately 2% of revenue was committed to R&D projects that will create long-term value by driving technological progress. This is a path of sustainable growth in the long term, with innovation and technological development at the centre, enabling factors and decisive elements that make it possible to face the challenges of the present and future in an ever-changing context and to seize opportunities. In particular, the focus was placed on Electrical Machinery and Equipment projects, the development of autonomous and remotely driven machines, digital transformation, the creation of skilled jobs, and the development of solutions for the safety of people, infrastructures and territories.

Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption

Overview

This section aims at: (**i**) examining the correct application of the going concern assumption to the Interim Financial Report at 30 June 2022 also in the light of the financial position, financial performance and cash flows and other circumstances that may be relevant in this regard; and (ii) identifying current uncertainties, including the assessment of their relevance and the probability that they can be overcome, taking into consideration the measures put in place by Management and additional mitigation factors.

Starting from the approval of the Separate and Consolidated Financial Statements at 31 December 2020, some going concern risk factors were identified by Management and, specifically: **(a)** the risk linked to the failure to comply with the covenants set out in the Restructuring Agreement (as defined below) and the possible consequences arising from this circumstance, also in light of the relationships with the Lending Banks (as defined below); **(b)** the risks, if any, associated with the Group's liquidity for a period of at least 12 months from the reporting date of the above-mentioned financial statements; and **(c)** the risk arising from any failure to achieve the recovery goals, as set out in the New Consolidated Plan (as defined below).

In this regard, as widely shown in the Directors' Reports accompanying the 2020 financial statements (separate and consolidated) and in the following reports up to the 2021 financial statements, the Board of Directors after having carefully and exhaustively assessed the risks to which the going concern was exposed, as summarised above, had deemed it appropriate to adopt the going concern basis, although it pointed out that the residual significant uncertainty was the positive conclusion of the negotiations with the Lending Banks in relation to the proposed amendments to the Restructuring Agreement put forward at the time by the Parent (reference should be made to the accompanying Directors' Reports). For the purposes of this report, the going concern is assessed based on the above-mentioned circumstances and information available about their development after the date of approval of the financial statements, to be taken into account up to the date of preparation of this Interim Financial Report.

Group recapitalisation and debt restructuring transaction completed in 2020

- In order to overcome the serious situation of economic and financial tension that affected the Parent and the Group it heads (the "**Trevi Group**" or the "**Group**"), starting from 2017, the Parent initiated a process of recapitalisation and restructuring of the Group's debt that resulted on 5 August 2019 in the subscription of a restructuring agreement pursuant to Art. 182-*bis* of the Italian Bankruptcy Law signed, *inter alios*, by the Parent, Trevi and Soilmec, on the one hand, and by the Lending Banks of the Group (the "**Lending Banks**") on the other, which was subsequently approved by the Court of Appeal of Bologna on 10 January 2020 (the "**Restructuring Agreement**").
- This Restructuring Agreement and the related financial restructuring were based on a business and financial plan relating to the Trevi Group for the period 2018-2022 (the "**Original Consolidated Plan**") - drawn up during 2018 and 2019 - which was approved, in its final version, by the Parent's Board of Directors on 2 August 2019.
- After the approval of the Restructuring Agreement, the Group fully implemented all the main statutory/non-recurring transactions set out therein, such as, *inter alia*:

i) a capital increase of Euro 150.8 million (the "**Capital Increase**"), of which, **(i)** a tranche offered with option right to shareholders was fully subscribed for Euro 130 million, of which Euro 87.7 million through cash payment (approximately Euro 77.4 million attributable to CDPE Investimenti S.p.A. and Polaris Capital Management, LLC) and Euro 42.3 million through a debt to equity swap of bank loans, at a conversion ratio of 4.5:1; and **(ii)** a tranche reserved to the Lending Banks, with the exclusion of the option right, was subscribed for Euro 20.8 million through a debt to equity swap of bank loans, at the same conversion ratio of 4.5:1;

ii) the divestment occurred on 31 March 2020 of Drillmec S.p.A., Petreven S.p.A. and of all the companies at the time belonging to the Trevi Group and operating in the Oil & Gas segment in favour of the Indian group headed by Megha Engineering & Infrastructures Ltd., a leading Indian operator in the infrastructure segment ("**MEIL**"), among the leaders of the industry. The proceeds of this divestment have been used to repay part of the debt of the companies in the Oil & Gas Division, while the remaining part of this debt has been taken over by Trevifin and rescheduled consistently with the debt subject to the restructuring;

iii) the disbursement by some Lending Banks of a new loan for a total of Euro 12,878,866.00, of which Euro 12,000,000.00 paid before the approval, by virtue of application of the authorisation of the Court of Forlì pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law, and Euro 878,866.00 paid after the approval, pursuant to Article 182-*quater* of the Italian Bankruptcy Law;

iv) the consolidation and rescheduling of most of the bank debt to 31 December 2024 and the reduction of the related interest rate;

v) the confirmation of the existing lines of credit and the granting of new unsecured lines of credit aimed at allowing the Group to issue the guarantees required by its ordinary business activities, for a total of approximately Euro 200 million, a part of which - corresponding to Euro 14.7 million - disbursed also during the period prior to the approval date of the Restructuring Agreement pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law; and

vi) the rescheduling until 31 December 2024 and the amendment of the related terms and conditions of the bond issue called "*Trevi-Finanziaria Industriale S.p.A. 2014 – 2019*" issued by Trevifin in 2014 for Euro 50 million (the "**Bond Issue**").

Events subsequent to the restructuring transaction

Following the completion of the transactions provided for in the Restructuring Agreement, summarised in the previous paragraph, the following main events occurred:

- on 31 January 2021, the Company announced to the market that, based on preliminary information available at that date in relation to the 2020 performance - affected by the Covid-19 pandemic's effects on the worldwide economy, which conditioned the business of the Group -, it was possible to foresee that, at 31 December 2020, one of the financial covenants set out in the Restructuring Agreement, namely the ratio of consolidated net financial debt to recurring EBITDA, would not be met.
- on 24 February 2021, Trevifin informed the market about the start of discussions with the Lending Banks aimed at identifying the amendments to the existing agreements necessary to deal with the foreseeable failure to comply with one of the financial covenants already set out in the Restructuring Agreement, at the approval of the 2020 Consolidated Financial Statements. The Company also communicated that, based on the preliminary information available at that date relating to the performance for 2020 and on further analyses then underway on the Company's outlook in the current

market context, strongly affected by the spread of the Covid-19 pandemic, a general slowdown emerged in the achievement of the objectives identified in the Original Consolidated Plan, which did not seem to be entirely achievable within the time frame taken into account. In consideration of the above, in the discussions initiated with the Lending Banks, the Company envisaged both the granting of the usual waivers and changes to the financial covenants originally set in the Restructuring Agreement, as well as the recalculation of some due dates scheduled for the current year relating to some exposures, based on a new business plan considering the current situation, to be incorporated into a new agreement with the Lending Banks.

Events subsequent to those listed above and further actions taken by Management in the meantime will be dealt with later in this section, with reference to the specific risk areas to which they refer.

Main risks and uncertainties to which the Trevi Group is exposed

The current conditions of the markets in which the Trevi Group operates, related to the Group's complex situation, required Management to carry out particularly accurate assessments on the going concern assumption as early as the approval of the financial statements at 31 December 2020, with specific reference to some risk areas.

Already from the approval of the draft financial statements at 31 December 2020, the Board of Directors carried out all the necessary assessments relating to the going concern assumption also taking into account, to this end, all the available information referring to foreseeable future events.

In assessing whether the going concern assumption was appropriate or not also with regard to this Interim Financial Report, the Directors took into account all the available information about the future, relating at least - without limitation - to 12 months following the reporting date of the condensed interim consolidated financial statements at 30 June 2022. Significant risk indicators that may raise doubts about the ability of the Group to continue to operate on a going concern basis were taken into account. In particular, the Board of Directors took into consideration the assessments that had been carried out from the approval of the 2020 financial statements, paying particular attention to the circumstances that had been identified as possible risk factors at that time, in order to verify their status. In line with what observed as early as the approval of the 2020 financial statements, the risk indicators to be assessed with particular attention in the case of Trevifin and the Trevi Group are those falling within the financial area as stated in the introduction of this paragraph and, especially, those related to the possible consequences deriving from the failure to comply with some Restructuring Agreement covenants (and the plan underlying it) and to the transactions with the Lending Banks.

In order to clear up any misunderstandings, as stated in the previous section and in the Directors' Report accompanying the 2020 financial statements, and the related notes, the transactions envisaged in the Restructuring Agreement were carried out in full in accordance with the provisions of the original agreements, and this allowed the Parent and the Trevi Group to immediately rebalance their financial position, financial performance and cash flows with respect to the previous crisis situation that had required the signing of the Restructuring Agreement. This is confirmed by the fact that the Trevi Group, in spite of the significant delays in the approval and, consequently, in the subsequent implementation of the Restructuring Agreement and the underlying plan (which also led to higher costs for the Parent and lower margins) and in spite of the subsequent outbreak of the Covid-19 pandemic right around the time of completion of the Capital Increase (which, in all likelihood, had a negative impact on its full success), managed to achieve results consistent with the prudential scenarios that Management had drawn up in

order to verify the continued viability of the plan (included in the prospectus relating to the Capital Increase), and to comply with the financial covenants set out in the Restructuring Agreement at the verification date of 30 June 2020. However, the continuation of the pandemic, with the second wave of the spread of the virus, the progressively stricter restrictive measures that states and companies were forced to adopt in the course of 2020 (restrictions on the movement of people and goods, closure of factories, safety measures, etc.), the resulting contraction in investments at international level and the significant delays in the acquisition of new orders and in the execution of certain projects underway and/or to be acquired, as well as the occurrence of certain additional events (such as the cancellation or non-acquisition of certain orders) negatively affected the Group's results, starting from the second half of 2020, leading to a worsening of all the main indicators (turnover, gross operating profit and net financial debt) compared to the forecasts of the Original Consolidated Plan for the same period and a lower net cash generation, although with a financial performance in line with the prudential scenarios developed by management and included in the prospectus relating to the Capital Increase. Uncertainties regarding the Trevi Group's ability to continue as a going concern, as well as assessments of the likelihood that they will be overcome, should therefore be framed in this context and analysed in the light of the consequences that such circumstances have had and/or may have on the recovery process and, in general, on the Trevi Group's business.

In particular, the aforementioned deviations from the Original Consolidated Plan, particularly in the second half of 2020, led, on the one hand, to the failure to meet the financial covenants set out in the Restructuring Agreement and, on the other, to the need to update the objectives of the aforementioned plan - again in accordance with the original strategic guidelines - and to revise the forecasts for the coming years, through the approval by the Parent's Board of Directors on 23 April 2021 of a new business plan for the period 2021-2024. This new plan was subsequently updated, at first, in order to incorporate the accounting figures at 30 June 2021 and, subsequently, in order to extend the relevant time frame to the period 2022-2026 as well as in order to take into account certain aspects, including the performance recorded during the year 2021 and certain prudential elements that Management deemed appropriate to take into account in the subsequent plan years. Such final version of the plan, updated in order to consider the final version of the New Financial Restructuring (as defined below), was therefore approved by the Board of Directors of the Company on 29 September 2022 (the "**New Consolidated Plan**").

This new plan envisages lower levels of both revenue and gross operating profit compared to the Original Consolidated Plan, as well as lower cash generation and, consequently, a consistently higher Net Financial Debt.

The New Consolidated Plan considers the 2022-2026 period as its time frame while the Original Consolidated Plan considered the 2019-2022 period (assuming that, at the end of that period, the Group final recovery objectives would have been achieved). Therefore, the New Consolidated Plan time frame exceeds that of the Original Consolidated Plan. This circumstance clearly implies that the achievement of the Trevi Group's recovery goals, which, under the Original Consolidated Plan, were envisaged for the end of 2022, should be assessed over a longer time frame in the context of the New Consolidated Plan.

More specifically, the deviations observed with respect to the Original Consolidated Plan, and the consequent need to prepare and approve the New Consolidated Plan have the following consequences:

(i) the non-compliance with certain obligations of the Restructuring Agreement and the need to request the Lending Banks to sign a new agreement taking into account the covenants of the New Consolidated Plan. On this point, further details are provided in the following paragraph;

(ii) a lower cash generation than that of the Original Consolidated Plan and the consequent need to assess if this circumstance could give rise to cash flow issues in the time frame considered that would make it impossible for the Group to operate normally, and

(iii) the deviations from the Original Consolidated Plan, which led to the need to approve the New Consolidated Plan and the consequent need to assess the Group's continuing ability to rebalance its financial position and financial performance.

These uncertainties can all be traced back to an overall category of "financial risk", which consists of the Parent's ability, given the circumstances described above, to meet its financial commitments as well as to generate and/or raise sufficient resources to meet its financial requirements to support the business, the investment programme and the objectives of the New Consolidated Plan. The reasonable overcoming of these uncertainties, as explained in the following paragraphs, shall be evaluated in light of the actions undertaken by Management and depends on reaching a new agreement with the Lending Banks regarding a financial restructuring to support the Parent and the Group's recovery goals.

The following paragraphs set forth the considerations made to determine the correct application of the going concern basis to the interim financial report.

Non-compliance with the obligations of the Restructuring Agreement and the requests for amendments made to the Lending Banks

With reference to the Restructuring Agreement, the consequences of the overall situation in which the Trevi Group finds itself as a result of the deviations from the Original Consolidated Plan can be summarised as follows.

A. **Breach of financial covenants at 31 December 2020**: based on the results for 2020, as reflected in the relevant consolidated financial statements, the Trevi Group was unable to meet the financial covenants set out in the Restructuring Agreement for the verification date of 31 December 2020. In particular, based on the Restructuring Agreement, at the verification date falling on 31 December 2020, the Proposing Companies should have met the following financial covenants:

- Consolidated Net Financial Debt / EBITDA lower than or equal to 4.5x ("**Leverage Ratio**"); and
- Consolidated Net Financial Debt / Consolidated Equity lower than or equal to 1.8x ("**Debt/Equity Ratio**").

In light of the results of the financial statements at 31 December 2020, these financial covenants were not met and, specifically: **(a)** the Leverage Ratio was 5.37x; and **(b)** the Debt/Equity Ratio was 2.15x. This circumstance implies the following possible consequences, which constitute risks for the Parent's ability to continue as a going concern: ***(i)*** the formal declaration by the Lending Banks of the occurrence of a "Significant Event" under the Restructuring Agreement, and the consequent implementation of the remedies contractually provided for, including the acceleration clause in relation to the financial debt covered by the Restructuring Agreement, and the request for immediate early repayment of such debt; ***(ii)*** the interruption by the Lending Banks of the short-term lines of credit in the form of cash and guarantee facilities provided for in the Restructuring Agreement, thereby terminating the necessary financial support to the Group. The foregoing requires a formal undertaking by the Lending Banks not to avail themselves of any of such remedies and a waiver of the exercise thereof as a consequence of such breaches, as well as the commitment of the same Lending Banks to allow using short-term lines of credit, both in the form of cash and

guarantee facilities to support the business of the Group, as described in detail below.

B. Need to update the financial covenants for the subsequent verification dates: the forecasts of the New Consolidated Plan indicate that the Proposing Companies will not be able to comply with the financial covenants provided for in the Restructuring Agreement at the subsequent verification dates either. The financial covenants that were included in the Restructuring Agreement, and that the Proposing Companies undertook to meet at each verification date falling on 30 June and 31 December of each year, were based on the forecasts of the Original Consolidated Plan which, as mentioned above, are to be considered outdated in light of the results achieved by the Group, which show a worsening trend compared to the original forecasts. Failure to meet the financial covenants at the subsequent verification dates would constitute a "Significant Event" under the terms of the Restructuring Agreement and would entail the consequences described in paragraph A above, exposing the Parent and the Trevi Group to the related uncertainties regarding the ability to continue as a going concern. This implies the need to provide for financial covenants that are revised and aligned with respect to the provisions of the New Consolidated Plan and, to this end, it was necessary to request the Lending Banks to give their consent to the amendments made to the Restructuring Agreement aimed at: **(a)** acknowledging, on the one hand, the deviations from the Original Consolidated Plan requiring the preparation and approval of the New Consolidated Plan; and **(b)** providing for new financial covenants, modified in order to make them consistent with the New Consolidated Plan;

C. Need to reschedule certain financial due dates: as mentioned, the deviations from the Original Consolidated Plan, resulting from the consequences of the Covid-19 pandemic, imply a constant decrease in cash and cash equivalents compared to the Original Consolidated Plan during the two-year period 2021-2022. Specifically, the Restructuring Agreement envisages that most of the financial indebtedness towards the Lending Banks is to be repaid via bullet payments at 31 December 2024 and, furthermore, there are a number of financial due dates over the next 12 months that are not consistent with the Group cash-flow generation as envisaged by the New Consolidated Plan. Obviously, the failure to repay these amounts would constitute a "Significant Event" under the Restructuring Agreement and could result in consequences similar to those described in points (i) and (ii) of Paragraph A. above, and the Lending Banks could exercise the remedies described above. This clearly represents a further element of uncertainty to be taken into account with respect to the ability to continue as a going concern, and made it necessary to ask the Lending Banks, on the one hand, to suspend the aforementioned repayment obligations and, on the other hand, to reschedule them to a date that is consistent with the cash flows provided for in the New Consolidated Plan.

More generally, the circumstances described above required Management to make efforts to prepare and agree with the Lending Banks on a new financial restructuring, corrective of the one that had been placed at the basis of the Restructuring Agreement, in order to make the Group's capital and financial structure consistent with the new situation.

As to the circumstances described above, the actions taken in this regard by Management and the status of the same, reference should be made to the considerations made in the following paragraphs, and in particular to what reported with regard to the Standstill Agreement (as defined below) and the subsequent discussions, still in progress, with the Lending Banks aimed at the signing of the New Agreement (as defined

below).

Risks relating to liquidity trends over the next 12 months

Consistently with assessments made from the approval of the 2020 financial statements, an element that has been assessed with particular attention, in light of the lower cash generation foreseen in the New Consolidated Plan, is the suitability of the cash levels foreseen in the next 12 months to guarantee the ordinary operations of the Group, the financing of the relevant contracts and the regular payment of suppliers. For the sake of clarity, in light of the overall situation, it seems unlikely that the Group would be granted, at least in the short time, new cash lines of credit not provided for in the Original Consolidated Plan. The Group will therefore have to meet its financial needs exclusively through the use of existing lines of credit for the financing of working capital and through the cash flows deriving from its ordinary activities, with the sole exception of the possible use of lines of credit for the non-recourse factoring of receivables included in the financial debt allowed under the Standstill Agreement and the following New Agreement. Obviously, this aspect is central to the evaluation of the going concern assumption, and made it necessary, as of the approval of the 2020 financial statements, to carefully assess the cash flow forecasts for the next 12 months to ensure that, based on the forecasts prepared by Management, the cash flows deriving from the business are reasonably suitable to support the Group's financial needs as they arise without recourse to new lines of credit, and without causing foreseeable situations of cash flow tension. This verification yielded positive results at the time of the approval of the 2020 financial statements, of the 2021 interim financial report and of the 2021 financial statements and was repeated for the approval of the 2022 interim financial report. To this end, as will be discussed in more detail below, Management updated, on a monthly basis, the cash flow forecasts that had been made at the time of approval of the financial statements at 31 December 2021 on the basis of actual data and extended these forecasts until 30 June 2023. The reasonable expectation of a positive cash flow position for the Group emerges from that year, or at least until then, based on the assumption that an agreement will be reached with Lending Banks allowing the implementation of the New Financial Restructuring (as defined below) and the use of unsecured lines of credit, necessary for the job orders in which the Group Companies take part.

Risks raised by deviations from the Original Consolidated Plan and by the possible failure to achieve the objectives of financial rebalancing

Consistently with assessments made as of the approval of the 2020 financial statements, one of the elements taken into account in order to evaluate the uncertainties regarding the going concern is whether the forecasts of the New Consolidated Plan, also in light of the latest results regarding the Group's performance, appear anyhow suitable to allow, within the related time frame of reference, a financial rebalancing to be achieved; the possibility of reaching an agreement with the Lending Banks on the financial restructuring also depends on this element.

Based on the figures at 30 June 2022, the Group's performance in the first half of the year in terms of main indicators (Revenue, recurring Gross Operating Profit, Net Financial Debt, Order Intake and Order Backlog) was substantially in line with the forecasts of the New Consolidated Plan. Furthermore, the significant backlog growth trend was confirmed in the first half of 2022 (as reported at the approval of the 2021 financial statements), thanks to the new orders acquired in the first half of the current year. The consolidated figures of the Interim Financial Report at 30 June 2022 confirm the recovery trends of the business that emerged at the approval of the financial statements at 31 December 2021, which are

reflected in the New Consolidated Plan whose implementation constitutes a key element for the achievement of the objectives of financial rebalancing.

Analyses carried out on the risks and uncertainties to which the Group is exposed and measures implemented by Management in order to deal with them

In light of the above, as of the approval of the 2020 financial statements, the Board of Directors duly requested and obtained the information necessary to analyse the circumstances described above, in order to assess whether such circumstances actually represented elements that could constitute significant uncertainties with respect to the going concern assumption and whether such uncertainties could reasonably be overcome. On that occasion, the directors decided to approve the financial statements on a going concern basis, although they pointed out a significant residual uncertainty relating to the risk of failure to reach an agreement with the Lending Banks. The Board of Directors therefore deemed it appropriate to request and obtain an update of the information on the circumstances described above in order to assess the correctness of the application of the going concern basis also with reference to the approval of this interim financial report at 30 June 2022.

In this regard, the following should be considered.

The Standstill Agreement, the following discussions with the Lending Banks and the New Agreement

As already illustrated, as of the approval of the 2020 financial statements, with reference to the circumstances described above relating to the failure to comply with certain covenants of the Restructuring Agreement, discussions were promptly initiated, starting in February 2021, with the Lending Banks (many of which became shareholders of the Parent in accordance with the Restructuring Agreement), with the involvement of their respective legal and financial advisors. To date, also due to the large number of parties involved and to the not entirely homogeneous positions of the banks, the aforementioned discussions have not yet been completed with the signing of a new agreement, but are at an advanced stage as will be better described below.

Within the framework of said discussions, the Lending Banks required further information and details from the Parent and its advisors, also in order to complete their own preliminary investigation processes and, subsequently, to initiate their own decision-making processes. Specifically, the Parent and the Lending Banks agreed on what follows as a form of protection for themselves and all the stakeholders: **(i)** submit the New Consolidated Plan to an independent business review ("**IBR**") to verify the reasonable validity of the business and market assumptions underlying the New Consolidated Plan; **(ii)** promptly define a comprehensive financial (and, if appropriate, equity) restructuring proposal to support the New Consolidated Plan, which includes the above-mentioned requests by the Parent, to be submitted to the Lending Banks for the purposes of signing a new agreement with them (the "**New Agreement**"); and **(iii)** place the new financial restructuring and the New Agreement within the framework of one of the instruments provided for by the Italian Bankruptcy Law for the reorganisation of companies in crisis, and therefore to submit the New Consolidated Plan, the new financial restructuring and the New Agreement to the examination of an independent expert in order to issue the certifications required by law.

Also in the context of discussions with the Lending Banks, in order to manage the current phase and to allow, in the interests of all parties involved and in general of the stakeholders of the Trevi Group, the continued management of the business while the banks' investigation and decision-making processes are pending, a moratorium and standstill agreement (the "**Standstill Agreement**") was signed on 5 August 2021 between

the Parent, the Italian subsidiaries Trevi, Soilmec and PSM and the Lending Banks. The Standstill Agreement provided for: **(i)** a general suspension of obligations relating to compliance with financial covenants; **(ii)** the suspension of the obligations to pay the amounts due during 2021; **(iii)** the maintenance of existing lines of credit, both in the form of cash and guarantee facilities, and (**iv**) the commitment not to avail themselves of the remedies resulting from the occurrence of the "Significant Events" relating to the circumstances described above.

In line with the foregoing, on 22 December 2021, within the context of the discussions above, the guidelines of a possible new financial restructuring were presented to the Lending Banks (on which reference should be made to the press release of 22 December 2021, available on the Parent's website) providing for, amongst other things (**i**) a capital strengthening through a cash capital increase of Euro 20 million and a capital increase by converting Euro 60 million of bank loans, (**ii**) the rescheduling of the repayment of medium/long-term lines of credit until 2026, with changes to the relevant financial covenants, (**iii**) the extension to 2026 of the maturity date of the Bond Issue; (**iv**) the confirmation of the unsecured lines of credit granted to the Group, to the extent of 80% of the total ceiling amount granted pursuant to the Restructuring Agreement. Along with the hypothetical financial restructuring, a request was submitted to the Lending Banks to extend the term of the Standstill Agreement from 31 December 2021 to 30 April 2022.

Nevertheless, the Lending Banks made the extension of the Standstill Agreement duration conditional on reaching an agreement in principle on the guidelines of the new financial restructuring. As a result, since discussions about the new financial restructuring were not yet defined at that date, on 31 December 2021, the Standstill Agreement expired and was not formally renewed. However, the parties have continued the relevant negotiations in relation to the new financial restructuring, and are operating under a "de facto" standstill regime, as evidenced by the fact that the Lending Banks not only have not exercised (nor expressed their intention to exercise) the remedies provided for in the Restructuring Agreement to date, but in addition to pursuing the aforementioned negotiations on the new restructuring hypothesis, they continued to support the Group by not reducing the utilisation of the self-liquidating lines and by allowing the issuance of certain guarantees identified as urgent by the Parent in the context of the projects to which the Group companies are party, and by continuing to make cash lines of credit available.

Concurrently, with the support of advisors, Management continued negotiations both with the Lending Banks and controlling shareholders aimed at defining the new financial restructuring. In this regard, on 26 April 2022, the Board of Directors approved a proposal of financial restructuring, partially different from the one approved last December, notice of which was given to the market (reference should made to the press release of 26 April 2022 available on the Parent's website). This proposed restructuring was later further modified in order to take into account the ongoing discussions with the Lending Banks. The latest version of the financial restructuring is the one approved by the Board of Directors on 29 September 2022 and sent to the Lending Banks (the "**New Financial Restructuring**"), which provides, in a nutshell:

(a) its implementation in accordance with an agreement based on a certified recovery plan pursuant to Art. 56 of the Italian Code of Corporate Crisis and Insolvency ("**CCII**") (corresponding to the previous Art. 67, paragraph III, lett. (d) of Italian Bankruptcy Law);

(b) a cash capital increase with option right to be offered to shareholders for a total of Euro 25 million (but in no case exceeding the amount of debt subject to conversion), fully guaranteed pro rata by CDPE Investimenti S.p.A. ("**CDPE**") and Polaris Capital Management, LLC ("**Polaris**" and, together with CDPE, the "**Institutional Shareholders**");

(c) a capital increase reserved to the Lending Banks, to be subscribed by converting bank loans into ordinary shares of the Parent, for a minimum equivalent amount of loans of Euro 20 million, with the option for the Lending Banks to convert an amount higher than this minimum amount;

(d) the subordination and postponement until 30 June 2027 of a portion of the bank debt up to a maximum of Euro 40 million, leaving the Lending Banks the choice between conversion and subordination of the related receivables, without prejudice to the total amount of the debt subject to the financial restructuring being at least Euro 40 million;

(e) the extension of the final maturity date of the medium/long-term debt to 31 December 2026, with the introduction of a repayment plan starting from 2023;

(f) the granting/confirmation of unsecured lines of credit for the execution of the New Consolidated Plan;

(g) the extension of the maturity date of the Bond Issue to 2026.

With regard to the ongoing discussions with the Lending Banks and controlling shareholders, the Parent received on 3 August and 1 August 2022, respectively, letters from CDPE and Polaris confirming their commitment, subject to final approval by the relevant decision-making bodies and to certain additional conditions, including reaching an agreement with the Lending Banks, to subscribe pro rata the above-mentioned capital increase with option right, and to guarantee, again pro rata, the subscription of any unexercised rights, up to a total of Euro 25 million, it being understood that the same may not exceed the final amount of the capital increase by conversion subscribed by the Lending Banks. Considering the non-material differences between the financial restructuring version on the basis of which these confirmation letters were issued and the New Financial Restructuring, it is deemed that these commitments continue to be valid and applicable to the New Financial Restructuring. Furthermore, on 17 June 2022, the Parent also received a comfort letter from the advisors of the Lending Banks in which they confirmed - on behalf of the Lending Banks that jointly own a percentage equal to about 75% of all the bank loans in the form of cash and guarantee facilities due from the group companies concerned and that are members of the steering committee - their interest to assess the Group's restructuring transaction and that, subject, *inter alia,* to the positive outcome of the ongoing analysis of the documentation provided by the Parent and the reaching of an agreement between the Lending Banks and the Parent on the final content of the New Financial Restructuring, they intended to submit to their decision-making bodies said financial restructuring and the New Agreement. Although this comfort letter was sent on behalf of only some of the Lending Banks, as mentioned above, they jointly own a very significant percentage of the amounts due to the banks from the group companies concerned and are also members of the steering committee

In this respect, during the last informal discussions with the advisors of the Lending Banks, the Company was informed that the latter would have initiated their approval procedures, which were expected to be completed between the end of October and the first half of November. Moreover, as evidence of the advanced state of negotiations on the Financial Restructuring, on 27 September 2022 the Company received from the advisors of the Lending Banks a first draft of the New Agreement, which can be signed once the above-mentioned decision-making processes are completed and the usual negotiation activities between the parties involved are finalised. In light of the above, despite delays also due to the variety and heterogeneity of the parties involved, directors believe that appreciable progress has been made in relation to the Financial Restructuring that is to be considered substantially defined and that, although non-aligned positions of the Lending Banks may emerge and/or the decision-making process of the latter may not be concluded in time, an agreement can be reasonably signed not later than mid-November 2022.

Also in compliance with what provided for by the Standstill Agreement, from the second half of 2021, the Parent took and is still taking all the necessary steps to get the New Agreement, which implements the content of the New Financial Restructuring, signed, specifically it:

(i) appointed Alvarez & Marsal, a leading consulting firm, to carry out an IBR on the New Consolidated

Plan, which has been completed and submitted to the Lending Banks;

(ii) defined the terms of the New Financial Restructuring with the Lending Banks and the institutional shareholders; and

(iii) appointed Mario Ravaccia, of Studio Spada & Partners, as expert in charge of drawing up the statements necessary for the New Consolidated Plan and the New Financial Restructuring, which is currently being finalised.

Obviously, neither the receipt of the above-mentioned comfort letters from the advisors of the Lending Banks and institutional shareholders nor the completion of the activities above allow considering the uncertainty deriving from the Significant Events occurred under the Restructuring Agreement and, in general, from the need to enter into a New Agreement with the Lending Banks aimed at incorporating the contents of the New Financial Restructuring to be overcome. Said uncertainty can be definitively deemed to be overcome only after the completion of the activity certifying the New Consolidated Plan and the positive assessment, by the competent bodies of all the Lending Banks, of the New Financial Restructuring and the signing and effectiveness of the New Agreement. Nevertheless, the advanced stage of discussions with Lending Banks on the Financial Restructuring along with the comfort letters received from their advisors and from the institutional shareholders, although not binding, together with the support that the Lending Banks are willing to continue to provide - albeit with some difficulties - to the Group by allowing the Parent to issue urgent guarantees, are a sign that discussions with Banks are significantly progressing, thus making it possible to expect the successful conclusion of negotiations.

Expected liquidity trend over the next 12 months

With reference to the uncertainty mentioned above, related to the risk that, due to the lower cash generation reflected in the forecasts of the New Consolidated Plan, situations of cash flow tension may arise during the 12 months subsequent to the interim financial report date, the following should be noted.

First of all, the Parent's Management constantly monitors the Group's cash flows, also at the level of the individual Trevi and Soilmec Divisions. In particular, Management prepares a treasury plan until the end of the year that analyses the cash flows on a weekly basis for the first three months and on a monthly basis for the following months, a document that is updated every 4 weeks based on actual available data from all the Group's legal entities. This tool, the results of which are analysed and discussed with the local Management, allows short-term cash flows to be monitored and any shortfalls to be known well in advance, so that the necessary actions can be taken. This treasury plan was last updated on 22 September 2022 (with figures updated at that date) and shows a liquidity trend that, even at peak times, remains positive with a sufficient margin to guarantee the Group's normal operations.

In addition, in accordance with the Standstill Agreement, which continued to be applied *de facto*, the Parent provides the Lending Banks with an updated treasury plan, verified by PricewaterhouseCoopers, relating to cash flow forecasts for the following 6 months, based on weekly forecasts for the first 3 months and monthly forecasts for the following 3 months. The latest updated treasury plan was provided to the Lending Banks on 29 September 2022, and based on these forecasts, no critical issues arose in relation to the cash position of the Group and/or the individual divisions in the relevant period. In such respect, these forecasts lay on the assumption that the Lending Banks will continue to support the Group in order to acquire and execute job orders/contracts for the entire period subject to analysis, by issuing the guarantees requested.

Management also carried out in-depth analyses on the expected liquidity trend in the 12 months following the reporting date of the interim financial report at 30 June 2022, which were drawn up by collecting all the necessary information from all the legal entities of the Group and examine the expected liquidity trend at 30 June 2023. These analyses confirmed that there were no critical cash flow situations that could compromise the Group's ordinary operations.

Nevertheless, on 29 September 2022, the Board of Directors examined the update of the liquidity analysis at 30 June 2023, for the purposes of approving this interim financial report. Therefore, on the basis of these projections, it is reasonable to expect that the Group's minimum cash will remain at a level such as to allow the Group to continue operating on a going concern basis and to meet its financial needs throughout the period considered.

Management's monitoring of the Group's liquidity trend therefore appears adequate to the situation and the results of the analysis carried out do not currently show situations of cash tensions and/or shortfalls until June 2023. Cash forecasts appear to have been drawn up in a prudent manner.

In conclusion, given that (**i**) cash-flow forecasts are prepared with methods consolidated over the years, (**ii**) these forecasts are subject to verification by a third-party and are shared on a periodical basis with the Lending Banks, and (**iii**) at 31 August, the Trevi Division acquired orders equal to approximately 100% of the revenue expected to be generated in 2022 and the Soilmec Division acquired orders equal to approximately 100% of the revenue expected to be generated in 2022, without prejudice to the possible consequences, as illustrated above, arising from the failure to meet the covenants set out in the Restructuring Agreement, at present, it is believed that the risk related to cash-flow forecasts is adequately monitored and mitigated.

Achievement of recovery goals

As noted above, the consolidated figures at 31 December 2020 show deviations from the Original Consolidated Plan, due to the significant impacts of the Covid-19 pandemic. The Parent's Management began promptly working, since November 2020, to develop updated forecasts based on these baseline results, which are contained in the New Consolidated Plan. To this end, Management has been assisted by leading industrial and financial advisors.

At the approval of the 2020 Financial Statements, the Board of Directors assessed with particular attention the risks resulting from the possible failure to implement the plan and deviations from the same and, specifically, the risk that the New Consolidated Plan would not allow the Parent and the Group to achieve the recovery goals originally set and deemed surmountable (for details on the relevant considerations, reference should be made to the notes and Directors' reports accompanying the 2020 and 2021 financial statements).

In order to update the assessment already carried out by the Board of Directors on this risk factor as of the approval of the 2020 Financial Statements, the Directors have herein made the following considerations:

- the deviations observed with respect to the Original Consolidated Plan are mainly attributable to the spread of the Covid-19 pandemic or related to additional one-off non-recurring events;
- the New Consolidated Plan seems to have been drawn up in accordance with reasonable and prudent criteria that include actions aimed at increasing volumes and improving profitability and shows the possibility of having, at the end of the plan, a balanced financial position and performance, and its feasibility is supported by the performance in the first half of 2022, whose results are in line with the relevant forecasts;

- the feasibility of the New Consolidated Plan is confirmed by figures at 30 June 2022 that are in line with the forecast of revenue and recurring EBIDTA for the first half of 2022, formulated at the approval of the 2021 financial statements, orders acquired in the first half of 2022 amounting to approximately Euro 391.3 million increasing by 22% compared to the same period of the previous year, an order backlog of Euro 633.1 million that was up by 39% with respect to 31 December 2021 and a net financial debt that grew from Euro 251.8 million at 31 December 2021 to Euro 274.6 million at 30 June 2022, in line with forecasts. With reference to considerations regarding potential impacts arising from the Russia-Ukraine conflict and the prolonged health emergency from Covid-19, reference should be made to the sections on "Impacts of the Russia-Ukraine Conflict", "COVID-19" and "Risk related to the trend in raw material prices" of this report, respectively;
- the IBR carried out by Alvarez & Marsal on the New Consolidated Plan and shared with the Lending Banks confirmed the reasonableness and feasibility of the same;
- the New Financial Restructuring currently under definition, whose content has been subject to comments of both institutional shareholders (*i.e.*, CDPE and Polaris) and banks of the steering committee through consultants, would allow, with the capital strengthening transaction, to further strengthen the financial position and performance of the Group, also giving a boost to the business as well as to the achievement of the recovery goals in accordance with the New Consolidated Plan;

Furthermore, the reasonableness and feasibility of the New Consolidated Plan will be further supported by the fact that it is currently being certified by the appointed expert, Mario Ravaccia, who meets the requirements provided for by the Italian Bankruptcy Law, and whose work is in progress, thus representing an additional form of protection for Directors and the other stakeholders involved. In this regard, on 10 August 2022 the expert issued a comfort letter confirming that, on the assumption that the circumstances herein described occur, the New Consolidated Plan can be deemed certifiable pursuant to Art. 56, paragraph 3 of the CCII based on appropriate arrangements with the Lending Banks.

In conclusion, the Directors observed that, despite the encouraging signals given from the interim financial report figures, the achievement of the objectives set in the New Consolidated Plan still depends on the completion of the New Agreement that incorporates the contents of the New Financial Restructuring, implementing the same.

Concluding remarks

In conclusion, as fully explained in the previous paragraphs and in the additional sections expressly referred to therein, there are some uncertainties arising from the Group's exposure to risks which, as mentioned above, have different levels of magnitude and for which consequent measures were put in place as form of protection. At present, there remains the main risk connected to the conclusion of the negotiations with the Lending Banks - in the current situation of de facto standstill - aimed at finalising the New Agreement, which determines the existence of a significant uncertainty that may cast relevant doubt on the ability of the Parent and the Group to continue operating as a going concern. Nevertheless, the Board of Directors, taking into account all of the circumstances outlined above and in light of the status of the discussions in progress with the Lending Banks and their advisors, deems it appropriate to prepare the Trevi Group interim financial report at 30 June 2022 on a going concern basis.

COVID-19

In the first half of 2022, the Trevi Group, in order to guarantee the safety of employees and the going concern, continued adopting measures to combat the COVID-19 pandemic in relation to the provisions in force nationally and in the countries where it operates, in a general context of progressive improvement.

Furthermore, the management of COVID-19 risk has effectively become a process fully incorporated into the ISO45001 Health and Safety Management System implemented by the Trevi Group.

During the period January - June 2022, the number of cases reported that affected the Trevi Group staff decreased, none of which was critical to the health of the people concerned. The main outbreak affecting manufacturing activities occurred in the APAC segment (Hong Kong), with a loss of 490 man/days in the period between February and April 2022.

In the coming months, the Company will act in compliance with the applicable regulations and the risk scenarios that will arise by implementing the necessary measures.

Company risk management

Aims, management strategies and identification of financial risks

The Trevi Group is subject to various types of risk and uncertainty that may affect its operating activities, financial structure and economic results.
Firstly, one of these is the liquidity risk that affects the strategic choices in terms of investments and acquisition of orders.
Sudden changes within the political contexts in which the Group operates have an immediate effect on its financial position and performance.
The Group is also exposed to the risk of deterioration of the international macro-economic environment.
The introduction of stricter data protection rules in the European Union and the increasing complexity of IT exposes the Group to cyber risks.

In order to ensure an organic and transparent management of the main risks and opportunities that may have an impact on the creation of the Group value, Risk Management, in line with the goals set by the Chief Executive Officer, substantially confirms a process integrated approach to manage uncertainty with consistent methodologies and homogeneous tools, while respecting the necessary specificity of the Divisions.

Job order objectives
This area is intended to support top management and individual risk owners, right from the phases of business development and negotiation, by ensuring a bottom-up and quali-quantitative analysis to identify and manage events with a potential impact on job order performance and Division backlog, such as revenue, gross operating profit (EBITDA), etc.

Division objectives
This area includes events with a potential impact on the Division objectives (not specifically of job orders) and on the warranty of valuable products and services for Customers, with a focus on KPIs (Key Performance Indicators) of the main Departments. Periodic reporting is in line with that of the (interim) Consolidated Financial Statements, while monitoring and mitigation actions are carried out on a continual basis, in accordance with specific planned deadlines.

Business Plan objectives
This area includes the management of events with a potential impact on targets defined in the Business Plan, with particular reference to the turnover and the creation of an appropriate order backlog in the year of reference.

The Risk Management Function, with a bottom-down approach based on data made available and updated by the companies of the Group, also with the support of the sales managers of Divisions, defines some risk scenarios and opportunities to support Top Management in strategic assessments.

Liquidity risk

For a company, the availability of liquidity guarantees compliance with scheduled deadlines and healthy economic growth. Business cash flow planning allows for periodic liquidity planning while maintaining control over income and expenses and promptly recognising peak demand. Following the signing of the Restructuring Agreement with the banking class, signed on 5 August 2019, liquidity management was

guaranteed and governed by the Agreement itself, and after the execution of the Standstill Agreement all the disclosure obligations provided for therein were met.
A Steering Committee was also established to evaluate the cash performance of the Group and the individual subsidiaries, giving a permanent boost to financial planning tasks.

Currency risk

Due to the Group's geographical extension and access to international markets for the development of construction, the Group companies are exposed to the risk that a change in exchange rates between the presentation currency and other currencies will generate unexpected changes. The statement of financial position and statement of profit or loss amounts deriving from the above fluctuation could have an impact both on the individual companies' financial statements and at consolidated level. Specifically, given the current Group structure, the exposure to the currency risk is mainly linked to the US dollar. The Group also has interests in countries such as Algeria and Nigeria, whose currencies could be subject to significant fluctuations.
With regard to the US dollar, the currency risk derives mainly from the translation into Euro of items relating to investments in companies whose presentation currency is different from the Euro (so-called "translation risk").
The Group did not enter into any derivative contracts, because of the constraints imposed by the Restructuring Agreement and the relating lack of lines of credit for currency hedging.
The management policy for the currency risk is mostly based on the use of price lists in Euro or Dollar.

Interest rate risk

The Parent's interest rate risk relates to the increase in financial charges derived from the rise in interest rates.
Following the signing of the Restructuring Agreement, the Group obtained a moratorium on principal and interest on medium- and long-term cash lines. With the effectiveness of the Restructuring Agreement, the interest rates on medium and long-term cash lines were standardised at a fixed rate.
The Short-Term lines disbursed and governed by the Restructuring Agreement have maintained the pricing appropriate to the nature of the underlying transaction, maintaining the rates of the original financial documents as required by the Restructuring Agreement.

Credit risk

The management of commercial credit is an essential activity for defining the maximum degree of exposure considered by the company to be reasonably bearable for a supply that provides for a deferred payment. The correct application of credit scoring and Trade Finance techniques is extremely useful for the configuration of financial procedures with an early assessment of the customer's risk and solvency.
Since the factoring credit lines are being restored following the signing of the Restructuring Agreement, the management of credit risk has required the maintenance of a Risk Committee for the assessment of individual transactions and credit & risk management activities through the use of Trade Finance tools for the engineering industry and the control of the progress on orders in the construction sector.
The rapid collection of information regarding the customer (or potential customer), its company history, corporate structure, reference management, the activities carried out, its location, characteristics and commercial potential, associated with information of a banking nature and other information made available by companies specialised in the proposal of information of a commercial nature, was an element to support the customer's preliminary assessment.

Risks connected to overseas operations

The development of economic and geo-political scenarios has always influenced the Group's financial and industrial activities.
The Trevi Group's revenue from overseas operations maintained a strong trend in terms of consolidation abroad, amounting to about 95% of the total revenue.
For this reason, the "country risk" is continuously monitored and is distinguished by the risk of insolvency of public and private operators, linked to the geographical area of origin and beyond their control. It is also the risk linked to the origin of a specific financial instrument and dependent on political, economic and social variables.

Risks connected to raw material price increase

As for the Trevi Division, the raw materials mostly used by construction sites are concrete and steel. When contracts provide for the supply of such materials, the risk of price fluctuation is mitigated, where possible, by including contractual clauses providing for a revision of prices based on specific economic parameters. In cases where contracts do not provide for "price escalation", during the bidding phase prices are calculated by taking into account the various past fluctuations and prospective analyses of the relevant prices together with appropriate contingencies for any unforeseeable increases.

In this specific respect, constant analysis and monitoring activities are carried out on the various markets where the Trevi Division operates and on raw material prices of its interest that help to forecast specific price trends besides giving instructions on how to deal with any sudden changes.

The average time taken to execute Trevi Division's contracts lays between six and nine months, that's why the analyses mentioned above are very important to mitigate risks when preparing offers for taking part in tenders.

Obviously, in contracts where the Owner provides the materials to be used in the project, the risk in question is not the responsibility of the Contractor.

During the first half of 2022, some job orders in Italy benefited from specific decrees (the High Cost of Materials) that allowed obtaining grants.

In the limited cases where price review mechanisms are not foreseen by contracts, the Group is constantly committed to request refunds to clients by requesting them contractual changes.

As for the Soilmec Division, the raw material mostly used is steel. Management identified several actions to mitigate the effects of the price increase of this material, including optimising and diversifying supply contracts by finding more competitive suppliers on the market and/or ensuring supplies at prices not subject to review and, in line with what competitors are already doing, changing the price lists in order to maintain the same marginality.

Climatic risks

The main environmental aspects associated with the activity of the Trevi Group – unlikely but with potentially high impact – are related to the drilling and foundation activities in the Trevi Division construction sites. In order to reduce the significance of these potential impacts, Trevi applies

environmental management principles in line with standard ISO14001, where specific environmental surveys are carried out prior to the start of contracts and periodic checks are carried out during activities.

Furthermore, the activities carried out on the construction sites also have an impact on the climate as they require the use of combustion engine operating machines. Trevi is committed to reducing the environmental impact associated with emissions from such machines through systems of efficiency such as raising awareness among operators of the correct use of equipment, replacing the machinery fleet with more efficient or electric machines of new generation (see Soilmec's High-Tech and E-Tech lines) and using bio-diesel fuels.

Moreover, in the event of weather damage or direct environmental damage, there are Contractor's all-risks (CAR) insurance on each site, which includes RCT (third Party liability) insurance with accidental pollution coverage and all-risks insurance coverage on the machinery and equipment used.

As part of the non-financial reporting environmental aspects (Non-financial Statement) that the Group has been drafting since 2017, four indicators have been identified, including "managing emissions and fighting against climate change." The topic refers to the promotion of strategies to reduce atmospheric emissions and develop renewable energies, with the aim for the Group of gradually reducing its dependence on the fossil fuel sector and lessening its impact on the environment.

The Trevi Group has been qualified among the top 100 companies that have distinguished themselves most in reducing their CO2 emission intensity. The research was carried out by Corriere della Sera with Agenzia Statista and was based on a sample of over 700 Italian companies during 2021.

Cyber risk

With the aim of constantly increasing and improving the efficiency of ICT Security processes, the Group has continued to adopt new initiatives, tools and procedures aimed at ensuring increasingly high levels of ICT security.

In this context, on 11 January 2022, the Trevi Group suffered a cyberattack that affected the data centres in Cesena (FC) and Asolo (TV), causing temporary inaccessibility to operational IT functions.
The functionality of the entire IT infrastructure was promptly restored and, in less than twenty-four hours, the main IT services were available again and there were no loss of data and/or information such as to affect the activities of the Group companies.
The prompt and effective response with which the Group managed the incident was made possible also thanks to a specific Disaster Recovery and Business Continuity Plan and infrastructures with Hybrid Cloud technologies, which made it possible to safeguard the full operation of the Companies.
Along with an accurate and meticulous use of new technologies to make Cyber Security processes more efficient, the Group is continuing to adopt specific training courses to suggest suitable behaviour to users in order to avoid involvement in "malicious" processes, as well as continuing to issue "information pills" to report concrete cases of computer fraud that users might come across if they do not follow the correct procedures and instructions.

In June 2022, the Corporate IT Department started the process to allow Trevi Finanziaria Industriale S.p.A. to obtain the ISO 27001:2013 certification, which defines the international standard that describes best practices for an ISMS (Information Security Management System, also known as SGSI, in Italian). Obtaining an accredited ISO 27001 certification demonstrates that the Company is following best practices on information security and provides independent and qualified control that information security is managed in line with international best practices and business objectives.

It is therefore considered that the measures adopted and the existing safeguards represent adequate elements to mitigate this risk, and that, therefore, no significant risk remains for the continuity of the company's activities.

Impact of the Russia Ukraine conflict

With reference to the war in Ukraine, it should be mentioned that the Group has no production activities in Russia or Ukraine, nor has it outsourced the development or use of software and data centres in the areas affected by the conflict. Therefore, there has been no need to move personnel out of the conflict zones, and at the moment it is not believed that other countries impacted to any extent by the conflict generate problems for Trevi Group operations.

Although the Group has no production activities directly connected with the countries affected by the conflict, inflationary pressures and procurement difficulties are generating a generalised increase in raw material prices.

Nevertheless, the Group has management control tools and is increasing the frequency and depth of controls and risk analyses to monitor market developments, in a context in which it is difficult to make medium-term forecasts.

With regard to the supply – denominated in Euro – which was ongoing in the first quarter of 2022 with a Russian customer in a third country, the amount of which was less than 1% of the Group's total revenue, there were no issues with the inhibition of international payment systems from Russia. At 30 June 2022, the receivable amounted to Euro 2.4 million of which Euro 188 thousand of supply still to be provided, and yet at 23 September 2022, after the completion of the supply, the receivable was reduced to Euro 299 thousand, entirely subject of payment transfers which have already been received at the bank of the subsidiary Soilmec S.p.A. and which are currently subject to statutory audits for their final credit on account. Orders still included in the backlog for the Russian segment were marginal. The New Consolidated Plan does not envisage any developments in these segments.

No financing difficulties are expected since there are no exposures to Russia and Ukraine. In addition, the Group's cost of financing is at a fixed rate, as it is crystallised in accordance with the Restructuring Agreement.

Finally, the Group does not believe that there may be any new fraud risk factors related to the current conflict, while as regards the risk of cyber attacks, in recent years the Group has implemented a series of initiatives aimed at increasing the level of security of the entire IT infrastructure.

At the moment, it is not believed that the risks indicated above - in light of the factors and considerations made regarding the ongoing conflict, and in general the Russian-Ukrainian geographical segment - represent a residual risk relevant to the going concern.

Impairment test at 30 June 2022

The Group checked the existence of impairment indicators at 30 June 2022 that could indicate the existence of impairment losses. This test was carried out both with reference to external sources (market capitalisation and discount and growth rates) and in relation to internal sources (indications, deriving from the internal information system, about expected results). Having found assumptions of impairment, the Parent proceeded to perform the impairment test at 30 June 2022: see the specific paragraph on "Impairment" included in the Notes to the Interim Consolidated Financial Statements at 30 June 2022.

Staff and Organisation

During the first half of 2022, the Group reorganisation phase and the downsizing of the workforce continued, in line with the provisions of the business plan. As far as the Trevi Division is concerned, this took place by reallocating highly skilled resources in segments characterised by a slowdown in the business, without compromising the division's pool of key skills, while with reference to the Soilmec Divsion, by optimising the use of resources.

Workforce at 30 June 2022

The Group workforce at 30 June 2022 was 3,107, with a net decrease of 172 units compared to 3,279 at 30 June 2021.

The average workforce in the period was approximately 3,193 units.

Purchase of treasury shares

During the first half of the year 2022, the Parent did not buy any treasury shares.

Significant events after the reporting period

Commercial and production activities continued in both the Trevi and Soilmec Divisions: in the two-month period July/August 2022, new orders were acquired for a total of Euro 40 million, of which Euro 19.8 million relating to the Trevi Division and Euro 21.7 million relating to the Soilmec Division and the order backlog at 31 August 2022 amounted to Euro 594 million (Euro 633 million at 30 June 2022, against Euro 413 million at 31 August 2021).
The Group's net financial debt amounted to Euro 269.6 million at 31 July 2022 compared to Euro 274.6 million recognised at 30 June 2022.
On 11 August, following the appointment by the Shareholders' Meeting of the new Board of Directors, its first meeting was held.
Negotiations continued with the Banks with a view to reaching the new Agreement, which is expected to be signed between the end of October and the first week of November.
Work also continued on the extension of the new SAP computer system to other Trevi Group companies.

Outlook

At the date of this report and in light of the information available to the Issuer, revenue of between Euro 530 and Euro 555 million and a recurring EBITDA of between Euro 52 and Euro 58 million are expected for 2022. Production and sales activities by the Trevi and Soilmec Divisions are expected to continue in the coming months along with the acquisition of new orders and the opening of new construction sites. The order backlog expected at 31 December 2022 is between Euro 550 and Euro 600 million.
However, the Group's forecasts could be influenced by unforeseeable exogenous factors outside the control of Management, which could change the results of the forecasts. In the coming months, among other things, the implementation of the SAP/4 HANA ERP information system will continue for other companies of the Group.

Cesena, 29 September 2022

On behalf of the Board of Directors

The Chairman
Pierpaolo Di Stefano

Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2022

Consolidated financial statements

1.1 Statement of Profit and Loss

(In thousands of Euro)

	Notes	First half 2022	First half 2021
Revenue from sales and services	(19)	229,740	209,136
- of which from related parties		*603*	*245*
Other operating revenue	(19)	6,385	9,045
- of which from related parties		*17*	*2,297*
Sub-total of revenue		**236,125**	**218,181**
Changes in inventories of finished and semi-finished products		7,078	4,015
Internal work capitalised	*(20)*	4,234	7,609
Raw materials and consumables		(102,586)	(78,008)
Change in raw materials, consumables, supplies and goods		14,914	546
Personnel expense	(21)	(62,699)	(63,738)
Other operating expenses	(22)	(76,044)	(69,928)
- of which to related parties			(54)
Depreciation and amortisation		(14,990)	(17,745)
Provisions and impairment losses	(23)	(6,113)	(5,388)
Operating loss		**(81)**	**(4,456)**
Financial income	(24)	3,120	1,754
(Financial expense)	(25)	(10,209)	(11,844)
Net exchange losses	(26)	(4,682)	(2,526)
Net financial expense		**(11,771)**	**(12,616)**
Adjustments to financial assets		(402)	21
Loss before taxes		**(12,254)**	**(17,051)**
Income taxes	(27)	(6,131)	(11,480)
Loss from continuing operations		**(18,385)**	**(28,531)**
Loss from assets held for sale			
Loss for the period		**(18,385)**	**(28,531)**
Attributable to:			
Owners of the Parent		(19,776)	(29,249)
Non-controlling interests		1,391	718
Basic losses per share:	(28)	**(0.13)**	**(0.19)**
Diluted losses per share:	(28)	**(0.12)**	**(0.17)**

1.2 Statement of Comprehensive Income

(In thousands of Euro)

	First half 2022	First half 2021
Loss for the period	(18,384)	(28,530)
Items that are or may be reclassified to profit or loss		
Translation reserve	21,354	8,385
Items that are or may be reclassified to profit or loss net of taxes	**21,354**	**8,385**
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses)		
Income taxes		
Items that will not be reclassified to profit or loss net of taxes		
Comprehensive income/(expense) net of taxes	**2,970**	**(20,145)**
Owners of the Parent	1,623	(20,552)
Non-controlling interests	1,347	407

1.3 Statement of Financial Position

(In thousands of Euro)

ASSETS	Notes	30/06/2022	31/12/2021
Non-current assets			
Property, plant and equipment			
Land and buildings		46,287	47,430
Plant and machinery		94,056	95,065
Industrial and commercial equipment		12,123	14,173
Other assets		9,325	14,027
Assets under construction and payments on account		12,597	2,449
Total property, plant and equipment	(1)	**174,388**	**173,144**
Intangible assets			
Development costs		6,743	7,452
Industrial patents and intellectual property rights		484	532
Concessions, licences and trademarks		6,852	187
Goodwill		6	6
Assets under development and payments on account		1,704	7,432
Other intangible assets		304	390
Total intangible assets	(2)	**16,093**	**15,999**
Investment property			0
Equity investments	(3)	708	647
- Equity-accounted investments in associates and joint ventures		148	80
- Other equity investments		560	567
Deferred tax assets	(4)	25,259	28,455
Non-current derivatives	(5)		
Other non-current financial assets		1,683	11,735
- of which from related parties			
Trade receivables and other non-current assets	(6)	3,954	1,728
Total non-current assets		**222,085**	**231,708**
Current assets			
Inventories	(7)	138,641	114,609
Trade receivables and other current assets	(8)	283,425	272,601
- of which from related parties		7,574	7,084
Current tax assets	(9)	5,789	5,637
Current derivatives			
Current financial assets	(9a)	13,953	10,847
- of which from related parties		1,343	1,319
Cash and cash equivalents	(10)	67,068	77,647
Total current assets		**508,876**	**481,341**
TOTAL ASSETS		**730,961**	**713,049**

EQUITY			
Share capital and reserves			
Share capital		97,374	97,374
Other reserves		56,398	34,959
Retained earnings/(Losses carried forward)		(41,029)	12,200
Loss for the period/year		(19,776)	(52,977)
Equity attributable to the owners of the Parent	(11)	**92,967**	**91,556**
Share capital and reserves attributable non-controlling interests		(2,497)	(3,314)
Profit attributable to non-controlling interests		1,391	1,682
Deficit attributable to non-controlling interests		**(1,106)**	**(1,632)**
Total equity		**91,861**	**89,924**
LIABILITIES			
Non-current liabilities			
Long-term loans and borrowings	(12)	8,243	12,697
Long-term loans and borrowings from other financial backers	(12)	71,352	72,698
Non-current derivatives	(12)	0	0
Deferred tax liabilities	(4)	24,908	26,209
Post-employment benefits	(13)	11,334	11,109
Non-current provisions	(14)	31,494	26,736
Other non-current liabilities	(15)	4,838	6,965
Total non-current liabilities		**152,169**	**156,414**
Current liabilities			
Trade payables and other current liabilities	(16)	198,687	186,938
- of which to related parties		*787*	*1,115*
Current tax liabilities	(17)	9,028	9,863
Short-term loans and borrowings	(18)	200,857	201,135
Short-term loans and borrowings from other financial backers	(18)	73,511	63,786
Current derivatives			0
Current provisions	(14)	4,846	4,989
Total current liabilities		**486,929**	**466,711**
TOTAL LIABILITIES		**639,098**	**623,125**
TOTAL EQUITY AND LIABILITIES		**730,961**	**713,049**

1.4 Statement of cash flows

Description	Notes	First half 2022	First half 2021
Loss for the period attributable to the Owners of the Parent and Non-controlling interests		(18,384)	(28,530)
Income taxes		6,131	11,480
Loss before taxes		**(12,253)**	**(17,051)**
Amortisation, depreciation and impairment losses	(1)-(2)-(22)	15,293	17,823
Net financial expense	(23)-(24)	7,089	11,098
Change in provisions for risk and charges and for post-employment benefits	(13)-(14)	(200)	(319)
Provisions for risks and charges	(22)	7,023	7,216
Use of provisions for risks and charges		(717)	(599)
Adjustments to financial assets		402	(21)
(Gains)/losses from the sale or impairment of non-current assets		(1,723)	875
(A) Cash flows from operating activities before changes in the Working Capital		**14,915**	**19,023**
Increase in inventories	(7)	(20,276)	(9,526)
Decrease in trade receivables	(8)	7,163	562
(Increase)/Decrease in trade payables	(16)	3,363	(1,697)
(Increase)/Decrease in other assets/liabilities	(8)-(16)	(9,016)	15,257
(B) Changes in working capital		**(18,765)**	**4,596**
(C) Financial income collected/Interest expense paid		(2,108)	(3,818)
(D) Taxes paid		(3,059)	(907)
(E) Cash flows from/(used in) operating activities (A+B+C+D)		**(9,018)**	**18,894**
Investing activities			
Investments	(1)-(2)	(14,726)	(8,369)
Net exchange gains/(losses)		6,921	(1,877)
Net change in financial assets		7,145	2,228
(F) Cash flows used in investing activities		**(659)**	**(8,018)**
Financing activities			
Increase/(Decrease) in Share Capital and reserves for the purchase of treasury shares	(11)	0	0
Other changes including those in non-controlling interests		0	0
Changes in loans, financing, derivatives, finance leases and other financing		(3,805)	(5,571)
Dividends paid		(1,047)	(312)
(G) Cash flows used in financing activities		**(4,852)**	**(5,883)**
(H) Change in assets/(liabilities) associated with discontinued operations		**0**	
Net Change in Cash Flows (E+F+G+H)		**(14,529)**	**4,993**
Opening cash and cash equivalents		**77,647**	**69,810**
Change in cash flows for assets held for sale		0	0
Effects of exchange fluctuations on cash and cash equivalents		3,950	564
Net change in cash flows		(14,529)	4,993
Closing cash and cash equivalents		**67,068**	**75,367**

1.5 Statement of changes in equity

(in thousands of Euro)

	Share capital	Other reserves	Losses carried forward	Owners of the Parent	Non-controlling interests	Total Equity
01/01/2021	**97,374**	**247,974**	**(221,989)**	**123,359**	**(3,317)**	**120,042**
Loss for the period			(29,249)	(29,249)	718	**(28,530)**
Other comprehensive income		8,696		8,696	(311)	**8,385**
Comprehensive expense		**8,696**	**(29,249)**	**(20,553)**	**407**	**(20,146)**
Allocation of 2020 profit and distribution of dividends		(236,250)	235,518	(732)	(567)	(1,299)
30/06/2021	**97,374**	**20,420**	**(15,720)**	**102,074**	**(3,477)**	**98,597**

(in thousands of Euro)

	Share capital	Other reserves	Losses carried forward	Owners of the Parent	Non-controlling interests	Total Equity
01/01/2022	**97,374**	**34,959**	**(40,777)**	**91,556**	**(1,632)**	**89,924**
Loss for the period			(19,776)	(19,776)	1,392	**(18,384)**
Other comprehensive income		21,375		21,375	(21)	**21,354**
Comprehensive income		**21,375**	**(19,776)**	**1,599**	**1,371**	**2,970**
Allocation of 2021 loss and distribution of dividends			(144)	(144)	(854)	(998)
Capital increase					(34)	(34)
Acquisitions/disposals		63	(107)	(44)	44	**0**
30/06/2022	**97,374**	**56,397**	**(60,804)**	**92,967**	**(1,105)**	**91,862**

Notes to the condensed interim consolidated financial statements as at and for the six months ended 30 June 2022

General information

TREVI – Finanziaria Industriale S.p.A. (hereinafter "the Parent") and the companies that it controls (hereinafter "TREVI Group" or the "Group") carry out their activities in the sector of foundation engineering services for civil and infrastructural works and construction of equipment for special foundations (hereinafter "Foundations").

These activities are coordinated by the two main operating companies of the Group:

- Trevi S.p.A., which heads the segment of foundation engineering;
- Soilmec S.p.A., which heads the related Division and manufactures and markets plant and equipment for foundation engineering.

TREVI– Finanziaria Industriale S.p.A. has been listed on the Milan Stock Exchange since 1999.

2.2 Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption.

Introduction

This section aims at: (**i**) examining the correct application of the going concern assumption to the Interim Financial Report at 30 June 2022 also in the light of the financial position, financial performance and cash flows and other circumstances that may be relevant in this regard; and (ii) identifying current uncertainties, including the assessment of their relevance and the probability that they can be overcome, taking into consideration the measures put in place by Management and additional mitigation factors.

Starting from the approval of the Separate and Consolidated Financial Statements at 31 December 2020, some going concern risk factors were identified by Management and, specifically: **(a)** the risk linked to the failure to comply with the covenants set out in the Restructuring Agreement (as defined below) and the possible consequences arising from this circumstance, also in light of the relationships with the Lending Banks (as defined below); **(b)** the risks, if any, associated with the Group's liquidity for a period of at least 12 months from the reporting date of the above-mentioned financial statements; and **(c)** the risk arising from any failure to achieve the recovery goals, as set out in the New Consolidated Plan (as defined below).

In this regard, as widely shown in the Directors' Reports accompanying the 2020 financial statements (separate and consolidated) and in the following reports up to the 2021 financial statements, the Board of Directors after having carefully and exhaustively assessed the risks to which the going concern was exposed, as summarised above, had deemed it appropriate to adopt the going concern basis, although it pointed out that the residual significant uncertainty was the positive conclusion of the negotiations with the Lending Banks in relation to the proposed amendments to the Restructuring Agreement put forward at the time by the Parent (reference should be made to the accompanying Directors' Reports). For the purposes of this report, the going concern is assessed based on the above-mentioned circumstances and information available about their development after the date of approval of the financial statements, to be taken into account up to the date of preparation of this Interim Financial Report.

Group recapitalisation and debt restructuring transaction completed in 2020

- In order to overcome the serious situation of economic and financial tension that affected the Parent and the Group it heads (the "**Trevi Group**" or the "**Group**"), starting from 2017, the Parent initiated a process of recapitalisation and restructuring of the Group's debt that resulted on 5 August 2019 in the subscription of a restructuring agreement pursuant to Art. 182-*bis* of the Italian Bankruptcy Law signed, *inter alios*, by the Parent, Trevi and Soilmec, on the one hand, and by the Lending Banks of the Group (the "**Lending Banks**") on the other, which was subsequently approved by the Court of Appeal of Bologna on 10 January 2020 (the "**Restructuring Agreement**").
- This Restructuring Agreement and the related financial restructuring were based on a business and financial plan relating to the Trevi Group for the period 2018-2022 (the "**Original Consolidated Plan**") - drawn up during 2018 and 2019 - which was approved, in its final version, by the Parent's Board of Directors on 2 August 2019.
- After the approval of the Restructuring Agreement, the Group fully implemented all the main statutory/non-recurring transactions set out therein, such as, *inter alia*:

i) a capital increase of Euro 150.8 million (the "**Capital Increase**"), of which, **(i)** a tranche offered with option right to shareholders was fully subscribed for Euro 130 million, of which Euro 87.7 million through cash payment (approximately Euro 77.4 million attributable to CDPE Investimenti S.p.A. and Polaris Capital Management, LLC) and Euro 42.3 million through a debt to equity swap of bank loans, at a conversion ratio of 4.5:1; and **(ii)** a tranche reserved to the Lending Banks, with the exclusion of the option right, was subscribed for Euro 20.8 million through a debt to equity swap of bank loans, at the same conversion ratio of 4.5:1;

ii) the divestment occurred on 31 March 2020 of Drillmec S.p.A., Petreven S.p.A. and of all the companies at the time belonging to the Trevi Group and operating in the Oil & Gas segment in favour of the Indian group headed by Megha Engineering & Infrastructures Ltd., a leading Indian operator in the infrastructure segment ("**MEIL**"), among the leaders of the industry. The proceeds of this divestment have been used to repay part of the debt of the companies in the Oil & Gas Division, while the remaining part of this debt has been taken over by Trevifin and rescheduled consistently with the debt subject to the restructuring;

iii) the disbursement by some Lending Banks of a new loan for a total of Euro 12,878,866.00, of which Euro 12,000,000.00 paid before the approval, by virtue of application of the authorisation of the Court of Forlì pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law, and Euro 878,866.00 paid after the approval, pursuant to Article 182-*quater* of the Italian Bankruptcy Law;

iv) the consolidation and rescheduling of most of the bank debt to 31 December 2024 and the reduction of the related interest rate;

v) the confirmation of the existing lines of credit and the granting of new unsecured lines of credit aimed at allowing the Group to issue the guarantees required by its ordinary business activities, for a total of approximately Euro 200 million, a part of which - corresponding to Euro 14.7 million - disbursed also during the period prior to the approval date of the Restructuring Agreement pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law; and

vi) the rescheduling until 31 December 2024 and the amendment of the related terms and conditions of the bond issue called "*Trevi-Finanziaria Industriale S.p.A. 2014 – 2019*" issued by Trevifin in 2014 for Euro 50 million (the "**Bond Issue**").

Events subsequent to the restructuring transaction

Following the completion of the transactions provided for in the Restructuring Agreement, summarised in the previous paragraph, the following main events occurred:

- on 31 January 2021, the Company announced to the market that, based on preliminary information available at that date in relation to the 2020 performance - affected by the Covid-19 pandemic's effects on the worldwide economy, which conditioned the business of the Group -, it was possible to foresee that, at 31 December 2020, one of the financial covenants set out in the Restructuring Agreement, namely the ratio of consolidated net financial debt to recurring EBITDA, would not be met.
- on 24 February 2021, Trevifin informed the market about the start of discussions with the Lending Banks aimed at identifying the amendments to the existing agreements necessary to deal with the foreseeable failure to comply with one of the financial covenants already set out in the Restructuring Agreement, at the approval of the 2020 Consolidated Financial Statements. The Company also communicated that, based on the preliminary information available at that date relating to the performance for 2020 and on further analyses then underway on the Company's outlook in the current

market context, strongly affected by the spread of the Covid-19 pandemic, a general slowdown emerged in the achievement of the objectives identified in the Original Consolidated Plan, which did not seem to be entirely achievable within the time frame taken into account. In consideration of the above, in the discussions initiated with the Lending Banks, the Company envisaged both the granting of the usual waivers and changes to the financial covenants originally set in the Restructuring Agreement, as well as the recalculation of some due dates scheduled for the current year relating to some exposures, based on a new business plan considering the current situation, to be incorporated into a new agreement with the Lending Banks.

Events subsequent to those listed above and further actions taken by Management in the meantime will be dealt with later in this section, with reference to the specific risk areas to which they refer.

Main risks and uncertainties to which the Trevi Group is exposed

The current conditions of the markets in which the Trevi Group operates, related to the Group's complex situation, required Management to carry out particularly accurate assessments on the going concern assumption as early as the approval of the financial statements at 31 December 2020, with specific reference to some risk areas.

Already from the approval of the draft financial statements at 30 December 2020, the Board of Directors carried out all the necessary assessments relating to the going concern assumption also taking into account, to this end, all the available information referring to foreseeable future events.

In assessing whether the going concern assumption was appropriate or not also with regard to this Interim Financial Report, the Directors took into account all the available information about the future, relating at least - without limitation - to 12 months following the reporting date of the condensed interim consolidated financial statements at 30 June 2022. Significant risk indicators that may raise doubts about the ability of the Group to continue to operate on a going concern basis were taken into account. In particular, the Board of Directors took into consideration the assessments that had been carried out from the approval of the 2020 financial statements, paying particular attention to the circumstances that had been identified as possible risk factors at that time, in order to verify their status. In line with what observed as early as the approval of the 2020 financial statements, the risk indicators to be assessed with particular attention in the case of Trevifin and the Trevi Group are those falling within the financial area as stated in the introduction of this paragraph and, especially, those related to the possible consequences deriving from the failure to comply with some Restructuring Agreement covenants (and the plan underlying it) and to the transactions with the Lending Banks.

In order to clear up any misunderstandings, as stated in the previous section and in the Directors' Report accompanying the 2020 financial statements, and the related notes, the transactions envisaged in the Restructuring Agreement were carried out in full in accordance with the provisions of the original agreements, and this allowed the Parent and the Trevi Group to immediately rebalance their financial position, financial performance and cash flows with respect to the previous crisis situation that had required the signing of the Restructuring Agreement. This is confirmed by the fact that the Trevi Group, in spite of the significant delays in the approval and, consequently, in the subsequent implementation of the Restructuring Agreement and the underlying plan (which also led to higher costs for the Parent and lower margins) and in spite of the subsequent outbreak of the Covid-19 pandemic right around the time of completion of the Capital Increase (which, in all likelihood, had a negative impact on its full success), managed to achieve results consistent with the prudential scenarios that Management had drawn up in

order to verify the continued viability of the plan (included in the prospectus relating to the Capital Increase), and to comply with the financial covenants set out in the Restructuring Agreement at the verification date of 30 June 2020. However, the continuation of the pandemic, with the second wave of the spread of the virus, the progressively stricter restrictive measures that states and companies were forced to adopt in the course of 2020 (restrictions on the movement of people and goods, closure of factories, safety measures, etc.), the resulting contraction in investments at international level and the significant delays in the acquisition of new orders and in the execution of certain projects underway and/or to be acquired, as well as the occurrence of certain additional events (such as the cancellation or non-acquisition of certain orders) negatively affected the Group's results, starting from the second half of 2020, leading to a worsening of all the main indicators (turnover, gross operating profit and Net Financial Debt) compared to the forecasts of the Original Consolidated Plan for the same period and a lower net cash generation, although with a financial performance in line with the prudential scenarios developed by management and included in the prospectus relating to the Capital Increase. Uncertainties regarding the Trevi Group's ability to continue as a going concern, as well as assessments of the likelihood that they will be overcome, should therefore be framed in this context and analysed in the light of the consequences that such circumstances have had and/or may have on the recovery process and, in general, on the Trevi Group's business.

In particular, the aforementioned deviations from the Original Consolidated Plan, particularly in the second half of 2020, led, on the one hand, to the failure to meet the financial covenants set out in the Restructuring Agreement and, on the other, to the need to update the objectives of the aforementioned plan - again in accordance with the original strategic guidelines - and to revise the forecasts for the coming years, through the approval by the Parent's Board of Directors on 23 April 2021 of a new business plan for the period 2021-2024. This new plan was subsequently updated, at first, in order to incorporate the accounting figures at 30 June 2021 and, subsequently, in order to extend the relevant time frame to the period 2022-2026 as well as in order to take into account certain aspects, including the performance recorded during the year 2021 and certain prudential elements that Management deemed appropriate to take into account in the subsequent plan years. Such final version of the plan, updated in order to consider the final version of the New Financial Restructuring (as defined below), was therefore approved by the Board of Directors of the Company on 29 September 2022 (the "**New Consolidated Plan**").

This new plan envisages lower levels of both revenue and gross operating profit compared to the Original Consolidated Plan, as well as lower cash generation and, consequently, a consistently higher Net Financial Debt.

The New Consolidated Plan considers the 2022-2026 period as its time frame while the Original Consolidated Plan considered the 2019-2022 period (assuming that, at the end of that period, the Group final recovery objectives would have been achieved). Therefore, the New Consolidated Plan time frame exceeds that of the Original Consolidated Plan. This circumstance clearly implies that the achievement of the Trevi Group's recovery goals, which, under the Original Consolidated Plan, were envisaged for the end of 2022, should be assessed over a longer time frame in the context of the New Consolidated Plan.

More specifically, the deviations observed with respect to the Original Consolidated Plan, and the consequent need to prepare and approve the New Consolidated Plan have the following consequences:

(i) the non-compliance with certain obligations of the Restructuring Agreement and the need to request the Lending Banks to sign a new agreement taking into account the covenants of the New Consolidated Plan. On this point, further details are provided in the following paragraph;

(ii) a lower cash generation than that of the Original Consolidated Plan and the consequent need to assess if this circumstance could give rise to cash flow issues in the time frame considered that would make it impossible for the Group to operate normally, and

(iii) the deviations from the Original Consolidated Plan, which led to the need to approve the New Consolidated Plan and the consequent need to assess the Group's continuing ability to rebalance its financial position and financial performance.

These uncertainties can all be traced back to an overall category of "financial risk", which consists of the Parent's ability, given the circumstances described above, to meet its financial commitments as well as to generate and/or raise sufficient resources to meet its financial requirements to support the business, the investment programme and the objectives of the New Consolidated Plan. The reasonable overcoming of these uncertainties, as explained in the following paragraphs, shall be evaluated in light of the actions undertaken by Management and depends on reaching a new agreement with the Lending Banks regarding a financial restructuring to support the Parent and the Group's recovery goals.

The following paragraphs set forth the considerations made to determine the correct application of the going concern basis to the interim financial report.

Non-compliance with the obligations of the Restructuring Agreement and the requests for amendments made to the Lending Banks

With reference to the Restructuring Agreement, the consequences of the overall situation in which the Trevi Group finds itself as a result of the deviations from the Original Consolidated Plan can be summarised as follows.

A. Breach of financial covenants at 31 December 2020: based on the results for 2020, as reflected in the relevant consolidated financial statements, the Trevi Group was unable to meet the financial covenants set out in the Restructuring Agreement for the verification date of 31 December 2020. In particular, based on the Restructuring Agreement, at the verification date falling on 31 December 2020, the Proposing Companies should have met the following financial covenants:

- Consolidated Net Financial Debt / EBITDA lower than or equal to 4.5x ("**Leverage Ratio**"); and
- Consolidated Net Financial Debt / Consolidated Equity lower than or equal to 1.8x ("**Debt/Equity Ratio**").

In light of the results of the financial statements at 31 December 2020, these financial covenants were not met and, specifically: **(a)** the Leverage Ratio was 5.37x; and **(b)** the Debt/Equity Ratio was 2.15x. This circumstance implies the following possible consequences, which constitute risks for the Parent's ability to continue as a going concern: ***(i)*** the formal declaration by the Lending Banks of the occurrence of a "Significant Event" under the Restructuring Agreement, and the consequent implementation of the remedies contractually provided for, including the acceleration clause in relation to the financial debt covered by the Restructuring Agreement, and the request for immediate early repayment of such debt; ***(ii)*** the interruption by the Lending Banks of the short-term lines of credit in the form of cash and guarantee facilities provided for in the Restructuring Agreement, thereby terminating the necessary financial support to the Group. The foregoing requires a formal undertaking by the Lending Banks not to avail themselves of any of such remedies and a waiver of the exercise thereof as a consequence of such breaches, as well as the commitment of the same Lending Banks to allow using short-term lines of credit, both in the form of cash and guarantee facilities to support the business of the Group, as described in detail below.

B. Need to update the financial covenants for the subsequent verification dates: the forecasts of the New Consolidated Plan indicate that the Proposing Companies will not be able to comply with the financial covenants provided for in the Restructuring Agreement at the subsequent verification dates either. The financial covenants that were included in the Restructuring Agreement, and that the Proposing Companies undertook to meet at each verification date falling on 30 June and 31 December of each year, were based on the forecasts of the Original Consolidated Plan which, as mentioned above, are to be considered outdated in light of the results achieved by the Group, which show a worsening trend compared to the original forecasts. Failure to meet the financial covenants at the subsequent verification dates would constitute a "Significant Event" under the terms of the Restructuring Agreement and would entail the consequences described in paragraph A above, exposing the Parent and the Trevi Group to the related uncertainties regarding the ability to continue as a going concern. This implies the need to provide for financial covenants that are revised and aligned with respect to the provisions of the New Consolidated Plan and, to this end, it was necessary to request the Lending Banks to give their consent to the amendments made to the Restructuring Agreement aimed at: **(a)** acknowledging, on the one hand, the deviations from the Original Consolidated Plan requiring the preparation and approval of the New Consolidated Plan; and **(b)** providing for new financial covenants, modified in order to make them consistent with the New Consolidated Plan;

C. Need to reschedule certain financial due dates: as mentioned, the deviations from the Original Consolidated Plan, resulting from the consequences of the Covid-19 pandemic, imply a constant decrease in cash and cash equivalents compared to the Original Consolidated Plan during the two-year period 2021-2022. Specifically, the Restructuring Agreement envisages that most of the financial indebtedness towards the Lending Banks is to be repaid via bullet payments at 31 December 2024 and, furthermore, there are a number of financial due dates over the next 12 months that are not consistent with the Group cash-flow generation as envisaged by the New Consolidated Plan. Obviously, the failure to repay these amounts would constitute a "Significant Event" under the Restructuring Agreement and could result in consequences similar to those described in points (i) and (ii) of Paragraph A. above, and the Lending Banks could exercise the remedies described above. This clearly represents a further element of uncertainty to be taken into account with respect to the ability to continue as a going concern, and made it necessary to ask the Lending Banks, on the one hand, to suspend the aforementioned repayment obligations and, on the other hand, to reschedule them to a date that is consistent with the cash flows provided for in the New Consolidated Plan.

More generally, the circumstances described above required Management to make efforts to prepare and agree with the Lending Banks on a new financial restructuring, corrective of the one that had been placed at the basis of the Restructuring Agreement, in order to make the Group's capital and financial structure consistent with the new situation.

As to the circumstances described above, the actions taken in this regard by Management and the status of the same, reference should be made to the considerations made in the following paragraphs, and in particular to what reported with regard to the Standstill Agreement (as defined below) and the subsequent discussions, still in progress, with the Lending Banks aimed at the signing of the New Agreement (as defined below).

Risks relating to liquidity trends over the next 12 months

Consistently with assessments made from the approval of the 2020 financial statements, an element that has been assessed with particular attention, in light of the lower cash generation foreseen in the New Consolidated Plan, is the suitability of the cash levels foreseen in the next 12 months to guarantee the ordinary operations of the Group, the financing of the relevant contracts and the regular payment of suppliers. For the sake of clarity, in light of the overall situation, it seems unlikely that the Group would be granted, at least in the short time, new cash lines of credit not provided for in the Original Consolidated Plan. The Group will therefore have to meet its financial needs exclusively through the use of existing lines of credit for the financing of working capital and through the cash flows deriving from its ordinary activities, with the sole exception of the possible use of lines of credit for the non-recourse factoring of receivables included in the financial debt allowed under the Standstill Agreement and the following New Agreement. Obviously, this aspect is central to the evaluation of the going concern assumption, and made it necessary, as of the approval of the 2020 financial statements, to carefully assess the cash flow forecasts for the next 12 months to ensure that, based on the forecasts prepared by Management, the cash flows deriving from the business are reasonably suitable to support the Group's from time to time without recourse to new lines of credit, and without causing foreseeable situations of cash flow tension. This verification yielded positive results at the time of the approval of the 2020 financial statements, of the 2021 interim financial report and of the 2021 financial statements and was repeated for the approval of the 2022 interim financial report. To this end, as will be discussed in more detail below, Management updated, on a monthly basis, the cash flow forecasts that had been made at the time of approval of the financial statements at 31 December 2021 on the basis of actual data and extended these forecasts until 30 June 2023. The reasonable expectation of a positive cash flow position for the Group emerges from that year, or at least until then, based on the assumption that an agreement will be reached with Lending Banks allowing the implementation of the New Financial Restructuring (as defined below) and the use of unsecured lines of credit, necessary within the scope of the job orders in which the Group Companies take part.

Risks raised by deviations from the Original Consolidated Plan and by the possible failure to achieve the objectives of financial rebalancing

Consistently with assessments made as of the approval of the 2020 financial statements, one of the elements taken into account in order to evaluate the uncertainties regarding the going concern is whether the forecasts of the New Consolidated Plan, also in light of the latest results regarding the Group's performance, appear anyhow suitable to allow, within the related time frame of reference, a financial rebalancing to be achieved; the possibility of reaching an agreement with the Lending Banks on the financial restructuring also depends on this element.

Based on the figures at 30 June 2022, the Group's performance in the first half of the year in terms of main indicators (Revenue, recurring Gross Operating Profit, Net Financial Debt, Order Intake and Order Backlog) was substantially in line with the forecasts of the New Consolidated Plan. Furthermore, the significant backlog growing trend was confirmed in the first half of 2022 (as reported at the approval of the 2021 financial statements), thanks to the new orders acquired in the first half of the current year. The consolidated figures of the Interim Financial Report at 30 June 2022 confirm the recovery trends of the business that emerged at the approval of the financial statements at 31 December 2021, which are reflected in the New Consolidated Plan whose implementation constitutes a key element for the achievement of the objectives of financial rebalancing.

Analyses carried out on the risks and uncertainties to which the Group is exposed and measures implemented by Management in order to deal with them

In light of the above, as of the approval of the 2020 financial statements, the Board of Directors duly requested and obtained the information necessary to analyse the circumstances described above, in order to assess whether such circumstances actually represented elements that could constitute significant uncertainties with respect to the going concern assumption and whether such uncertainties could reasonably be overcome. On that occasion, the directors decided to approve the financial statements on a going concern basis, although they pointed out a significant residual uncertainty relating to the risk of failure to reach an agreement with the Lending Banks. The Board of Directors therefore deemed it appropriate to request and obtain an update of the information on the circumstances described above in order to assess the correctness of the application of the going concern basis also with reference to the approval of this interim financial report at 30 June 2022.

In this regard, the following should be considered.

The Standstill Agreement, the following discussions with the Lending Banks and the New Agreement

As already illustrated, as of the approval of the 2020 financial statements, with reference to the circumstances described above relating to the failure to comply with certain covenants of the Restructuring Agreement, discussions were promptly initiated, starting in February 2021, with the Lending Banks (many of which became shareholders of the Parent in accordance with the Restructuring Agreement), with the involvement of their respective legal and financial advisors. To date, also due to the large number of parties involved and to the not entirely homogeneous positions of the banks, the aforementioned discussions have not yet been completed with the signing of a new agreement, but are at an advanced stage as will be better described below.

Within the framework of said discussions, the Lending Banks required further information and details from the Parent and its advisors, also in order to complete their own preliminary investigation processes and, subsequently, to initiate their own decision-making processes. Specifically, the Parent and the Lending Banks agreed on what follows as a form of protection for themselves and all the stakeholders: **(i)** submit the New Consolidated Plan to an independent business review ("**IBR**") to verify the reasonable validity of the business and market assumptions underlying the New Consolidated Plan; **(ii)** promptly define a comprehensive financial (and, if appropriate, equity) restructuring proposal to support the New Consolidated Plan, which includes the above-mentioned requests by the Parent, to be submitted to the Lending Banks for the purposes of signing a new agreement with them (the "**New Agreement**"); and **(iii)** place the new financial restructuring and the New Agreement within the framework of one of the instruments provided for by the Italian Bankruptcy Law for the reorganisation of companies in crisis, and therefore to submit the New Consolidated Plan, the new financial restructuring and the New Agreement to the examination of an independent expert in order to issue the certifications required by law.

Also in the context of discussions with the Lending Banks, in order to manage the current phase and to allow, in the interests of all parties involved and in general of the stakeholders of the Trevi Group, the continued management of the business while the banks' investigation and decision-making processes are pending, a moratorium and standstill agreement (the "**Standstill Agreement**") was signed on 5 August 2021 between the Parent, the Italian subsidiaries Trevi, Soilmec and PSM and the Lending Banks. The Standstill Agreement provided for: **(i)** a general suspension of obligations relating to compliance with financial covenants; **(ii)** the suspension of the obligations to pay the amounts due during 2021; **(iii)** the maintenance of existing lines of

credit, both in the form of cash and guarantee facilities, and (**iv**) the commitment not to avail themselves of the remedies resulting from the occurrence of the "Significant Events" relating to the circumstances described above.

In line with the foregoing, on 22 December 2021, within the context of the discussions above, the guidelines of a possible new financial restructuring were presented to the Lending Banks (on which reference should be made to the press release of 22 December 2021, available on the Parent's website) providing for, amongst other things (**i**) a capital strengthening through a cash capital increase of Euro 20 million and a capital increase by converting Euro 60 million of bank loans, (**ii**) the rescheduling of the repayment of medium/long-term lines of credit until 2026, with changes to the relevant financial covenants, (**iii**) the extension to 2026 of the maturity date of the Bond Issue; (**iv**) the confirmation of the unsecured lines of credit granted to the Group, to the extent of 80% of the total ceiling amount granted pursuant to the Restructuring Agreement. Along with the hypothetical financial restructuring, a request was submitted to the Lending Banks to extend the term of the Standstill Agreement from 31 December 2021 to 30 April 2022.

Nevertheless, the Lending Banks made the extension of the Standstill Agreement duration conditional on reaching an agreement in principle on the guidelines of the new financial restructuring. As a result, since discussions about the new financial restructuring were not yet defined at that date, on 31 December 2021, the Standstill Agreement expired and was not formally renewed. However, the parties have continued the relevant negotiations in relation to the new financial restructuring, and are operating under a "de facto" standstill regime, as evidenced by the fact that the Lending Banks not only have not exercised (nor expressed their intention to exercise) the remedies provided for in the Restructuring Agreement to date, but in addition to pursuing the aforementioned negotiations on the new restructuring hypothesis, they continued to support the Group by not reducing the utilisation of the self-liquidating lines and by allowing the issuance of certain guarantees identified as urgent by the Parent in the context of the projects to which the Group companies are party, and by continuing to make cash lines of credit available.

Concurrently, with the support of advisors, Management continued negotiations both with the Lending Banks and controlling shareholders aimed at defining the new financial restructuring. In this regard, on 26 April 2022, the Board of Directors approved a proposal of financial restructuring, partially different from the one approved last December, notice of which was given to the market (reference should made to the press release of 26 April 2022 available on the Parent's website). This proposed restructuring was later further modified in order to take into account the ongoing discussions with the Lending Banks. The latest version of the financial restructuring is the one approved by the Board of Directors on 29 September 2022 and sent to the Lending Banks (the "**New Financial Manoeuvre**"), which provides, in a nutshell:

(a) its implementation in accordance with an agreement based on a certified recovery plan pursuant to Art. 56 of the Italian Code of Corporate Crisis and Insolvency ("**CCII**") (corresponding to the previous Art. 67, paragraph III, lett. (d) of Italian Bankruptcy Law);

(b) a cash capital increase with option right to be offered to shareholders for a total of Euro 25 million (but in no case exceeding the amount of debt subject to conversion), fully guaranteed pro rata by CDPE Investimenti S.p.A. ("**CDPE**") and Polaris Capital Management, LLC ("**Polaris**" and, together with CDPE the "**Institutional Shareholders**");

(c) a capital increase reserved to the Lending Banks, to be subscribed by converting bank loans into ordinary shares of the Parent, for a minimum equivalent amount of loans of Euro 20 million, with the option for the Lending Banks to convert an amount higher than this minimum amount;

(d) the subordination and postponement until 30 June 2027 of a portion of the bank debt up to a maximum of Euro 40 million, leaving the Lending Banks the choice between conversion and subordination of the related receivables, without prejudice to the total amount of the debt subject to the financial restructuring being at least Euro 40 million;

(e) the extension of the final maturity date of the medium/long-term debt to 31 December 2026, with the introduction of a repayment plan starting from 2023;

(f) the granting/confirmation of unsecured lines of credit for the execution of the New Consolidated Plan;

(g) the extension of the maturity date of the Bond Issue to 2026.

With regard to the ongoing discussions with the Lending Banks and controlling shareholders, the Parent received on 3 August and 1 August 2022, respectively, letters from CDPE and Polaris confirming their commitment, subject to final approval by the relevant decision-making bodies and to certain additional conditions, including reaching an agreement with the Lending Banks, to subscribe pro-rata the above-mentioned capital increase with option right, and to guarantee, again pro-rata, the subscription of any unexercised rights, up to a total of Euro 25 million, it being understood that the same may not exceed the final amount of the capital increase by conversion subscribed by the Lending Banks. Considering the non-material differences between the financial restructuring version on the basis of which these confirmation letters were issued and the New Financial Restructuring, it is deemed that these commitments continue to be valid and applicable to the New Financial Restructuring. Furthermore, on 17 June 2022, the Parent also received a comfort letter from the advisors of the Lending Banks in which they confirmed - on behalf of the Lending Banks that jointly own a percentage equal to about 75% of all the bank loans in the form of cash and guarantee facilities due from the group companies concerned and that are members of the steering committee - their interest to assess the Group's restructuring transaction and that, subject, *inter alia,* to the positive outcome of the ongoing analysis of the documentation provided by the Parent and the reaching of an agreement between the Lending Banks and the Parent on the final content of the New Financial Restructuring, they intended to submit to their decision-making bodies said financial restructuring and the New Agreement. Although this comfort letter was sent on behalf of only some of the Lending Banks, as mentioned above they jointly own a very significant percentage of the amounts due to the banks from the group companies concerned and are also members of the steering committee.

In this respect, during the last informal discussions with the advisors of the Landing Banks, the Company was informed that the latter would have initiated their approval procedures, which were expected to be completed between the end of October and the first half of November. Moreover, as evidence of the advanced state of negotiations on the Financial Restructuring, on 27 September 2022 the Company received from the advisors of the Lending Banks a first draft of the New Agreement, which can be signed once the above-mentioned decision-making processes are completed and the usual negotiation activities between the parties involved are finalised. In light of the above, despite delays also due to the variety and heterogeneity of the parties involved, directors believe that appreciable progress has been made in relation to the Financial Restructuring that is to be considered substantially defined and that, although non-aligned positions of the Lending Banks may emerge and/or the decision-making process of the latter may not be concluded in time, an agreement can be reasonably signed not later than mid-November 2022.

Also in compliance with what provided for by the Standstill Agreement, from the second half of 2021, the Parent took and is still taking all the necessary steps to get the New Agreement, which implements the content of the New Financial Restructuring, signed, specifically it:

(i) appointed Alvarez & Marsal, a leading consulting firm, to carry out an IBR on the New Consolidated Plan, which has been completed and submitted to the Lending Banks;

(ii) defined the terms of the New Financial Restructuring with the Lending Banks and the institutional

shareholders; and

(iii) appointed Mario Ravaccia, of Studio Spada & Partners, as expert in charge of drawing up the statements necessary for the New Consolidated Plan and the New Financial Restructuring, which is currently being finalised.

Obviously, neither the receipt of the above-mentioned comfort letter from the advisors of the Lending Banks and institutional shareholders nor the completion of the activities above allow considering the uncertainty deriving from the Significant Events occurred under the Restructuring Agreement and, in general, from the need to enter into a New Agreement with the Lending Banks aimed at incorporating the contents of the New Financial Restructuring to be overcome. Said uncertainty can be definitively deemed to be overcome only after the completion of the activity certifying the New Consolidated Plan and the positive assessment, by the competent bodies of all the Lending Banks, of the New Financial Restructuring and the signing and effectiveness of the New Agreement. Nevertheless, the advanced stage of discussions with Lending Banks on the Financial Restructuring along with the comfort letter received from their advisors and from the institutional shareholders, although not binding, together with the support that the Lending Banks are willing to continue to provide – albeit with some difficulties – to the Group by allowing the Parent to issue urgent guarantees, are a sign that discussions with Banks are significantly progressing, thus making it possible to expect the successful conclusion of negotiations.

Expected liquidity trend over the next 12 months

With reference to the uncertainty mentioned above, related to the risk that, due to the lower cash generation reflected in the forecasts of the New Consolidated Plan, situations of cash flow tension may arise during the 12 months subsequent to the interim financial report date, the following should be noted.

First of all, the Parent's Management constantly monitors the Group's cash flows, also at the level of the individual Trevi and Soilmec Divisions. In particular, Management prepares a treasury plan until the end of the year that analyses the cash flows on a weekly basis for the first three months and on a monthly basis for the following months, a document that is updated every 4 weeks based on actual available data from all the Group's legal entities. This tool, the results of which are analysed and discussed with the local Management, allows short-term cash flows to be monitored and any shortfalls to be known well in advance, so that the necessary actions can be taken. This treasury plan was last updated on 22 September 2022 (with figures updated at that date) and shows a liquidity trend that, even at peak times, remains positive with a sufficient margin to guarantee the Group's normal operations.

In addition, in accordance with the Standstill Agreement, which continued to be applied *de facto*, the Parent provides the Lending Banks with an updated treasury plan, verified by PricewaterhouseCoopers, relating to cash flow forecasts for the following 6 months, based on weekly forecasts for the first 3 months and monthly forecasts for the following 3 months. The latest updated treasury plan was provided to the Lending Banks on 29 September 2022, and based on these forecasts, no critical issues arose in relation to the cash position of the Group and/or the individual divisions in the relevant period. In such respect, these forecasts lay on the assumption that the Lending Banks will continue to support the Group in order to acquire and execute job orders/contracts for the entire period subject to analysis, by issuing the guarantees requested.

Management also carried out in-depth analyses on the expected liquidity trend in the 12 months following the reporting date of the interim financial report at 30 June 2022, which were drawn up by collecting all the

necessary information from all the legal entities of the Group and examine the expected liquidity trend at 30 June 2023. These analyses confirmed that there were no critical cash flow situations that could compromise the Group's ordinary operations.

Nevertheless, on 29 September 2022, the Board of Directors examined the update of the liquidity analysis at 30 June 2023, for the purposes of approving this interim financial report. Therefore, on the basis of these projections, it is reasonable to expect that the Group's minimum cash will remain to a level such as to allow the Group to continue operating on a going concern basis and to meet its financial needs throughout the period considered.

Management's monitoring of the Group's liquidity trend therefore appears adequate to the situation and the results of the analysis carried out do not currently show situations of cash tensions and/or shortfalls until June 2023. Cash forecasts appear to have been drawn up in a prudent manner.

In conclusion, given that (**i**) cash-flow forecasts are prepared with methods consolidated over the years, (**ii**) these forecasts are subject to verification by a third-party and are shared on a periodical basis with the Lending Banks, and (**iii**) at 31 August, the Trevi Division acquired orders equal to approximately 100% of the revenue expected to be generated in 2022 and the Soilmec Division acquired orders equal to approximately 100% of the revenue expected to be generated in 2022, without prejudice to the possible consequences, as illustrated above, arising from the failure to meet the covenants set out in the Restructuring Agreement, at present, it is believed that the risk related to cash-flow forecasts is adequately monitored and mitigated.

Achievement of recovery goals

As noted above, the consolidated figures at 31 December 2020 show deviations from the Original Consolidated Plan, due to the significant impacts of the Covid-19 pandemic. The Parent's Management began promptly working, since November 2020, to develop updated forecasts based on these baseline results, which are contained in the New Consolidated Plan. To this end, Management has been assisted by leading industrial and financial advisors.

As of the approval of the 2020 Financial Statements, the Board of Directors assessed with particular attention the risks resulting from the possible failure to implement the plan and deviations from the same and, specifically, the risk that the New Consolidated Plan would not allow the Parent and the Group to achieve the recovery goals originally set and deemed surmountable (for details on the relevant considerations, reference should be made to the notes and Directors' reports accompanying the 2020 and 2021 financial statements).

In order to update the assessment already carried out by the Board of Directors on this risk factor as of the approval of the 2020 Financial Statements, the Directors have herein made the following considerations:

- the deviations observed with respect to the Original Consolidated Plan are mainly attributable to the spread of the Covid-19 pandemic or related to additional one-off non-recurring events;
- the New Consolidated Plan seems to have been drawn up in accordance with reasonable and prudent criteria that include actions aimed at increasing volumes and improving profitability and shows the possibility of having, at the end of the plan, a balanced financial position and performance, and its feasibility is supported by the performance in the first half of 2022, whose results – that have not yet been subject to independent review – are in line with the relevant forecasts;
- the feasibility of the New Consolidated Plan is confirmed by figures at 30 June 2022 that are in line

with the forecast of revenue and recurring EBIDTA for the first half of 2022, formulated at the approval of the 2021 financial statements, orders acquired in the first half of 2022 amounting to approximately Euro 391.3 million increasing by 22% compared to the same period of the previous year, an order backlog of Euro 633.1 million that was up by 39% with respect to 31 December 2021 and a net financial debt that grew from Euro 251.8 million at 31 December 2020 to Euro 274.6 million at 30 June 2022, in line with forecasts. With reference to considerations regarding potential impacts arising from the Russia-Ukraine conflict and the prolonged health emergency from Covid-19, reference should be made to the sections on "Impacts of the Russia-Ukraine Conflict", "COVID-19" and "Risk related to the trend in raw material prices" of this report, respectively;

- the IBR carried out by Alvarez & Marsal on the New Consolidated Plan and shared with the Lending Banks confirmed the reasonableness and feasibility of the same;
- the New Financial Restructuring currently under definition, whose content has been subject to comments of both institutional shareholders (*i.e.*, CDPE and Polaris) and banks of the steering committee through consultants, would allow, with the capital strengthening transaction, to further strengthen the financial position and performance of the Group, also giving a boost to the business as well as to the achievement of the recovery goals in accordance with the New Consolidated Plan;

Furthermore, the reasonableness and feasibility of the New Consolidated Plan will be further supported by the fact that it is currently being certified by the appointed expert, Mario Ravaccia, who meets the requirements provided for by the Italian Bankruptcy Law and whose work is in progress, thus representing an additional form of protection for Directors and the other stakeholders involved. In this regard, on 10 August 2022 the expert issued a comfort letter confirming that, on the assumption that the circumstances herein described occur, the New Consolidated Plan can be deemed certifiable pursuant to Art. 56, paragraph 3 of the CCII based on appropriate arrangements with the Lending Banks.

In conclusion, the Directors observed that, despite the encouraging signals given from the interim financial report figures, the achievement of the objectives set in the New Consolidated Plan still depends on the completion of the New Agreement that incorporate the contents of the New Financial Restructuring, implementing the same.

Concluding remarks

In conclusion, as fully explained in the previous paragraphs and in the additional sections expressly referred to therein, there are some uncertainties arising from the Group's exposure to risks which, as mentioned above, have different levels of magnitude and for which consequent measures were put in place as form of protection. At present, there remains the main risk connected to the conclusion of the negotiations with the Lending Banks – in the current situation of de facto standstill – aimed at finalising the New Agreement, which determines the existence of a significant uncertainty that may cast relevant doubt on the ability of the Parent and the Group to continue operating as a going concern. Nevertheless, the Board of Directors, taking into account all of the circumstances outlined above and in light of the status of the discussions in progress with the Lending Banks and their advisors, deems it appropriate to prepare the Trevi Group interim financial report at 30 June 2022 on a going concern basis.

2.3 Accounting policies and basis of preparation

Background

The Condensed Interim Consolidated Financial Statements refer to the six-month period ended 30 June 2022 and were prepared pursuant to Art. 154-*ter* paragraphs 2 and 3 of the Italian Consolidated Finance Act, in accordance with IAS 34 – Interim Financial Reporting. They consist of the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and these Notes.

IAS 34 allows for the preparation of "condensed" interim financial statements, namely based on minimum disclosures that are significantly lower than those required by IFRS as a whole, if complete financial statements prepared in accordance with IFRS have previously been made available to the public. These Interim Consolidated Financial Statements were prepared in a condensed form and should therefore be read together with the Consolidated Financial Statements of the Group at 31 December 2021 prepared in accordance with the IFRS endorsed by the European Union, to which reference should be made to better understand the accounting policies and criteria applied.

The drawing up of interim financial statements in accordance with IAS 34 calls for judgements, estimates and assumptions that may have an impact on assets, liabilities, costs and revenue. Actual figures may differ from those obtained on the basis of these estimates.

Financial statements

The Condensed Interim Consolidated Financial Statements are made up of the Statement of Financial Position, the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and these Notes. The Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity figures for the six months ended 30 June 2022 are compared to the corresponding figures of the interim financial statements at 30 June 2021, while the Statement of Financial Position figures at 30 June 2022 are shown with the corresponding amounts at 31 December 2021.

The Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows are drafted in the long form. The presentation currency is the Euro, being this currency principally used in the countries in which the companies of the TREVI Group operate. All the amounts stated are in thousands of Euro, unless otherwise indicated.

Finally, these Condensed Interim Consolidated Financial Statements at 30 June 2022 were reviewed by KPMG S.p.A..

Changes to accounting policies

For the preparation of the Condensed Interim Consolidated Financial Statements at 30 June 2022, except for what became applicable starting from 1 January 2022 and explained below, the Group applied the same accounting policies and basis of preparation adopted in the consolidated financial statements at 31 December 2021, to which reference should be made for a more complete disclosure. In preparing the Condensed Interim Consolidated Financial Statements at 30 June 2022, the Group did not opt for the early application of standards, interpretations or improvements issued for which application is not yet mandatory.

Newly issued and endorsed standards and interpretations effective from 1 January 2022.

Below is a list of the standards, amendments and interpretations issued by IASB and endorsed by the European Union applied starting from 1 January 2022:

Standard/Interpretation	**IASB effective date**
Amendments to: ▪ IFRS 3 Business combinations; ▪ IAS 16 Property, plant and equipment; ▪ IAS 37 Provisions, contingent liabilities and contingent assets 2018-2020 Annual Improvements issued on 14 May 2020	1 January 2022

The adoption of the amendments introduced starting from 1 January 2022 did not have any significant impact on this Interim Financial Report.

Endorsed standards and interpretations that are not adopted in advance by the Company

Below are the standards, amendments and interpretations issued by the IASB and the International Financial Reporting Standard Interpretations Committee ("IFRS IC") whose endorsement process has been completed by the competent bodies of the European Union at the reporting date of this Interim Financial Report:

Standard/Interpretation	**IASB effective date**
Amendments to IAS 1 (Presentation of financial statements) and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023

IFRS 17 (Insurance contracts) issued on 18 May 2017, including the amendment to IFRS 17 issued on 25 June 2020	1 January 2023

With regard to the standards that will be applicable starting from 1 January 2023, there are no significant effects on the consolidated financial statements of the Group at present.

Published standards and interpretations for which the endorsement process has not yet been finalised

Below are the standards, amendments and interpretations issued by the IASB and IFRS IC whose endorsement process has not yet been completed by the competent bodies of the European Union at the reporting date of this Interim Financial Report:

Standard/Interpretation	**IASB effective date**
Amendments to IFRS 17 (Insurance contracts) – Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued on 9 December 2021	1 January 2023
Amendments to IAS 1 (Presentation of financial statements): Classification of current and non-current liabilities issued on 23 January 2020 and subsequent amendment issued on 15 July 2020	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023

Use of estimates

The preparation of consolidated financial statements requires the Directors to apply standards and methods which in certain circumstances are based on difficult and subjective judgements and estimates related to past experience and assumptions that are periodically considered reasonable and realistic, depending on the circumstances. Taking into account the joint document from the Bank of Italy/Consob/Isvap No. 2 of 6 February 2009, it is specified that estimates are based on the most recent information available to Directors at the time these Financial Statements were drawn up without undermining their reliability.

The application of these estimates and assumptions affects the amounts recognised in the Financial Statements, including the statement of financial position, the statement of profit or loss and the statement of cash flows, as well as the disclosure provided.

The Financial Statements items listed below are those that require more subjectivity than others from the Directors when preparing the estimates and for which a change in the conditions underlying the assumptions used may have a significant impact on the Consolidated Financial Statements of the Group:

- Measurement of non-current assets;
- Contract work in progress;
- Development costs;
- Deferred tax assets;
- Loss allowances;
- Employee benefits;
- Provisions for risks and charges;
- Measurement of financial assets and financial liabilities;
- Derivative instruments.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in the Statement of Profit or Loss for the period in which the change occurred.

Additional disclosures on financial instruments

With regard to derivatives recognised in the Statement of Financial Position at fair value, IFRS 9 requires that they are classified according to a fair value hierarchy that reflects the significance of the inputs used in determining the fair value. Specifically, the fair value hierarchy is made up as follows:

- Level 1: corresponds to quoted prices in active markets.
- Level 2: corresponds to prices calculated through elements taken from observable market data.
- Level 3: corresponds to prices calculated through data elements other than observable market data.

The following tables show the assets and liabilities at 30 June 2022 according to the categories provided by IFRS 9.

Key to IFRS 9 Categories	
Fair value through profit or loss	FVTPL
Fair value through other comprehensive income	FVOCI
Amortised cost	AC
HI – Hedging instrument	FVOCI or FVTPL

Below are the additional disclosures on financial instruments pursuant to IFRS9.

(in thousands of Euro)

	IFRS 9 categories	Notes	30/06/2022	Fair Value in Equity	Fair value through Profit or Loss	Effect on Profit or Loss
ASSETS						
Non-current financial assets						
Other non-current financial assets	AC		1,683			
Total non-current financial assets			**1,683**			
Current financial assets						
Other current financial assets	AC		11,137			
Current derivatives	FVTPL		-			
Current financial assets	AC		2,816			
Cash and cash equivalents	AC	10	67,068			
Total current financial assets			**81,021**			
Total financial assets			**82,704**			
LIABILITIES						
Non-current financial liabilities						
Long-term loans and borrowings	AC	11	8,243		171	
Long-term loans and borrowings from other financial backers	AC	11	71,352		415	
Non-current derivatives	FV		-			
Total non-current financial liabilities			**79,595**			

Current financial liabilities					
Short-term loans and borrowings	AC	17	200,857	4,748	4,164
Short-term loans and borrowings from other financial backers	AC	17	73,511		428
Current derivatives	FVTPL		-		
Total current financial liabilities			**274,368**		
Total financial liabilities			**353,963**		
Warrant	FVTPL		876		2,763

Exchange rates adopted

The exchange rates applied in the translation of financial statements and foreign currency balances at 30 June 2022 were the following (foreign exchange rate corresponding to 1 Euro):

	Currency	Average rate	Closing rate
United Arab Emirates Dirham	AED	4.0157	3.8146
Argentine Peso	ARS	122.51	129.90
Australian Dollar	AUD	1.5204	1.5099
Brazilian Real	BRL	5.5560	5.4229
Canadian Dollar	CAD	1.3901	1.3425
Swiss Franc	CHF	1.0319	0.9960
Chilean Peso	CLP	902.71	962.06
Chinese Renminbi	CNY	7.0825	6.9624
Colombian Peso	COP	4,282.41	4,279.07
Danish Krone	DKK	7.4402	7.4392
Algerian dinar	DZD	156.28	152.09
Egyptian pound	EGP	18.877	19.533
Pound Sterling	GBP	0.8424	0.8582
Hong Kong Dollar	HKD	8.5564	8.1493
Indian Rupee	INR	83.319	82.113
Japanese Yen	JPY	134.30	141.54
Kuwait Dinar	KWD	0.3330	0.3187
Libyan Dinar	LYD	5.1253	5.0129
Mexican Peso	MXN	22.166	20.964
Mozambican Metical	MZN	69.969	66.480
Nigerian Naira	NGN	454.13	430.82
Norwegian Crown	NOK	9.9816	10.3485
Omani Rial	OMR	0.4204	0.3994
Philippine Peso	PHP	56.998	57.150
Guarani	PYG	7,566.10	7,119.06
Qatari Riyal	QAR	3.9802	3.7809
Romanian Leu	RON	4.9457	4.9464
Saudi Riyal	SAR	4.1005	3.8951
Swedish Krona	SEK	10.480	10.730
Singapore Dollar	SGD	1.4921	1.4483
Thai Baht	THB	36.856	36.754
Turkish Lira	TRY	16.257	17.322
US dollar	USD	1.0935	1.0387
Uruguayan Peso	UYU	45.945	40.834

Consolidation scope

Compared to 31 December 2021, the consolidation scope at 30 June 2022 includes the Trevi Australia JV headed by the subsidiary Trevi Australia Pty Ltd with a 70% shareholding. At 30 June 2022, Trevi Foundations Saudi Arabia, which was no longer operational and was wound up during the first half of 2022, was excluded from the consolidation scope.

Impairment test at 30 June 2022

The Group checked the existence of impairment indicators at 30 June 2022 that could indicate the existence of impairment losses. This test was carried out both with reference to external sources (*inter alia*: market capitalisation and discount rates) and in relation to internal sources (*inter alia*: indications, deriving from the internal information system, about expected results).

Having found assumptions of impairment and based on the recommendations provided by Regulators, the Parent has updated, with reference to 30 June 2022, the impairment test carried out at 31 December 2021 pursuant to IAS 36 on the net invested capital in the consolidated financial statements. This update required:

- the estimate of the recoverable amount of Trevi and Soilmec CGUs at the first level;
- the estimate of the recoverable amount of the Group at the second level.

In accordance with IAS 36, the carrying amount of the asset or group of assets composing the cash-generating unit (CGU) was initially compared with its recoverable amount, which is the higher of fair value (less costs to sell) and the discounted net cash flows expected to be generated by the asset or group of asset composing the CGU (value in use).

This update determined the recoverability of the carrying amount of each CGU by the value in use, identified by discounting the plan cash flows of each CGU, or by the financial Discounted Cash Flow method, a method directly referred to in IAS 36.

This update was carried out by taking into account the actual financial position and financial performance figures at 30 June 2022, the forecasts for the second half of 2022 of the CGUs Trevi, Soilmec and Trevi Finanziaria Industriale of the Trevi Group, as well as the 2023 - 2026 forecasts of the CGUs Trevi, Soilmec and Trevi Finanziaria Industriale of the Trevi Group deriving from the 2022 - 2026 strategic plans prepared by Management with the support of PricewaterhouseCoopers and subject to independent business reviews by Alvarez & Marsal, approved by the Parent on 27 April 2022.

In addition, the financial parameters underlying the discounted cash flows were updated at 30 June 2022. In line with the method at 31 December 2021, a weighted average cost of capital "WACC" was calculated for the discounting of cash flows, updated at 30 June 2022 and determined according to the CAPM economic model (Capital Asset Pricing Model) for the CGUs business segment: the Foundations segment. The WACC was determined at 8.91%, and the individual variables were derived as follows:

- *risk-free rate:* 1.94%, rate of return on securities of a mature country (United States), equal to the average of 10Y Bonds relating to the twelve months prior to 30 June 2022;
- *beta levered*: 0.97, calculated as an average of the unlevered beta at 3Y of a sample of comparable companies written based on the average D/E ratio of the comparables (Source: *Bloomberg*);
- *equity risk premium*: used at a rate equal to 5.50% (as per best practices);
- *country risk:* 2.75%, this component was added to Ke after weighing the ERP for the *beta*, and was calculated as an average of the country risk of countries where the CGUs operate, weighted by the percentage of production of operating profit in these countries in 2026;

- *inflation differential:* 1.17%, this component was added to Ke in order to consider the effect of inflation and determine the real rate sources (Source: International Monetary Fund);
- *cost of the gross debt*: equal to 2.41% (post tax: 1.80%) determined as average actual rates of the Group's medium/long-term lines (that takes into account the current level of leverage);
- *financial structure:* D/D+E= 24.34%; E/D+E= 75.66%, determined as the average of the comparables already considered for the definition of the beta sources (Source: *Bloomberg*).

For the years after 2026, the cash flows of the CGUs have been calculated based on a Terminal Value determined by projecting in perpetuity the normalised operating profit of the last explicit plan year (2026), net of imputed tax at the full rate. Furthermore, a g growth rate was considered, based on the average expected inflation rate in countries where these CGUs operate, weighted by the percentage of operating profit in 2026 actually produced by these CGUs in those countries. In particular, the g growth rate identified is 3.17%. It is specified that for the purposes of determining the Terminal Value, on a prudential basis, the WACC was increased by 2 percentage points (namely a WACC equal to 10.91%).

What mentioned above did not highlight the need to impair the assets of the Trevi and Soilmec CGUs, compared to their carrying amount.

In addition, a further update was carried out in asset side mode, verifying that the recoverable amount of the Group's assets was higher than their carrying amount. The overall enterprise value was calculated using the sum-of-parts method (SOTP), or through the sum of:

- (+) the Enterprise Value of the Trevi and Soilmec CGUs;
- (+) the present value of cash flows of the Parent Trevi Finanziaria Industriale;
- (+) the value of the assets pertaining to ancillary investments;
- (-) the carrying amount of non-operating funds similar to financial debt.

The comparative carrying amount is derived (for consistency) on the basis of:

- (+) equity attributable to the owners of the parent at 30 June 2022;
- (+) the net financial debt, recognised at the carrying amount at 30 June 2022.

The comparison between the amounts above did not highlight the need to impair the assets of the Group compared to their carrying amount.

Finally, Management analysed the variability of the results of the second-level estimates, as the main input assumptions change, assuming alternatively: the increase in the discount rate (WACC) relevant for determining the Terminal Value and the variation of free cash flows from operating activities relevant for determining the Terminal Value.

A sensitivity analysis was first carried out on the discount rate (WACC) adopted for the Terminal Value to identify the rate increase that would bring the recoverable amount of the Group's assets to be at least equal to the relevant carrying amount (i.e., the zeroing of the headroom found in the second level of the test). In this case, a precise increase in the WACC of the TV of 1.14% for the Trevi and Soilmec CGUs (with WACC of the TV of 12.05% against a WACC for the TV of 10.91% adopted in the base case) would lead the recoverable amount to match the carrying amount of the Group's assets (with a first-level margin: for the Trevi CGU of

Euro 43.7 million compared to Euro 67.6 million in the base case and for the Soilmec CGU of Euro 7.7 million compared of Euro 22.5 million in the base case).

A sensitivity analysis was then carried out on the change in free cash flows from operating activities relevant to the determination of Terminal Value, keeping all the other estimate criteria and assumptions unchanged, to identify the percentage decrease in free cash flows from operating activities of Terminal Value that would bring the recoverable amount of the Group's assets to equal the relevant carrying amount.

This percentage of decrease was identified as 12.81% (corresponding to a FCFO of TV equal to: Euro 18.5 million for the Trevi CGU against FCFO of TV of base case equal to Euro 21.2 million and Euro 11.5 million for the Soilmec CGU against FCFO of TV of base case equal to Euro 13.1 million Euro). In this case, a first-level margin of Euro 43.7 million would be obtained for the Trevi CGU compared with Euro 67.6 million in the base case and Euro 7.7 million for the Soilmec CGU compared with Euro 22.5 million in the base case.

2.4 Notes to the main items of the Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2022

Below are the notes to the main items of the Consolidated Statement of Financial Position:

(1) Property, plant and equipment

Property, Plant and Equipment at 30 June 2022 totalled Euro 174 million, marking an increase of Euro 1 million compared to 31 December 2021 (Euro 173 million).

Changes in the first half of 2022 are summarised in the table below:

	Original cost at 31/12/2021	Accumulated depreciation on 31/12/2021	Carrying amount at 31/12/2021	Incr.	Decr.	Deprec.	Use of Provision	Adjustments	Reclass. of changes in acc. depr.	Reclass. of changes in historical cost	Exchange diff. in historical cost	Exchange diff. in acc. depr.	Original cost at 30/06/2022	Accumulated depreciation on 30/06/2022	Carrying amount at 30/06/2022
Land	13,560	(276)	13,284	(2)	(316)	(342)	0	0	(1,803)	2,688	226	(18)	16,156	(2,439)	13,717
Buildings	68,692	(34,546)	34,146	132	(613)	(1,749)	529	0	2,902	(3,678)	2,139	(1,239)	66,672	(34,103)	32,569
Plant and machinery	273,497	(178,432)	95,065	2,284	(9,503)	(6,832)	8,250	0	21,534	(21,952)	14,366	(9,157)	258,692	(164,637)	94,055
Industrial and commercial equipment	55,631	(41,458)	14,173	2,216	(4,494)	(2,375)	3,784	(303)	(19,511)	18,350	580	(297)	71,980	(59,857)	12,123
Other assets	47,956	(33,929)	14,027	1,196	(5,451)	(2,037)	2,070	0	556	(1,211)	1,174	(999)	43,664	(34,339)	9,325
Assets under construction and payments on account	2,449	0	2,449	7,744	0	0	0	0	0	2,309	96	0	12,598	0	12,598
TOTAL	**461,785**	**(288,641)**	**173,144**	**13,570**	**(20,377)**	**(13,335)**	**14,633**	**(303)**	**3,678**	**(3,494)**	**18,581**	**(11,710)**	**469,762**	**(295,375)**	**174,387**

The gross increases in the period were Euro 13.6 million, while the decreases were Euro 20.4 million. The exchange gains in the first half of the year amounted to Euro 6.9 million. The net effect of adjustments for the period show a loss of Euro 0.3 thousand.

(2) Intangible assets

Intangible assets at 30 June 2022 amounted to Euro 16.1 million, in line with the amount at 31 December 2021 (Euro 16 million).

Changes in the period are summarised in the table below:

	Original cost at 31/12/2021	Accumulated amortisation 31/12/2021	Carrying amount at 31/12/2021	Incr.	Decr.	Amort.	Use of Provision	Impairment	Exchange diff. in historical cost	Exchange diff. in Acc. Amortisation	Other Changes	Acc. Amortisation	Original cost at 30/06/2022	Accumulated amortisation 30/06/2022	Carrying amount at 30/06/2022
Goodwill	484	(478)	6	0	0	0	0	0	0	0	(19)	19	465	(459)	6
Development costs	44,824	(37,372)	7,452	10	0	(719)	0	0	0	0	(24)	24	44,810	(38,067)	6,743
Industrial patents and intellectual property rights	3,696	(3,164)	532	14	0	(73)	0	0	0	0	0	11	3,710	(3,226)	484
Concessions, licences, trademarks and similar rights	5,593	(5,406)	187	15	0	(771)	0	0	3	(3)	7,454	(33)	13,065	(6,213)	6,852
Assets under development and payments on account	7,432	0	7,432	1,678	0	0	0	0	26	0	(7,433)	0	1,703	0	1,703
Other intangible assets	4,161	(3,771)	390	0	(47)	(98)	34	0	178	(153)	(92)	92	4,200	(3,896)	304
TOTAL	**66,190**	**(50,191)**	**15,999**	**1,717**	**(47)**	**(1,661)**	**34**	**0**	**207**	**(156)**	**(114)**	**113**	**67,953**	**(51,861)**	**16,093**

Development costs at 30 June 2022 were Euro 6.7 million (Euro 7.5 million at 31 December 2021), with marginal gross increases compared to 31 December 2021; these costs, which meet the requirements of IAS 38, were capitalised and subsequently amortised from the start of production and over the average useful life of the related products.

Assets under development and payments on account increased by Euro 1.7 million, mainly attributable to the capitalisation of costs for implementing the new ERP software of the Parent.

No impairment losses on intangible assets were recognised during the period.

(3) Equity investments

Equity investments amounted to Euro 708 thousand, up by Euro 61 thousand compared to 31 December 2021. This increase was mainly attributable to the adjustment of the investment in Trevi Icos Nicholson JV, measured using the equity method.

(4) Deferred tax assets and deferred tax liabilities

	30/06/2022	31/12/2021	Change
Deferred tax assets	25,259	28,455	(3,196)
TOTAL	**25,259**	**28,455**	**(3,196)**
Deferred tax liabilities	(24,908)	(26,209)	1,301
TOTAL	**(24,908)**	**(26,209)**	**1,301**

Net deferred tax assets at the end of the period	351	2,246	(1,895)

Deferred tax assets refer in part to temporary differences and prior tax losses which, in accordance with tax regulations, may be recovered in future years and, for the remaining part, they refer to the deferred tax effects deriving from consolidation entries. At 30 June 2022, deferred tax assets amounted to Euro 25.3 million, down by Euro 3.2 million compared to 31 December 2021. Deferred tax assets are considered recoverable in part through the offsetting against deferred tax liabilities that will be concurrently reversed in the future and, for the remaining part, are attributable to the tax losses of the U.S. holding company, which generates, also prospectively, sufficient taxable income in its tax consolidation to recover net deferred tax assets.
Deferred tax liabilities mainly refer to the differences between the carrying amounts of assets and liabilities shown in the Consolidated Financial Statements and the corresponding amounts recognised for tax purposes in the countries where the Group operates. At 30 June 2022, deferred tax liabilities amounted to Euro 24.9 million, down by Euro 1.3 thousand compared to 31 December 2021. Losses carried forward at 30 June 2022 relating to the Italian companies participating in the tax consolidation scheme, on which deferred tax assets were recorded for Euro 2.5 million, totalled approximately Euro 182.4 million. These were calculated considering the estimates of future taxable amounts consistently with the profitability forecasts of the Group for the explicit period of the New Consolidated Plan.
Below the table showing the changes in question:

	Balance at 31/12/2021	Provisions	Decreases	Other changes	Balance at 30/06/2022
Deferred tax assets	28,455	(4,317)	(72)	1,193	25,259
Deferred tax liabilities	(26,209)	2,810	71	(1,580)	(24,908)

Other changes are mainly attributable to exchange differences.

(5) Derivatives

At 30 June 2022, no non-current derivatives were recognised.

(6) Trade receivables and other non-current assets

	30/06/2022	31/12/2021	Change
Trade receivables	3,930	2,137	1,793
Prepayments and accrued income	(411)	(411)	0
Other non-current assets	435	2	433
TOTAL	**3,954**	**1,728**	**2,226**

Trade receivables refer to receivables from third parties due after one year, for Euro 1.7 million from the subsidiary Swissboring Overseas Piling Corporation and Euro 2.2 million from the subsidiary Trevi Algeria.

(7) Inventories

Total inventories at 30 June 2022 amounted to Euro 138.6 million and were made up as follows:

	30/06/2022	31/12/2021	Change
Raw materials, consumables and supplies	91,748	78,756	12,992
Work in progress and semi-finished products	20,523	14,154	6,369
Finished goods	25,746	20,590	5,156
Payments on account	624	1,109	(485)
TOTAL INVENTORIES	**138,641**	**114,609**	**24,032**

Total inventories increased (Euro 24 million) with respect to 31 December 2021, mainly as the result of the production of rigs for underground engineering. Inventories are shown net of the allowance for inventory write-down of Euro 28.2 million (Euro 25.6 million at 31 December 2021) to cover the risk of obsolescence and the slow disposal of some inventory units at the end of the reporting period.

(8) Trade receivables and other current assets

The total amount at 30 June 2022 was Euro 283.4 million. This item is broken down as follows:

	30/06/2022	31/12/2021	Change
Trade receivables	207,420	213,672	(6,252)
Due from customers	37,143	30,110	7,033
Sub Total: Trade receivables	**244,563**	**243,782**	**781**
Due from associates	7,574	7,084	490
VAT assets	6,637	8,066	(1,429)
Due from others	19,627	10,129	9,498
Prepayments and accrued income	5,024	3,540	1,484
Total trade receivables and other current assets	**283,425**	**272,601**	**10,824**

Below is a breakdown of Due from customers and Due to customers:

	30/06/2022	31/12/2021	Change
Current assets			
Contract work in progress	39,840	30,207	9,633
Allowance for contract losses to complete	0	0	0
Total contract work in progress	***39,840***	***30,207***	***9,633***
Payments on account from customers	(2,697)	(97)	(2,600)
Total due from customers	**37,143**	**30,110**	**7,033**
Current liabilities:			
Contract work in progress	(6,768)	(4,942)	(1,827)
Due to customers	0	0	0
Payments on account from customers	(4,419)	(2,306)	(2,113)
Total due to customers	**(11,188)**	**(7,248)**	**(3,940)**

The loss allowance amounted to Euro 64.6 million. Changes relating to this allowance were as follows:

	Balance at 31/12/2021	Accruals	Uses of allowance	Releases	Other changes	Balance at 30/06/2022
Loss allowance	61,935	2,875	(457)	(2,707)	3,667	65,313
TOTAL	**61,935**	**2,875**	**(457)**	**(2,707)**	**3,667**	**65,313**

Accruals totalled Euro 2,875 thousand at 30 June 2022 and refer to individual measurement of receivables, based on a specific analysis of each position where there could be a collection risk. Uses of allowance were attributable for Euro 1.6 million to the credit positions of the Trevi Division and for Euro 1.5 million to positions of the Soilmec Division.

Prepayments and accrued income

This item is mainly composed of prepayments detailed as follows:

	30/06/2022	31/12/2021	Change
Accrued income	502	612	(110)
Prepayments	4,522	2,928	1,594
TOTAL	**5,024**	**3,540**	**1,484**

The breakdown of the item Due from others is as follows:

	30/06/2022	31/12/2021	Change
Due from employees	874	722	152
Advances to suppliers	13,299	4,459	8,840
Other	5,438	4,948	490
TOTAL	**19,611**	**10,129**	**9,482**

(9) Current tax assets

Tax assets, amounting to Euro 5.8 million (5.6 million at 31 December 2021) are mainly represented by direct taxes and tax advances.

(9a) Current financial assets

Current financial assets amounted to Euro 13.9 million at 30 June 2022 and mainly refer to the loan granted by the Parent to MEIL Global Holding BV, dated 31 March 2020 with a 3-year maturity date, which is classified under current financial assets starting from 1 April 2022, while Euro 1.3 million are attributed to the loans granted by the subsidiary Trevi S.p.A. to its associates and the remaining part to other financial assets related to the subsidiary Swissboring Dubai.

It is specified that the amount deposited in the Escrow Account related to the sale of the Oil & Gas Division, totalling Euro 8.7 million at 30 June 2022, was net of the loss allowance and was equal to zero.

(10) Cash and cash equivalents

This item is broken down as follows:

	30/06/2022	31/12/2021	Change
Bank and postal accounts	65,889	76,708	(10,819)
Cash-in-hand and cash equivalents	1,179	939	240
TOTAL	**67,068**	**77,647**	**(10,579)**

For the analysis of the net financial debt and cash and cash equivalents of the Trevi Group, reference should be made to the Directors' Report and the Statement of Cash Flows.

There are Group companies for which cash and cash equivalents on company current accounts are not immediately transferable abroad due to currency restrictions (mainly in Nigeria for an equivalent value of Euro 6.8 million).

(11) Equity

The breakdown of Equity at 30 June 2022 amounting to Euro 92,967 thousand is given below:

- *Share capital*

The Parent issued 150,855,693 shares, of which 20 are held as treasury shares. At 30 June 2022, the Parent's fully subscribed and paid-up share capital amounted to Euro 97,476 thousand.

– *Share premium reserve:*

At 30 June 2022 this item totalled Euro 13,053 thousand (unchanged compared to 31 December 2021). The balance of this reserve resulted from a reallocation of reserves carried out in compliance with the resolution for the allocation of the Parent's profit.

– *Legal Reserve*

The legal reserve is the share of the profit that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends. At 30 June 2022 this reserve was Euro 19,475 thousand (Euro 19,475 thousand at 31 December 2021).

Other reserves:

The other reserves are as follows:

– *Fair value reserve:*

This reserve includes the changes in fair value of derivatives measured as cash flow hedges under IAS 39.

– *Extraordinary reserve:*

The extraordinary reserve at 30 June 2022 was equal to zero being entirely used to cover accumulated past losses at 31 December 2021.

– *IFRS transition reserve:*

The item includes the effects of the transition to IFRS of the Group companies as of 1 January 2004.

– *Reserve for treasury shares:*

The reserve for treasury shares was Euro 736 thousand at 30 June 2022, unchanged compared to 31 December 2021.

– *Translation reserve:*

This reserve, equal to Euro 23,346 thousand at 30 June 2022, concerns the exchange differences from the translation into Euro of financial statements expressed in currencies other than the Euro; exchange rate fluctuations mainly occurred between the Euro and the US Dollar and between the Euro and the currencies of countries in the Middle East and Africa.

– *Retained Earnings/(Losses carried forward):*

The item includes the profit or loss of previous years, for the part not distributed as dividends to Shareholders.

(12) Loans and borrowings and loans and borrowings from other financial backers

	30/06/2022	31/12/2021	Change
Bank loans and borrowings	8,243	12,697	(4,454)
Lease liabilities	13,063	13,956	(893)
Loans and borrowings from other financial backers	58,289	58,743	(454)
Derivatives	0	0	0
TOTAL	**79,595**	**85,396**	**(5,801)**

Regardless of that indicated below in relation to the failure to comply with financial covenants at 31 December 2020, following the effectiveness of the Restructuring Agreement on 29 April 2020, bank loans and borrowings were rescheduled at 31 December 2024.

Lease liabilities amounted to Euro 13 million, mainly relating to the liability arising from the application of the new IFRS 16.

Loans and borrowings from other financial backers were entirely attributable to the Parent for a bond issue amounting to Euro 50 million.

Non-current derivatives were zero.

As specified under the paragraph "Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption", as a result of the failure to meet the covenants relating to bank loans and borrowings under the Restructuring Agreement, these have been presented in the financial statements with a short-term maturity, as shown in the table below.

	From 1 to 5 years	After 5 years	Total
Bank loans and borrowings	8,243		8,243
Lease liabilities	10,665	2,398	13,063
Loans and borrowings from other financial backers	58,289		58,289
TOTAL	**77,197**	**2,398**	**79,595**

(13) Post-employment benefits

The post-employment benefits and the provision for pensions amounted to Euro 11.3 million at 30 June 2022 and reflect the indemnity accrued at the end of the year by employees of Italian companies under the law and provisions made by foreign subsidiaries to cover liabilities accrued to employees.

These were determined as the present value of the defined benefit obligation and adjusted to take into account actuarial gains and losses. The effect recognised was calculated by an external and independent actuary based on the projected unit credit method.

Changes over the period were as follows:

	Balance at 31/12/2021	Accruals	Benefits and advances paid	Other changes	Balance at 30/06/2022
Post-employment benefits	4,948	301	(727)	2,926	7,448
Provisions for pensions and similar obligations	6,161	428	(203)	(2,500)	3,886
TOTAL	**11,109**	**729**	**(930)**	**426**	**11,334**

	30/06/2022	31/12/2021

Opening balance	4,948	5,404
Service cost	0	0
Interest expense	22	17
Benefits paid	(523)	(472)
Other changes	(1)	(2)
Closing balance	**4,446**	**4,948**

The main actuarial assumptions were:

Description	30/06/2022	31/12/2021
Annual technical discount rate	0.98%	0.98%
Annual rate of inflation	1.70%	1.70%
Annual rate of increase in total salaries	2.50%	2.50%
Annual rate of increases in post-employment benefits	2.78%	2.78%

(14) Provisions for risks and charges:

Provisions for risks and charges consist of:

	30/06/2022	31/12/2021	Change
Contractual risks	10,327	7,957	2,370
Work carried out under warranty	865	869	(4)
Loss allowance for investees	920	920	0
Dispute risks	314	106	208
Other provisions for risks	19,069	16,885	2,184
TOTAL Non-current provisions for risks and charges	**31,495**	**26,737**	**4,758**
Other provisions for risks	4,846	4,989	(143)
TOTAL Current provisions for risks and charges	**4,846**	**4,989**	**(143)**
TOTAL	**36,341**	**31,726**	**4,615**

The balance of the provision for contractual risks amounted to approximately Euro 10.3 million and was mainly attributable to the subsidiary Trevi S.p.A. for Euro 7.6 million, to the foreign subsidiaries of the Trevi Division for a total of Euro 1.5 million and to the companies of the Soilmec Division for approximately Euro 1.2 million. The provision for work carried out under warranty of Euro 0.9 million relates to the provisions for technical guarantees on products that can be serviced by companies in the engineering segment.

The loss allowance for investees of Euro 0.9 million refers to minor investments of Trevi S.p.A.

The provision for dispute risks equal to Euro 0.3 referred to the subsidiary Trevi S.p.A. for Euro 0.15 million and to the subsidiary Swissboring Qatar for Euro 0.15 million.

This provision represents Management’s best estimate of the liabilities that must be accounted for with reference to:

- Legal proceedings arising during the ordinary course of business;
- Legal proceedings involving tax authorities.

The item Other non-current provisions for risks and charges includes provisions for risks amounting to approximately Euro 8.8 million linked to the risk that the Parent will be required to settle a liability for the enforcement of guarantees. The item also includes bonuses to employees for Euro 5.3 million and debt assumption for a total amount of approximately Euro 3.9 million, mainly attributable to the Parent for Euro 2.8 million and Trevi S.p.A. for Euro 0.8 million.

The item Other current provisions for risks and charges, amounting to Euro 4.8 million at 30 June 2022, mainly includes provisions for risks attributable to the subsidiary Trevi France for approximately Euro 2.5 million, relating to contract work in progress, and additional provisions attributable to tax and legal disputes.
The nature of the Group business reduces the risks to which it is exposed as sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing or future proceedings cannot be estimated with certainty. It is possible that the outcome of such procedures will entail expenses for which provisions have not been made or which are not covered by insurance guarantees and, therefore, may have an impact on the financial position and financial performance of the Group. However, at 30 June 2022, the Group believed it does not have any contingent liabilities exceeding the amount set aside under the “Other Provisions” item in the category “Work carried out under warranty” as it considers that there is no probable outlay of resources.

Below are details of changes in current and non-current portions of provisions.

	Balance at 31/12/2021	Accruals	Uses	Other changes	Balance at 30/06/2022
Non-current portion	26,736	4,361	(664)	1,061	31,494
Current portion	4,989	25	(52)	(117)	4,846

(15) Other non-current liabilities

Other on-current liabilities amounted to approximately Euro 4.8 million at 30 June 2022 (Euro 6.9 million at 31 December 2021). The balance is almost entirely composed of the Warrant issued by the Parent in accordance with IAS 32 and provided for by the complex Restructuring Transaction carried out in 2020.

(16) Trade payables and other current liabilities

	30/06/2022	31/12/2021	Change
Trade payables	122,934	114,615	8,319
Payments on account	26,520	28,998	(2,478)
Due to customers	11,188	7,248	3,940
Due to associates	787	1,115	(328)
Due to social security institutions	3,813	3,654	159
Accrued expenses and deferred income	3,151	1,938	1,213
Other liabilities	21,987	19,678	2,309

VAT liabilities	8,306	9,691	(1,385)
TOTAL	**198,687**	**186,937**	**11,749**

Due to customers, amounting to Euro 11.2 million, shows the carrying amount of contract work in progress for which the amount of the advances collected exceeds the amount of the relating work.

Other liabilities:

The item Other liabilities mostly includes:

	30/06/2022	31/12/2021	Other changes
Due to employees	12,721	10,720	2,001
Other	9,266	8,958	308
TOTAL	**21,987**	**19,678**	**2,309**

Amounts due to employees relate to wages and salaries and holidays accrued but not taken.

(17) Current tax liabilities

Tax liabilities at 30 June 2022 amounted to Euro 9 million, down by Euro 0.8 million compared to 31 December 2021. The balance at 30 June 2021 includes liabilities related to estimated taxes pertaining to the first half of 2022.

(18) Short-term loans and borrowings and loans and borrowings from other financial backers

Short-term loans and borrowings amounted to Euro 200.9 million at 30 June 2022 and are broken down as follows:

	30/06/2022	31/12/2021	Change
Bank overdrafts	4,546	3,177	1,369
Bank loans and borrowings	191,809	193,736	(1,927)
Portion of mortgages and loans expiring within twelve months	4,501	4,222	279
TOTAL Short-term loans and borrowings	**200,856**	**201,135**	**(279)**

	30/06/2022	31/12/2021	Change
Lease liabilities	8,101	9,659	(1,558)
Loans and borrowings from other financial backers	65,410	54,127	11,283
TOTAL Loans and borrowings from other financial backers	**73,511**	**63,786**	**9,725**

Short-term loans and borrowings are made up of bank loans and borrowings and of the residual short-term portions of long-term mortgages.

For the purposes of classification between short and medium/long-term, as a result of the failure to meet the covenants relating to the bank loans and borrowings under the Restructuring Agreement, these have been presented in the financial statements with a short-term maturity, although the original maturity date of 2024 remains unchanged.

Lease liabilities include the principal of instalments due within one year and are governed by IFRS 16.

Loans and borrowings from other financial backers at 30 June 2022 mainly include amounts due to non-banking institutions.

Net financial debt

Below are financial disclosures prepared in accordance with CONSOB communication No. DEM/6064293 of 28 July 2006, updated with the provisions of ESMA guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice No. 5/21 of 29 April 2021. This statement shows a preliminary representation of the Group, based on the current guidelines and interpretations available.

		30/06/2022	31/12/2021	Change
A	Cash and cash equivalents	**67,068**	**77,647**	**(10,579)**
B	Other cash equivalents	2,776	8,845	
C	Other current financial assets	11,177	2,002	9,175
D	**Cash and cash equivalents (A+B+C)**	**81,021**	**88,494**	**(7,473)**
E	Current financial liabilities (including debt instruments)	260,305	249,533	10,772
F	Current portion of non-current debt	14,063	15,388	(1,325)
G	**Net financial debt (E+F)**	**274,368**	**264,921**	**9,447**
H	**Net current financial debt (G-D)**	**193,347**	**176,427**	**16,920**
I	Non-current financial liabilities	29,595	35,396	(5,801)
J	Debt instruments	50,000	50,000	0
K	Trade payables and other non-current liabilities	1,770	0	1,770
L	**Non-current financial debt (I+ J+ K)**	**81,365**	**85,396**	**(4,031)**
M	**Net financial debt (H+L) (as provided for by Consob warning notice No. 5/21 of 29 April 2021)**	**274,712**	**261,823**	**12,889**

Following the agreements reached with the MEIL Group for the sale of the Oil & Gas Division completed on 31 March 2020, the Parent provided an interest-bearing loan of Euro 10 million to MEIL Global Holdings BV, with three-year bullet repayment. Starting from 1 April 2022, this loan will be recognised in current financial assets.

Total financial debt (H+L) **(as provided for by Consob warning notice No. 5/21 of 29 April 2021)**	**274,712**	**261,823**	**12,889**
Other non-current financial assets	151	10,017	(9,866)
Total Net Financial Debt (M-O)	**274,561**	**251,806**	**22,755**

Based on the already mentioned considerations, the table above may undergo changes resulting from additional interpretative clarifications by regulators.

Financial assets do not include guarantee deposits to calculate the Net financial debt.

For the purposes of classification between short and medium/long-term, as a result of the failure to meet the covenants relating to the bank loans and borrowings under the Restructuring Agreement, these have been presented in the financial statements with a short-term maturity.

The warrant was not classified as financial debt in the net financial position since:

- the Parent has no contractual obligation to deliver cash to the holder of the Warrants;

- no interest of any kind accrues on this type of liability;

- this liability derives from an instrument that will provide the Company with a capital increase at the time of its possible future exercise.

GUARANTEES AND COMMITMENTS

The main guarantees provided are listed below:

- Guarantees given to Insurance companies (both in Euro and US dollars): these amounted to Euro 424,636,692.63 and refer to the issuance of sureties for VAT reimbursements of the Parent and the main Italian subsidiaries and to guarantees given in favour of leading US insurance companies, in the interest of the sub-subsidiary Trevi Icos Corporation, for the execution of its projects; these guarantees shall be reduced in proportion to the remainder of the work still to be performed at the end of each year. This category also includes guarantees agreed with local insurance companies agreed by the subsidiaries Trevi Foundations Philippines Inc. and Trevigalante SA.

- Guarantees given to third parties: these amounted to Euro 384,159,697.13 and refer in particular to:
  - Bank guarantees for Euro 268,000,310.98 to guarantee cash and unsecured lines of credit as well as leases for subsidiaries of Trevi Finanziaria Industriale S.p.A.;
  - Commercial guarantees (mainly to take part in tenders, performance bonds and contractual advances) for Euro 111,855,781.15;
  - Financial guarantees of Euro 4,303,604.99 issued to banks for loans received.

(19) Revenue from sales and services and other operating revenue

These items amounted to Euro 236.1 million compared to Euro 218.2 million in the first half of 2021, a decrease of approximately Euro 17.9 million.

The Group operates in various business segments and in different geographical segments.

The geographical breakdown of revenue from sales and services and other operating revenue is as follows:

	First half 2022	%	First half 2021	%	Change	%
Italy	24,021	10%	24,806	11%	(784)	-3%
Europe	28,214	12%	34,804	16%	(6,590)	-19%
U.S.A. and Canada	40,419	17%	57,820	27%	(17,401)	-30%
Latin America	16,393	7%	5,640	3%	10,753	191%
Africa	33,078	14%	23,706	11%	9,373	40%
Middle East and Asia	43,102	18%	43,937	20%	(835)	-2%
Far East and Rest of the World	50,898	22%	27,469	13%	23,429	85%
Total revenue	**236,125**	**100%**	**218,181**	**100%**	**17,944**	**8%**

The increase in revenue was mostly attributable to some job orders of the Trevi Division, especially in the Far East, Nigeria and Latin America.

The breakdown of revenue between the Foundations segment and the Parent is shown below:

	First half 2022	First half 2021	Change
Special foundation works	182,100	166,180	15,920
Manufacturing of special machinery for foundations	55,928	54,290	1,638
Intradivisional eliminations and adjustments	(2,890)	(2,642)	(248)
Sub-Total of Foundations Segment (Core Business)	**235,138**	**217,828**	**17,310**
Parent	**7,798**	**5,199**	**2,598**
Intradivisional and Parent eliminations	**(6,811)**	**(4,846)**	**(1,964)**
TREVI GROUP	**236,125**	**218,181**	**17,944**

Other operating revenue

The item Other operating revenue amounted to Euro 6.4 million in the first half of 2022, down by Euro 2.7 million compared to the first half of 2021. This item is broken down as follows:

	First half 2022	First half 2021	Change
Grants related to income	115	114	1
Recovery of expenses and recharges to Consortia	409	3,991	(3,582)
Sales of spare parts and raw materials	892	865	27
Gains on sale of operating assets	1,865	458	1,407
Compensation for damage	135	29	105
Lease income	62	266	(203)
Prior year income	649	709	(59)
Other	2,259	2,614	(355)
Total	**6,385**	**9,046**	**(2,661)**

Grants related to income refer to Trevi S.p.A. for Euro 76 thousand and to Soilmec S.p.A. for Euro 39 thousand. In the first half of 2022, Recovery of expenses and recharges to Consortia amounted to Euro 409 thousand, down by Euro 3.6 million compared to the same period of the previous year. Sales of spare parts amounted to approximately Euro 892 thousand, in line with the first half of 2021 and; gains on sale of operating assets amounted to Euro 1,865 thousand compared with Euro 458 thousand in the first half of 2021. Trevi Galante contributed to this increase for about Euro 1 million. Compensation for damage amounted to Euro 135 thousand, up by Euro 105 thousand compared to the first half of 2021. Prior year income amounted to Euro 649 thousand and was generated for approximately Euro 325 thousand by the Trevi Division and for Euro 253 thousand by the Parent. The item Other decreased by Euro 355 thousand.

(20) Internal work capitalised

The item Internal work capitalised amounted to Euro 4.2 million in the first half of 2022, marking a decrease of Euro 3.4 million compared to the first half of 2021.

PRODUCTION COST

Production cost totalled Euro 236.2 million in the first half of 2022, compared to Euro 222.6 million in the previous year, with an increase of Euro 11.4 million. This item is detailed below.

(21) Personnel expense

This item amounted to Euro 62.7 million in the first half of 2022, down by Euro 1 million over the first half of 2021.

	First half 2022	First half 2021	Change
Wages and salaries	48,885	48,839	45
Social security charges	11,569	11,363	206
Post-employment benefits	301	604	(303)
Pension fund	428	796	(368)
Other costs	1,516	2,135	(620)
Total	**62,699**	**63,738**	**(1,039)**

The breakdown of personnel and changes compared to the previous year is as follows:

	First half 2022	First half 2021	Change	Average
Executives	62	63	(1)	63
White-collar workers and Managers	1,142	1,623	(481)	1,383
Blue-collar workers	1,903	1,593	310	1,748
Total staff	**3,107**	**3,279**	**(172)**	**3,193**

The reductions in personnel expense were both due to the reduction in the Group's workforce, which went from 3,279 units at 30 June 2021 to 3,107 units in the first half of 2022 and to cost containment actions.

(22) Other operating expenses

This item amounted to Euro 76.04 million in the first half of 2022**,** up by Euro 6.1 million compared to the first half of 2021. The breakdown of this item is given below:

	First half 2022	First half 2021	Change
Services	62,763	55,297	7,466
Use of third-party assets	10,856	9,615	1,241
Other operating expenses	2,425	5,016	(2,591)
Total	**76,044**	**69,928**	**6,116**

Services

This item amounted to Euro 62.7 million in the first half of 2022, against Euro 55.3 million over the first half of 2021. This item mostly includes:

	First half 2022	First half 2021	Change
Sub-contracts	17,455	14,989	2,466
Technical, legal, tax consultancy services	8,050	6,648	1,403

Other expenses for the provision of services	10,013	7,777	2,236
Food, accommodation and travel expenses	4,594	3,523	1,071
Insurance companies	3,979	3,310	669
Shipping, customs and transport costs	6,643	5,562	1,081
Maintenance and repairs	2,084	3,787	(1,704)
Bank services	685	1,100	(415)
Expenses for energy, telephone, gas, water and post	1,285	1,231	54
Outsourcing	3,168	4,048	(880)
Technical assistance	2,811	650	2,161
Advertising and promotions	230	327	(98)
Administrative services	343	412	(68)
Driving force	423	1,206	(783)
Commissions and ancillary charges	846	642	204
Entertainment expenses	155	86	69
Consortium cost share	0	0	0
Total	**62,763**	**55,298**	**7,465**

Use of third-party assets:

This item amounted to Euro 10.8 million in the first half of 2022, an increase by Euro 1.2 million over the first half of 2021.

The item mainly refers to:

	First half 2022	First half 2021	Change
Equipment leases	9,047	7,725	1,322
Lease expense	1,809	1,889	(80)
Total	**10,856**	**9,615**	**1,241**

Equipment leases include operating lease costs relating to contracts that meet the requirements to be excluded from the accounting treatment provided by IFRS 16.

Other operating expenses:

This item amounted to Euro 2.4 million in the first half of 2022, a decrease of approximately Euro 2.6 million over the first half of 2021. Its composition is as follows*:*

	First half 2022	First half 2021	Change
Indirect duties and fees	957	1,106	(149)
Prior year expense	753	798	(45)
Other sundry expenses	573	1,780	(1,207)
Ordinary losses on the sale of assets	142	1,332	(1,190)
Total	**2,425**	**5,016**	**(2,591)**

(23) Provisions and impairment losses:

	First half 2022	First half 2021	Change
Provisions for risks	4,386	4,863	(477)
Accruals to loss allowances	1,424	447	977
Impairment losses	303	78	225
Total	**6,113**	**5,388**	**725**

Provisions for risks:
They amounted to Euro 4.4 million and mainly refer to accruals related to contractual risks and bonuses to employees for Euro 2.1 million and to provisions for contractual risks for Euro 2 million attributable to the Trevi Division for Euro 1.5 million, the Soilmec Division for Euro 0.4 million and the Parent for Euro 0.1 million.

Accruals to loss allowances:
The amount of Euro 1.4 million refers almost exclusively to the loss allowances for trade receivables of the individual subsidiaries relating to the Trevi Division for Euro 0.9 million and to the Soilmec Division for Euro 0.5 million.

Impairment losses:
Net impairment losses amounted to Euro 303 thousand in the first half of 2022, mainly due to the impairment losses on the assets of the Trevi Division.

(24) Financial income

Financial income amounted to Euro 3.1 million in the first half of 2022, with an increase of Euro 1.4 million compared to the first half of 2021.
This item is broken down as follows:

	First half 2022	First half 2021	Change
Bank interest income	95	145	(50)
Interest income on trade receivables	140	50	90
Other financial income	2,885	1,559	1,327
Total	**3,120**	**1,754**	**1,366**

There was a significant increase in financial income compared to the first half of 2021 due almost exclusively to Other financial income, which mainly relates to financial income deriving from the fair value measurement of the Warrant.

(25) Financial expense

Financial expense amounted to Euro 10.2 million in the first half of 2022, down by Euro 1.6 million compared to the first half of 2021.

This item is broken down as follows:

	First half 2022	First half 2021	Change
Interest expense on bank loans and borrowings	3,217	3,778	(561)
Financial expense from amortised cost measurement	4,748	4,748	(0)
Bank fees and commissions	1,111	1,091	20
Interest expense on loans	7	30	(23)
Interest expense on right-of-use assets	331	515	(184)
Expense deriving from the recognition of Warrants	513	0	513
Other financial expense	282	1,682	(1,400)
Total	**10,209**	**11,844**	**(1,635)**

Interest expense on bank loans and borrowings represents the costs associated with raising the financial resources necessary for the functioning of the Group's activities, which are mainly affected by the heads of the divisions.

(26) Exchange gains/(losses)

Net exchange losses amounted to Euro 4.7 million in the first half of 2022, mainly due to the fluctuation between the Euro and the following currencies:

US dollar, Nigerian Naira and Dirham of the UAE.

These losses are almost entirely unrealised.

The composition of this item is shown below:

	First half 2022	First half 2021	Change
Realised exchange gains	2,578	1,250	1,328
Realised exchange losses	(1,615)	(1,377)	(238)
Net realised exchange gains/(losses)	**963**	**(127)**	**1,090**
Unrealised exchange gains	21,156	11,101	10,056
Unrealised exchange losses	(26,801)	(13,499)	(13,302)
Net unrealised exchange losses	**(5,645)**	**(2,398)**	**(3,247)**
Net exchange losses	**(4,682)**	**(2,525)**	**(2,157)**

(27) Income taxes

Net income taxes for the period decreased by approximately Euro 5.3 million compared to the previous period and are broken down as follows:

	First half 2022	First half 2021	Change
Current taxes:			
- Regional Business Tax (IRAP)	0	0	0
- Income taxes	4,624	4,721	(97)
Change in deferred tax liabilities	(2,085)	2,601	(4,686)
Change in deferred tax assets	3,592	4,157	(565)
Total	**6,131**	**11,480**	**(5,349)**

Income taxes for the period refer to the estimate of direct taxes, calculated on the basis of the taxable income of the individual consolidated companies of the Group.
Taxes for foreign companies are calculated according to the rates in force in the respective countries.

(28) Earnings/(losses) per share

The calculation of basic and fully diluted earnings/(losses) per share was as follows:

		First half 2022 Profit/(Loss) from continuing operations	First half 2021 Profit/(Loss) from continuing operations
A	Loss for the period (thousands of Euro)	(19,776)	(29,249)
B	Weighted average number of ordinary shares for calculating earnings per share	150,855,693	150,855,693
C	Basic losses per share: (A*1000) / B	(0.13)	(0.19)
D	Loss adjusted for the dilution analysis (thousands of Euro)	(19,776)	(29,249)
E	Weighted average number of ordinary shares for calculating diluted earnings per share (B)	167,594,236	169,155,839
F	Diluted losses per share: (D*1000) / E	(0.12)	(0.17)

2.5 Related party transactions

The Trevi Group's related party transactions mainly consist of the commercial transactions of the subsidiary Trevi S.p.A. with its consortia, regulated at market conditions.

The most significant amounts of these non-current financial assets at 30 June 2022 are shown below:

	30/06/2022	31/12/2021	Change
Porto Messina S.c.a.r.l.	716	716	(1)
Pescara Park S.r.l.	627	602	25
Total	**1,343**	**1,319**	**24**

The most significant amounts of trade receivables and other current assets at 30 June 2022 are shown below:

	30/06/2022	31/12/2021	Change
Sofitre S.r.l.	244	2	242
Other	0	0	0
Sub-total	**244**	**2**	**242**
Porto Messina S.C.A.R.L.	826	810	15
Nuova Darsena S.C.A.R.L.	1,651	1,651	0
Trevi SGF INC S.C.A.R.L.	1,861	1,861	0
Treviicos-Nicholson JV (USA)	18	0	18
SEP SEFI (France)	2,550	2,552	(2)
Gemac S.r.l.	0	3	(3)
Filippella S.C.A.R.L.	26	47	(21)
Other	398	157	241
Sub-total	**7,330**	**7,081**	**249**
Total	**7,574**	**7,084**	**491**
% of consolidated trade receivables	3.0%	2.8%	

The Group revenue generated with these companies is shown in the following table:

Revenue from sales and services	First half 2022	First half 2021	Change
Parcheggi S.p.A.	0	46	(46)
Sofitre S.r.l.	200	0	200
Other	0	0	0
Sub-total	**200**	**46**	**154**
Treviicos-Nicholson JV (USA)	17	2,208	(2,191)
Hercules Trevi Foundation AB	273	0	273
Other	129	288	(159)
Sub-total	**420**	**2,496**	**(2,076)**
Total	**620**	**2,542**	**(1,922)**
% of total revenue	0.3%	1%	

Financial income	First half 2021	First half 2021	Change
Bologna Park - S.r.l.	7	0	7
Other	2	0	2
Total	**9**	**0**	**9**

The most significant amounts due to related parties at 30 June 2023 included in Trade payables and other current liabilities are shown below:

	30/06/2022	31/12/2021	Change
IFC Ltd	173	173	0
Sofitre S.r.l.	22	340	(318)
Sub-total	**194**	**512**	**(318)**
Filippella S.C.A.R.L.	3	3	0
Nuova Darsena	120	120	0
Porto Messina S.c.a.r.l.	234	234	(0)
Trevi SGF INC S.C.A.R.L.	90	90	0
Other	146	155	(9)
Sub-total	**593**	**602**	**(9)**
Total	**787**	**1,115**	**(328)**
% of consolidated trade payables	0.6%	1.0%	

Expenses incurred by the Group with these companies were as follows:

Consumption of raw materials and external services	First half 2022	First half 2021	Change
Sofitre S.r.l.	0	0	0
Sub-total	**0**	**0**	**0**
Treviicos-Nicholson JV (USA)	0	51	(51)
Other	0	3	(3)
Sub-total	**0**	**54**	**(54)**
Total	**0**	**54**	**(54)**
% of consumption of raw materials and consolidated external services	0.0%	0.0%	

3 Segment reporting

The Group identified the breakdown by business of activity as the primary framework for presenting segment data, for the purposes of segment reporting. This representation reflects the organisation of the Group's business and internal reporting structure, based on the consideration that risks and benefits are influenced by the business sectors in which the Group operates.
Management monitors the operating results of its business units separately in order to make decisions regarding the allocation of resources and assessment of performance. Segment performance is evaluated on operating profit or loss, which, as shown in the tables below, is calculated differently from the operating profit or loss shown in the Consolidated Financial Statements.

Segment statement of profit or loss and statement of financial position figures at 30 June 2022 are provided in the following tables and further information on the performance of the two divisions is given in the Directors' Report.
Management believes business segments are the primary segment disclosure for understanding the business of the Group whilst geographical segment disclosure is the secondary segment; the Directors' Report includes comments on the summary data shown in these Notes on segment reporting.

TREVI DIVISION
Statement of Financial Position summary (in thousands of Euro)

	Trevi Division Statement of Financial Position Summary	30/06/2022	31/12/2021	Change
A)	**Non-current assets**	**127,981**	**119,865**	**8,115**
B)	**Net working capital**			
	- Inventories	74,904	63,958	10,946
	- Trade receivables	181,460	173,505	7,955
	- Trade payables (-)	(103,175)	(104,112)	936
	- Payments on account (-)	(28,020)	(26,708)	(1,312)
	- Other liabilities	(23,503)	(29,017)	5,513
		101,665	**77,626**	**24,039**
C)	**Assets held for sale and liabilities associated with assets held for sale**			
D)	**Invested capital less liabilities (A + B)**	**229,646**	**197,491**	**32,155**
E)	**Post-employment benefits (-)**	**(8,361)**	**(7,801)**	**(559)**
F)	**NET INVESTED CAPITAL (C+D)**	**221,285**	**189,690**	**31,595**

TREVI DIVISION

Statement of Profit or Loss summary (in thousands of Euro)

Trevi Division Statement of Profit or Loss Summary	First half 2022	First half 2021	Change
TOTAL REVENUE	**182,100**	**166,180**	**15,920**
Change in work in progress, semi-finished products and finished goods	(0)	(0)	(0)
Internal work capitalised	499	526	(27)
Other operating revenue			0
PRODUCTION REVENUE	**182,599**	**166,706**	**15,893**
Consumption of raw materials and external services	(112,592)	(94,250)	(18,342)
Other operating expenses	(1,936)	(3,879)	1,943
VALUE ADDED	**68,071**	**68,578**	**(507)**
% of Total Revenue	37.38%	41.27%	
Personnel expense	(44,647)	(46,756)	2,109
GROSS OPERATING PROFIT	**23,424**	**21,822**	**1,602**
% of Total Revenue	12.86%	13.13%	
Depreciation and amortisation	(10,383)	(14,016)	3,633
Provisions and impairment losses	(4,121)	(2,167)	(1,954)
OPERATING PROFIT	**8,920**	**5,638**	**3,281**
% of Total Revenue	4.90%	3.39%	

SOILMEC DIVISION
Statement of Financial Position summary (in thousands of Euro)

	Soilmec Division Statement of Financial Position Summary	30/06/2022	31/12/2021	Change
A)	**Non-current assets**	**43,990**	**49,355**	**(5,366)**
B)	**Net working capital**			
	- Inventories	98,458	77,487	20,971
	- Trade receivables	47,615	64,493	(16,878)
	- Trade payables (-)	(53,882)	(53,625)	(257)
	- Payments on account (-)	(5,752)	(4,765)	(986)
	- Other liabilities	(3,230)	(2,639)	(591)
		83,208	**80,951**	**2,257**
C)	**Assets held for sale and liabilities associated with assets held for sale**			
D)	**Invested capital less liabilities (A + B)**	**127,198**	**130,306**	**(3,108)**
E)	**Post-employment benefits (-)**	**(2,227)**	**(2,538)**	**311**
F)	**NET INVESTED CAPITAL (C+D)**	**124,971**	**127,768**	**(2,797)**

SOILMEC DIVISION
Statement of Profit or Loss summary (in thousands of Euro)

Soilmec Division Statement of Profit or Loss Summary	First half 2022	First half 2021	Change
TOTAL REVENUE	**55,928**	**54,290**	**1,638**
Change in work in progress, semi-finished products and finished goods	6,919	3,831	3,088
Internal work capitalised	3,732	6,818	(3,086)
Other operating revenue			0
PRODUCTION REVENUE	**66,579**	**64,939**	**1,640**
Consumption of raw materials and external services	(51,444)	(49,551)	(1,893)
Other operating expenses	(354)	(988)	634
VALUE ADDED	**14,781**	**14,400**	**382**
% of Total Revenue	26.43%	26.52%	
Personnel expense	(14,239)	(13,520)	(719)
GROSS OPERATING PROFIT	**542**	**879**	**(337)**
% of Total Revenue	0.97%	1.62%	
Depreciation and amortisation	(3,070)	(3,145)	75
Provisions and impairment losses	(1,282)	591	(1,872)
OPERATING LOSS	**(3,809)**	**(1,675)**	**(2,134)**
% of Total Revenue	-6.81%	-3.08%	

RECONCILIATION STATEMENT AT 30 June 2022

Statement of Financial Position summary (in thousands of Euro)

	Statement of Financial Position	Trevi Division	Soilmec Division	Trevi Finanziaria	Adjustments	Trevi Group
A)	**Non-current assets**	**127,981**	**43,990**	**220,188**	**(200,972)**	**191,187**
B)	**Net working capital**					
	- Inventories	74,904	98,458	0	(1,650)	171,712
	- Trade receivables	181,460	47,615	31,673	(42,649)	218,099
	- Trade payables (-)	(103,175)	(53,882)	(10,828)	44,240	(123,646)
	- Payments on account (-)	(28,020)	(5,752)	(1,014)	1,059	(33,728)
	- Other liabilities	(23,503)	(3,230)	(23,229)	4,096	(45,867)
		101,665	**83,208**	**(3,398)**	**5,096**	**186,570**
C)	**Assets held for sale and liabilities associated with assets held for sale**	**0**	**0**	**0**	**0**	**0**
D)	**Invested capital less liabilities (A + B)**	**229,646**	**127,198**	**216,790**	**(195,876)**	**377,757**
E)	**Post-employment benefits (-)**	**(8,361)**	**(2,227)**	**(605)**	**(142)**	**(11,334)**
F)	**NET INVESTED CAPITAL (C+D)**	**221,285**	**124,971**	**216,185**	**(196,018)**	**366,423**

In the statement of financial position, the column Adjustments includes, for non-current assets the elimination of equity investments and the elimination of intragroup non-current financial assets, for trade receivables and payables the remaining intragroup eliminations, for Group equity the offsetting entry for the elimination of equity investments.

RECONCILIATION STATEMENT AT 30 June 2022

Statement of Profit or Loss summary (in thousands of Euro)

Statement of Profit or Loss	Trevi Division	Soilmec Division	Trevi Finanziaria	Adjustments	Trevi Group
TOTAL REVENUE	**182,100**	**55,928**	**7,798**	**(9,701)**	**236,125**
Change in work in progress, semi-finished products and finished goods	(0)	6,919	0	159	7,078
Internal work capitalised	499	3,732	0	2	4,234
Other operating revenue	0	0	0	0	0
PRODUCTION REVENUE	**182,599**	**66,579**	**7,798**	**(9,539)**	**247,437**
Consumption of raw materials and external services	(112,592)	(51,444)	(5,140)	7,885	(161,291)
Other operating expenses	(1,936)	(354)	(63)	(71)	(2,424)
VALUE ADDED	**68,071**	**14,781**	**2,595**	**(1,725)**	**83,721**
% of Total Revenue	37.38%	26.43%	33.27%		35.46%
Personnel expense	(44,647)	(14,239)	(3,401)	(412)	(62,699)
GROSS OPERATING PROFIT (LOSS)	**23,424**	**542**	**(807)**	**(2,137)**	**21,022**
% of Total Revenue	12.86%	0.97%	-10.35%		8.90%
Depreciation and amortisation	(10,383)	(3,070)	(1,932)	395	(14,990)
Provisions and impairment losses	(4,121)	(1,282)	(888)	178	(6,113)
OPERATING PROFIT/(LOSS)	**8,920**	**(3,809)**	**(3,627)**	**(1,564)**	**(81)**
% of Total Revenue	4.90%	-6.81%	-46.51%		-0.03%

3 Significant events after the reporting period at 30 June 2022

Commercial and production activities continued in both the Trevi and Soilmec Divisions: in the two-month period July/August 2022, new orders were acquired for a total of Euro 40 million, of which Euro 19.8 million relating to the Trevi Division and Euro 21.7 million relating to the Soilmec Division and the order backlog at 31 August 2022 amounted to Euro 594 million (Euro 633 million at 30 June 2022, against Euro 413 million at 31 August 2021).

The Group's net financial debt amounted to Euro 269.6 million at 31 July 2022 compared to Euro 274.6 million recognised at 30 June 2022.

On 11 August, following the appointment by the Shareholders' Meeting of the new Board of Directors, its first meeting was held.

Negotiations continued with the Banks with a view to reaching the new Agreement, which is expected to be signed between the end of October and the first half of November.

Work also continued on the extension of the new SAP computer system to other Trevi Group companies.

4 Significant non-recurring events and transactions

There were no significant non-recurring events and transactions in the first half of 2022. However, in the first half of 2022, non-recurring costs related to restructuring activities were recognised for approximately Euro 2 million.

5 Positions or transactions deriving from atypical and/or unusual transactions

In the first half of 2022, the Trevi Group did not record positions or transactions deriving from atypical and/or unusual transactions.

Annexes

The following annexes supplement the information contained in the Notes to the condensed interim consolidated financial statements of which they form an integral part.

1 Companies included in the condensed interim consolidated financial statements at 30 June on a line-by-line basis

2 Organisational chart of the Group

Annex 1

Companies included in the condensed interim consolidated financial statements at 30 June 2022 on a line-by-line basis

COMPANY NAME	COUNTRY	CURRENCY	SHARE/QUOTA CAPITAL	% HELD BY THE GROUP
TREVI – Finanziaria Industriale S.p.A.	Italy	Euro	97,373,554	Parent
6V Srl	Italy	Euro	154,700	50.89%
Arabian Soil Contractors Ltd	Saudi Arabia	Saudi Riyal	1,000,000	99.78%
Foundation Construction Ltd	Nigeria	Naira	28,006,440	80.15%
Galante Cimentaciones Sa	Peru	US Dollar	1,213,612	99.78%
Galante Foundations Sa	Republic of Panama	US Dollar		99.78%
Hyper Servicos de Perfuracao Ltda	Brazil	Brazilian Real	1,200,000	50.96%
Idt Fzco	United Arab Emirates	United Arab Emirates Dirham	1,000,000	99.80%
Idt Llc Fzc	United Arab Emirates	United Arab Emirates Dirham	6,000,000	94.82%
Parcheggi S.p.A.	Italy	Euro	307,536	60.00%
Pilotes Trevi Sacims	Argentina	Argentine Peso	446,920,542	99.76%
Pilotes Trevi Sacims - Paraguay	Paraguay	Guarani		99.76%
Pilotes Uruguay Sa	Uruguay	Uruguayan Peso	80,000	99.76%
Profuro Intern. Lda	Mozambique	Metical	36,000,000	99.29%
PSM S.p.A.	Italy	Euro	1,000,000	99.92%
RCT Explore Colombia SAS	Colombia	US Dollar	1,141,347	99.78%
RCT S.r.l.	Italy	Euro	500,000	99.78%
Soilmec Algeria	Algeria	Algerian dinar	1,000,000	69.94%
Soilmec Australia Pty Ltd.	Australia	Australian Dollar	100	99.92%
Soilmec Colombia Sas	Colombia	Colombian Peso	371,433,810	99.92%
Soilmec Deutschland Gmbh	Germany	Euro	100,000	99.92%
Soilmec do Brasil Sa	Brazil	Brazilian Real	5,500,000	83.75%
Soilmec F. Equipment Pvt. Ltd	India	Indian Rupee	500,000	79.94%
Soilmec France Sas	France	Euro	1,100,000	99.92%
Soilmec H.K. Ltd	Hong Kong	Euro	44,743	99.92%
Soilmec Investment Pty Ltd.	Australia	Australian Dollar	100	99.92%
Soilmec Japan Co. Ltd	Japan	Japanese Yen	45,000,000	92.93%
Soilmec North America Inc.	U.S.A.	US Dollar	10	79.94%
Soilmec Singapore Pte Ltd	Singapore	Singapore Dollar	100,109	99.92%
Soilmec S.p.A.	Italy	Euro	25,155,000	99.92%
Soilmec U.K. Ltd	United Kingdom	British Sterling	120,000	99.92%
Soilmec WuJiang Co. Ltd	China	Renminbi	58,305,193	99.92%
Swissboring & Co. LLC	Oman	Omani Rial	250,000	99.78%
Swissboring Overseas Piling Corp. Ltd (Dubai)	United Arab Emirates	United Arab Emirates Dirham	6,000,000	99.78%
Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.78%
Swissboring Qatar WLL	Qatar	Qatari Riyal	250,000	99.78%
Trevi Algerie EURL	Algeria	Algerian dinar	53,000,000	99.78%
Trevi Arabco JV	Egypt	US Dollar		99.78%
Trevi Australia Pty Ltd	Australia	Australian Dollar	10	99.78%
Trevi Australia JV	Australia	Australian Dollar		69.85%
Trevi Chile S.p.A.	Chile	Chilean Peso	10,510,930	99.76%
Trevi Cimentaciones CA	Venezuela	Euro	46,008,720	99.78%
Trevi Cimentacones y Consolidaciones Sa	Republic of Panama	US Dollar	9,387,597	99.78%
Trevi Construction Co. Ltd	Hong Kong	US Dollar	2,051,668	99.78%
Trevi Contractors BV	The Netherlands	Euro	907,600	99.78%
Trevi Drilling Services Saudi Arabia Co. Ltd	Saudi Arabia	Saudi Riyal	7,500,000	51.00%
Trevi Energy S.p.A. in winding-up	Italy	Euro	1,000,000	100.00%
Trevi Fondations Spéciales Sas	France	Euro	100,000	99.78%
Trevi Foundations Canada Inc	Canada	US Dollar	8	99.78%
Trevi Foundations Denmark A/S	Denmark	Danish Krone	2,000,000	99.78%
Trevi Foundations Kuwait Co. WLL	Kuwait	Kuwait Dinar	100,000	99.78%
Trevi Foundations Nigeria Ltd	Nigeria	Naira	500,000,000	59.75%

Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	52,500,000	99.78%
Trevi Foundations Saudi Arabia Co. Ltd	Saudi Arabia	Saudi Riyal	500,000	99.78%
Trevi Galante Sa	Colombia	Colombian Peso	1,000,000,000	99.78%
Trevi Geotechnik GmbH	Austria	Euro	100,000	99.78%
Trevi Holding USA Corporation	United States	US Dollar	1	99.78%
Trevi Insaat Ve Muhendislik AS	Turkey	Turkish Lira	9,660,600	99.78%
Trevi ITT JV	Thailand	US Dollar		99.78%
Trevi Panamericana Sa	Republic of Panama	US Dollar	1,221,366	99.78%
Trevi S.p.A.	Italy	Euro	32,300,000	99.78%
Trevi SpezialTiefBau GmbH	Germany	Euro	50,000	99.78%
TreviGeos Fundacoes Especiais Ltda	Brazil	Brazilian Real	5,000,000	50.89%
Treviicos Corporation	U.S.A.	US Dollar	23,500	99.78%
Treviicos Soletanche JV	United States	US Dollar		54.88%
Treviicos South Inc	U.S.A.	US Dollar	5	99.78%
Trevi-Trevi Fin.-Sembenelli UTE (Bordeseco)	Venezuela	US Dollar		94.89%
Wagner Constructions LLC	U.S.A.	US Dollar	5,200,000	99.78%

(*) Soilmec do Brasil Sa is 38.25% owned by the Group, however the percentage considered for consolidation purposes is 83.75%;

(*) Soilmec WuJiang Co. Ltd (*) is 51% owned by the Group, however it is fully consolidated.

(*) Swissboring & Co. LLC*) is 70% owned by the Group, however it is fully consolidated.

(*) Swissboring Qatar WLL is 49% owned by the Group, however it is fully consolidated;

(*) Trevi Arabco JV is 51% owned by the Group, however it is fully consolidated;

(*) Trevi Foundations Kuwait Co. WLL is 49% owned by the Group, however it is fully consolidated.

(*) Trevi ITT JV is 95% owned by the Group, however it is fully consolidated.

Legenda
Ownership
Company Name (Nation)
x%
Third Parties

TREVI-Finanziaria Industriale S.p.A.

Trevi Energy SpA in liquidazione

Parcheggi SpA 50%

Trevi SpA 99,78%

Trevi Contractors BV (The Netherlands)

Trevi Drilling Services (Saudi Arabia) 51%

Soilmec SpA 99,92%

Soilmec WuJiang Co Ltd (China) 51%
Soilmec do Brasil SA (Brasil) 38,25%
Soilmec Deutschland Gmbh (Germany)
PSM S.p.A (Italy)
Soilmec Japan (Japan) 93%
Soilmec Colombia SAS (Colombia)
Soilmec North America (U.S.A.) 80%
Soilmec France SAS (France)
Soilmec Algerie (Algerie) 70%
Soilmec UK LTD (U.K.)
Soilmec Investments Pty Ltd (Australia)
Soilmec Australia Pty Ltd (Australia)
Soilmec Singapore (Singapore)
Soilmec Hong Kong LTD (Hong Kong)
Soilmec Foundation Equipment LTD (India) 80%

RCT S.r.l. (Italy)
IDT FZCO (U.A.E.) 10% 55%
RCT Explore Colombia SAS (Colombia)
Trevi Spezialtiefbau Gmbh (Germany)
Trevi Algeria (Algeria)
Trevi Geotechnik Gmbh (Austria)
Trevi Cimentaciones y Consolidaciones SA (Republica de Panamá)
Arabian Soil Contractor (Saudi Arabia)

Swissboring & CO LLC (Oman)
Trevi Chile SpA (Chile)
Pilotes Trevi S.A. (Argentina) 1,9% 98,1%
Pilotes Uruguay S.A. (Uruguay)
Trevigeos Fundacoes Especiais (Brasil) 3% 48%
Swissboring LLC Qatar (Qatar)
Trevi Insaat Ve M. (Turkey)
Trevi Fondations Spéciales SAS (France)
Profuro LDA (Mozambique)
Foundation Construction Ltd. (Nigeria) 60,22%
Swissboring Overseas CO LTD Branch (U.A.E.)
Swissboring Overseas Piling CO (Switzerland)
Trevi Foundations Denmark AS (Denmark)
Trevi Cimentaciones CA (Venezuela) 94,98% 5,2%
Trevi Foundations Kuwait (Kuwait)
Trevi Construction Co LTD (Hong Kong)
Trevi Foundation Nigeria LTD (Nigeria)
Trevi Holding USA (U.S.A.)
Galante Found. S.A. (Republica de Panamá)
Trevi Panamericana SA (Republica de Panamá)
Trevi Philippines INC (Philippines)
Pilotes Trevi S.A. (Paraguay)
Trevi ICOS Corp (U.S.A.)
Trevi Galante S.A. (Colombia) 60% 40%
Galante Cimentaciones SA (Perú) 0,1% 99,9%
Trevi Australia JV (Australia) 70%
Trevi Australia Pty (Australia)
Trevi Foundation INC. (Canada)
Trevi ICOS South (U.S.A.)
Trevi ICOS Soletanche J.V. (U.S.A.) 55%

Statement on the Condensed Interim Consolidated Financial Statements pursuant to Art. 154-*bis* of Italian Legislative Decree No. 58/98 and to Art. 81-*ter* of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions.

1. The undersigned Giuseppe Caselli, Chief Executive Officer, and Massimo Sala, Director of Administration, Finance and Control as Manager in charge of financial reporting of the Trevi Group, hereby state, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company; and
- the effective application of the administrative and accounting procedures for preparing the Condensed Interim Consolidated Financial Statements for the first half of 2022.

2. It is also stated that:

2.1 The Condensed Interim Consolidated Financial Statements at 30 June 2022:

a) have been drafted in compliance with the applicable International Financial Reporting Standards endorsed in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) are consistent with the results of the ledgers and accounting records;
c) are suitable for giving a true and fair view of the financial position, financial performance and cash flows of the issuer and of all companies included in the scope of consolidation.

2.2 The Directors' report contains references to important events that occurred during the first six months of the year and their impact on the Condensed Interim Consolidated Financial Statements, together with a description of the main risks and uncertainties of the remaining six months of the year as well as information on significant transactions with related parties.

Cesena, 29 September 2022

[Signature]	[Signature]
Giuseppe Caselli	Massimo Sala
Chief Executive Officer	*Director of Administration, Finance and Control*