INTERIM FINANCIAL REPORT AS OF JUNE 30, 2023

SAIPEM

MISSION

We are committed to working alongside our customers, transforming their strategies and projects into competitive and sustainable infrastructures, plants and processes, accompanying them on the path to energy transition. We want to be the key ingredient in companies' energy transition, their bridge to a sustainable future.

OUR VALUES

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

Disclaimer

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should or are considered likely to occur in the future and are outside of the Group's control. These include, but are not limited to: exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including pandemic risks, geopolitical risks, supply chain risks and those risks related to ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions. Actual results could therefore differ materially from the forward-looking statements. The financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements and data are to be considered in the context of the date of their release.

COUNTRIES IN WHICH SAIPEM OPERATES

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

AMERICAS
Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Guyana, Mexico, Peru, Trinidad & Tobago, United States, Uruguay, Venezuela

CIS
Azerbaijan, Kazakhstan, Russia

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

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

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

BOARD OF DIRECTORS AND STATUTORY AUDITORS OF SAIPEM SpA

BOARD OF DIRECTORS[1]
Chairman
Silvia Merlo

CEO - General Manager
Alessandro Puliti[3]

Directors
Roberto Diacetti, Alessandra Ferone,
Patrizia Michela Giangualano, Davide Manunta[4], Marco Reggiani, Paul Schapira, Paola Tagliavini

BOARD OF STATUTORY AUDITORS[2]
Chairman
Giovanni Fiori

Statutory Auditors
Antonella Fratalocchi
Ottavio De Marco

Alternate Statutory Auditors
Maria Francesca Talamonti
Raffaella Annamaria Pagani

INDEPENDENT AUDITORS

KPMG SpA[5]

(1) Appointed by the Shareholders' Meeting on April 30, 2021, for the years 2021, 2022 and 2023, its mandate expiring at the Shareholders' Meeting convened to approve the financial statements as at December 31, 2023.
(2) Appointed by the Shareholders' Meeting on May 3, 2023, for three years, its mandate expiring at the Shareholders' Meeting convened to approve the financial statements as at December 31, 2025.
(3) Pursuant to Article 2386 of the Italian Civil Code, the Shareholders' Meeting on May 3, 2023, appointed Alessandro Puliti as member of the Board of Directors, his mandate expiring together with those of the current Directors, i.e., at the Shareholders' Meeting convened to approve the financial statements as at December 31, 2023. On May 3, 2023, the Board of Directors confirmed Alessandro Puliti, already General Manager of the Company, as Chief Executive Officer.
(4) Pursuant to Article 2386 of the Italian Civil Code, the Shareholders' Meeting on May 3, 2023, appointed Davide Manunta as member of the Board of Directors, his mandate expiring together with those of the current Directors, i.e., at the Shareholders' Meeting convened to approve the financial statements as at December 31, 2023.
(5) The Shareholders' Meeting of May 3, 2018, resolved to appoint KPMG SpA as the independent auditors from 2019 to 2027.

EMARKET SDIR CERTIFIED

INTERIM FINANCIAL REPORT AS OF JUNE 30, 2023

Interim results 2
Structure of the Saipem Group 3

INTERIM DIRECTORS' REPORT

Saipem SpA share performance 8
Operating Review 10
Organisational structure 10
Organisational structure: reporting 10
Continuing and Discontinued operations and non-current assets held for sale 10
Market conditions 11
New contracts and backlog 11
Capital expenditure 12
Asset Based Services and Offshore Wind 14
Asset Based Services 15
Offshore Wind 17
Energy Carriers, Sustainable Infrastructure and Robotics & Industrialized Solutions 20
Energy Carriers 20
Sustainable Infrastructures 23
Robotics & Industrialized Solutions 24
Offshore Drilling 26
Financial and economic results 28
Operating results 28
Balance sheet and financial position 33
Reclassified statement of cash flows 36
Key profit and financial indicators 37
Business Sustainability 39
Research and development 42
Health, Safety, Environment and Quality 49
Human resources 54
Digital, ICT Services 61
Risk management 64
Additional information 82
Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements 84
Glossary 86

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statements 92
Notes to the condensed interim consolidated financial statements 100
Information regarding censure by Consob pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998 and the notice from the Consob offices dated April 6, 2018 165
Information upon request of Consob pursuant to Article 114, subsection 5, of Legislative Decree No. 58/1998 ("TUF") 170
Certification pursuant to Article 154-*bis*, paragraph 5 of the Legislative Decree No. 58/1998 (Testo Unico della Finanza) 179
Independent Auditors' Report 180

Approved by the Board of Directors on July 26, 2023

INTERIM RESULTS

Introduction

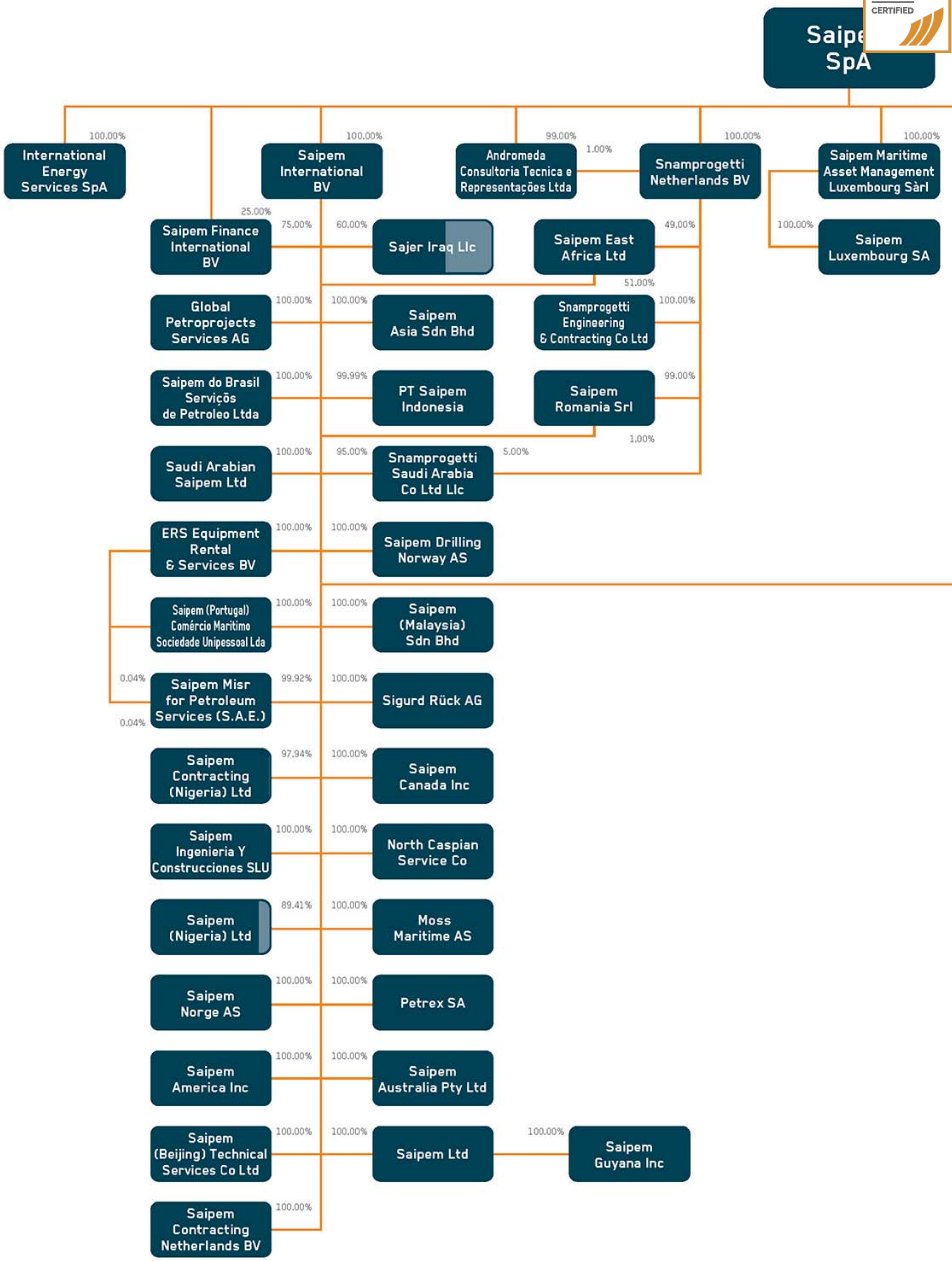
As a result of the announced sale of Onshore Drilling, the results of the divested segment were recognised as discontinued operations in accordance with the provisions of IFRS 5. For comparative purposes, the comparative periods have been restated in accordance with this accounting treatment in all parts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

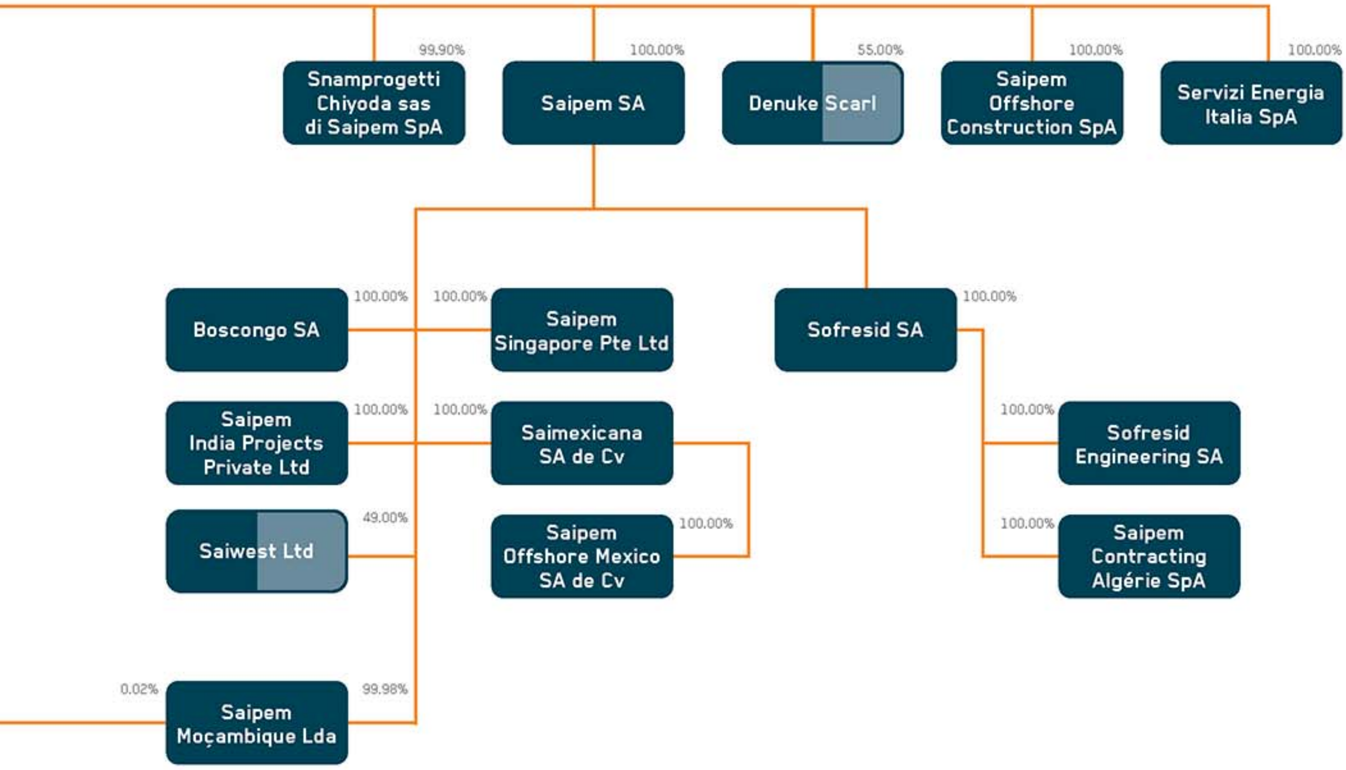
Interim results

The year 2022 closed with results confirming the improvement in the Group's performance, with a growth in revenues and positive EBITDA above expectations. The good operating performance for the year was also accompanied by an excellent level of new orders, relating largely to the offshore business, in line with the Plan's strategic guidelines.
Results for the first half of 2023 record a further improvement in performance, with revenues and adjusted EBITDA higher than the first half of 2022, by 28% and 56% respectively.
Revenues for the first half of 2023 amounted to €5,347 million (€4,187 million in the first half of 2022) and **adjusted EBITDA** amounted to €410 million (€263 million in the first half of 2022). The operating results reflect the improved operating performance compared to the first half of 2022, particularly for the Offshore activities, both Engineering & Construction and Drilling.
Asset Based Services accounted for 49% of revenue; Energy Carriers for 44% of revenue; Offshore Drilling contributed 7% of revenue.
The **Continuing operations adjusted net income** amounted to a profit of €40 million (a loss of €104 million in the first half of 2022). The positive change recorded in adjusted operating result (€146 million) is slightly decreased due to the worsening of the balance of tax and financial operations, partially offset by the improvement in the balance of investment management, totalling €2 million.
In the first half, non-recurring expenses have not been recognised, and the result from **Discontinued operations** is null.
In the corresponding period of 2022, the net result from Continuing operations showed a loss of €123 million and compared to the adjusted net result included costs deriving from the healthcare emergency and reorganisation of €19 million, while the net result from discontinued operations showed a loss of €7 million.
The **net result**, including the net result from Discontinued operations, recorded a profit of €40 million, so in line with Continuing operations net result.
Capital expenditure made during the first half of 2023, mainly related to maintenance and upgrades, amounted to €139 million (€86 million in the first half of 2022).
Pre-IFRS 16 **Net Financial Position** as of June 30, 2023 amounted to a net cash of €34 million recorded an increase of €22 million compared to December 31, 2022 (€56 million), despite the cash absorption of projects subject to backlog review. Net debt, including IFRS 16 lease liability of €322 million, amounted to €288 million.
In the first half of 2023, Saipem was awarded **new contracts** amounting to a total of €6,690 million (€4,228 million in the first half of 2022). The **backlog** as of June 30, 2023 amounted to €25,360 million (€12,366 million in Asset Based Services, €10,713 million in Energy Carriers and €2,281 million in Offshore Drilling), of which €5,297 million to be executed in 2023.
The backlog including non-consolidated companies as of June 30, 2023 amounted to €25,486 million.

STRUCTURE OF THE SAIPEM GROUP

(subsidiaries)


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



The chart shows only subsidiaries

INTERIM DIRECTORS' REPORT

SAIPEM SpA SHARE PERFORMANCE

After a 2022 strongly affected by high market volatility, investors started 2023 with more confidence, and January was a particularly positive month for the Italian and European markets, also in the light of a positive macroeconomic environment despite continued high interest rates and inflation. The positive phase continued until the beginning of March, when a series of factors, including the crisis of several local banks in the US, the repeated and substantial interest rate hikes decided by central banks to combat inflation, and the slowdown in global GDP growth, caused a sharp correction in share prices, reversing much of the growth accumulated in the previous months. However, this was followed by a recovery phase that brought prices back in line with the March highs.

In this context, in the first half of 2023, Saipem's share price increased by 13%, a performance below the FTSE MIB, which rose by 19% in the same period, but higher than the Stoxx 600 Oil&Gas index (-4%), comprised of a basket of European Oil&Gas and energy companies.

Saipem shares closed the first trading day of the year at €1.18 per share, reaching a six-month high on March 1 at €1.53 per share. This growth was driven, in addition to the positive phase in the markets, by a series of positive news items including: the award in January of two offshore contracts totalling around $900 million in Brazil and Norway; the signing by Saipem in February of two new credit lines for a total of €860 million, which enabled the company to further strengthen its financial structure and liquidity; also in February, the signing of a commercial collaboration agreement with Seaway 7 in the segment of offshore wind projects on fixed foundations and the presentation of the financial results for the fourth quarter of 2022; and lastly, the announcement in March of the award of a new offshore drilling contract in the Ivory Coast.

Subsequently, Saipem's share price fell sharply, in line with the market, due to the collapse of Silicon Valley Bank and Credit Suisse's difficulties, falling to a low of €1.14 on March 15, only to return within a month to values close to the six-month high (€1.50 on April 13).

In May and June, the shares went through a new downward phase, mainly driven by fears of a slowdown in the Chinese economy, which was reflected in a fall in the prices of energy stocks; in particular, there was a sharp drop in the price of oil at the end of May. Saipem shares closed the half-year at a price of €1.28, up 13% from the beginning of the year.

At the end of the first half of 2023, Saipem's market capitalisation stood at around €2.5 billion, with around 5 billion shares traded during the half year and a daily average of 41 million shares traded. The countervalue of the trades was around €7 billion, compared to €3.1 billion in the first half of 2022.

As for the savings shares, convertible at par into ordinary shares, at the end of June 2023 there were 1,059. Their value did not change during the half year, remaining at €77.0, due to the very small amount of trading that took place.

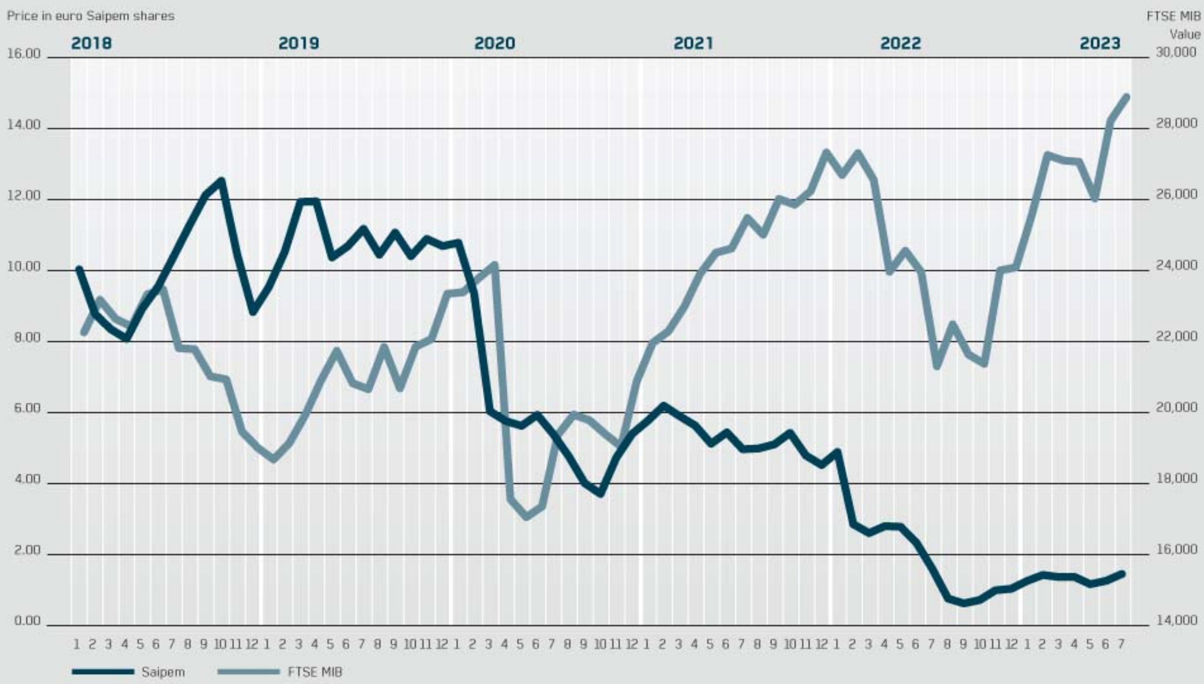
Details of performance during the reporting period are presented below.

Listing on the Milan Stock Exchange

(€)	2018	2019	2020	2021	2022	First half 2023
Ordinary shares:						
- maximum	13.76	12.63	11.28	6.66	5.12	1.53
- minimum	7.73	8.23	3.42	4.34	0.58	1.14
- average	9.97	10.76	5.93	5.30	2.00	1.33
- end of the period	8.20	10.93	5.54	4.63	1.13	1.28
Savings shares:						
- maximum	418.00	442.00	450.00	450.00	350.00	77.00
- minimum	400.00	400.00	420.00	360.00	72.50	77.00
- average	402.72	414.28	433.65	418.44	136.68	77.00
- end of the period	400.00	420.00	450.00	370.00	77.00	77.00

The figures have been restated following the reverse stock split and the share capital increase.

SAIPEM AND FTSE MIB - AVERAGE MONTHLY PRICES JANUARY 2018-JULY 2023



For comparison purposes, all historic prices in the table and graph have been adjusted following the two equity groupings completed in the first half of 2022 linked to the capital increase.
The values shown in the table are not to be considered, for the periods of reference, as indicators of return on equity investment, mainly due to the capital increase on a rights offering completed in July 2022.

OPERATING REVIEW

Organisational structure

Starting from January 14, 2022, the Company changed its organisational configuration based on four distinct business areas, consistent with the new organisational model, which entails:
- the organisational and geographical centralisation of staff structures, aimed at achieving higher efficiency levels;
- the introduction of a central business department to manage the order intake and customer interaction within a "One Saipem" perspective, while ensuring the optimised management of regional and local structures on a global scale;
- the integration of project control and project risk management processes within the Chief Financial Officer operating area, raising the level of sensitivity in risk analysis and management over the entire life cycle of projects.

To complete the new organisation, in February 2023 the Company established a new business line, Offshore Wind, adding to the four business lines established in January 2022; the current organisational structure is as follows: Asset Based Services, Energy Carriers, Robotics & Industrialized Solutions, Sustainable Infrastructures, and Offshore Wind.
The business lines, each with different dynamics, goals, and skills aimed at the technical and financial development of the offers and the management of projects in the execution phase, as well as being centres of excellence in technology and engineering, globally recognised by our customers, were structured as follows to manage the Group's portfolio:
- Asset-Based Service - it aggregates businesses based on Saipem's asset portfolio, which includes Drilling, Sea Trunklines, Transportation & Installation, Subsea Development and the management of vessels and yards serving the Group's businesses;
- Energy Carriers - evolution of Saipem's systems with a strong technological content, great attention to new energy carriers and circularity; it brings together the E&C business of "one-of-a-kind" Onshore and Offshore projects, enhancing the extent, depth, and quality of our technical and management skill portfolio;
- Robotics & Industrialized Solutions - answering the new needs of the energy sector, it integrates the technical-operational skills dedicated to the development, engineering, and execution of modular, repeatable, and scalable systems, as well as the monitoring and maintenance services based on digital technologies;
- Sustainable Infrastructures - to seize the opportunities of a sector that has become strategic in the energy transition ecosystem, which will hopefully by accelerated by the Italian Recovery Fund;
- Offshore Wind - to consolidate Saipem's role in the offshore wind sector through the unified management and development of the business, with regards to the new opportunities to be pursued in the reference markets.

Organisational structure: reporting

Following the establishment of the new organisation, the information to the market, starting from the first quarter of 2023, in accordance with the provisions of IFRS 8 is prepared following the reporting segments below:
- Asset Based Services, which includes the Offshore Engineering & Construction and Offshore Wind activities;
- Offshore Drilling; and
- Energy Carriers, which includes the Onshore Engineering & Construction, Sustainable Infrastructures, and Robotics & Industrialized Solutions.

The sectors clustered in the reporting segments above have similar economic characteristics; moreover, the new Offshore Wind, Sustainable Infrastructures, and Robotics & Industrialized Solutions sectors are not, at present, so significant that they deserve separate reporting, in accordance with IFRS 8. Given its relevance and economic characteristics, the Offshore Drilling sector will be reported separately, as usual.

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

In accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" the sector Onshore Drilling (DRON) business was marked as "Discounted operation". During 2022, the activities in Saudi Arabia, the Congo, the United Arab Emirates, and Morocco were transferred, and during the first half of 2023 the activities in Kuwait and Latin America; exception is made for the activities in Argentina, which will be transferred, together with those in Kazakhstan and Romania, within the third quarter of 2023.
Note 28 "Discontinued operations, assets held for sale and directly associated liabilities" of the consolidated financial statements provides detailed economic and financial information on the Discontinued operations.
Furthermore, assets recognised held for sale item, amounted to €71 million and consisted of €69 million for the sale, based on the Memorandum of Agreement signed in June 2022, of the FPSO Cidade de Vitória, operated for

Petrobras in the Golfinho field offshore Brazil, and €2 million for the sale of the assets of North Caspian Services Co and the assets of the Saipem SpA Kazakhstan branch. Both sales are due to be completed in the second half of 2023.

Market conditions

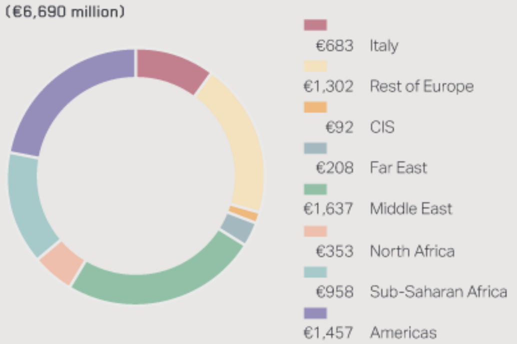
The current reference framework confirms recovery trend in Saipem's reference markets, in line with the expected growth in terms of macroeconomic indicators and overall energy demand. According to the International Monetary Fund, in 2023 the world economy is expected to grow 2.8% compared to 2022, in line with the values reached in 2019. For 2023, the limited expectations in advanced economies, Europe and the United States, are having a weight, while Asian countries are still proving capable of supporting global growth. The recovery trend occurred despite the persistence of some risk factors on the global scenario, including the geopolitical instability generated by the prolonged conflict in Ukraine, the high inflation rates, which remain significantly above the pre-pandemic period, and the fragility shown by the banking sector, especially in the first months of the year.
In this context, the energy sector, among the most impacted by the crisis in 2021, kept on showing significant growth rates thanks to an increased demand for energy, oil and gas in particular. The balance recorded during the year in the market fundamentals led to a stabilisation of hydrocarbon prices which, despite the uncertain geopolitical context, stood at around $80 a barrel, in line with the values at the end of 2022.
Overall, the positive signals recorded on the market have gradually translated into a recovery of investments in the Oil&Gas sectors, which are expected to grow compared to 2022. Apart from inflation dynamics, the need to continue the investment in energy infrastructures contributed to the aforementioned trend. The investment followed two main lines: guaranteeing support to future demand for hydrocarbon, further fuelled by the need to continue to replace imports of Russian oil products, as well as reducing procurement risks from energy sources in some geographical areas such as Europe.
In an overall recovery framework, the main oil companies maintained a strategy aimed at strengthening their financial structures, and also at diversifying their investment portfolios to better respond to increasing market pressure on energy transition and CO_2 reduction targets.

New contracts and backlog

New order acquisitions during the first half of 2023 amounted to €6,690 million (€4,228 million in the same period of 2022).
Of the total acquisitions, 64% related to the Asset Based Services business, 19% to the Energy Carriers business, and 17% to Offshore Drilling.
New contracts to be carried out abroad made up 90% of the total; contracts awarded by Eni Group companies were 6% of the overall figure. Orders awarded to Saipem SpA amounted to 33% of the total.

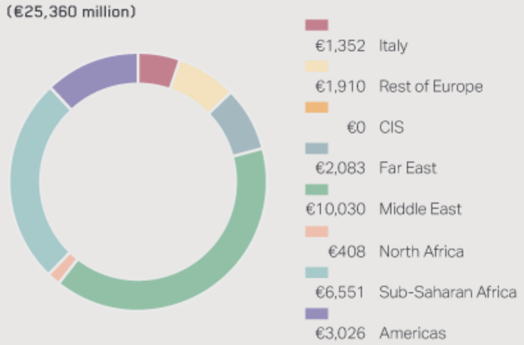
NEW CONTRACTS BY GEOGRAPHIC AREA

(€6,690 million)



ORDER BACKLOG BY GEOGRAPHIC AREA

(€25,360 million)



Saipem Group - Contracts awarded during the first half 2023

Year 2022		(€ million)	First half 2022		First half 2023	
Amount	%		Amount	%	Amount	%
5,634	44	Saipem SpA	1,030	24	2,205	33
7,307	56	Group companies	3,198	76	4,485	67
12,941	**100**	**Total**	**4,228**	**100**	**6,690**	**100**
8,341	65	Asset Based Services	2,307	55	4,277	64
2,901	22	Energy Carriers	1,107	25	1,267	19
1,699	13	Offshore Drilling	814	19	1,146	17
12,941	**100**	**Total**	**4,228**	**100**	**6,690**	**100**
733	6	Italy	200	5	683	10
12,208	94	Outside Italy	4,028	95	6,007	90
12,941	**100**	**Total**	**4,228**	**100**	**6,690**	**100**
2,924	23	Eni Group	177	4	400	6
10,017	77	Third parties	4,051	96	6,290	94
12,941	**100**	**Total**	**4,228**	**100**	**6,690**	**100**

The remaining backlog as of June 30, 2023 amounted to €25,360 million (€24,017 million as of December 31, 2022), €12,366 million for Asset Based Services, €10,713 million for Energy Carriers, and €2,281 million for Offshore Drilling, of which €5,297 million is to be completed in the second half of 2023.
The breakdown of the backlog by sector is as follows: 49% in the Asset Based Services sector, 42% in the Energy Carriers sector, and 9% in Offshore Drilling.
95% of orders were on behalf of overseas customers, while orders from Eni Group companies represented 3% of the overall backlog. The parent company Saipem SpA accounted for 32% of the total order backlog.
The order backlog including non-consolidated companies was €25,486 million (€24,376 million as of December 31, 2022).

Saipem Group - Backlog as of June 30, 2023

June 30, 2022		(€ million)	Dec. 31, 2022		June 30, 2023	
Amount	%		Amount	%	Amount	%
5,203	25	Saipem SpA	7,186	30	8,116	32
15,894	75	Group companies	16,831	70	17,244	68
21,097	**100**	**Total**	**24,017**	**100**	**25,360**	**100**
7,727	37	Offshore Engineering & Construction	10,756	45	12,366	49
12,485	59	Onshore Engineering & Construction	11,767	49	10,713	42
885	4	Offshore Drilling	1,494	6	2,281	9
21,097	**100**	**Total**	**24,017**	**100**	**25,360**	**100**
873	4	Italy	982	4	1,352	5
20,224	96	Outside Italy	23,035	96	24,008	95
21,097	**100**	**Total**	**24,017**	**100**	**25,360**	**100**
193	1	Eni Group	2,210	9	727	3
20,904	99	Third parties	21,807	91	24,633	97
21,097	**100**	**Total**	**24,017**	**100**	**25,360**	**100**

Capital expenditure

Capital expenditure made in the first half of 2023 amounted to €139 million (€86 million in the first half of 2022) and mainly included:

- for Asset Based Services €118 million: extraordinary maintenance works related to Saipem 7000 vessel, and maintenance and upgrading works on existing vessels, in particular Castorone and FDS 2;
- for Energy Carriers €5 million: purchase and maintenance of equipment;
- for Offshore Drilling €16 million: maintenance and upgrading works on existing vessels.

In summary, capital expenditure in the first half of 2023 are as follows:

Capital expenditure

Year 2021	(€ million)	First half 2022	2023
29	Saipem SpA	9	5
494	Other Group companies	77	134
523	**Total**	**86**	**139**
146	Asset Based Services	62	118
27	Energy Carriers	12	5
350	Offshore Drilling	12	16
523	**Total**	**86**	**139**

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

ASSET BASED SERVICES AND OFFSHORE WIND

Company information

The Offshore Wind segment was spun off from the Offshore Engineering & Construction Division and merged into the new Offshore Wind business line, while the remaining projects were merged into the Asset Based Services business line; comments on the projects that are managed by the new business line managers are shown separately below: Asset Based Services and Offshore Wind. The two business lines share the same market situation, so the assets, means and yards of manufacture, and the resources to carry the business out are the same. Specifically, the fleet of vessels is managed in a unified and integrated manner by the Company, taking into account the requirements, operating locations, intervention schedules and contractual obligations of the orders in execution referring (indistinctly) to both Asset Based Services and Offshore Wind.

General overview

The Business Line Asset Based Services operates in the Offshore sector with a portfolio of skills, assets, and services that allows coverage of a wide range of project types, including development of subsea fields, pipelaying (including large diameters), and installation and lifting of offshore structures. The services offered by the Business Line cover the entire "life of the field" chain, from customer care in the pre-final investment decision phase to the development of the investment. They include engineering, implementation, installation, maintenance, and modification activities, and ultimately, the decommissioning phase.
The service mentioned above are offered with complementary features, thanks to a fleet that can operate under complex operational and environmental conditions, to a network of construction yards and logistics bases in Nigeria, Angola, Brazil, Indonesia, Guyana, Italy, the United States, and Saudi Arabia; and decades of engineering and project management skills derived from experience in the sector. In particular, as of June 30, 2023, the fleet includes 22 vessels, 21 of which are owned by Saipem and 1 is owned by third parties and managed by Saipem. Among the main vessels are: the Saipem 7000, used for heavy lifting and decommissioning; the pipe-laying vessel Castorone, used for laying large-diameter pipes; the FDS and FDS 2, used for the development of subsea fields; the Saipem Constellation, used for field development activities thanks to its lifting and pipe-laying capabilities for reel-lay of rigid and flexible pipelines; the Saipem Endeavour, used for pipe-laying and lifting.
The fleet and management facilities of Asset Based Services also provide support to the Offshore Wind Business Line for renewable energy activities. The Business Line, in order to optimise its production processes, pays special attention to technological innovations, automation and digitalisation.
Activities in the Offshore segment are pursued organisationally through one single structures, aimed at the SURF segment (Subsea, Umbilicals, Risers, Flowlines) and one at Offshore Facilities and Pipeline, with the support of an Asset function dedicated to the management of ships, yards, and business line bases, including the Offshore Drilling fleet with the aim of creating synergies.

Market conditions

In the Oil&Gas market in general we are witnessing, already visible from 2021, a recovery of capital expenditures in Upstream in both deep water and shallow water, with relevant initiatives in the different segments: SURF (Subsea field developments), Trunkline (subsea pipelines for intra-well and onshore oil and gas transportation) and Conventional (offshore platforms and related production and processing facilities). Expectations of recovery of demand in the short to medium term are already materialising in terms of commercial activity and contract acquisition.
Specifically, as far as the conventional market is concerned, we can confirm the resilience of the Middle Eastern shallow-water market. Saudi Arabia is proceeding with its oil production-related developments, with a significant push also towards the development of non-conventional natural gas fields. Qatar continues to pursue its goal of further growth as a natural gas exporter, including through its own offshore gas fields (such as the North Field) to support increased liquefied natural gas production capacity. The United Arab Emirates is also moving forward with several initiatives, aimed at meeting domestic needs of natural gas requirements for power generation. The conventional market is also experiencing increasing interest from operators in the North and West African areas where various developments, especially gas-related, are being pursued at different stages of progress.
Linked to gas developments, the export and transportation pipeline (Trunkline) market has always been patchy, occasionally featuring projects of considerable size. While some initiatives in Asia-Pacific still have uncertain lead times, several gas transportation infrastructure developments are emerging in the Mediterranean Sea that look promising, even in light of the current geopolitical situation.

The market for subsea developments, which has been among those that have suffered the most in the recent past and has seen several high-risk or less profitable projects delayed or cancelled, is resuming activities while also seeking strategies to reduce costs. Over the past year there have been strong signs of recovery, mainly in Brazil and the Gulf of Mexico, but also in Northern Europe, especially Norway, thanks to the incentives introduced by governments to counteract the effects of the crisis. In Guyana, developments are proceeding at full speed, and there are also signs of imminent recovery in the African market, especially in West Africa, with countries such as Angola, Ivory Coast, Nigeria, and Congo anticipating major developments given the success of recent exploration campaigns.
The offshore wind market continues its growth supported by the considerable interest of investors and operators, despite the critical issues due to the reduced availability of strategic assets and the difficulties of the supply chain to meet development expectations. Commercial and executive activities are expected to increase, in line with the plan scenario, mainly in Europe and to a lesser extent in Asia-Pacific and the US. Technological developments, partnerships, and robust capital inflows are expected to support the growth of this segment, both in the fixed and floating arena, in the near future and in the long term.

Capital expenditure

Investment activities carried out during the first half of 2023 focused on the execution of works aimed at class reinstatement, adaptation of vessels to international regulations and specific requests of projects in the portfolio and clients. Among the vessels involved in the activities described above were mainly the Saipem 7000 and the FDS 2. Activities were also carried out to prepare and schedule maintenance and retrofitting work to be carried out in the second part of 2023.

Asset Based Services

Orders intake

The most significant new contracts in the first half of 2023, related to the Asset Based Services business line, are:
- for ExxonMobil Guyana, the authorisation was received to go ahead with the final phase of the project for the development of the Uaru oil field in the Stabroek block, offshore Guyana, at a depth of around 2,000 metres. The subject of the contract includes the design, fabrication, and installation of submarine structures, risers, flowlines and umbilicals for a large subsea production plant. Saipem will carry out the operations using its flagship vessels FDS 2 and Saipem Constellation;
- for Saudi Aramco, under the current Long Term Agreement (LTA), a project involving the engineering, procurement, construction and installation of five platforms and related subsea pipelines, flowlines and cables in the Marjan field, offshore of Saudi Arabia, with an entirely on-site fabrication scheme;
- for Turkish Petroleum OTC, the second phase of the Sakarya FEED and EPCI project involving the engineering, procurement, construction and installation of a pipeline to be installed at a depth of 2,200 metres in the Turkish waters of the Black Sea. The offshore operations will begin in the summer of 2024 and will be conducted by Saipem's flagship vessel Castorone;
- for TotalEnergies, in partnership with Aker Solutions do Brasil, the development project of LAPA Southwest (LAPA SW), a deep-water oil field in the Santos basin, in the South Atlantic. The scope of work includes engineering, procurement, construction and installation (EPCI) of underwater umbilicals, risers and flowlines (SURF), as well as submarine production systems;
- for Equinor, the Irpa Pipeline in the Norwegian Sea, which consists of the installation of a 80 km pipe-in-pipe line connecting the Irpa field submarine production model to the existing Aasta Hansteen platform;
- for Azule Energy, the Agogo Full Field Development project, a deep-water greenfield development located approximately 180 kilometres offshore of Angola. The contract includes the engineering, procurement, construction and installation (EPCI) of rigid pipe-in-pipe flowlines with associated subsea structures;
- for EnQuest Heather Ltd, the contract for the decommissioning of the Thistle A platform, located in the British sector of the North Sea, approximately 510 kilometres north-east of Aberdeen and at a depth of 162 metres. Saipem's activities consist of the engineering, preparation, removal and disposal of the jacket and topsides, with possible extension to further subsea structures. The work will be carried out by the Saipem 7000;
- for Saudi Aramco, in Saudi Arabia, again under the Long Term Agreement (LTA), the contract covering the engineering, procurement, construction and installation (EPCI) of the topside of an offshore platform and the associated subsea system of flexible piping, umbilicals and cables.

Work performed

Below are the main projects that were underway or were completed during the first half of 2023.

America

In Guyana, for ExxonMobil:

- operations went ahead for the **Payara** project, which included the engineering, procurement, fabrication, and installation of risers, umbilicals, flowlines, well connections, and associated facilities for the development of the Payara and Pacora fields. The 2023 campaign was carried out using the Saipem Constellation;
- engineering and procurement activities continued on the **Yellowtail** project, the purpose of which is to install umbilicals, risers, and flowlines; installation activities are scheduled for 2024 using the vessels FDS 2 and Saipem Constellation;
- work began on the **Uaru** project, which involves the design, fabrication and installation of subsea structures, risers, flowlines and umbilicals for a subsea production facility; the installation work is scheduled to take place in subsequent years using the vessels FDS 2, Saipem Constellation and Castorone.

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

In Brazil:

- for Petrobras:
  - the installation activities continued for the **Buzios 5** project, the aim of which includes procurement, fabrication, and installation of Steel Lazy Wave Risers (SLWR), umbilicals, manifolds, flowlines, well connections, and related facilities for the development of the Buzios field; the project used the vessel FDS;
  - work has begun on the execution of the SURF EPCI **Buzios 7** project, which includes the engineering, procurement, construction, and installation of the SLWR and the corresponding interconnecting flowlines between the subsea wells and the FPSO unit, as well as the associated service lines and control umbilicals. In addition, Saipem will be responsible for the supply and installation of the FPSO unit's anchors and its attachment to the reservoir. The installation activities are planned in 2024 with the vessel FDS;
- for Totalenergies:
  - work started on the **Lapa Southwest** project, aimed at the engineering, procurement, construction and installation of subsea umbilicals, risers and flowlines, as well as subsea production systems.

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

North Sea

In Great Britain, for EnQuest:

- work began on the **Thistle** project relating to the decommissioning of the Thistle A platform, located approximately 510 kilometres north-east of Aberdeen and at a depth of 162 metres; the work includes the engineering, preparation, removal and disposal of the jacket and topsides, with possible extension to further subsea structures, and will be carried out by Saipem 7000;
- work began on the **Heather** project relating to the decommissioning of the existing infrastructure at the Heather oil field, located approximately 460 kilometres north-east of Aberdeen; the work involves the engineering, preparation, removal and disposal of the upper jacket of the Heather platform using the Saipem 7000.

In Norway, for Equinor, work started on the **Irpa** project for the installation of an 80 km pipe-in-pipe pipeline that will connect the subsea production facilities of the Irpa field to the existing Aasta Hansteen platform; the installation operations are scheduled for 2025 and will be carried out by the vessel Castorone.

Mediterranean

In Egypt, for Petrobel, work continued on the **Zohr** project for the transportation and installation of high and low-voltage umbilicals and various subsea structures; the installation work is scheduled to start in the second half of 2023.

In Greece, for Gastrade, the work continued for the **Alexsandroupolis** project, which will be carried out in 2023 using the vessel Castoro 10.

In Italy, for Eni, the work continued under the **Cassiopea** project for the transportation and installation of a rigid pipeline, umbilicals and flexible lines, and the construction of a shore approach; the installation work began during the year using the vessels Castoro 10 and Castorone.

In Turkey, for Turkish Petroleum, work began on the **Sakarya 2** project, which involves the execution of a FEED, as well as the engineering, procurement, construction and installation of a 175 km long 16-inch pipeline at a depth of

2,200 metres; the installation operations are scheduled to start in the summer of 2024 using the vessel Castorone.

Africa

In Angola, for Azule Energy:

- the engineering and procurement work started for the **Agogo Full Field** project for the construction and installation (EPCI) of rigid pipe-in-pipe flowlines with associated subsea structures; the installation work is scheduled for 2024;
- work continued on the **Quiluma and Maboqueiro WP5A** project for the EPC-based construction of a jacket and deck and the execution of the related hook-up and commissioning.

In Mauritania and Senegal, for BP, work continued on the **Tortue** project, the scope of which includes the engineering, procurement, fabrication, installation, hook-up, and commissioning of a breakwater, the associated jetty, and a raised platform for the transport of gas in co-development between Senegal and Mauritania. The structures were built in the Karimun yard and installation activities involved the vessel Saipem Constellation.

In the Ivory Coast, for Eni, work continued on the **Baleine SURF phase 1** project for the development of the field of the same name; the installation work was started in the first half of 2023 with the involvement of the vessel FDS 2.

Middle East

In Saudi Arabia, for Saudi Aramco, activities continued under the **Long Term Agreement** signed with the client. The activities carried out during the year mainly involved the deployment of the Castoro 12, Saipem Endeavour and Bautino vessels.

In Kuwait, for KJO, activities continued on the **Laying of New Hot Crude Line** project, the scope of which includes the engineering, procurement, construction, installation and start-up of a new crude oil pipeline; the installation work was carried out using the vessels Saipem Endeavour and Castoro 12.

In Qatar, for Qatargas:

- work continued on the **North Field Production Sustainability (NFPS) EPCOL** project, which involves the engineering, procurement, construction and installation of subsea and onshore pipelines, jackets and wellhead platforms, as well as the related support activities; the fabrication activities involved the Karimun yard, while the operational phase at sea was carried out by the vessel Dehe;
- work continued for the **North Field Production Sustainability (NFPS) EPC 2** project, which involves the engineering, procurement, fabrication, and installation of two offshore natural gas compressor stations to support the production in the North Field, including two of the largest compression platforms on steel jackets ever built, interconnection bridges, accommodation modules, and interface modules.

Caspian Sea

In Azerbaijan:

- for BP, the **ACE** project was completed; while the work continued on the **Shah Deniz - Call-off 007** project;
- for Total and Bos Shelf, activities for the **Absheron URF** and **Absheron T&I** projects continued.

Australia

- for Chevron, preparatory work continued on the **Jansz-lo** project, which includes the transport and installation of a subsea compressor station, manifold, field control station, as well as umbilicals and other facilities. The offshore activities will be conducted in two phases. The operational activities will start from 2024;
- for Woodside, preparatory work continued for the **Scarborough** project, which includes the laying of a 400 km large-diameter pipeline; operations will involve the Saipem vessels Endeavour and Castorone and will be start during the second half of 2023.

Offshore Wind

Work performed

Below are the main projects that were underway or were completed during first half of 2023.

United Kingdom

- for Neart na Gaoithe, as part of the **NnG Offshore Windfarm** project, at the Saipem base in Karimun, Indonesia, the manufacturing of 6 WTG jackets scheduled for delivery in August 2023 is proceeding; this activity completes the provision of 54 jackets (52 WTG + 2 OSS); while at the Saipem base in Arbatax, the remaining 2 jackets (WTG) are being manufactured and scheduled for delivery in September 2023. 48 jackets (46 WTG and 2 OSS) were transported to the operating site in the North Sea, while the remaining 12 arrived in the first days of July 2023. The offshore installation of both jacket substations (OSS) and their topsides, as well as the installation of 25 jackets (WTG) was completed at the operating site. The vessel Saipem 7000 replaced the vessel Blue Tern, made available to the client in 2022, and the offshore drilling activities of 50 positions were completed (48 WTG and 2 OSS jackets) out of a total of 56. Construction works continue according to the schedule agreed with the client;

- on behalf of Subsea 7, as part of the **Seagreen** project, the vessel Saipem 7000 completed the scope of the work with the installation of the 114 WTG jackets planned;
- on behalf of Dogger Bank Offshore Wind Farms, the EPC contract for **two OSS jackets** was completed. The scope of the work scheduled for 2023 relating to the installation of the two jackets and a topside was completed. The second topside will be installed in April 2024 as established in the contract.
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France

- for Eoliennes Offshore du Calvados (EDF Renewables, Enbridge Inc and WPD Offshore), **Courseulles** project, the fabrication of 64 monopiles planned to support the wind turbine generators (WTG) was completed, and the fabrication of the transition structures (monopile-WTG) is nearing completion; the construction of the seabed drilling machine, an activity required for the installation of the foundation monopiles, is also underway. Offshore installation is expected to begin in late 2023 using a jack-up type vehicle rented from a third party.

Offshore fleet as of June 30, 2023

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

EMARKET SDIR CERTIFIED

ENERGY CARRIERS, SUSTAINABLE INFRASTRUCTURES AND ROBOTICS & INDUSTRIALIZED SOLUTIONS

Company information

The Sustainable Infrastructure segment was spun off from the Onshore Engineering & Construction Division and was merged into the new Sustainable Infrastructures Business Line, while the remaining projects were merged into the Energy Carriers Business Line. Moreover, to responds to the new demands of the energy sector, some projects and activities have merged into the new Robotics & Industrialized Solutions Business Line, which integrates technical and operational skills for the development, engineering and execution of modular, repeatable, scalable systems, as well as monitoring and maintenance services based on digital technologies. So comments on the projects that are managed in the three Business Lines are shown separately below: Energy Carriers, Sustainable Infrastructures and Robotics & Industrialized Solutions.

General overview

The Saipem Group's Onshore Engineering & Construction is focused on the execution of large-scale projects with a high degree of complexity in terms of engineering, technology, and operations, with a strong bias towards challenging projects in difficult environments and remote areas.
Saipem enjoys a worldwide leading position, providing a complete range of integrated basic and detailed engineering, procurement, project management and construction services, principally to the Oil&Gas, complex civil and marine infrastructure and environmental markets.
In the Sustainable Infrastructure segment, the Saipem Group is mainly active in the design and construction of complex infrastructure projects, especially in the transport sector, such as railway lines and in particular High Speed/High-Capacity lines. These are complex works in terms of engineering and construction requiring an increasing implementation of innovative digital and technological solutions capable of guaranteeing resilience and energy efficiency, and which meet the requirements of the European taxonomy (DNSH principle "Do Not Significant Harm"), the classification system for environmentally sustainable economic activities, capable of meeting the Sustainable Development Goals (SDGs) included in the United Nations 2030 Agenda.

Energy Carriers

Market conditions

The onshore reference market recorded a significant increase in activity in the first half of 2023 compared to the same period of 2022, particularly in the upstream (e.g., floaters) and midstream (LNG and regasification) segments. Growth spanned across all geographical areas, except for Russia, with particular visibility in the Saipem Group's main areas of interest, such as the Middle East, Africa, Europe and Asia.
In terms of the ongoing activities in the various markets, the relevance of the midstream and downstream segments strengthened, with several significant developments in the gas monetization and fertiliser sectors in the Americas, Africa, the Middle East and Europe, and in the upstream and petrochemical sectors in the Middle East and Asia. The LNG market, even following the Russia-Ukraine conflict, shows the relaunch of initiatives in the Middle East and in Africa, primary sources for gas supply alternative to Russian gas. Similarly, pipeline activities have resumed in all geographical areas, particularly Europe and the Middle East, Saipem's main areas of interest. In the upstream segment, following the sharp slowdown in the last two years, signs of strong recovery in the Arab Emirates and Saudi Arabia are now visible. In the floaters segment, significant volumes are confirmed in Latin America and Africa.
As far as renewables and green technologies in general (hydrogen, biofuels, biochemistry, and CO_2 capture) are concerned, the visibility of projects in Europe, North Africa, the Middle East, and Asia is increasing.

Capital expenditure

Capital expenditure in the first half of 2023 in the Energy Carriers business line mainly related to the acquisition and maintenance of equipment.

Orders intake

The most significant new contract in the first half of 2023 related to the Energy Carriers business line was related to an agreement for Eni Congo SA in Congo, for the execution of the preliminary works (Agreement for Preliminary Activities - APA) associated with the construction of a gas separation and compression platform through the conversion of the semi-submersible unit Saipem Scarabeo 5. The purpose of the agreement is to initiate the time-critical activities of the project, such as the assignment of long lead item orders and the selection of the vessel conversion yard, ahead of the formalisation of the EPC contract.

Work performed

The following are the largest and most significant projects, related to the Energy Carriers business line, ongoing or completed during the first half of 2023.

In Saudi Arabia,
- for Saudi Aramco:
  - the **Hawiyah Gas Plant Expansion** project for the expansion of the Hawiyah gas treatment plant located in the south-eastern part of the Arabian Peninsula has been completed and is currently in operation;
  - on both EPC contracts (Package 1 & 2) for the **Jazan Integrated Gasification Combined Cycle** project (gasification plant combined with a power cycle for electricity generation), the warranty period was concluded, following the previous achievement of Final Mechanical Completion. The removal and demob of offices and accommodations for both the EPC contracts is currently at the completion stage;
  - the **Khurais EPC** project, which involved the extension of the onshore production centres of the Khurais, Mazajili, Abu Jifan, Ain Dar and Shedgum fields, has completed its guarantee period and is expected to receive a final release from Saudi Aramco by September 2023;
  - the mechanical completion and pre-commissioning stage has finished and it is in commissioning phase the **South Gas Compression Plants Pipeline Project** related to the development of the Haradh Gas Plant (HdGP) located in the east of the country. The project involves the review of the detailed engineering developed by the customer, the procurement of all materials except for the carbon steel line pipe, lined plant lines and related valves supplied by the customer, as well as construction, pre-commissioning and commissioning assistance;
  - for the **Marjan** project, an EPC contract for the implementation of the “Package 10” of the development programme of the field of the same name, which includes gas treatment, sulphur recovery and tail gas treatment trains, the foundations are being completed, the work is underway on the assembly of the metal structures, piping, mechanical equipment, tanks, and the electrical and instrumentation work has started;
  - for the **Berri** project, an EPC contract to increase the capacity of the homonymous field through the construction of new facilities in Abu Ali and Khursaniyah; civil construction, installation of metal structures and equipment, and piping prefabrication at both sites are in progress;
  - for the **Jafurah** project, which includes the execution based on an EPC Lump Sum of approximately 800 km of various types of pipelines and features within the development programme for the Jafurah gasfield located on the border between Saudi Arabia and Qatar, the engineering and material procurement activities are at the completion stage and the pipeline laying activities are underway;
- for Petro Rabigh (joint venture between Saudi Aramco and Sumitomo Chemical), the additional works related to the **Utilities and Offsite Facilities** package have been completed and the plant is in the phase of commissioning by the customer.

In Kuwait:
- for Kuwait Oil Co (KOC), for the **Feed Pipelines for New Refinery** project, the construction, pre-commissioning and commissioning of the plants were completed. The crude-in of products to the new refinery has been completed, as well as the commissioning of all the systems. The handover of the works to the customer has begun. The contract includes engineering, procurement, construction, and commissioning activities related to the development of the new connection lines and related pumping station and measurement of the new Al Zour refinery located in south Kuwait;
- for Kuwait Integrated Petroleum Industries Co (KIPIC), for the **Al-Zour Refinery** the construction and partial handover to the customer have been completed for the various units included in the contract. The project encompasses design, procurement, construction, pre-commissioning, and assistance during commissioning tests, start-up, and checks on the performance of tanks, related road works, buildings, pipelines, piping support frames, water works and control systems for the Al-Zour refinery.

In Iraq, for Exxon the construction work was completed within the **West Qurna I** project during the shutdown of the facility. The project involves the execution of infield engineering, pre-fabrication, and construction relating to some tie-ins to existing plants owned by Bassra Oil Co.

In Oman, for OQ8 (Joint Venture between OQ and Kuwait Petroleum International), for the **Duqm Refinery Package 3** project, the engineering, procurement and construction activities have been completed, and the storage and export bulk material (pet-coke and sulphur) portions are in the pre-commissioning phase.

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

In the United Arab Emirates, for ADNOC Sour Gas, a subsidiary of Abu Dhabi National Oil Co (ADNOC), the construction activities are in full swing: the work for the expansion and upgrade of the Shah facility relating to WP1 and WP2 has been completed and the work relating to WP3 is being completed for the **Optimum Shah Gas Expansion (OSGE) & Gas Gathering** project. The contract entails the expansion and strengthening of the already operating Shah plant.

In Indonesia, for BP Berau Ltd, in joint venture with PT Tripatra Engineers and Constructors, PT Tripatra Engineering, PT Chiyoda International Indonesia, Chiyoda Corp and PT Suluh Ardhi Engineering, for the **Tangguh LNG Expansion** project, the commissioning has been completed for the third LNG train and LNG jetty and related infrastructure at the Tangguh, Papua site.

In Thailand:
- for PTT LNG Co Ltd (PTTLNG), in joint venture with CTCI Corp, the PAC (Provisional Acceptance Certificate) has been formalised for the **Nong Fab LNG** project, which involved the construction of a regasification terminal, including storage tanks and jetty for LNG imports. All the start-up work and performance testing for the facility has been completed;
- for Thai Oil, in joint venture with Petrofac International (UAE) Llc and Samsung Engineering Co Ltd, the **Clean Fuel** project is in progress, involving the construction and start-up of new units within the Sriracha refinery located around 130 kilometres from Bangkok. Design and procurement activities, as well as fabrication, delivery, piping pre-fabrication and module fabrication in the yards (shipment completion is expected in the coming months) have been completed. The civil works, buildings, underground works, and installation of metal structures are ongoing on site. Almost all the modules, equipment and reactors have already been transported and installed. The pre-commissioning operations in the early delivery areas have been initiated, together with the piping welding in the areas of the critical path. The commissioning of several brownfield areas is continuing.

In Australia, for Perdaman Chemicals and Fertilizers, in joint venture with the local company Clough (part of the Webuild Group), following final approval by the customer, the engineering, procurement and construction activities were initiated for the construction of the urea production plant called **Burrup Fertiliser Complex**. The project involves the construction of an ammonia-urea plant and is characterised by high levels of energy efficiency and modularisation.

In Nigeria:
- for Dangote Fertilizer, the activities aimed at carrying out Commercial and Performance Tests related to the **Dangote** project for the new ammonia and urea production complex are at the completion stage. The scope of work encompasses engineering, procurement, construction supervision and commissioning of two twin production streams and related utilities located at the Lekki Free Trade Zone, Lagos State;
- for Nigeria LNG Ltd (NLNG), the engineering and materials procurement and construction activities (villages, marine works, foundations and mechanical assembly) are continuing under the **EPC LNG Bonny Train 7** contract for the engineering and construction of an LNG plant, in joint venture with Daewoo and Chiyoda Corp. The project involves the construction of a double natural gas liquefaction plant, as well as all the necessary utilities and port facilities for export, for the expansion of the existing LNG plant at Finima on Bonny Island.

In Mozambique, for Total Energies E&P Mozambique Area 1 Ltda (which acquired the Anadarko interests during 2019 for the Mozambique LNG project), in a joint venture with McDermott Italia Srl and Mirai Engineering Italy Srl, the **LNG plant** project consisting of the construction of two natural gas liquefaction trains, as well as all necessary infrastructure, storage tanks and port facilities for export. However, on instruction from the customer TotalEnergies, the project has been on hold since spring 2021, due to a series of armed attacks in the town of Palma. Despite having evacuated the site, Saipem has continued to manage a residual part of the project activities outside the country, that have not been suspended. Saipem has also been cooperating and maintaining contact with the customer to implement measures both to preserve the value of the project, but above all to ensure the prompt resumption of work as soon as conditions required by Total Energies have been restored, including securing the safety of the area.

In Angola:
- for Solenova (JV between Sonangol and Eni), the PAC (Provisional Acceptance Certificate) has been formalised for the **solar power** plant interconnected to the National Grid. From June, the O&M phase with a duration of 24 months was started, in line with the contractual obligations;

- for Azule Energy (Eni & BP JV), the engineering and procurement activities continue and the construction work was initiated for the **Quiluma and Maboqueiro project for the Onshore Gas Treatment Plant**, which involves the construction of a grass roots plant for gas treatment and compression in the northern region of the country.

Floaters

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

Work performed

The biggest and most important projects under way or completed during the first half of 2023 were as follows.

Currently, in relation to Saipem projects involving activities in the Russian territory and/or with Russian clients, the only residual activity is the negotiation underway to close the Arctic LNG 2 GBS project (in JV with Ronesans - client Arctic LNG 2 - scope of work: EPC) the works for which were suspended, in full compliance with EU regulations.

In the United Arab Emirates, in the Dubai Dry Dock, for Eni Côte d'Ivoire Ltd, restructuring and transformation activities of the **FPSO Florence 2** were completed in fast-track mode. The FPSO was towed to the Baleine oil field in the Ivory Coast, where the work will be completed for the mooring, fitting and connection to the production wells, on which the unit will operate for the next 10 years offshore of the Ivory Coast.

In Brazil, for Petroleo Brasileiro (Petrobras), in a joint venture with Daewoo Shipbuilding & Marine Engineering (DSME), engineering, procurement and construction activities are ongoing on the **P-79** project, for the construction of a floating production and storage unit (FPSO) for the development of the Búzios offshore field in Brazil, made in three yards (two in the Far East and one in Brazil).

In Congo, for Eni Congo, under a recently acquired Agreement for Preliminary Activities (APA), the initial engineering and procurement of the critical items for the **Eni Congo LNG/Scarabeo 5 Conversion** project are underway. The project involves the reconversion of Scarabeo 5 into a floating unit for the separation and compression of gas produced in offshore fields.

In Mozambique, maintenance (O&M) services for Coral FLNG SA (JV of Eni and other partners) are underway for **Coral's FLNG** unit, as part of the eight-year (plus one optional) contract.

In Angola, for Total, the operations and maintenance services (O&M) of the **FPSOs Kaombo Norte** and **Kaombo Sul** continue, for a total seven-year period, plus an additional seven optional years.

In the "Leased FPSO" segment, the following vessels carried out operations during the first half of 2023:
- the **FPSO Cidade de Vitória** unit, carried out operations for Petrobras as part of a fifteen-year contract finishing in early 2024, focused on the second phase of development of the Golfinho field, situated off the coast of Brazil at a water depth of 1,400 metres. Throughout the first half of the year, the FPSO remained in shut-down for plant upgrades, returning to production at the beginning of June;
- the **FPSO Gimboa** carried out operations for Sonangol P&P under a contract for the development of the Gimboa field, located in Block 4/05 offshore Angola, at a water depth of 700 metres.

Sustainable Infrastructures

Market conditions

In the Sustainable Infrastructure sector, Saipem is focusing its activities mainly on the initiatives in Italy included in the National Recovery and Resilience Plan and in the list of strategic works for the development of sustainable mobility, also thanks to the vast experience accumulated over the years in Italy as the leader of the consortia formed for the construction of the Milan-Bologna and Milan-Verona High Speed/High Capacity railway lines.
The Infrastructure segment in Italy confirms, also from a short and medium-term perspective, the positive signals related to the large investments resulting from the National Recovery and Resilience Plan, which is expected to facilitate further developments in the railway and sustainable mobility sector also in the long term.

Orders intake

The most significant acquisition in the first quarter relates to the contract, awarded to the consortium formed by Impresa Pizzarotti & C and Saipem, for the construction of the high-speed/high-capacity railway link and station in Florence, on behalf of Rete Ferroviaria Italiana (RFI, Gruppo FS Italiane). The work consists in the construction of a new railway line of approximately 7 kilometres underground with two parallel tunnels, on average about 20 metres deep, completed with two terminal sections above ground, to the north between the stations of Firenze Castello and Firenze Rifredi, and to the south near the station of Firenze Campo di Marte.

Work performed

The following are the largest and most significant projects, ongoing during first half of 2023.

In Italy, for Rete Ferroviaria Italiana as part of the CEPAV 2 Consortium, for the **High-Speed Brescia Est-Verona** project, construction activities are in progress along the whole section. Work began in January for the construction of the second section of the Lonato tunnel, located on the critical path of the section, with completion expected by 2023. The works relating to the railway equipment contract were also delivered; the tenders for the award of the last two public contracts to be awarded (anti-noise barriers and tunnel systems) are underway. Project progress is 50%.

Still in Italy, for Rete Ferroviaria Italiana (RFI) for the project **Florence high-speed railway link** and annexed Belfiore station, the first excavation works in the station began and are expected to begin in about a month, the mechanized excavation of the first section of the tunnel using the tunnelling boring machine (TBM) received from RFI in mid-June.

Robotics & Industrialized Solutions

Market conditions

The reference markets of the Robotics & Industrialized Solutions Business Line are mainly characterised by underwater robotics services and clean technologies to support the energy transition, with particular reference to the capture of carbon dioxide emissions, hydrogen and the chemical recycling of plastics. The Business Line offers modularised and industrialized solutions enabling a wide range of new clients who need to reduce their carbon footprint, even outside the traditional perimeter of the Group.
As far as the CCUS market is concerned, the Business Line focuses in particular on the European context, thanks to a mature regulatory framework capable of favouring the development of new initiatives. Public funding to support these initiatives is growing strongly both in Europe (Norway and the UK, in particular) and in the United States. Furthermore, the value of the emission allowance traded on the ETS market (Emission Trading System) remained at high values throughout the first half of the year (€80-100 per ton of CO_2). This parameter, which has slightly grown in recent years, is characterised as an enabling factor for investments in the context of emission capture. In addition, the recent European directives issued under the Fit for 55 programme (referring to the 55% emissions reduction target by 2030) are bringing new industrial sectors, such as the maritime sector, into the allowances market.
In the field of hydrogen, during 2023 in Europe there will be significant volumes of loans to support the market, such as the Innovation Fund which has among its objectives that of reducing the impact in terms of emissions in the so-called hard-to-abate, such as steel, cement, chemical and refining industries). In this context, hydrogen constitutes a transversal and innovative system, capable of promoting emission-free electrification. There are also several large-scale investments outside Europe, such as in Oman, and the implementation of supporting policies in countries such as India and Japan.
Particular attention is paid to the developments of the chemical recycling of plastics market, driven by new and increasingly stringent regulatory frameworks, as well as by a growing attention towards a less impactful production of plastics to support the circularity of the industry.
Like the new energy transition sectors, the Business Line's commitment continues also in traditional markets, constantly looking for solutions to reduce its carbon footprint and to achieve higher levels of efficiency. In this context, Saipem offers its clients the use of advanced autonomous robotic solutions for underwater inspections, capable of significantly reducing consumption and emissions compared to traditional technologies. The geographical areas of greatest interest are those of South America (Brazil) and Northern Europe (Norway).
The defence of the environment and of critical structures, especially those underwater, remain in the spotlight; these markets became more relevant due to the recent developments in the energy transition and the evolution of the geopolitical situation.

Orders intake

The most important contract award of the first half of 2023 concerns the Petrobras contract for the development and testing of an autonomous underwater inspection robotic solution, which will be based on Saipem’s fleet of underwater drones, starting from the Flatfish AUV (Autonomous Underwater Vehicle), as well as the qualification of related autonomous drone-based services, enabling future inspection contract options offshore Brazil.
This contract marks a fundamental milestone for Saipem's innovative underwater robotics programme and for the global scale utilisation of subsea drones in offshore projects throughout the entire value chain, and it will allow to extend to the new features to the Technology Readiness Level 7 (TRL7) achieved on Saipem’s fleet of subsea drones.

Work performed

The largest and most significant project, underway during the first half of 2023, relates to the contract for Equinor, as part of the Njord contract which provides for the use of Hydrone-R, a drone for underwater operations, and the ROV Hydrone-W, all-electric remote-controlled underwater robot, at Njord Field, offshore Norway. Hydrone-R has begun the period of operational permanence on the seabed and after an extensive test campaign, Saipem has obtained the approval of Equinor to begin inspection activities and underwater operations, opening a new era in the management of underwater activities in safer, cheaper and less environmentally impactful way.

OFFSHORE DRILLING

General overview

As of June 2023, Saipem's Offshore Drilling fleet includes 14 vessels, divided as follows: five ultra deep-water/deep-water units for operations at depths of up to 3,600 metres (drillships Saipem 12000, Saipem 10000 and Santorini; the semi-submersibles Scarabeo 8 and Scarabeo 9), eight high-specification jack-ups for operations at depths of up to 400 feet (Perro Negro 7, Perro Negro 8, Pioneer, Sea Lion 7, Perro Negro 9, Perro Negro 11, Perro Negro 12 and Perro Negro 13) and one standard jack-up for operations at depths of up to 150 feet (Perro Negro 4). All the aforementioned drilling rigs are owned by Saipem, with the exception of the jack-ups Pioneer, Sea Lion 7, Perro Negro 9, Perro Negro 11, Perro Negro 12 and Perro Negro 13.
The above list does not include the semi-submersible Scarabeo 5, a company-owned vessel held for sale within the non-drilling activities. During the first half of the year, an agreement was also finalised for the lease of the seventh-generation drillship Deep Value Driller. The vessel will be delivered to Saipem in the second half of the year for use on a project in West Africa that has already been acquired.
During the half year, the Offshore Drilling fleet operated in Norway, Egypt (on the Red Seaside and Mediterranean Sea side), West Africa (Angola and Ivory Coast), Mexico, Saudi Arabia, and United States.

Market conditions

In line with the previous year, 2023 began in a climate of general market recovery, as reflected in particular by the growing trend of daily rates of new contracts assigned by customers. This was further confirmed by a change in approach by customers, with some of them ready to consider assigning medium-long term contracts in order to ensure the availability of vessels and equipment suited to their needs.
The market recovery was also supported by the trend in oil prices, which were stable throughout the half-year and, despite a slight reduction in June, still remained above $70-75/barrel.
As a result of the scenario described above, utilisations have continued to rise compared to the previous year, particularly in the ultra-deep water segment, which is approaching full occupancy in all the main markets. In line with previous years, clients' preference for technologically advanced vessels was again confirmed.
The exit from the drilling rig market, which had already decreased significantly in 2022, inevitably slowed down and was limited to only three units withdrawn from the market during the first half of the year.
The market recovery has also had an impact on the reactivation of the units under construction that were ordered during the previous boom period and then abandoned on site during the crisis. Although their number (just over 40) is still not insignificant, there are at least around 10 units either already assigned to specific projects once the construction phase is over or for which completion activities have been started on a speculative basis. In general, the progressive entrance on the market of the units under construction is expected with significant impact on the offer in the medium term.

Orders intake

The most significant contracts awarded during the first half of 2023 included:
- for Aramco, the ten-year extension of the lease for the jack-up **Perro Negro 7** for works in Saudi Arabia;
- for Eni, the award of a two-year contract for the use of the seventh-generation drillship **Santorini** for worldwide operations;
- for the joint venture Eni Côte d'Ivoire Ltd and Petroci, a drilling contract, offshore of the Ivory Coast for the construction of eleven firm wells and a further five optional wells. The contract, for which the operations are due to commence in the second half of the year, includes the use of the seventh-generation drillship **Deep Value Driller**, one of the most modern in the world, which Saipem is leasing from the company Deep Value Driller;
- for Burullus Gas Co, a contract for the construction of three firm wells and a further three optional wells in Egypt using the sixth-generation semi-submersible **Scarabeo 9**; operations are scheduled to start in the final quarter of the year.

Capital expenditure

During the first half of 2023, activities were carried out aimed at the refurbishment and adaptation of vessels to comply with the international regulations and the requirements of clients. The units involved in the maintenance and adaptation activities required by customers included the jack-ups Sea Lion 7, Perro Negro 11, Perro Negro 12 and Perro Negro 13.

Work performed

During the first half, the fleet was used as follows:

- ultra deep water/deep water units: the drillship **Saipem 12000** completed the offshore operations for Eni in the Ivory Coast; in the second half of the year the vessel will be deployed in Angola for Azule under a contract already acquired; the drillship **Saipem 10000** continued operations in Egypt for Eni; the drillship **Santorini** continued operations in the USA for Eni; the semi-submersible **Scarabeo 9** continued operations in the execution of a project in Angola for Eni; the semi-submersible **Scarabeo 8** started operations for AkerBP in Norway under a contract already acquired; and the semi-submersible **Scarabeo 5** completed operations under a contract with Eni for operations in Angola;
- high specification jack-ups: the **Perro Negro 7**, **Perro Negro 8**, **Sea Lion 7** and **Perro Negro 9** units continued to operate for Saudi Aramco in the Saudi Arabian offshore area; the **Perro Negro 11** unit also commenced operations during the first half of the year under a multi-year contract with Saudi Aramco already in the portfolio; the **Perro Negro 12** and **Perro Negro 13** units were delivered to Saipem during the first half of the year and were used for preparatory work for the start of operations on the contracts with Saudi Aramco already in backlog; and the **Pioneer** unit continued to operate for Eni in Mexico;
- standard jack-ups: the **Perro Negro 4** continued to operate in the Red Sea for Petrobel.

Utilisation of vessels

The main vessel utilisation in the first half of 2023 was as follows:

Vessel	(No. of days)	First half 2023 Under contract	Idle
Semi-submersible platform Scarabeo 5 (1)		36	-
Semi-submersible platform Scarabeo 8 (2)		177	4
Semi-submersible platform Scarabeo 9		181	-
Drillship Saipem 10000		181	-
Drillship Saipem 12000		181	-
Drillship Santorini		181	-
Jack-up Perro Negro 4		181	-
Jack-up Perro Negro 7		181	-
Jack-up Perro Negro 8		181	-
Jack-up Pioneer (*)		181	-
Jack-up Sea Lion 7 (2) (*)		100	81
Jack-up Perro Negro 9 (*)		181	-
Jack-up Perro Negro 11 (2) (*)		71	110
Jack-up Perro Negro 12 (2) (*)		-	120
Jack-up Perro Negro 13 (2) (*)		-	33

(1) Unit held for sale.
(2) On non-operational days, unit subject to maintenance and preparation work for new contracts.
(*) Leased vessel.

FINANCIAL AND ECONOMIC RESULTS

Effects of the Russian-Ukrainian crisis

Direct effects: currently, in relation to Saipem projects involving activities in the Russian territory and/or with Russian clients, the only residual activity is the negotiation underway to close the Arctic LNG 2 GBS project (in JV with Ronesans - client Arctic LNG 2 - scope of work: EPC) the works for which were suspended, in full compliance with EU regulations.
The Company confirms that it operates in full compliance with the provisions established by European and national institutions with respect to the Russian Federation.
The consolidated and non-consolidated backlog as of June 30, 2023, is nil.
It should be noted that there are no activities carried out by Saipem, nor personnel in any Ukrainian territory affected by the conflict.
The 2023-2026 Strategic Plan does not envisage the acquisition of new contracts in Russia, in line with the previous Plan. Furthermore, the current energy market scenario could encourage the development of new energy infrastructures for the diversification of energy supply in many countries.
It should be noted that the Company uses customer default probabilities based on observable market data and info-provider assessments to quantify expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.
Indirect effects: the effects of the Russian-Ukrainian crisis have been partially priced-in by the markets with an outlook promising greater material price stability, also due to the potential slowdown of the global economy. However, the persisting uncertainty makes valuations difficult.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are expected, but we can assume that the current uncertainty will continue to impact the price of steel and more noble metals (nickel, copper, aluminium), even though today these show a decreasing trend.
Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.
The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from an uncertain market due to the instability of the international scenario and the instability of the evolution of raw material prices. The Company, since the start of the crisis, already adjusted its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the orders in execution and future initiatives.
In addition to the above, our threat intelligence services report an increased cyber threat to operators in the above markets and their supply chain. The current geo-political context continues to represent one of the greatest “input” factors for global cyber attacks, particularly as concerns potential attacks by pro-Russian perpetrators towards countries, and their related institutions or strategic businesses, which are actively supporting Ukraine.
The Company continues to monitor the constant evolution of cyber threats in the industrial context in which the Group operates.
As of the date of this document, there have been no incidents of cyber-attacks directed against Saipem.
Third-party monitoring of Saipem’s security position validates the effectiveness of the attack detection and response approach within the company's crisis management plan, as well as the technological measures in place to protect business-critical assets. Saipem recently renewed its ISO 27001 certification of its Cyber Threat Detection & Response process.

Operating results

As already commented in paragraph “Organisational structure: reporting”, the information to the market, starting from the first quarter of 2023, in accordance with the provisions of IFRS 8 is prepared following the reporting segments below:
- Asset Based Services, which includes the Offshore Engineering & Construction and Offshore Wind activities;
- Offshore Drilling; and
- Energy Carriers, which includes the Onshore Engineering & Construction, Sustainable Infrastructures, and Robotics & Industrialized Solutions.

The sectors clustered in the reporting segments above have similar economic characteristics; moreover, the new Offshore Wind, Sustainable Infrastructures, and Robotics & Industrialized Solutions sectors are not, at present, so significant that they deserve separate reporting, in accordance with IFRS 8. Given its relevance and economic characteristics, the Offshore Drilling sector will be reported separately, as usual.

The results restated based on the new reporting are broadly in line with the data released to the market in 2022; in any case, for the purpose of a more complete understanding of the effects of the re-aggregation, the data on revenues, EBITDA and adjusted EBIT for both the year and the first half of 2022, relating to the two sectors subject to re-aggregation, are reported at the end of this section.

Saipem Group - Income statement*

Year 2022	(€ million)	First half 2022	First half 2023	% Ch.
9,980	**Core business revenue**	**4,187**	**5,347**	**27.7**
9	Other revenue and income	5	2	
(7,822)	Purchases, services and other costs	(3,111)	(4,099)	
32	Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(52)	(14)	
(1,656)	Personnel expenses	(785)	(826)	
543	**Gross operating margin (EBITDA)**	**244**	**410**	**68.0**
(445)	Depreciation, amortisation and impairment losses	(217)	(218)	
98	**Operating result (EBIT)**	**27**	**192**	
(195)	Net financial income (expense)	(59)	(87)	
(65)	Net gains (losses) on equity investments	(24)	13	
(162)	**Pre-tax profit (loss)**	**(56)**	**118**	
(153)	Income taxes	(67)	(78)	
(315)	**Profit (loss) before non-controlling interests**	**(123)**	**40**	
-	Profit (loss) attributable to non-controlling interests	-	-	
(315)	**Profit (loss) for the period - Continuing operations**	**(123)**	**40**	
106	**Profit (loss) for the period - Discontinued operations**	**(7)**	**-**	
(209)	**Profit (loss) for the period**	**(130)**	**40**	

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

Core business revenue during the first half of 2023 amounted to €5,347 million.
Gross operating margin (EBITDA) is €410 million. Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets totalled €218 million.
The **operating result (EBIT)** achieved in the first half of 2023 is a €192 million profit.
The main variations relating to the income statement items above are detailed below in the analysis by segment.
Net financial income (expense) was negative for €87 million, an increase of €28 million.
Net gains (losses) on equity investments was positive for €13 million, growth compared to the corresponding period of 2022 worsening of the results of contracts performed by companies measured using the equity method.
Pre-tax profit amounted to a profit of €118 million. Income taxes amounted to €78 million, compared to €67 million in the corresponding period of 2022, primarily due to the write-down of a tax credit.
The **Continuing operations net income** shows a profit of €40 million (loss of €123 million in the first half of 2022). In the first half, non-recurring expenses have not been recognised, and the **result from discontinued operations** is null. In the corresponding period of 2022, the net result from Continuing operations showed a loss of €123 million and compared to the adjusted net result included costs deriving from the healthcare emergency and reorganisation of €19 million, while the net result from Discontinued operations showed a loss of €7 million.

Year 2022	(€ million)	First half 2022	First half 2023
98	**Operating result (EBIT)**	**27**	**192**
52	Impairment/write-down and restructuring expenses	19	-
150	**Adjusted operating result (EBIT)**	**46**	**192**

Year 2022	(€ million)	First half 2022	First half 2023
(315)	**Profit (loss) for the period**	**(123)**	**40**
52	Impairment/write-down and restructuring expenses	19	-
(263)	**Adjusted profit (loss) for the period**	**(104)**	**40**

Adjusted EBIT - EBIT first half of 2022

(€ million)	Asset Based Services	Energy Carriers	Offshore Drilling	Total
Adjusted operating result (EBIT)	**16**	**(18)**	**48**	**46**
Reorganisation expenses	1	4	-	5
Costs for COVID-19 healthcare emergency	11	3	-	14
Total special items	(12)	(7)	-	(19)
Operating result (EBIT)	**4**	**(25)**	**48**	**27**

Saipem Group - Adjusted income statement

Year 2022	(€ million)	First half 2022	2023	% Ch.
9,980	**Adjusted core business revenue**	**4,187**	**5,347**	**27.7**
9	Other revenue and income	5	2	
(7,798)	Purchases, services and other costs	(3,100)	(4,099)	
32	Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(52)	(14)	
(1,628)	Payroll and related costs	(777)	(826)	
595	**Adjusted gross operating margin (EBITDA)**	**263**	**410**	**55.90**
(445)	Depreciation, amortisation and impairment losses	(217)	(218)	
150	**Adjusted operating result (EBIT)**	**46**	**192**	
(195)	Net financial expense	(59)	(87)	
(65)	Net gains (losses) on equity investments	(24)	13	
(110)	**Adjusted pre-tax profit (loss)**	**(37)**	**118**	
(153)	Income taxes	(67)	(78)	
(263)	**Adjusted profit (loss) before non-controlling interests**	**(104)**	**40**	
-	Profit (loss) attributable to non-controlling interests	-	-	
(263)	**Adjusted net profit (loss) for the year - Continuing operations**	**(104)**	**40**	
124	**Adjusted net profit (loss) for the year - Discontinued operations**	**(4)**	**-**	
(139)	**Adjusted net profit (loss) for the year**	**(108)**	**40**	

Revenues and associated profit levels are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules in the Engineering & Construction sector, and by contract expiry and renegotiation timing in the Drilling sector.

Adjusted operating profit and costs by function

Year 2022	(€ million)	First half 2022	2023	% Ch.
9,980	**Core business revenue**	**4,187**	**5,347**	**27.7**
(9,447)	Production costs	(3,924)	(4,961)	
(108)	Idle costs	(76)	(39)	
(115)	Selling expenses	(57)	(59)	
(31)	Research and development expenses	(12)	(14)	
4	Other operating income (expenses)	(3)	1	
(133)	General expenses	(69)	(83)	
150	**Adjusted operating result (EBIT)**	**46**	**192**	

The Saipem Group achieved in the first half of 2023 a core business revenue of €5,347 million, an increase of €1,160 million a significant growth compared to the first half of 2022.
Production costs, which include direct costs of sales and depreciation of the vessels and equipment used, were in total €4,961 million, an increase of €1,037 million compared to the first half of 2022, consistent with the higher volumes.
Idle costs decreased by €37 million compared to the first half of 2022, thanks to the greater vessel utilisation of the offshore fleet. Selling expenses, equal to €59 million, were almost in line with the amounted recorded in the corresponding period of 2022, as well as the research and development expenses recognised as operating costs, amounting to €14 million. General expenses, amounting to €83 million were higher than those incurred in the first

half of 2022, mainly as a result of cost incurred to transfer to the new headquarters and the temporary coexistence of costs of both office buildings.

Asset Based Services

Year 2022	(€ million)	First half 2022	First half 2023
5,026	Core business revenue	2,024	2,622
(4,612)	Cost of sales	(1,860)	(2,362)
414	Adjusted gross operating margin (EBITDA)	164	260
(314)	Depreciation and amortisation	(148)	(135)
100	Adjusted operating result (EBIT)	16	125
(16)	Impairment losses and restructuring expenses	(12)	-
84	Operating result (EBIT)	4	125

Revenues of the first half of 2023 amounted to €2,622 million, and show an increase of 29.5% compared to the corresponding period of 2022, mainly attributable to higher volumes in the North Sea, Central and South America, Sub-Saharan Africa and the Middle East.
The cost of sales, amounting to €2,362 million, increased in line with the higher volumes.
Adjusted gross operating margin (EBITDA) for the first half of 2023 was positive for €260 million, equal to 9.9% of revenues compared to the €164 million in the corresponding period of 2022, equal to 8.1% of revenues.
Depreciation and amortisation were lower by €13 million compared to the first half of 2022, due to the lower activity of the vessels undergoing extraordinary maintenance in the current semester.
The operating result (EBIT) in the first half of 2023 was a profit of €125 million.

Energy Carriers

Year 2022	(€ million)	First half 2022	First half 2023
4,389	Adjusted core business revenue	1,874	2,366
(4,382)	Cost of sales	(1,861)	(2,357)
7	Adjusted gross operating margin (EBITDA)	13	9
(59)	Depreciation and amortisation	(31)	(27)
(52)	Adjusted operating result (EBIT)	(18)	(18)
(33)	Impairment losses and restructuring expenses	(7)	-
(85)	Operating result (EBIT)	(25)	(18)

Revenues for the first half of 2023 amounted to €2,366 million and show an increase of 26.3% compared to the corresponding period of 2022, as an effect of the higher volumes in the Sub-Saharan Africa, Middle East, and Latin America.
The cost of sales, equal to €2,357 million, up €496 million compared to the corresponding period of 2022, in line with the higher volumes.
Adjusted gross operating margin (EBITDA) for first half of 2023 was positive for €9 million, equal to 0.4% of revenues, a small decrease compared to the corresponding period of 2022, which benefitted from the non-recurring income.
Depreciation and amortisation amounted to €27 million, down €4 million compared to the corresponding period of 2022, mainly due to the suspension of depreciation of the FPSO Cidade de Vitória recognised as asset held for sale.
The operating result (EBIT) in the first half of 2023 was a loss of €18 million.

Offshore Drilling

Year 2022	(€ million)	First half 2022	First half 2023
565	Core business revenue	289	359
(391)	Cost of sales	(203)	(218)
174	Adjusted gross operating margin (EBITDA)	86	141
(72)	Depreciation and amortisation	(38)	(56)
102	Adjusted operating result (EBIT)	48	85
(3)	Impairment losses and restructuring expenses	-	-
99	Operating result (EBIT)	48	85

Revenues in the first half of 2023 amounted to €359 million, an increase of 24.2% compared to the corresponding period of 2022, thanks to a favourable market scenario, with daily rates increasing and the higher contribution in the quarter by the jack-up Perro Negro 8, fully operational in the first half.
Cost of sales of €218 million, up compared to the corresponding period in 2022, consistent with the higher volumes.
Adjusted gross operating margin (EBITDA) for the first half of 2023 amounted to €141 million, equal to 39.3% of revenues, compared to €86 million in the corresponding period of 2022, equal to 29.8%, mainly attributable to better market conditions with increasing daily rates compared to the corresponding period of 2022.
The operating result (EBIT) in the first half of 2023 was a profit of €85 million.

Impact of ri-aggregation - 2022 data reported

Year 2022	(€ million)	First half 2022
	Offshore E&C	
5,127	Core business revenue	2,072
420	Adjusted gross operating margin (EBITDA)	166
105	Adjusted operating result (EBIT)	16
	Onshore E&C	
4,288	Core business revenue	863
1	Adjusted gross operating margin (EBITDA)	10
(57)	Adjusted operating result (EBIT)	(5)

Impact of ri-aggregation - 2022 data restated

Year 2022	(€ million)	First half 2022
	Asset Based Services	
5,026	Core business revenue	2,024
414	Adjusted gross operating margin (EBITDA)	164
100	Adjusted operating result (EBIT)	16
	Energy Carriers	
4,389	Core business revenue	1,874
7	Adjusted gross operating margin (EBITDA)	13
(52)	Adjusted operating result (EBIT)	(18)

Balance sheet and financial position

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

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

June 30, 2022	(€ million)	Dec. 31, 2022	June 30, 2023
2,610	Property, plant and equipment	2,879	2,832
249	Right-of-Use assets	258	264
696	Net intangible assets	691	687
3,555		**3,828**	**3,783**
2,491	*- Asset Based Services*	*2,459*	*2,459*
512	*- Energy Carriers*	*519*	*518*
552	*- Drilling*	*850*	*806*
89	Equity investments	128	113
3,644	**Non-current assets**	**3,956**	**3,896**
(1,690)	**Net current assets**	**(1,589)**	**(1,352)**
(179)	Employee benefits	(183)	(178)
553	**Net assets held for sale**	**166**	**72**
2,328	**Net capital employed**	**2,350**	**2,438**
600	Equity	2,068	2,148
25	Non-controlling interests	18	2
1,395	Net financial debt pre-IFRS 16 lease liabilities	(56)	(34)
308	Lease liabilities	320	322
1,703	**Net financial debt**	**264**	**288**
2,328	**Funding**	**2,350**	**2,438**
2.23	**Leverage before IFRS 16 (net borrowing/equity + third-party equity)**	**(0.03)**	**(0.02)**
2.72	**Leverage post-IFRS 16 (net borrowing/equity + third-party equity)**	**0.13**	**0.13**
1,995,558,791	Number of shares issued and outstanding	1,995,558,791	1,995,558,791

(1) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 84.

Management uses the reclassified statement of financial position to calculate key ratios such as the Return On Average Capital Employed (ROACE) and leverage (used to indicate the robustness of the group's capital structure).
Non-current assets as of June 30, 2023, stood at €3,896 million, down €60 million compared to December 31, 2022. The change derives from capital expenditure for €140 million, from the increase in the final value of the right-of-use of lease assets for €70 million, from amortisation for €218 million, from divestments and scrapping for €30 million, from positive variation of equity investments for €20 million including dividends for €42 million, and from positive net effect from the conversion of financial statements expressed in foreign currency and other variations for €2 million.
Net current assets have decreased by €237 million, going from a negative balance of €1,589 million as of December 31, 2022, to a negative balance of €1,352 million as of June 30, 2023. The reduction is due to the change in the provisions for risks and charges for €218 million primarily due to the use of funds set aside following the backlog review.
Employee benefits amounted to €178 million; down €5 million compared to December 31, 2022 due to the use in the semester.
Net assets held for sale as of June 30, 2023 amounted to €72 million down compared to December 31, 2022, attributable to the sale of Onshore Drilling which began in 2022, which resulted in the transfer of activities in Kuwait and Latin America during the semester, with the exception of those in Argentina.
In light if the above, the **net capital employed** increased by €88 million, standing at €2,438 million as of June 30, 2023 compared to €2,350 million as of December 31, 2022.
Equity, including non-controlling interests, amounts to €2,150 million as of June 30, 2023, an increase of €64 million compared to December 31, 2022. The increase is attributable to the net profit for the period of €40 million, the positive effect of the change in the fair value measurement of foreign exchange and commodity hedging

derivatives (€40 million), partially offset by the negative effect on non-controlling interests for €13 million due to the transfer of the shareholding in the company ER SAI Caspian Contractor Llc and the negative effect on the net equity due to the exchange differences of financial statements in currencies other than the euro for €2 million.
Net financial position as of June 30, 2023, before IFRS 16 lease liability effects amounted to a net cash of €34 million. Net debt, including IFRS 16 lease liability of €322 million, amounted to €288 million.
Pre-IFRS 16 gross debt as of June 30, 2023, amounted to €2,896 million, liquidity to €2,930 million of which available cash for €1,811 million.

Analyses of net financial debt

June 30, 2022	(€ million)	Dec. 31, 2022	June 30, 2023
(63)	Non-current financial assets	(65)	(54)
373	Non-current bank loans and borrowings	234	568
1,994	Non-current bonds and other financial liabilities	1,495	1,496
2,304	**Net medium/long-term financial debt**	**1,664**	**2,010**
(1,680)	Cash and cash equivalents	(2,052)	(2,338)
(71)	Financial assets measured at fair value through OCI	(75)	(71)
(506)	Other current financial assets	(494)	(467)
1,013	Current bank loans and borrowings	288	254
335	Current bonds and other financial liabilities	613	578
(909)	**Net short-term debt (liquid funds)**	**(1,720)**	**(2,044)**
1,395	**Net financial debt (liquid funds) pre-IFRS 16**	**(56)**	**(34)**
138	**Net current lease liabilities**	**113**	**82**
170	**Net non-current lease liabilities**	**207**	**240**
1,703	**Net financial debt (liquid funds)**	**264**	**288**

Cash and cash equivalents include: (i) cash and cash equivalents of €358 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €166 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; (iii) cash and cash equivalents amounting to €3 million in current accounts frozen or subject to restrictions for a total of €527 million.
For information on net debt as required by Consob, Communication No. DEM/5/21 of April 29, 2021, see Note 23 "Analyses of net financial debt".

Statement of comprehensive income

	First half	
(€ million)	2022	2023
Profit (loss) for the period	**(130)**	**40**
Other items of comprehensive income:		
- change in the fair value of cash flow hedges	(176)	54
- change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	(4)	-
- share of other comprehensive income of equity-accounted investees	-	1
- remeasurement of benefit plans for employees	31	(2)
- exchange differences arising from the conversion into euro of financial statements currencies other than the euro	52	(3)
- tax effect related to other components of the total profit	35	(13)
Other items of comprehensive income	**(62)**	**37**
Comprehensive profit (loss) for the period	**(192)**	**77**
Attributable to:		
- owners of the parent	(192)	78
- non-controlling interests	-	(1)

Equity including non-controlling interests

(€ million)	
Equity including non-controlling interest as of January 1, 2023	**2,086**
Comprehensive income for the period	77
Dividends distributed to Saipem shareholders	-
Dividends distributed by other subsidiaries	-
Sale (re-purchase) of treasury shares net of fair value of the incentive plans	-
Purchase of non-controlling interests	(13)
Share capital increase net of charges	-
Recognition of fair value of incentive plans	-
Other changes	-
Total changes	
Equity including non-controlling interests as of June 30, 2023	**2,150**
Attributable to:	
- owners of the parent	2,148
- non-controlling interests	2

Reclassified statement of cash flows [1]

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

Year 2022	(€ million)	First half 2022	First half 2023
(315)	Group's profit (loss) for the period - Continuing operations	(123)	40
106	Group's profit (loss) for the year - Discontinued operations	-	-
-	Result of the period of other shareholders	-	-
-	*adjustments:*		
375	Depreciation, amortisation and other non-monetary items	178	185
(121)	Net (gains) losses on disposals of assets	1	1
287	Dividends, interest and income taxes	120	133
226	**Cash flows generated by operating activities before changes in working capital**	**176**	**359**
(624)	Changes in working capital related to operations	(579)	(121)
(244)	Dividends received, income taxes paid, interest paid and received	(122)	(96)
(523)	**Net cash flows from operating activities - Continuing operations**	**(525)**	**142**
46	**Net cash flows from operating activities - Discontinued operations**	**21**	**-**
(477)	**Net cash flows from operating activities**	**(504)**	**142**
(523)	Capital expenditure – Continuing operations	(86)	(139)
(27)	Capital expenditure - Discontinued operations	(26)	-
-	Investments in equity, consolidated subsidiaries and business units	-	(1)
503	Disposals and partial sales of consolidated equity, business units and property, plant and equipment	1	61
-	Other changes related to financing activities	-	-
(524)	**Free cash flows**	**(615)**	**63**
52	Net change in receivables and securities held for non-operating purposes	45	49
(919)	Changes in short and long-term loans and borrowings	167	267
(128)	Repayments of lease liabilities	(57)	(59)
-	Sale (purchase) of treasury shares	-	-
1,918	Cash flow from capital and reserves	458	-
21	Changes in consolidation and exchange differences on cash and cash equivalents	50	(34)
420	**NET CASH FLOWS FOR THE PERIOD**	**48**	**286**
(524)	**Free cash flows**	**(615)**	**63**
(128)	Repayments of lease liabilities	(57)	(59)
-	Sale (purchase) of treasury shares	-	-
1,918	Cash flow from capital and reserves	458	-
13	Exchange differences on net financial debt and other changes	42	(26)
1,279	**CHANGE IN NET FINANCIAL DEBT PRE-LEASE LIABILITIES**	**(172)**	**(22)**
-	Effect of first-time adoption of IFRS 16	-	-
(124)	Financing/closing for the period	(39)	(62)
128	Repayments of lease liabilities	57	59
(6)	Exchange differences and other variations	(8)	1
(2)	Change in lease liabilities	10	(2)
1,277	**CHANGE IN NET FINANCIAL DEBT**	**(162)**	**(24)**

(1) For reconciliation with mandatory templates see "Reconciliation of reclassified balance sheets used in the management report with the mandatory financial statements" on page 84.

The **net cash flows from operating activities - Continuing operations** positive for €142 million, net of the negative cash flow from net capital expenditure and investments in equity consolidate subsidiaries of €140 million, and the positive cash flow from divestments and partial disposals of consolidated participations, business units and tangible assets of €61 million, generated a positive **free cash flows** of €63 million.
Repayments of lease liabilities generated a negative effect of €59 million. Exchange differences and other changes on net debt produced a negative effect of €26 million.
Therefore there was a negative change in **net debt pre-lease liabilities** of €22 million.
The **lease liabilities** generated an overall negative effect of €2 million, due to the net negative effect of new financing and contract closure for €62 million in the period, to the repayments of lease liabilities for €59 million, and exchange rate differences and other changes for a total of €1 million..
Cash flows generated by operating activities before changes in working capital - Continuing operations, positive for €359 million, results from:
- the net profit for the semester amounting to €40 million;
- depreciation, amortisation and impairment of tangible and intangible assets and right-of-use assets leasing for €218 million, the negative valuation of equity investments using the equity method amounting to €13 million, the negative change in provisions for employee benefits amounting to €6 million and exchange rate differences and other negative changes for a total of €14 million;
- from net financial expense of €55 million and income taxes of €78 million.

The negative change in working capital related to operations, for €121 million, was due to the dynamics of financial cash flows of backlog review projects under execution.
Dividends received, income taxes paid, interest paid and received during the first half of 2023 were negative for €96 million and were mainly related to dividends received, income taxes paid net of tax credits and to interest paid.

Key profit and financial indicators

Return On Average Capital Employed (ROACE)

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

Return On Average Operating Capital (ROACE)

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

		Dec. 31, 2022	June 30, 2022	June 30, 2023
Profit (loss) for the period	(€ million)	(209)	(1,811)	(46)
Exclusion of net financial expense (net of tax effects)	(€ million)	195	(143)	(223)
Unlevered profit (loss) for the period	(€ million)	(61)	(1,702)	123
Capital employed, net:	(€ million)			
- at the beginning of the period		1,892	3,552	2,328
- at the end of the period		2,350	2,328	2,438
Average capital employed, net:	(€ million)	2,121	2,940	2,383
ROACE	(%)	**(2.88)**	**(57.89)**	**5.16**
Return On Average Operating Capital	(%)	**(2.88)**	**(57.89)**	**5.16**

Net financial debt and leverage

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

	June 30, 2022	June 30, 2023
Leverage pre-IFRS 16	2.23	(0.02)
Leverage post-IFRS 16	2.72	0.13

Non-GAAP measures

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

- EBIT (Earnings Before Interest and Taxes): is an alternative widely used performance indicator for cash flow calculations of company and represents the operating result before financial expenses and taxes;
- EBITDA (Earnings Before Interests, Taxes, Depreciation & Amortisation) or gross operating margin: is an alternative performance indicator relating to operating performance, calculated by adding depreciation and amortisation to operating profit;
- Adjusted EBIT (Earnings Before Interest and Taxes) or earnings before financial income (expenses): this is an alternative performance indicator widely used in the calculation of cash flows for company and represents the operating result before financial expenses and taxes net of special items;
- Adjusted EBITDA (Earnings Before Interests, Taxes, Depreciation & Amortisation) or adjusted gross operating margin: is an alternative performance indicator related to operating performance, calculated by adding depreciation and amortisation net of special items to the operating result;
- cash flow: this indicator is given by the sum of net result plus amortisation and depreciation;
- capital expenditure: this indicator is calculated by excluding equity investments from total investments;
- gross operating margin: a useful measure for evaluating the operating performance of the Group as a whole and of the individual business segments, in addition to operating result. The gross operating margin is an intermediate measure, which is calculated by adding depreciation and amortisation to operating profit;
- non-current assets: the sum of net property, plant and equipment net intangible assets and equity investments;
- net working capital: includes working capital and provisions for risks and charges;
- net invested capital: this is the sum of non-current assets, working capital and the provision for employee benefits;
- funding: this is the sum of equity, non-controlling interest and net debt;
- special items: they represent: (i) not-recurring events or transactions; (ii) events or transactions that are not representative of normal business activities;
- net debt: this is calculated as financial debt less cash and cash equivalents, securities and other financial assets not used in operating activities.

BUSINESS SUSTAINABILITY

Vision and principles

The delicate economic situation, which still reflects the consequences of the COVID-19 pandemic, the weakening of the current geopolitical context marked by the Russian-Ukrainian conflict and the consequent fragility of the global energy supply system, along with the major impacts on the planet's climate caused by human activities, have led to a scenario in which energy transition infrastructures are a decisive factor for ensuring a future of sustainable development. In this context, Saipem reaffirms its ambition to be one of the leading players and enablers of energy transition.

Through its skills and technologies, the Company is indeed effectively contributing to the decarbonisation of the value chain in the energy sector, providing its clients with innovative design, engineering and technological solutions, acting as a strategic partner for the achievement of the Net-Zero goals not only of the company but also its clients, actively and responsibly engaging its suppliers in this process.

Saipem's industrial outlook and commitment to the energy transition therefore defines its path towards sustainability, guided by a medium-long term vision which, taking into account the economic, environmental and social impacts of the Group's business and the expectations of its stakeholders, translates into the integration of sustainability topics into its strategies, processes and governance in order to create shared value and greater opportunities for competitive advantage.

The four-year Sustainability Plan – *"Our Journey for a sustainable future"* – updated for the period 2023-2026, is the reference framework concerning sustainability topics and represents a tool for implementing an integrated strategy combining business and financial targets with ESG criteria, aiming to create short- and long-term value for stakeholders. The Plan's contents are derived from several key drivers: the materiality analysis, the market scenario and client demand, the evolution of the regulatory and normative framework, the positioning within the financial community (analysts, ratings agencies, investors, other financial parties). Its general objective is to convert the medium to long term sustainability vision of the business into actions and projects aimed also at ensuring both constant improvement in performance and the fulfilment of the commitments undertaken by Saipem as a contribution to the achievement of the 17 United Nations Sustainable Development Goals (SDGs). It also aims to comply with the ten principles of the Global Compact, to which the Company has adhered since 2016. The 2023-2026 Plan was initially presented to the Sustainability, Scenarios and Governance Committee last March, where it was discussed and proposed for the assessment and approval of the Board of Directors by the end of the year.

Net-Zero Programme

In the field of decarbonisation, some time ago Saipem defined and launched the multi-disciplinary Net-Zero Programme, which, monitored by the Top Management, aims to reduce the emissions impact of its assets and operations and support clients in their decarbonisation process.

The Net-Zero Programme involves various corporate functions, both at Group and Business Line levels, which contribute to achieving the targets stated. The cross-functional working groups participating in the programme have been selected by gathering extensive skills and knowledge, and the implementation plan is transversal to the entire Group.

In particular, the following medium and long-term targets have been identified and communicated to the market:

- Carbon Neutrality for Scope 2 as of 2025;
- 50% reduction in Scope 1 and 2 emissions by 2035 (baseline in 2018: 1.4 million tonnes of CO_2 eq);
- Net-Zero by 2050, for Scopes 1, 2 and 3.

The Net-Zero Programme is supported by documentary tools, validated by a Steering Committee, comprising the Top Management, and approved by the CEO. The targets and key results are included in the Sustainability Plan, approved by the Board of Directors.

The Programme and its contents were validated by an independent third-party (Bureau Veritas) at the end of 2021. The implementation plans and roadmaps for the Net-Zero Programme are "living", they take into consideration new external regulations and market conditions, stakeholder expectations and clients' requests, as well as new benchmark analyses, technological developments and energy scenarios.

The Board of Directors is involved in the internal strategic discussion on issues related to climate change and their implications for the Company's strategy and programmes.

Since 2019, the sustainability/ESG goals in the Variable Incentive Plan have included climate change-related objectives, and for 2023 they have been proposed both for the Short- and Long-Term. In particular, the Long-Term Incentive Plan now includes a target related to CO_2 emissions offsetting through the participation in projects beyond the value chain.

In the first half of 2023, Saipem defined and launched an investment programme linked to carbon offsetting, selecting projects with mainly Nature-Based solutions that also ensure certified collateral benefits for both the environment and for local communities. The carbon offsetting programme is set in the Strategic Plan with a dedicated budget for the four-year period.

Saipem's reduction of direct emissions is based on initiatives which, over time, fall into three "R" clusters:
- retrofit (the modernisation of existing assets adopting the available efficiency-improving technologies);
- renewal (renewal of the asset fleet with new-generation machinery and vessels); and
- renewables (use of emerging renewable sources to support Saipem's operations).

The main goal of these phases is to progressively reduce the carbon footprint of all Saipem's assets, such as vessels, rigs and TCFs (Temporary Construction Facilities).
Furthermore, Scope 1 and 2 emissions will also be reduced through:
- the use of alternative fuels: replacement with low carbon emission fuels (HVO biodiesel);
- electrification: switching from fuel-powered generators to grid power where possible.

Finally, regarding Scope 3 (indirect emissions arising mainly from the supply chain and mobility), Saipem is collaborating with suppliers and various actors in the value chain with the ultimate aim of setting a working roadmap and relevant emission reduction targets within 2026. In particular, the company is currently focusing on fine-tuning the monitoring of the supply chain's carbon footprint (in terms of scope and granularity) and is carrying out market surveys on available low-carbon materials and technologies to define potential green procurement requirements to be integrated into requests to suppliers.

Stakeholder engagement and company disclosure

In the pursuit of its goal as enabler of the energy and ecological transition, Saipem works by identifying material ESG topics and giving the utmost importance to its people, their health and safety, skills, the attraction of new talent and the social and economic development of the local communities in which it operates, to the relationship with clients and the supply chain, to business ethics, integrity and innovation as key cross-cutting factors for creating value and, last but not least, promoting the enhancement of diversity, equity and inclusion at all levels, both in terms of multiculturalism, represented in the Saipem population, and in its gender component.
Through articulated disclosure means, Saipem communicates its sustainability strategy, lines of action and objectives integrated with the Strategic Plan to its stakeholders and regularly reports on its performance.
Indeed, the interaction with stakeholders is ensured by a timely and transparent reporting system on ESG data and sustainability initiatives, aligned to and certified in accordance with the highest international standards and current regulations on non-financial reporting, which are currently undergoing major changes.
In addition to its disclosure, in 2022 Saipem took part in consultations promoted directly by the competent authorities or through associations relating to both the review of European regulations, particularly the new "Corporate Sustainability Reporting Directive" (CSRD), approved by the European Council in November 2022, and the relevant implementing standards drafted by the European Financial Reporting Advisory Group (EFRAG), under issue.
Relations with stakeholders were further strengthened through the annual materiality analysis, which identifies the sustainability topics deemed to be a priority by the company's stakeholders, the results of which are summarised in the Consolidated Non-Financial Statement (NFS). The assessment is structured according to the principle of *"double materiality"*, which includes the evaluation of the impacts generated by the company on the external environment (Impact Materiality), and those that from the point of view of financial stakeholders impact the value of the company (Financial Materiality).
Among key stakeholders, Saipem pursued its commitment by engaging and supporting its suppliers in Italy in joining the open digital platform "Open-es", a system initiative fostering the close monitoring of the sustainability performance of its supply chain, the development of a sustainable culture and the strengthening of ESG requirements in supplier assessments.
With reference to the ESG ratings and sustainability indexes, in late 2022 the Dow Jones Sustainability Index (DJSI) confirmed the company's leadership in its industrial sector and its overall excellent positioning. In June 2023, Saipem was confirmed in the top ten of the EticaNews' Integrated Governance Index (IGI) 2022, which measures the integration of sustainability into the corporate strategies of the most important Italian companies.
For the first time in 2023, the company was admitted to the Bloomberg's Gender Equality Index (GEI), an internationally accredited index for measuring gender equality in listed companies with over one billion dollar market capitalisation. The inclusion in the index was obtained thanks to the score Saipem achieved in the evaluation of its commitment to promote gender equity through the development of dedicated policies and strategies.
Finally, Saipem's position was confirmed in the ranking of the Carbon Disclosure Project (CDP), the independent non-profit organisation that offers investors a system for measuring their climate change policies and performance. The total score obtained by Saipem remains on level "B" (of a scale D>A), higher than the sector average of C.

Sustainability reporting

On March 14, 2023, the Board of Directors of Saipem approved the Group's 18th voluntary sustainability report, representing the results achieved and the targets the company has set through its Sustainability Plan, particularly relating to the topics of Net-Zero, environmental protection and biodiversity, the development of its people, business ethics, innovation and cyber security, examining its role throughout the value chain.
Pursuant to Legislative Decree No. 254/2016 on non-financial reporting of entities of public relevance, transposition in Italy of Directive No. 95/2014, Saipem produced the sixth "Consolidated Non-Financial Statement" (NFS) 2022, which was also approved by the Board of Directors on March 14, 2023. This is the informative document concerning the management of non-financial aspects, placed in a separate section of the "Directors' Report", which describes the Group's policies, activities, risks, and related management methods, the main results and impacts generated in the year in terms of indicators and trend analysis.
Since 2021, the document has included the section that, in compliance with EU Regulation 2020/852 on the taxonomy of activities and investments that can be classified and aligned as sustainable, provides an analysis sheet reporting the indicators required by the regulations (turnover, capital expenditure and operating expenses).
The NFS also gives a description of the internal control system dedicated to non-financial information, in operation since 2019 to ensure the reliability, timeliness and completeness of the disclosure, with a perimeter progressively extended annually to cover other subsidiaries and indicators. The process entails defining the scope of application, defining and evaluating controls, implementing monitoring activities and defining corrective actions, reporting, and evaluating the control system.
The document also includes the disclosure on Climate Change, previously published separately, drafted in conformity with the guidelines of the Task Force on Climate Related Financial Disclosure (TCFD), which describes analyses, policies, strategies, actions and metrics, management of risks and opportunities and technological initiatives in order to highlight the impact on its business of those scenarios linked to climate change and to its role in the energy transition.
Furthermore, aiming to ensure the fullest and integrated sustainability reporting, the section of the NFS which describes the policies and actions taken by the Group to measure and strengthen systems and processes for the prevention of forms of modern slavery and human trafficking, both in its direct operations and along the supply chain, and in general to ensure respect for human and labour rights, has been expanded.
In relation to these contents, the company has also published the Group document "Saipem Human Rights & Modern Slavery Statement 2022", in compliance with the UK Modern Slavery Act and the Norwegian Transparency Act, following the preliminary favourable opinion expressed on June 20, 2023 by the Sustainability, Scenarios and Governance Committee and the approval of the Board of Directors in the June 27, 2023 meeting.
All the above-mentioned documents are available in the "Sustainability" section of the Company's website www.saipem.com.

RESEARCH AND DEVELOPMENT

We have always focused on technological innovation and are currently dedicated to strengthening our competitive position in the Oil&Gas industry while also leading the way in the energy transition through tools, technologies and processes that prioritise environmental sustainability from the outset.

Just in this respect, the first part of the report is devoted to Oil&Gas business innovation activities while the second part is dedicated to the energy transition.

As regards the offshore Oil&Gas initiatives. most of the innovation activities are now grouped under the **Asset Based Services** business line. Efficiency is the key word from several points of view in offshore field developments: energy efficiency which is now one of the most important targets in order to minimise carbon emissions, and also project execution efficiency, which is requiring, in offshore and deepwater, a significant number of innovations. The challenge for new technologies is to decrease the carbon footprint while remaining in areas where the technical and economic challenges are still evolving with more and more demanding criteria. In this perspective, Saipem is developing and delivering new and reliable technologies in different complementary areas, offering a set of solutions to optimise the development and the decarbonisation of offshore fields.

As regards Pipe laying activities, a very important milestone has been reached concerning the Integrated Acoustic Unit (IAU) equipment that obtained the Statement of Qualified Technology from DNV (the well-known certification institution) for the installation of 30"-36" and 42"-48" diameter pipelines. The IAU allows inspection of potential damages in pipelines in real time during the laying process, notably out-of-roundness, buckles and dents, water intrusion and identification and localization of obstacles in the pipe.
Additionally, the development of a first version of the Hands-Free Lifting Beam for automatic transfer of pipeline section from supply vessel to pipelay vessel is proceeding to hit the deployment on executive projects since 2023, as well as the construction of a prototype. Another prototype is under development for a more versatile usage on a wider range of pipeline transportation means.

Concerning Pipeline Technologies, the key factors are the velocity and reliability of operations while assuring at the same time very high product quality. Saipem is making continuous hardware and software improvements on its proprietary welding technologies, such as the Saipem Welding System (SWS), Submerged Arc Welding (SAW) and SPRINT internal plasma remelting technology in order to maintain and increase operational effectiveness and extend the working capabilities of the equipment.
Notably, by leveraging proprietary technologies and unique competences across the engineering value chain Saipem can customize solutions to client needs and to our lay vessels in order to keep the competitive edge and remain attractive. This is made possible thanks to a highly committed R&D force that guarantee a top-notch fit-for-purpose set of packaged solutions. This, both in SURF (Subsea Umbilicals, Risers & Flowlines) and more conventional sectors.
In addition, qualification tests for innovative welding and field joint coating procedures and materials, for pipelines transporting fluids with high hydrogen content, have successfully started. These tests will support Saipem readiness for construction of commercial pipelines transporting hydrogen-natural gas mixtures or pure hydrogen. In that respect, Saipem is actively involved in the consolidation and standardisation of the new DNV recommended practice, together with over 30 major players.

Concerning SURF products, a great focus has been put on the DEH (Direct Electric Heating) PiP (Pipe-in-Pipe), a critical asset to guarantee the best flow assurance. Qualification tests have successfully started in 2022 with the aim of having this technology qualified according to the TRL 4 of the API scale for commercial application in mid-2024 under the certification of DNV; electrical insulation has been qualified. The patented aluminium liner was the object of a successful trial, whose purpose was to outline the most appropriate fabrication process to our yards and beta-test it. Several case studies have been run on behalf of clients (TotalEnergies, Shell and Exxon). Great efforts have been also dedicated to the introduction of plastic liners for water injection lines, where pull-out tests have been achieved on High Pressure End Connectors, and high-pressure tests are close to final completion. A concept is also being developed in partnership with TotalEnergies for the extension of plastic liners to production lines. The special design features to address plastic liner deformation, in case of pipeline depressurization, have been addressed by numerical studies, and a first proof-of-concept has been manufactured.
As regards technology development for SURF projects, the plastic wedges, that improve the laying performance of PiP by 20%, have been tested successfully onboard FDS 2 in May, paving the way towards first use on projects, with improved laying performances. Under the guidance of Petrobras, new Metal Lined Pipe material has been qualified as alternate to Cladded CRA (Corrosion-Resistant Alloy) for corrosion sensitive pipelines. Additionally, Saipem is working on developing mid-term solutions to improve the laying performance of continuous buoyancy on SLWR (Steel Lazy Wave Riser).

The Offshore Drilling business completed the development of a tool to improve the quality of wells leveraging artificial intelligence. The tool aims at supporting the drillers in detecting those signals that allow the well engineer to maximise well quality. The system has been developed and tested on past project data, and the possibility of collaboration with a client is under consideration. On another side, given the strong feedback coming from customers and government agencies, the technological feasibility of using electric BOPs (Blow-Out Preventers) and riserless sea drilling operation is also being evaluated. In addition, a system to track all the tubular material running in the well and present onboard in order to have a real time situation and better plan the phases of the well, is under development; it will be installed onboard the last generation semi-submersible drilling unit Scarabeo 8 in the coming months.

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

Subsea Factory

Saipem is developing the "Subsea Factory Solutions" industrial platform. This is a new approach to bring process treatment directly on the seabed, close to the injection wells, by reducing the costs associated to risers and flowlines, the significant costs for additional treatment modules installation on existing topsides and frees up valuable space for production or reduces the size of the new topside facilities, allowing also a significant reduction of emissions by simplification of the overall architecture.

This development fits with the "All-Electric" vision for fields, made of subsea infrastructures connected only by electric lines and optical fibres, in place of complex and expensive electro-hydraulic umbilicals which are typically used to deliver control fluid for subsea hydraulic actuators, chemicals and subsea pumps barrier fluid. Within this framework, the subsea factory solutions are the key enablers of brownfields development projects whenever congested topside or long tiebacks are concerned.

The qualification of the SPRINGS™ process for water desulfation and injection (co-owned with TotalEnergies and Veolia) has been successfully completed. The industrialisation of its all-electric subsystems is also close to its completion, pending final tests. Such subsystems have been industrialised with the intention to form the building blocks for the whole Subsea Factory products portfolio. Thanks to the process qualification and to the industrialisation, the technology maturity has progressed, and recognised by operators, to a stage sufficient for being included in conceptual studies for new field developments.

The FLUIDEEP™ technology for subsea storage and injection of chemicals is also at an advanced stage of industrialization and the final qualification tests are currently ongoing. Saipem has completed a study with a client for the utilisation of SPRINGS™ combined with the subsea produced water separation (Spoolsep™) and subsequent treatment, demonstrating a reduction not only the global cost but also on the CO_2 emissions, when compared to a conventional field development scheme.

Saipem has also recently presented SUBGAS, a subsea gas dehydration and dew pointing unit to overcome the flow assurance issues and unlock long subsea Gas tiebacks. SUBGAS avails of the qualified oil and gas separator Vertical Multipipe™ which was previously developed and qualified through multiple Joint Industry Projects (JIPs) for deepwater applications.

Life-of-Field

Saipem is developing an integrated Digital Twin approach for subsea critical component design and servicing, by incorporating new technologies such as the "Riser Monitoring System" for enhanced Life-of-Field. These technologies have been successfully qualified and are going to be deployed in Buzios 5 and Buzios 7 projects. Further evolutions (e.g., fibre optics monitoring) are under technological qualification process.

Regarding subsea remediation services for diver and deepwater diverless applications, Saipem has successfully qualified and obtained a third party (DNV) certification for a mechanical end connector ("Seal & Grip") to allow to replace damaged pipe sections with pipe spools, being the only connector that adopts a full metal-to-metal seal to guarantee permanent repairs of clad and sour service pipelines. Saipem is also qualifying a novel pipeline and spool diverless deepwater repair technology based on Fibre-Reinforced Polymer composite wrapping. Process development and wrapping tape material qualification are ongoing for deep water and high temperature cases.

Subsea robotics

The use of advanced underwater robotics solutions, capable of performing complex inspection tasks automatically and with no subsea human presence, represents a cutting-edge technology in the field of unmanned underwater interventions. We aim to be an active player in this transformation, using some of the more innovative and disruptive subsea robotics in the offshore energy market.

Such drones will be able to perform complex navigation tasks, automatically adapting to environmental conditions and newly acquired inspection data, all of which require advanced control and communications techniques informed by Artificial Intelligence.

The development of the Hydrone subsea robotic platform is more and more focusing on our Hydrone-R, Hydrone-W and FlatFish solutions:

- Hydrone-R received the Spotlight on New Technology Award at the Offshore Technology Conference (OTC) in May 2021, in recognition of its innovative technology, which is revolutionising the offshore energy sector. The first Hydrone-R vehicle was delivered to Equinor as part of the first ever "Life of Field" contract for an Underwater Intervention Drone, covering 10 years of service in the Equinor "Njord" field off the coast of

Trondheim. The first Hydrone-R prototype, complete with automatic docking features, was developed and fully tested, including remote controllability and is now in operations on Njord field for continuous inspection and maintenance activities;
- Hydrone-W is a work-class full-electric remotely operated vehicle (ROV) equipped with a revolutionary powertrain and power management system that minimises energy consumption during operations. It is designed to operate from both manned and unmanned platforms controlled from land. Its industrialisation is also ongoing as a dedicated investment. Delivery of the first prototype is expected by first quarter 2024;
- FlatFish is our underwater drone, conceived to perform complex, autonomous subsea asset inspections without vessel support. This robot can be launched from a topside facility or reside on the seabed inside a subsea ROV garage. FlatFish will reduce the CO_2 footprint of this type of operation by more than 90% and decrease manning requirements by approximately 70%, offering clients a more cost-effective solution. The development of the "FlatFish", again winner of the Spotlight on New Technology award at the OTC in 2023, is also at an advanced stage: after a first extensive test programme, carried out in Trieste Playground, for the complete testing of all autonomous tasks and inspection functions, the system has been mobilised for a deep-water test campaign offshore Brazil in the context of an awarded contract with Shell and Petrobras. The offshore campaign has been recently completed with successful testing and finalisation of all system capabilities in fully operational environment.

We are also collaborating with WSense to develop subsea intelligent nodes that can communicate using through-water links to create a distributed network of acquisition nodes integrated with our underwater robotics. This technology could be applied to traditional Oil&Gas scenarios like monitoring asset integrity or for new fields like monitoring underwater CO_2 storage.
We are also part of the "AIPlan4EU" Horizon 2020 programme, working on creating Artificial Intelligence software for automatic mission planning, to be used on our Hydrone platform. Additionally, we are actively contributing to the Subsea Wireless Group (SWiG), a Joint Industry Project aimed at standardising through-water communication.

In this frame, Saipem has been awarded a contract by Petrobras for the development and testing of an autonomous subsea inspection robotic solution, which will be based on Saipem's fleet of underwater drones, starting from the FlatFish, as well as the qualification of related autonomous drone-based services, enabling future inspection contract options offshore Brazil. This contract marks a further milestone for Saipem's innovative underwater robotics programme and for the global scale utilisation of subsea drones in offshore projects throughout the entire value chain, and it allows to extend to the new features to the Technology Readiness Level 7 (TRL7) achieved on Saipem's fleet of subsea drones.

Finally, the potential of these subsea technologies within the offshore domain is vast, both for Oil&Gas developments, as well as for the renewables market segment and also in non-energy sectors.
In particular, in the "New Energy" context, the use of FlatFish for subsea inspection and maintenance activities of the offshore wind farms is an attractive solution with high potential in the improvement of the value chain. As offshore wind farm installations require periodic and long-lasting inspections activities, subsea resident drones, with the ability to accomplish inspection missions in complete autonomy, represent a step-change solution with multiple benefits in terms of safety, operational de-risking, environmental sustainability, cost efficiency, digitalisation.
In the defence field, we are continuing to work on developing the Rescue and Intervention Deployable Assets for the vessel SDO-SuRS (Special & Diving Operations - Submarine Rescue Ship) for the rescue of submariners continued in collaboration with Drass. Saipem was selected by Marina Militare Italiana (the Italian Navy) for the development of the new generation equipment. The rescue and intervention system integrates a latest generation of work-class ROV, acting as a carrier for navigation and control, with a rescue capsule bringing submariners back to the surface, through a controlled habitat, in total safety. Saipem is also working with the shipyard Intermarine for the launch and recovery system of underwater drones from the Uncrewed Surface Vessel (USV) for mine countermeasures operation, within the new mine hunting ship development programme of Marina Militare Italiana. Saipem has been recently awarded for a PNRM project (National Plan for Military Research) dedicated to the development of an innovative subsea robotics system (Hydrone-D) for mine countermeasures and other defence activities (ASW and seabed warfare).

The **Energy Carriers** business line continues to pursue the monetisation of natural gas with focus on the consolidation and development of processes and technologies aimed at achieving the decarbonisation targets, complying with the energy transition path. In this context, a long-term plan has been defined and related activities are in progress to keep the proprietary technologies at the highest level of competitiveness.
Relevant to the fertilizers production ("Snamprogetti™ Urea Technology"), the ongoing activities include:
- continuing to enlarge our portfolio of high-end solutions with the introduction of the Snamprogetti SuperCups™ trays, for urea reactor, which drastically increase the mixing efficiency of the reactant phases, thus boosting conversion rate of urea synthesis with the aim to significantly reduce the energy footprint of urea production and its CO_2 emissions; several new and "revamped" facilities are adopting the SuperCups technology and a research programme to develop the second generation of SuperCups is on-going, with the aim of further increasing the efficiency;
- improving resistance to corrosion and cost reduction through the development of novel construction materials. In this respect, Saipem and Tubacex Innovación have recently developed together a new grade SuperDuplex

material for application in the High-Pressure section of Urea plants. The new material has been developed for use with traditional construction technique as well as additive manufacturing; it has been already tested in an industrial environment and is ready for commercial deployment;
- the conceptual design of blue ammonia facility has been completed as part of the Barents Blue Ammonia Project pre-FEED activities. The integration of ammonia process with the required utilities & offsites has demonstrated that by proper optimisation it is possible to achieve 99% of carbon capture rate for the overall complex; in addition, a deep modularization study demonstrated the feasibility of a highly modularized approach which can facilitate the deployment of large blue hydrogen/ammonia projects. Currently, a huge number of commercial initiatives is ongoing for blue hydrogen/ammonia, moving from early development to Front-End Engineering;
- also, the number of green ammonia production, ammonia pipelines and ammonia terminals initiatives currently pursued by Saipem is increasing, allowing Saipem to be at the forefront of the expected massive deployment of low-carbon ammonia market. Low-carbon ammonia is considered a suitable energy vector, both as a primary source of energy and indirectly as hydrogen carrier. In this regard, Saipem is currently evaluating the technical and economic feasibility of large-scale ammonia cracking, the technology enabling the entire value chain of ammonia as hydrogen carrier;
- an innovative solution for Waste Water Treatment in Ammonia-Urea complexes, the SPELL technology, has been developed by a cooperation with Purammon Ltd. The technology is able to remove nitrogen and organic contaminants through a novel electrochemical process, in compliance with the most stringent environmental regulations. To support the technology demonstration towards the final customers, a mobile containerized demo plant, with max capacity equal to 2 m^3/h has been built. Such asset will be easily moved to different clients' facilities through a plug & play approach to demonstrate the electrochemical technology capabilities.

Efforts in the LNG (Liquefied Natural Gas) field are ongoing, also to define proprietary schemes for small-scale natural gas liquefaction and LNG regasification facilities, which can become a flexible way also for supporting sustainable mobility in the near future. The proprietary Liqueflex™ and Liqueflex™ N_2 technologies for the liquefaction of natural gas, have been just devised for small and mid-scale plants, to suit the current market scenario requiring quick time to market solutions. Various innovative solutions have also been patented by Saipem to increase the profitability of either new-built or existing LNG regasification terminals, by recovering cold energy from LNG to minimise the terminals power consumption and CO_2 emissions. The business line is also supporting the final customers in the evaluation of possible solutions targeting greener LNG facilities to further lower carbon emissions in large scale LNG plants.

In association with the LNG technology, Saipem patented a Telescopic Joint named "CASS", consisting in a joint with an innovative design that absorb pipe's thermal contraction in cryogenic application avoiding piping loops, with a consistent optimisation of pipeline routing and related construction costs and plant capex reduction. The innovative joint exploits the principle of telescopic movements, replacing expansion loops and it is applicable to cryogenic pipes but also on hot application. Saipem has further developed the solution and is in the process of completing a DNV certification for the joint which will be ready in 2023. Next step in the technology development will be the installation in an operation plant.

In relation to high octane technologies, the identification and investigation of new possible configurations, for etherification unit to reduce energy intensity of the entire process from acquisition to execution.

As previously mentioned, in the second part of this report attention goes to the activities regarding energy transition.

In the medium term, targeting progressive decarbonisation of energy and overall CO_2 emissions reduction also in the Hard to Abate sectors, we are pursuing several initiatives that reflect four main pillars:

1. *Decarbonisation of Carbon-Intensive Industries* ("hard to abate"). We aim to continue to produce energy and products using fossil fuels while significantly reducing their associated climate-altering emissions. This applies not only to the Oil&Gas industry but also to other industries that are heavy in carbon and energy usage, such as steel, paper mills and cement.
2. *Renewables*. We are particularly oriented towards several offshore renewable energy sources, mainly offshore wind but also floating solar; their systemic integration might result decisive to allow more independence of the intermittent character of most of renewables, possibly also through the production of hydrogen.
3. *Hydrogen*. We see it both as a low-carbon chemical intermediate and as an energy carrier that can gradually replace natural gas, particularly in applications that are difficult to electrify.
4. *Low Carbon Fuels, biomass conversion and circular economy*. We are committed to adopting new models that create value and protect the environment by improving the management of resources, eliminating waste through better design, and maximising the circulation of products.

Decarbonisation of carbon-intensive industries

Carbon is a key ingredient in many industries, including petrochemicals, refining, steel production, where carbon is a main component of any kinds of steels, but it is also important to decarbonize other "hard to abate" sectors, such as cement production, as well as paper mills, waste treatment plants, etc. All these industries are also known for being highly energy intensive: although CO_2 cannot be totally eliminated, it is important to find the best way to manage it.

Our company has a strong background in Carbon Capture, Utilisation & Storage (CCUS) thanks to capture process technology, and experience in pipeline transportation of fluids over long distances, conversion of CO_2 into chemicals and offshore drilling for CO_2 injection. We are making diversified efforts to assist our clients in reaching their decarbonisation goals and creating a more sustainable industrial model.
We have extensive experience in all commercial technologies related to CO_2 capture, thanks to our vast knowledge in the ammonia/urea production process and in refineries, including the gasification of tar residues. At confirm of this, in April 2023, Saipem and Mitsubishi Heavy Industries ("MHI") have signed an agreement that allows Saipem to use MHI's proven technologies for post-combustion CO_2 capture in the implementation of large-scale projects.
Additionally, we are developing our own "CO_2 Solutions by Saipem" technology, which aims to reduce the cost and environmental impact of capturing CO_2 from combustion processes and allows for its sequestration or reuse to create new marketable products. This technology uses an absorption process with a carbonate solution enhanced by a proprietary enzyme that can operate in process conditions. We have already tested this technology on a large scale at a demonstration plant (30 tons per day) in operation in Québec.
We have also entered into a collaboration agreement with Novozymes, a leading biotech company that specialises in enzyme production and optimisation, to improve the enzyme supply chain.
Lastly, we recently completed the industrialisation of Bluenzime™, a modularised system for post-combustion carbon capture that uses our CO_2 Solutions technology, in order to provide our clients with a compact and effective solution that can be brought quickly to the market.

The EU-funded "ACCSESS" innovation project
We are also actively participating in the ongoing EU-funded innovation project "ACCSESS", started in 2021 and involving 18 European partners. ACCSESS is demonstrating the capture of CO_2 from flue gases coming from several hard-to-abate industries such as pulp and paper, cement production and waste-to-energy, and cross-border CO_2 transport solutions linking CO_2 sources in inland Europe and the Baltics to the North Sea.
In 2022, a 2-ton-per-day pilot plant, previously designed to be operated with amine solvent, was modified to operate with our CO_2 Solutions technology, which was identified as the leading technology of the ACCSESS project. The pilot plant has been successfully operated with our technology in the waste-to-energy plant Hafslund Oslo Celsio in Klemetsrud, marking the first important milestone of the ACCSESS project. After the completion of testing in Klemetsrud, the pilot has been moved to the Technology Centre Mongstad to be integrated with a Rotating Packed Bed absorber unit developed by Prospin and constructed by Proceler. Preliminary runs have demonstrated stable operations well satisfying target performance. This represents the next stage of development of our CO_2 Solutions technology, with the goal of providing the market with a modular, fast and easy-to-build product. From 2023 to 2024, we will conduct CO_2 capture test campaigns at the Stora Enso kraft pulp mill in Skutskär, Sweden, and at the Heidelberg Cement kiln in Górażdże, Poland.

In terms of CO_2-reuse, we are actively identifying all possible technologies to support our clients with potential CO_2 reuse options, particularly in areas where infrastructure for CO_2 collection and transport to storage is not available. A technology scouting is still in progress aimed to identify the most promising technologies that can be turned into business opportunities for Saipem and to evaluate possible partnerships with the Technology Providers. The main CO_2-based product categories involved range from Concrete and Carbonate Materials to Fuels and Chemicals, up to Durable Carbon Materials and Polymers and Bio-plastics.

We are also working to further improve our knowledge and capabilities in CO_2 transportation. For example, after having completed the FEED for the offshore pipeline of the Northern Lights project, we are collaborating with the University of Ancona (Italy) to assess the impacts of CO_2 impurities in pipeline flow assurance and review leak detection methods for onshore transportation. We continue to study the applicability of polymeric material in pipeline systems, thanks to our participation in the European funded project "CO_2 EPOC", an R&D project carried out by the Norwegian company SINTEF and promoted by Equinor & Total. We are also collaborating with ETH (Zurich Polytechnic) to conduct a conceptual study of a pipeline collecting the CO_2 emitted by several industrial sites in Switzerland for Carbon Capture and Storage. Furthermore, our associated Norwegian company Moss Maritime is in the preliminary design stage for a liquefied CO_2 vessel to collect and store CO_2 from various industrial sources.

Other decarbonisation services
To help our clients meet their Net-Zero emission targets, we have created specialised decarbonisation services that address both the emissions generated directly by the client's facilities and those throughout its supply chain:
- EmiRed™ is a solution to find the best tech to reduce greenhouse gases in greenfield or brownfield industrial plants. It is both a method and a digital tool resulting from our engineering experience and tech innovation. EmiRed™ calculates a plant's life cycle's direct and indirect costs and emissions from the design stage, allowing for a quick comparison of different decarbonisation scenarios such as energy efficiency, carbon capture, renewables, fuel switching, and methane reduction. EmiRed™ follows the GHG Protocol and is certified by Bureau Veritas, a global leader in assessing QHSE-SA (Quality, Health, Safety, Environment and Social Accountability) risks;

- LCA (Life Cycle Assessment) evaluations, based on the ISO 14040 and ISO 14044 standards, enable reliable, transparent and quantitative assessment of potential environmental impacts of projects, products, processes and integrated systems.

Renewables

We keep investing in the offshore renewable market for both bottom-fixed and floating solutions.

Regarding bottom fixed solutions, Saipem completed the installation campaigns for Seagreen jacket foundations and for the first substation of Dogger Bank. Overall, Saipem has now fabricated and/or installed 2,500 MW of offshore wind foundations. Other projects are ongoing with jackets and monopiles, as well as with offshore fixed substations, thus allowing to increase even more our experience and know-how in bottom fixed foundations for offshore wind. Saipem is also participating to a JIP on early age cycling of grouted connection coordinated by DNV.

In floating wind, we advanced the development of two concepts, the STAR1 semi-sub and the HexaFloat™, pendulum design, to provide the most tailored solution to the market.
In 2021, we added the STAR1 semi-submersible technology to our floating offshore wind technology portfolio. This is a centred-turbine floater with 3 external columns connected to the central one by submerged pontoon. In 2022, we refined the STAR1 design for large-scale commercial turbines. Early 2023, Saipem has completed the design and structural optimisation of STAR1 for large-scale future commercial turbines of 15 MW with the aim to reduce structures weight and fabrication costs to improve competitiveness of floating wind vs. bottom-fixed offshore wind. Innovative connections between columns and structural arrangements have also been investigated and validated for harsh sea conditions.
The other technology is HexaFloat™, a pendular floating wind solution for deep water, connecting a semi-submersible floater to a submerged counterweight with synthetic tendons. This allows the development of floating offshore wind turbines in areas with strong winds that are too deep for traditional fixed foundations.
The development of the full-scale demonstrator of 3 MW through Deltafloat project (supported by ADEME, French Environment and Energy Management Agency), on Mistral test site in the French Mediterranean Sea has progressed to FEED level. In addition to these developments, Saipem is pursuing its significant effort to industrialise its calculation chain aiming at designing efficiently floating wind structures, with integration of complex interfaces among key designing tools. On the other hand, the optimisation of the fabrication sequence has been another key focus which has led to the kick-off of a JIP named RECIF in 2023, with support from ADEME and CORIMER (French R&D Council of sea industrials), whose objective is the development of specific fabrication optimisation blocks.
Saipem is also involved in the development of floating substations in partnership with Siemens Energy, developing a concept design for a 500 MW high voltage alternating current (HVAC) floating electrical substation. A typical floating substation design has been completed and a Statement of Feasibility by DNV has been issued on the design developed. Saipem is also participating in a JIP led by DNV on Floating Substations.
All these initiatives aim to optimise costs and minimise risks for these new and complex projects, from design to fabrication and installation.

In the renewables area, the Company is also developing further initiatives:
- in partnership with Equinor, a new concept of "Offshore Floating Solar Park", developed by Moss Maritime, for applications also under severe wave conditions; together with Sintef the two companies have performed tests on a scaled floating solar model. Pilot project is foreseen for 2023;
- as regards geothermal, potential opportunities in both the fields of unconventional geothermal systems and offshore geothermal are being evaluated; collaborations with reference research centres are being defined, as well as discussions with possible strategic partners;
- evaluations of all the possibilities of an environmentally sustainable recovery of critical and strategic minerals, fundamental for both clean energy and digital transitions is under development; in particular processes scenarios involving the transfer of technological skills from Oil&Gas are being investigated.

Hydrogen

Saipem can design, size and execute industrial plants using green and blue hydrogen technologies for industrial sectors, either the conventional ones based on Hydrogen both as a chemical intermediate and for hard-to-abate sectors where electrification is not feasible, and as energy carrier for heavy duty vehicles, rail and maritime transportation. In general, hydrogen technologies also address the need for a resilient energy system that can integrate variable renewable sources and ensure flexibility and supply security. As a result, there is increasing interest in green hydrogen, particularly for integrating contiguous industrial sectors. Saipem provides industrial solutions such as large-scale electrolyser plants for hybrid industrial applications, including those defined by the green ammonia and green hydrogen valley projects.
In September 2022, Saipem and Edison joined together Alboran Hydrogen Brindisi Srl in a special purpose vehicle to implement the Puglia Green Hydrogen Valley project to accelerate the adoption of green hydrogen in the national energy mix, helping Italy and Europe reach their climate neutrality targets by 2050.
The **Puglia Green Hydrogen Valley** project aims to build three green hydrogen production plants in Italy, in Brindisi, Taranto and Cerignola for a total capacity of 220 MW. The plants will be powered by 400 MW of

photovoltaic power. The three plants should produce up to 300 million cubic metres of renewable hydrogen per year at full capacity. The green hydrogen will be used mainly by local industries, transported to end users through a local pure hydrogen repurposed pipeline and new connecting ancillary gas network and also addressed to sustainable mobility thanks to storage and truck loading facilities.
The Brindisi project has almost completed the authorisation process and will feature a 60 MW electrolyser powered by a dedicated photovoltaic field. The Taranto project has started the authorisation process for the construction of a green production plant with a 200 MW dedicated photovoltaic plant. The Puglia Green Hydrogen Valley project involves several regional entities, technological and production districts, and universities.
The project, for the Taranto and Brindisi plants, has been submitted to IPCEI (Important Projects of Common European Interest) funding; currently, Saipem together with its partners are involved in a process of requests for information from the European Commission and the Italian MIMIT Ministry.

In the infrastructure sector, several further initiatives are under way, such as the Trans Anatolian Pipeline, the Trans Tunisian Pipeline, and the Trans Austria Pipeline, to prepare assets for hydrogen and hydrogen/natural gas onshore pipeline injection and transportation through technical assessment of materials, compression stations and components. Saipem is also heavily involved in the development of offshore pipeline readiness for hydrogen and hydrogen/natural gas and is conducting several studies. Additionally, Saipem is involved in the preliminary design of liquefied hydrogen transportation vessels from Moss Maritime.

Low Carbon Fuels, biomass conversion and circular economy

The energy landscape drives Saipem to look with increasing interest at the technologies of Low Carbon emission production, and liquid (biofuels, ammonia, and synthetic hydrocarbon liquids) or gaseous (biogas, hydrogen and synthetic methane). While low-emission fuels currently meet a small percentage of global energy demand, they will be key to decarbonising parts of heavy industry and long-distance transportation.
In this frame Saipem is involved through a cooperation agreement with Versalis to promote PROESA® technology used to produce sustainable bioethanol and chemicals from lignocellulosic biomass. In addition, Saipem continues to study and analyse markets and global technology landscape for biomass conversion technologies in terms of:

- gasification for the production of Syngas;
- anaerobic digestion and purification for biomethane production;
- pyrolysis and hydrothermal liquefaction for bio-oils production.

The Company is interested to extend the conversion of products as intermediates for the production of chemicals, bio-products, and alternative fuels with a view to break into the market for the entire value chain.
Saipem also carries out projects for the refinery conversion, in particular for the production of renewable diesel and SAF (Sustainable Aviation Fuel) from waste oils, also in addition to energy crops not in conflict with the food chain. In these plans Saipem is generally involved as contractor, also supporting the customers in the technological consolidation.

As far as the circular economy is concerned, the ability to develop innovative solutions for sustainably treating plastic waste and turning it into valuable products is becoming increasingly crucial. To this end, we are promoting circular economy models for plastic waste and exploring potential partnerships with waste sorting companies, technology providers and final off-takers to build comprehensive chemical recycling plants and improve our offering.
We recently signed an MoU with Quantafuel ASA to collaborate in the industrialisation and construction of chemical recycling plants for waste plastics using Quantafuel's technology. This allows us to market and construct industrial plants specialised in pyrolysis, which turns solid plastic waste into liquid or gaseous products that can be reused as fuel or chemical raw materials for plastic recycling.
In the field of plastic depolymerisation. Saipem and Garbo, an Italian chemical company, have signed an agreement to support the industrialisation, development and international commercialisation on a global scale of a new technology for PET (Poly-Ethylene-Terephtalate) recycling. The technology, named ChemPET, is Garbo's proprietary depolymerisation technology which chemically recycles PET-rich waste producing the intermediate ester of the traditional PET synthesis from fossil based raw materials to be used to produce cRPET (chemically recycled PET), with the same properties and applications of virgin PET.
The agreement also provides for Saipem and Garbo to collaborate on the construction on an industrial scale of the first chemical plastic recycling plant in Italy, located in Cerano in the province of Novara.

Intellectual property

Within the complete framework of technology innovation activities, Saipem filed 8 new patent applications in the first half of 2023.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

Health and Safety

During the first half of 2023, Saipem continued, with its usual conviction, on its pursuit to ensure high health and safety standards for all its personnel.
Safety statistics show that Saipem continues to perform better than its peers.
In the first half of 2023, the values of both safety performance indicators fell slightly; TRIFR (Total Recordable Injury Frequency Rate) dropped from 0.43 (2022 figure) to 0.33 (figure updated as of June 2023), while the LTIFR (Lost Time Injury Frequency Rate) dropped from 0.16 (2022 figure) to 0.12 (figure updated as of June 2023).
The Company continues to invest resources to maintain a high level of attention to health and safety issues, in the development and updating of its HSE management system and in the dissemination of various awareness-raising initiatives throughout Saipem's operations.

These are the initiatives promoted by Saipem:

- the **Leadership in Health and Safety** (LiHS) programme is designed to instil a strong organisational safety culture through the dissemination of safe behaviour throughout the organisation and a strong focus on leadership development at all management levels. LiHS is a multi-phase top-down/bottom-up programme that is accessible to the entire organisation of the Saipem Group. Five programmes or "tools" involve staff levels throughout the organisation specifically for each group. The aim is to create safety leaders who become health and safety ambassadors in their own organisation and circle, supporting the growth of an excellent safety culture.
  The programme is still popular and appreciated throughout Saipem, including among clients, partners, and contractors. One of key factors of LiHS' success is that it is a structured programme with visible and credible leadership and a multicultural and universal approach.
  A special edition of the Leadership in Health & Safety workshop was held on December 2, 2022 for Saipem's new Top Management: an opportunity to look back over the history and evolution of the health and safety culture at Saipem and re-focus and align the Top Management to a new Health & Safety Vision.
  Precisely for this occasion, the new Saipem health and safety vision was developed through a collective brainstorming process. Following this main event, the cascading process began in all business lines, to align all managers, embrace new challenges and share intrinsic values, redefining Saipem's health and safety culture.
- The ongoing implementation of the campaign **Life-Saving Rules**, which aims at improving the knowledge and skills the staff needs to work safely, in particular the fact that all work must be properly assessed, planned, and executed, with safety as the most important guiding value. The campaign is being implemented worldwide and concludes with the LSR e-Learning, a tool for summarising the 9 rules, refreshing and verifying skills, as the final step of the campaign.
  The continuing implementation of a campaign to combat accidents related to work at height: **Work Safe - No Regrets**. The campaign, requested by the Top Management, has been developed to provide an immediate response to the growing trend of accidents linked to work at height. The campaign aims to promote safe practices when working at height throughout the organisation and is in addition to Saipem's Life-Saving Rules, particularly - Work at height. A short film with great emotional impact and based on the concept "Regret saves no one" was produced to launch the campaign. It is, once again, an invitation to everyone in the organisation to report non-compliances and to intervene in the event of unsafe conditions, including by exercising the Stop Work authority.
  The message launched by CEO to present the campaign is straight-forward and very clear: safety is NOT someone else's responsibility; we are ALL responsible for it.
  To support the Business Lines, a kit was prepared consisting of a package of communication tools (including videos, posters, and booklets for sharing personal stories) and a checklist for the performance of quarterly self-checks at the operational sites to assess any gaps and areas requiring action.
  The communication kit has been integrated with a new message from the CEO, a new cascade presentation and a clip of a safety moment following the fatal accident that occurred in one of our projects in Saudi Arabia, in which a subcontractor's worker lost his life.
  All the campaign materials are available in the main languages spoken in Saipem's international community.
- **Safety Step Up Programme**: the programme, established by the CEO in early June 2023 and running until December 2023, is part of the continuous improvement of the safety at work performance pursued by Saipem, particularly concerning the prevention of serious injuries and high-risk events. The programme will be developed in the fields of technology, asset integrity, supply chain, data analysis (mapping and analysis of best practices) and unsafe behaviour analysis, to define a process of Just culture, update the LiHS programme and establish a Human Performance model.

- **Electronic Permit to Work System Programme (e-PTW)**: the programme, established by the CEO in early June 2023 and running until December 2024, aims to implement an electronic system for the digital management of the work permit approval and issue process for Offshore Construction and Drilling assets, FPSO vessels and Fabrication Yards. The system will make the Permit To Work System more effective and efficient, ensuring the correct management of the activity authorisation and coordination process, based on the risk analysis and the identification of prevention and protection measures.
- **Other HSE awareness campaigns**: to ensure that key information and knowledge is disseminated to all workers, thus supporting a culture of change, a series of campaigns were developed for implementation at Company, branch and project/site level. These HSE campaigns aim to tackle specific topics deserving special attention, including:
  - **Objects falling from a height (DROPS)**: focuses on the management and implementation of checks to reduce both the probability and consequences of accidents caused by falling objects, in order to protect equipment, the environment, the operations and, above all, staff health.
  - **Safe driving (Belt Up or Get Out)**: aims to solve the problem of road accidents, promoting safe conduct, first and foremost by drivers, but also by passengers.
  - **Safe hands (Keep Your Hands Safe)**: this campaign focuses on the protection of hands, the most precious tools in our everyday lives, both at home and at work.

  Each campaign was designed to be incorporated in sector and local HSE plans/procedures and is part of the HSE campaign matrix.
- The promotion of **Choose Life**: a training programme that aims to strengthen leadership and increase Saipem people's awareness on health and well-being issues, with the objective of encouraging them to choose a healthier lifestyle. Physical and mental health has become a prerequisite for working well and safely in order to face the major challenges of our industry. The programme aims to tackle three of Saipem's major health risks: cardiovascular diseases, malaria, and sexually transmitted diseases, which still cause serious chronic illnesses, represent repatriation risks and can lead to death. Another important topic recently added to the programme is mental health, which has become one of the key issues in our sector. The programme has been developed internally and coordinated with the medical department. It is available both in traditional format (in person or online workshop) or as an e-learning course.
- **Saipem Safety Day**: a streaming event sharing the new Saipem H&S Vision. After the positive experience of the 24-hour streaming marathon on health and safety in 2022, to celebrate the World Day for Safety and Health at Work on April 28 this year, Saipem and LHS Foundation promoted a streaming event to share the new Saipem H&S Vision, interpreted and put into context by some testimonials given by Saipem managers and professionals who have played a key role in the implementation of the Health & Safety Leadership strategy. The event, repeated several times during the day to facilitate access to the whole Saipem world, was also an opportunity for presenting a special competition: the HSE Award. This award, to be presented by the CEO during a special event, will be given to 3 projects obtaining the best health, safety and environment results. The streaming reached an audience of almost 1,500 people. The event was a major opportunity for focusing attention, stimulating dialogue and discussion and promoting a culture of occupational illness and accident prevention.
  The event landing page, where all recorded content can be viewed and shared is:
  www.fondlhs.org/saipemsafetyday.
- The continuous delivery of the **HSE Train the Trainer**: to ensure that our family of HSE instructors are always improving their training, the Train the Trainer course is constantly provided. The main goal is to increase participants' knowledge of training design and delivery methods, and of internal resources essential for HSE training, such as the Delphi training portal, as well as the HSE registration and reporting process.
  The online programme consists of 2-hour sessions per day for 5 days and a Continuing Professional Development (CPD) programme lasting 12 months (learning activities in which the professionals are engaged in developing and improving their skills).
  The HSE TTT project is involving the global community of trainers and is aligning them to a common standard of delivery. The participants regularly share their CPD activities and receive individual feedback on their inputs. In the first half of 2023, a session was carried out involving 10 trainers and two more sessions are planned for the second half of the year.
- The goal of the community of HSE trainers and LiHS programme facilitators is to create an active and involved community, facilitating exclusive contents aimed at improving their technical, communication, and training delivery skills, allowing them to connect with colleagues and share their knowledge. All members can have an active role in this community and share their experiences, ask questions, and communicate with their colleagues. The community is fed weekly with interesting contents on training strategies, and tips for self-development, relevant articles, and videos, as well as regular masterclasses on topics useful for the trainers.
  The first masterclass 2023, held in May, concerned confined spaces and gas tests, engaging 36 HSE trainers – with two interactive sessions covering all Saipem's time zones. The masterclass was recorded and then made available to the whole community of HSE trainers.
  A further masterclass will be held in the second half of 2023, with a specific focus on work at height.
- Finally, there are also many initiatives carried out by the Saipem Leadership in Health and Safety (LHS) Foundation, whose core mission is to increase the awareness of health and safety within the industry and in society.

In line with its mission, in the first half of this year the LHS Foundation launched several related initiatives, aiming to foster an increasingly widespread health and safety culture in Italy, targeting children, businesses and all the community.
To engage and educate a young audience, LHS Foundation launched the School Tour 2023, a tour with theatre performances on Health and Safety topics, for over 12,000 students across Italy. "Improsafe", "A chi tocca", "Pinocchio", "La linea sottile" are the performances designed to generate a strong emotional impact, shaking individual consciences and questioning deep-rooted beliefs and habits, helping the audiences to pay more attention to health and safety. There is a constant bond with everyday life experiences, as the events occurring every day in our environments affect us profoundly, and the children are encouraged to critically reflect on the limits of the reality they live in and the actions we can take to change it.
"Italia Loves Sicurezza", one of the LHS Foundation's most famous projects; this year more than 18,000 people joined the campaign launched for the World Day for Safety and Health at Work on April 28.
Activities also began for the HSE System, a network that aims to bring together representatives of large companies to share experiences in the HSE field and promote the dissemination of know-how along the supply chain, in coordination with the representative entities of the production system; its members – over 100 HSE managers from large companies – were invited to 3 key events, in Milan, Florence and Mantua.
The LHS Foundation also took part again in the Milano Marathon, the large charity sporting event involving over 120 Saipem athletes and marathon runners. Through their efforts, over €18,000 were raised for our Charity Partner Lega Italiana per la Lotta contro i Tumori and its "Visite sospese" project for people in economic difficulty.

- The improvement of IT tools to support HSE personnel, to facilitate KPI reporting processes, consolidate the HSE audit process and facilitate the analysis of data in order to identify possible areas for improvement.
With regard to the HSE management system, in the first half of 2023, the independent third party started the maintenance process of the ISO 45001 (Occupational Health and Safety Management System) and ISO 14001 (Environmental Management System) certificates by carrying out the first days of inspection.
Also in the first half of 2023, the third party confirmed Saipem SpA's SA 8000 certification from Social Accountability International (SAI), which attests to the implementation of a social responsibility management system in terms of human rights and workers' rights and their welfare in the company.
With a view to modernising operational processes, the commitment to the complete digitalisation of HSE reporting activities for better and more detailed data analysis. The same goes for the introduction of innovative systems aimed at preventing and reducing risks related to the execution of operations, such as anti-collision systems (human-machine interaction), remote inspections and other technologies under study and testing. Some of these initiatives have been acknowledged by industry organisations such as IMCA as being worthy of awards for their effectiveness and modernity (e.g., Anti-collision System at our Fabrication Yard in Karimun, Indonesia).

Environment

Saipem is constantly improving the environmental performance, by adopting strategies to reduce and control the impact on the environment, as well as the conservation and valuing of natural resources.
To achieve these goals, environmental awareness needs to be fostered in Saipem's projects, sites, and locations. During the 2022 and the first half of 2023, Saipem confirmed its goal of reinforcing its commitment on different specific aspects: new quantitative KPIs have been included in the objectives of the Group HSE Plan in order to monitor and further reduce the main environmental impacts.
By setting quantitative targets for the new KPIs, it will be possible to highlight critical issues and room for improvement in the management of environmental aspects, as well as identify any anomalies in the system. Furthermore, the good quality of the environmental data reported by all our sites, projects and offices is the starting point for all activities.
The more accurate and traceable site-level data collection and reporting are, the more aware we are of our performance.
The focus of the Group HSE Plan for the environment includes:

- spill prevention;
- reduction of emissions into the atmosphere;
- waste management;
- water resource management;
- improvement of reporting data quality and traceability;
- activities to communicate and raise awareness among employees.

This document delves into the following three activities:

- improvement of reporting data quality and traceability;
- emissions of greenhouse gases;
- communication and environmental awareness;
- prevention of spills.

Improvement of reporting data quality and traceability

To improve reporting data quality and traceability, the following actions were defined for 2023:
- strengthening of data checks: collection of evidence from all sites, for each quarter, in order to check the data origin;
- Training on Reporting: ongoing training sessions for all persons involved in reporting, to trace the process from data source to data entry;
- improvement of data quality and requests for "clarification": dashboard devoted to environmental data to facilitate the complete analysis of data reported by sites and to highlight any variations in trends;
- Commitment of the Top Management: raising awareness of the importance and need for reliable data reporting at all levels.

Emission of greenhouse gases

In February 2021, Saipem communicated to the market its first emission targets defined for the medium-long term, announcing a reduction by 50% of the total emissions of GHG Scope 1 and Scope 2 by 2035 (compared to the 2018 baseline). In relation to Scope 2, the carbon neutrality goal should be reached by 2025. Further reductions will need to be reached on all Scopes (Scope 1, 2, 3) by 2050.
In 2022, the maximum target outlined in the Net-Zero Programme in terms of GHG emission savings was reached, with 38,194 tonnes of CO_2 equivalent avoided against a target of 36,300 tonnes of CO_2 equivalent.
Some examples of initiatives implemented during the year are: the continuous improvement of lighting system efficiency on numerous onshore and offshore sites, improving the efficiency of our vessel operations (initiatives for route optimisation and the Saipem eco-Operation campaign for waste reduction), the use of biodiesel to reduce fossil duel consumption in an Offshore Yard and in a test performed on the Saipem 7000, improved energy management in offshore rigs (Saipem 12000 and Scarabeo 8), improved efficiency of the "Accommodation camps" in onshore projects, the purchase of certified, renewable electricity on sites where possible.
Plans were also defined to reduce GHG emissions in the short, medium and long term, drafted both at Group and Business Line level, considering the evolutions in progress and future developments. Specifically, the normative requirements, expectations of stakeholders, technological developments and the availability of energy scenarios were assessed.
For 2023, the following objectives have been defined:
- to reach a target of GHG emissions avoided, associated to energy efficiency initiatives, for up to 40,104 tonnes of CO_2 equivalent. In this regard, at the end of the first quarter savings of 11,331 tonnes of CO_2 equivalent were recorded, with an estimate for first half of the year of 22,662 tonnes of CO_2 equivalent;
- to maintain sourcing of 100% renewable mains electricity for the sites that have already adopted this, seeking where possible to cover the remaining sites with specific certifications (where applicable) to reach the Carbon Neutrality goal by 2025.

Offsetting initiatives will be added to the reduction of emissions linked to our value chain, through Nature Based Solutions, with a positive impact on various key topics including biodiversity, the protection of critical ecosystems, local communities and natural resources.

Communication and environmental awareness

In 2022 and in the first half 2023, initiatives were sponsored to motivate staff and make them aware of the issue of environment protection and proper management of environmental aspects.
The days celebrated in 2022 have been reconfirmed for 2023, in particular:
- World Water Day;
- World Environmental Day;
- European Mobility Week.

In June, on the occasion of the annual celebration of the World Environment Day (WED), the United Nations Environment Programme (UNEP) launched the slogan "Solution to Plastic Pollution". Saipem has been taking part in the World Environment Day celebrations for over 10 years, committing on this occasion all sites and projects around the world to renew and spread environmental awareness among employees and everyone the Group has an influence on. We at Saipem are working to eliminate disposable plastic from our offices and workplaces, and we encourage our employees to reduce their plastic consumption. We have distributed around 5,000 water bottles in the SpA Italia offices. These efforts were also supported by the video-message sent by the CEO Alessandro Puliti on World Environment Day.

Specific material was prepared for each event, shared with each Business Line and made available on the company's intranet. The campaigns were also advertised on official social media through dedicated posts designed to reiterate, also externally, Saipem's commitment to global environmental matters.

The results achieved by the Business Lines have been and will be published in a dedicated section of the eNews, an internal magazine, issued every four months, which promotes initiatives and projects related to the environment carried out at corporate level.
Finally, in light of the positive feedback on the Corporate Volunteering project with Legambiente, held for the second year in September 2022, another similar activity is being organised, and will take place at the Spark 1 site in September 2023. The Due Diligence process on the association supporting the initiative (Plastic Free) is underway.

Prevention of spills

Spills are one of the most significant environmental issues for the sector in which Saipem operates. Spill prevention and response actions are a top priority for the Company. Saipem operates by minimising the risk of spills and uses state-of-the-art equipment and procedures to implement mitigation and emergency management actions. In particular, one of the preventive actions is the mapping at Saipem's sites of critical elements and potential sources of spills and the subsequent performance of Spill Risk Assessments, aimed at assessing the risk of spills for each of the mapped elements. Should the assessments reveal risk levels needing attention, risk mitigation measures would be implemented accordingly. In the past, mapping and Spill Risk Assessment involved all offshore vessels and part of offshore and onshore drilling vessels, yards, and logistics bases. Saipem is therefore committed to identifying and monitoring all possible risks associated with the storage, transport, and use of hazardous substances during its activities.
In order to further reduce possible environmental damage in the event of spill of hazardous substances, the Group 2022 and 2023 HSE Plan has included as a new goal for the offshore vessel fleet the assessment of the feasibility of replacing mineral oil with biodegradable oil.

Quality

In the definition and governance of the Quality Management System, the main activities performed in the first half of 2023 are described below:

- management and maintenance of the corporate Quality certifications (ISO 9001), which were transferred from TUV to DNV also with a view to their integration with the HSE management system;
- drafting of the Group Quality Policy aiming to further centralise the characteristic steering, coordination and control activities in the current organisation;
- issue of the Group Quality Plan 2023 containing the quality improvement initiatives that are complementary to the performance of the routine activities provided for in the referred standards;
- continuing optimisation and formalisation of Quality Assurance and Quality Control processes, in line with the current organisational model. In this area we point out the redefinition of the following sub-processes:
  - Quality Management Review and Quality Plan;
  - Process Performance Indicators (PPI);
  - Non conformity;
  - Return of Experience (REX) and Lessons Learned (LL);
  - Cost of Non-Quality (CoNQ) and Quality Investigation;
  - Customer Satisfaction;
  - Method for estimating Quality resources for project execution during the bid phase;
  - Drafting of new Group Criteria for the Pipe Tracking System process;
- the identification of innovative digital solutions aimed at simplifying the management of Quality Assurance and Quality Control processes. Some examples include:
  - cost/benefit analysis for extending the application of Computed Radiography to other projects, in relation to clients' requests;
  - the application of Module 1 of the Request for Inspection (RFI) & Quality Check tool on Bonny T7 Site project, which aims to streamline the management of quality inspections and related certificates on site;
  - the digitisation of the Audit Management process;
  - development (using internal resources) of a POC for the integration of the Saipem Quality Control tool (PCOS) and the 3D model representation SW (Autodesk Forge), for the automatic visual representation of certification progress;
- analysis of the usage statistics and consequent plan for the rationalisation of the services made available by Technical Standards at Group level, by optimising the scope of supply on equal level of service;
- overall analysis of the Project Quality and Quality Control professional family, coordinating the contribution of the various functions of each related structure, and drafting the technical skills development plan responding to the corporate needs.

HUMAN RESOURCES

Organisation

With a view to the continuous improvement of business performance and processes, the consolidation of the operating and corporate governance model initiated in 2022 continued in early 2023.
In February 2023, the Company established the Offshore Wind business line, adding to the four lines already set up in January 2022 (Asset Based Services, Energy Carriers, Robotics & Industrialized Solutions and Sustainable Infrastructures), with the aim of consolidating Saipem's role in the offshore wind sector through the unified management and development of the business and of market opportunities.
During the first half of the year, in continuity with the pursuit of the objectives of innovation, effectiveness and efficiency at the heart of the One Saipem culture, the following main organisational interventions were carried out:

- updating of Saipem's Privacy Organisation Model, also on the basis of the elements deriving from the progressive consolidation of the interpretations concerning the European Regulation 679/2016 - GDPR;
- integration of the Sustainability activities into the People, Safety and Environment Function, in order to maximise the operational synergies with the units governing HSE and HR, which underpin the key features of Saipem's Sustainability Plan;
- reorganisation of the Fano operations centre in order to enhance and strengthen its activities and key competencies;
- implementation of measures to optimise the organisational structure of the Business Operations and Maintenance area, in order to strengthen the corporate focus on Asset Integrity Assurance activities;
- within the General Counsel's structure: (i) the centralisation of contract management activities, both in the commercial and executive phases, ensuring the concentration of legal, contractual and negotiation assistance activities in a single function; (ii) the updating of the organisational structure overseeing legal assistance and consulting activities with the establishment of the Global Legal Affairs Function;
- reorganisation of the Cyber Security Operations with the aim of ensuring greater segregation between policy, governance and control activities with respect to the execution of operational activities;
- launch of the "Cost Baseline Transformation" programme to reduce the baseline of company costs not directly related to projects, generating positive impacts on their efficiency and performance, with a view to ensuring profitable and sustainable growth for Saipem over time.

In order to ensure the effective implementation of the organisational structure based on the 5 Business Lines, actions were carried out in 2023 to develop the underlying operational and functioning structure focusing on critical and relevant areas underlying the operational model, as well as the adaptation of the Regulatory System.

Human Resources Management and Industrial relations

In a changing work environment, the ability to be flexible is becoming crucial to being able to compete more effectively in the labour market.
In the early months of 2023, Saipem continued to adopt hybrid working arrangements in Italy and France, aiming to strengthen behaviour and approaches that promote work-life balance and empower its staff.
This included taking management actions seeking to maximise operational flexibility and the effectiveness of business processes through the combined use of technology and digitalization.
Saipem's corporate relaunch, initiated in 2022, includes investments in key skills to maintain a high level of corporate know-how. Firstly, an intensive recruitment and retention plan was launched for key resources, which was approved and initiated in early 2023.
Measures were also taken to retain critical competencies for Saipem and action was taken on the motivation and level of engagement of expatriate staff with the introduction of more flexible tools and policies to support international assignments, in order to be able to offer a market-competitive expatriate package. To this end, the Total Cash Allowance was introduced in the UAE and Qatar, areas that are particularly important for the company operations, both in current and prospective terms, in order to offer expatriates a more flexible solution.
As evidence of the extent to which key competencies are an enabling factor in addressing the current renewal phase, Saipem has joined the New Skills Fund, promoted by the Ministry of Labour and Social Policies under the National Recovery and Resilience Plan (NRRP), which will enable more than 3,000 Saipem staff to benefit from 100 hours of training on critical topics for Saipem, such as Digital and Green Transformation.
In addition, the HR process re-engineering programme continues, also through the implementation of the new Human Capital Management which, thanks to integrated and optimised data management, places the Employee Experience at the heart of the HR processes.

Finally, in line with the Strategic Plan, aimed at achieving a business model more focused on the Company's core markets and activities, and in order to facilitate the pursuit of the objectives of financial and capital strengthening, the sale of Saipem's onshore drilling business to KCA Deutag (KCAD) continued during the first half of the year. As part of the transaction, the operations in Kuwait were sold in early 2023 and the transfer of local and international personnel to South America was completed. The remaining onshore drilling activities are expected to be transferred by September 30, 2023.

In the first half of 2023, productive discussions were held with the trade unions of all the sectors represented in the Company (Energy and Oil, Metalworkers and Maritime). In particular, the dialogue with the Energy and Oil sector trade unions led to the signing on March 21, 2023 of a supplementary agreement on the regulation of Agile Work, aimed at making changes in light of the first year of implementation of the model. The possibility was introduced of benefiting from an additional number of days of agile work for employees who participate in the training course provided by the New Skills Fund, for which a specific trade union agreement was signed on November 28, 2022. In addition, the "Summer Kids" initiative was extended to parents of children under 16 years of age. Finally, agile working for temporary periods is being granted for workers with chronic illnesses that are part of treatment and rehabilitation programmes.

In April 2023, the agreement on the finalisation of the participation bonus was signed with the trade unions of the Energy and Oil sector and the Metalworking sector.

Between May and June 2023, trade union discussions continued with meetings with the top management, also at European (EWC) level, dedicated to presenting the update of the 2023-2026 Strategic Plan.

The trade union agreement concerning offshore activities in Italian waters was updated, also in view of the Cassiopea project, which is of strategic importance for the drilling activities managed by the Offshore Drilling Business Line.

With regard to the Metalworking sector, partly in consideration of the specific needs arising from the increased operational activity at the Arbatax Fabrication Yard, several trade union agreements were signed in the initial months of the year to ensure a more effective response to the management needs of the operational staff.

In the area of foreign industrial relations, the four-year collective agreement with the International Transport Workers' Federation (ITF) came into force on January 1, 2023, covering staff employed on nine vessels in the Saipem fleet.

In France, negotiations are also underway to revise the employee profit-sharing agreement, in order to align the redistribution arrangements to the new corporate organisational structure. At Saipem SA, discussions were initiated and partly concluded with the social partners concerning the international mobility of staff and the adjustment of working hours for the remote management of project activities. With regard to the company Sofresid, an agreement came into force in March 2023, which has revised the representation within the Corporate Social Committee (CSE), replacing the previous model spread across several locations with a single company representation venue. The agreement also involved the establishment of measures for the temporary extension of the representation mandate, as well as new rules for the election of ESC members.

Finally, in Indonesia, the renewed collective agreement signed by PT Saipem Indonesia for local staff employed at the Karimun fabrication yard came into force in March 2023.

Welfare

In line with the current evolution of the labour market, Saipem adopts Human Resources Management policies that integrate traditional company remuneration and benefits policies with structured welfare initiatives, with the aim of improving quality of life and work for employees, as well as increasing their level of engagement. To this end, Saipem provides a welfare programme for its employees, which offers services in the following areas: People Caring, Wellness and Health, Culture and Leisure, Savings and Retirement, and Work-Life Balance.

The main initiatives completed in the first half of 2023 focused on well-being and work-life balance. This included the opening of the Company Restaurant at the new Milan Santa Giulia headquarters, which combines comfort and quality service. The adoption of this choice reflects Saipem's commitment to sustainability: the restaurant offers healthy food and ensures reduced food waste, as surplus food that is not consumed is used to meet the needs of charitable organisations or social institutions. In addition, the restaurant uses green materials and has initiatives, such as Meat Free Day, aimed at reducing CO_2 emissions.

At the Milan Santa Giulia headquarters Saipem also inaugurated the Wellness Club, a gym with free access and open to all employees. Finally, with the end of the pandemic emergency, the "Estate Welfy" programme for parents with children up to the age of 16 was reactivated. This initiative allows around 350 children to participate free of charge in summer camps that include activities aimed at learning English, sports and recreation, and contact with nature.

In addition to the existing welfare initiatives in the countries where Saipem operates, remote working policies are being implemented, with a view to promoting work-life balance, in the countries where permitted by business needs and local legislation.

Competences and knowledge

Saipem maintains its commitment to promoting and supporting the growth of its people through key initiatives focusing on professional and aptitude skills. People means first and foremost behaviour, which is why a new Behavioural Model has been developed, with the contribution of more than 5,000 people worldwide, aimed at gathering and guiding the skills, behaviour and competencies of those who work within the Company.

Based on the current Business Strategy, an Integrated Development Model is being developed, aligned with the Behavioural Model and Saipem's new People Strategy, which addresses and plans the models, activities and objectives to be pursued for employee management and development.
In the initial months of 2023, development initiatives were launched, differentiated according to the target population and focusing on specific career paths. For young people, the aim is to identify, orientate and develop potential and to plan Job Rotation initiatives; for experts, it is to assess soft skills and the potential for professional/managerial growth; and finally, for the managerial population, it is to verify the potential for growth towards more complex positions and identify possible further development. The new Behavioural Model represents the reference for the Assessment methods adopted and enables the comparison of outputs and the identification of areas of strength and improvement based on a single reference model.
The development of people is also at the heart of the study on the creation of a Training Centre that will be an enabler and catalyst for technical and soft skills, by designing and delivering training courses and events to disseminate the corporate culture and values. The Employee Experience is enabled not only by a physical place but also by a virtual space, consisting of the new HCM that will provide access to on-demand content and a training offering focused on individual and business needs.
A structured onboarding programme for the new joiners is also being studied to reduce the times for integration into their roles, while also developing the necessary soft skills in line with the required behaviour and business strategy.
The technical competencies will be the subject of a major upskilling and reskilling initiative. Indeed, Saipem's application to the "New Skills Fund", a training programme promoted by the Ministry of Labour and Social Policies, has been accepted, which will ensure Saipem's effectiveness and competitiveness by expanding and directing people's competencies in line with the business objectives identified in the strategic plan.
Another initiative to support the updating of the company know-how and also aimed at spreading and creating a single culture, is the "Deep In" technical seminars that will involve the entire corporate workforce, worldwide, and involve a thematic review. The topics range from lessons learnt on executed projects to awareness creation and the dissemination of Saipem's corporate culture on issues such as sustainability, diversity and inclusion, digitisation and cybersecurity.
The importance of technical competencies in Saipem is also reflected in the establishment of "Area Knowledge Coordinators" (below "AKCs"), who study and define the technical-executional competencies for their areas of responsibility. The AKCs currently represent the following business areas: Offshore Drilling, Offshore Engineering, Project Management and Onshore Engineering. The AKCs also perform a supporting role in identifying training paths to support the development of technical-executional competencies, with the aim of strengthening the company know-how in response to the continuous evolution of the business.
One of Saipem's distinctive and characterising competencies is Project Management, the development and enhancement of which has been the focus of the new PM Academy, which has involved the synergistic integration of all the internal and external training initiatives.
The value and importance of this competency was highlighted by the "PM Academy Diploma Ceremony" held in April 2023 for 150 employees from the 4 Saipem hubs (Milan, Fano, Chennai and Abu Dhabi) involved in the internal "Project Management Takeaways" training course in previous years. The course continued in 2023, with the launch in June of a dedicated edition for colleagues from the UK, France, Oman, Sharjah and Chennai.
The sessions dedicated to Project Managers of the PM Leading in Action course continued at the Training Centre in Schiedam (The Netherlands), aimed at consolidating managerial skills applied to projects, using a learning methodology based on simulations and highly interactive business cases.
The importance for Saipem of ESG issues that impact the entire corporate supply chain is growing. Accordingly, a major training initiative was launched with the 2023-2026 Sustainability Plan for all the professionals of the Supply Chain. The initiative consists of mini training modules primarily aimed at creating awareness of ESG principles: what is meant by sustainable business; what are the rights and duties of the company for protecting human rights and defending the environment; and the "Saipem Net-Zero" programme, whose goal is to achieve Carbon Neutrality by 2025.
Saipem's investment in the development of competencies is aimed not only at the know-how already present in the company, but also at the acquisition of strategic competencies through Talent Attraction initiatives. In 2023, this will also involve adopting strategies to improve and redefine the Company's appeal.
The focus on improving the "Candidate Experience" therefore continues, which led to the launch of a "Self-recruitment" experiment, aimed at increasing innovation. This programme comprised an overhaul of the selection process, putting Line Managers in a position to independently handle all the stages of the selection process, from the publication of the job description to the establishment of a short list.
This involves not only digital systems, but also in-person initiatives dedicated to networking and the consolidation of key relationships at local level. The firmly established relations with Italian educational institutions (universities and high schools) continue, through the renewal of the partnerships with all of Saipem's partners entities, with the aim of continuously expanding existing relations and possible initiatives to participate in (Career Days, Round Tables, Company Visits, Mock interviews, etc.).
The cooperation with the Polytechnic University saw Saipem involved in a number of initiatives, such as the project for training and career guidance of students through virtual round tables.
Other events were also carried out with a focus on gender diversity, aimed at promoting the company as an equal opportunity employer and focusing on female leadership.

The partnership with Bocconi University was also consolidated and at the beginning of the year it was the guest of a company visit for students of the SDA Bocconi Master in Corporate Finance. At Fano, strategic contacts for energy transition and sustainability are being cultivated with the Marche Polytechnic University, where Saipem is a partner in the three-year degree course in "Engineering for Industrial Sustainability" and the master's degree course in "Green Industrial Engineering" taught in English.
In 2023, the relationship with Italian universities was also expanded by entering into partnerships with the University of Urbino Carlo Bo, the University of L'Aquila and LUISS Guido Carli – with Saipem's recently attending the universities' Career Days.
In the first half of the year, Saipem also devoted itself to vocational orientation with the Sinergia project, which involved five high schools (Milan, Lodi, Urbino, Lecce and Tortolì) in a training programme dedicated to topical issues such as sustainability, HSE, project management and innovation. The best 35 students will take part in a summer camp in July where they will engage in workshop and soft skills activities and participate in a final career day aimed at placement in the company.
Saipem provides a working environment that recognises and values individual competencies also in terms of uniqueness, in line with the content and commitments set out in the Diversity, Equality & Inclusion Policy, a document that applies to the Group and that all suppliers are encouraged to read, as governed by the Supplier Code of Conduct updated in May 2023.
The Diversity & Inclusion Function promoted new training and educational activities in collaboration with the Valore D Association, of which it continued to be a Supporting Member in 2023. These comprised mentoring courses, sharing labs, in-depth thematic training events and talks accessible to the entire workforce, at Group level.
The staff awareness-raising continued in the first half of 2023 through three e-learning courses already conducted in 2022, on the topics of Unconscious Bias, Disability and Gender Harassment.
The focus on harassment continued through the promotion of the SAFER (Security Awareness for Empowerment and Resilience) course. This initiative, which is both theoretical and practical in nature, teaches how to identify and prevent dangerous situations and become more aware of the urban environment people move in. The course, with three editions held in April and June 2023, involved 100 people.
The use of Saipem's external (LinkedIn) and internal communication channels such as the company magazine "Orizzonti" was very helpful in promoting the International Women's Day on March 8, celebrated by Saipem through a dedicated post.
In line with the Diversity & Inclusion objectives set out and included in the Strategic Sustainability Plan, Saipem has started the process of obtaining the Gender Equality Certification, which will be completed by the year 2023 and which represents an official commitment to reducing the gender gap through effective policies and organisational measures. As a demonstration of Saipem's strong commitment to promoting the principles of Diversity & Inclusion, on March 14 the Board of Directors approved the objectives, for the management incentive plans, aimed at applying gender equality to ensure equal access to the selection process and enhancing and increasing female STEM skills and roles in Italy.
Skills in STEM subjects (Science, Technology, Engineering and Mathematics) play a key role in social, cultural and economic revival. Saipem has therefore committed to encouraging and fostering their development by joining the Elis programme in early 2023, which has involved 5 Saipem Role Models in career guidance days at vocational schools and high schools throughout the country, with the aim of increasing exposure and confidence in STEM careers, to counteract cognitive biases, and gender bias in particular.
The Elis Open Week orientation initiative was held in March 2023, aimed at guiding people in the future of work and promoted by ELIS as part of the "Sistema Scuola Impresa" project, participated in by Saipem. This initiative, which is accessible to all employees and their families, has made available a varied schedule of online events dedicated to orientation and the professions of the future.
In May 2023, another orientation activity took place through the participation in the Diversity Day at the Bocconi University in Milan. This event was created to promote and facilitate the employment of people with disabilities and belonging to groups protected by equality legislation.

Compensation

The 2023 Remuneration Policy establishes remuneration tools aimed at supporting the strategic path undertaken by Saipem to achieve the important goals of the current Strategic Plan and promote the corporate mission and values.
This Policy has been designed in accordance with the governance model adopted and in compliance with the provisions of the Consolidated Finance Act, the Consob Issuers' Regulation and the Corporate Governance Code, with the aim of aligning the management's interests with those of the shareholders and all the stakeholders, and creating sustainable value in the medium-long term. It is also aimed at improving engagement, consolidating commitment and ensuring talent retention, in order to guarantee the best execution of existing projects and those that will be acquired. Finally, the actions taken will be increasingly aimed at pursuing the principle of Equal Pay for Equal Work, with the aim of reducing the wage gap between men and women.
The Policy Guidelines for 2023 envisage a new Short-Term Variable Incentive Plan for the three-year period 2023-2025 and the reintroduction of the share-based Long-Term Variable Incentive Plan for the three-year period 2023-2025.

The new Short-Term Variable Incentive Plan for the three-year period 2023-2025 is monetary in nature and, with a view to focusing on improving the Company's financial and capital structure, envisages an entry gate based on Saipem's Adjusted Net Financial Position at the end of 2023.
The 2023-2025 Long-Term Variable Incentive Plan is share-based and has been structured to maximise value, strengthen management participation in business risk and improve company performance. The variable remuneration structure established is linked to operating and financial targets consistent with the Strategic Plan, as well as the 2023 priorities, and includes a significant and increasing weight of the ESG component, previously only present in the short-term plans.
The 2023 Remuneration Policy is described in detail in the first section of the "2023 Report on Remuneration Policy and Compensation Paid" and was approved by Saipem's Board of Directors on March 14, 2023 – it was subsequently submitted for a binding vote by the Shareholders' Meeting on May 3, 2023, receiving a 97.75% vote in favour.
Following the report of the Group's objectives and management performance assessments, the Group awarded individual Short-Term Variable Monetary Incentives as provided for by the Remuneration Policy.
During 2023, the deployment of the 2023 corporate targets relating to the Variable Short-Term Incentive Plans has also been carried out according to a top-down logic on the entire managerial population, ensuring a process of verification and monitoring of such objectives.
The current macro-economic scenario at global level is characterised by an increase in the inflation rate in most economies and in energy and commodity prices due to the conflict in Ukraine, compounded by the numerous impacts of the energy transition on the Oil&Gas sector.
The guidelines and tools of the 2023 Remuneration Policy are aimed at rewarding the commitment made by staff that ensure the achievement of the corporate objectives, in such a challenging context, and at overcoming the stringent selectivity of the previous policy, applied as a result of the action taken to strengthen the financial assets and the major cost reduction programme that characterised 2022.
For the year 2023, in which Saipem's competitive position is being strengthened in various geographical areas and major new orders are being acquired, the Remuneration Policy for non-managerial staff is therefore aimed at the retention of strategic personnel, particularly within specific projects, the rewarding of young talent and people with key skills for the various businesses, the promotion of gender equality in terms of remuneration and the alignment of remuneration to the emerging trends in individual local markets, also through new compensation tools aimed at guaranteeing flexibility and timeliness in the recognition of the contribution made, in addition to maximising the competitiveness of salaries with respect to the labour market.

Innovation

The extensive Digital Transformation project launched last year, as a strategic driver for development and change, continues in 2023 with actions aimed, on the one hand, at introducing and implementing new processes and ways of working by adjusting the tools used, and, on the other, at developing and spreading an agile culture capable of embracing and proposing the introduction and implementation of new ways of working.
In support of this change, a process re-engineering programme for the Human Resources Department has been launched aimed at implementing a management model that enables the introduction of a high degree of innovation in the processes of Recruiting, Learning, Compensation, Development and Work Force Planning.
The new features introduced are aimed at putting the Employee Experience at the heart of the processes, while also empowering and making managers more aware of their role as coordinators of human resources. This integration will be enabled by the new Human Capital Management, which Saipem is in the process of implementing and which will cover all the processes in HR, enabling a reduction in the number of tools and related integrations and ensuring greater cross-functional efficiency and effectiveness.
The new system, called MyPeople, will support the HR functions, as well as the Line Managers, in monitoring and controlling dedicated KPIs, by providing them dynamic and real-time dashboards.
In particular, for the staff within their areas, the Line Managers will be able to monitor the performance, skills, experience, and development paths of their people.
Lastly, MyPeople will also facilitate self-service activities for all employees, as it can also be accessed remotely via mobile devices.
It is impossible to talk about change without talking about learning, which is a strategic theme for Saipem and in relation to which Saipem has initiated a study for the creation of a Training Centre, a physical and innovative space that will be an enabler and promoter of a culture of continuous learning aimed at supporting the development of people and responding to business needs.
With a view to increasing innovation and system integration, the Global Payroll project has continued, through which all Saipem entities worldwide will be equipped with tools that will ensure ever greater standardisation and, governance, of the Personnel Administration processes.
This initiative will enable the creation of business intelligence tools through which the main components of labour costs can be monitored more effectively.
At present, 24 countries are equipped with the new system – the provider of which is ADP, the world leader in payroll management – of which five (Angola, Azerbaijan, India, Saudi Arabia and the UAE) were added in the first half of 2023, while the release is planned for major countries such as Nigeria and Indonesia in the coming months.

Saipem's commitment to an all-round innovative approach is also demonstrated in the digitisation of health services. This includes the telemedicine activities with specific services to support site/vessel doctors, such as telecardiology and teleradiology. The digitisation also comprised the updating of the content of the Sì Viaggiare app, a tool for providing information and training on all the business travel-related risks. With a view to pursuing a corporate social responsibility-oriented approach, the application has been made public and can be downloaded free of charge by everyone via the main app stores.
In view of Saipem's global nature, in order to correctly assess country-specific health risks, a dedicated tool has been created, accessible via an online dashboard through which operators can obtain immediate information about the level of risk and its specifics. Similarly, all health facilities worldwide verified by Saipem have been mapped and their information is easily available through the related dashboard.

Occupation Health and Medicine

In May 2023, the World Health Organisation downgraded COVID-19 from an emergency to a public health threat. This led to a revision of the related regulations and, consequently, to an update of the company prevention procedures, towards a significant easing of the restrictions established. Nevertheless, the epidemiological monitoring for COVID-19 and other communicable diseases remains constant.
The activities for the management of health surveillance continued in Italy and abroad, in compliance with the applicable legislation, company standards and sector guidelines.
The presence of Saipem clinics, in Italy and abroad, respond to the need not only to support employees, but also to create proximity services that integrate the offering at local level, with specific attention to the possible needs of Saipem's people both in the workplace and at personal level.
The opening of the Smart Clinic at the Milan Santa Giulia headquarters, which brings with it many advantages, is worth mentioning.
Firstly, it ensures more efficient management of health surveillance, with a significant reduction in the number of working hours spent on compulsory medical examinations. It also provides a dedicated space for the implementation of health promotion and prevention projects.
The activities of the health Working Group also continued in 2023 aimed at the management of "complex fitness assessments" for "fragile" and "vulnerable" workers. The group enabled the reassessment of certain fragility conditions, facilitating the return to work for the workers concerned. In view of this, the mapping was conducted and completed, leading to the establishment of an interdepartmental working group to ensure the effective design of a specific offering tailored to the needs of each individual worker.
Finally, the information and awareness-raising activities of the Travel Medicine unit continue to perform an important role, providing all workers who travel with prior recommendations in terms of vaccinations and essential behaviour for their destination countries.
In March 2023, Saipem was awarded the "Health Promoting Workplace" label by the Lombardy Region for its commitment to health promotion and prevention activities.
In line with the programme, Saipem is committed to building an environment that encourages the adoption of positive health behaviours and choices by employees, by promoting actions aimed at supporting healthy choices (dietary habits and active lifestyle) and counteracting risk factors (e.g. smoking, alcohol abuse).
The prevention programmes are set up and managed by the site doctors under the direction and control of the central function. In Milan, several initiatives have been implemented that embrace the philosophy of caring for patients rather than simply providing services. These include the caregiver training service, the self-medication support service, the nursing consultation, pre-travel precautions, and psychological support, which is currently provided on instruction by the company doctor but will subsequently be made available to employees on request.

Security

The Security Model adopted by Saipem is based on a thorough analysis aimed at identifying the mitigation measures necessary to provide the business with a suitable "security framework".
Based on this framework, the Security function guides and controls security operations in Italy and abroad, with the following objectives:
- managing security risk by taking preventive and defensive measures, in full compliance with regulations, human rights and the highest international standards;
- promoting the adoption of a uniform and integrated security system to ensure appropriate coordination of emergency and crisis management;
- ensuring the management of information gathered from stakeholders in full compliance with the law and adopting international best practices;
- promoting the monitoring and management of security risks by designing optimal solutions that minimise the impact of adverse events and their likelihood of occurrence;
- setting up the most effective protection plans and mechanisms to safeguard the Company's personnel and assets.

The Security Policy is periodically reviewed to ensure that the objectives stated in the policy are appropriate and suitable with respect to the existing risks.

Cyber Security

IT security is a key pillar for Saipem.
The Information Security Management System (ISMS), certified in 2022 for the "Cyber Security Event Monitoring and Incident Management" perimeter, provides for a risk assessment every two years to verify the effectiveness of the action plan aimed at reducing risks and strengthening the environment.
The comparison with previous analyses shows a moderate and steady improvement in the Residual Risk Level, which continues to decrease over time, thanks to the implementation of specific technical and organisational measures to protect assets and information.
Another element that benefits from the certification is the sustainability index. Saipem participates in the composition of two independent indices, the Dow Jones Sustainability Index and the ISS ESG index, to express its level of commitment to business sustainability. The availability of formal certification to the ISO/IEC 27001 standard is one of the key elements considered, evidencing a consistent approach to security.
To meet the requirements of the National Cyber Security (PSNC) and the Agency for National Cybersecurity (ACN), Saipem ensures a strong cyber security approach for the nationally critical or strategic companies. In particular, one of the cyber security resilience initiatives was the launch of the "Information Security and Data Management Programme", consisting of the following projects:

- Identity Management & Access Governance: development of a platform that ensures periodic checks on accounts and user profiles and identifies violations and the potential consequences;
- Data Governance: development of data governance and the related protections to ensure proper management of both structured data (contained in business applications) and unstructured data (storage) ;
- Encrypted Traffic Protection: identification and implementation of a solution for protecting user access to the internet under any connection conditions (including remote) and safeguarding the company data assets;
- Network Segmentation: development of the internal protection of the company data centre infrastructure. The objective is to progressively reduce the attack surface to limit the spread of threats or malware within the network;
- Operational Technology Security: implementation of the requirements established by Saipem for the industrial control systems;
- Privileged Access Management: increased coverage of the privileged access management solution for the centralised monitoring of violations/anomalies.

DIGITAL, ICT SERVICES

The cost rationalisation and investment optimisation in the Digital and ICT Services area continued in the first half of the year. This directional approach is aimed at ensuring a balanced evolutionary roadmap that is economically and financially sustainable but capable of supporting the business. In this global context, the company's effort has been maximised in order to ensure the development and adoption of digital solutions and the maintenance of adequate ICT service levels.

To support these management guidelines, in 2023 Saipem:
- confirmed the evolutionary guidelines of the 2021 digital programme, which focus mostly on improving the efficiency of the work processes;
- an ambitious competitiveness programme was launched, which also involved the digital and ICT area, with the objectives, inter alia, to redesign the digital agenda and roadmap in order to align them with Saipem's new strategy and to enable the full integration of the digital needs of staff functions with the relevant vertical business functions;
- confirmed specific goals at company level in order to promote the digital transformation process.

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

The EPC Integration development area is dedicated to the centralisation and standardisation of data from "vertical" systems dedicated to individual functions and the integration of work processes, within the EPC projects. The EPC integration is comprised of two main complementary initiatives.
The first is the "EPiC" visualisation and collaboration platform, where support continues to be provided for the adoption of already industrialised applications, with a particular focus on the implementation of corrections and new features requested by stakeholders. New versions of the Supply Chain and AWP (Advanced Work Package) applications are being released to projects, while the integration and standardisation of a Digital Control Tower and the integration of processes with joint venture partners are being studied.
The second is the development of the "EPC digital platform", aimed at standardising and integrating plant engineering and materials management processes into the supply chain and construction processes.
This initiative is still in the development phase and testing of the complete processes is scheduled to start in the second half of 2023 and end in the first half of 2024.

As part of the digitalisation of our assets, in early 2023 we started a programme to standardise the ICT infrastructures and digital architectures, in order to converge the digital and ICT resources towards the same architectural design and performance capability. This will allow Saipem to adopt all the digital solutions under development, as well as new solutions, both market standard and tailored to the specific requirements of the operations, for its assets. It will also enable a common architectural design for all the solutions for the assets, ensuring greater efficiency and better cost control, both during development and during the adoption and management of service levels.

In the first 6 months of 2023 we improved and continued to implement our own IoT and Data Platform, taking into account the vertical solutions already existing in our technology portfolio. At the same time, we have started the digital modernisation plan of our fleet and the planning of future technological solutions that will be able to transform the classic processes of asset management, improving their exploitation through greater use of decisions driven by data and by implemented algorithms (e.g., predictive maintenance, remote assistance, operational dashboards).
The paradigm on which this programme of activities is based is to increase levels of governance over the data generated by our managed assets, using advance analytics techniques to support decision-making and efficiency recovery in operations (e.g., fuel management) and sustainability (e.g., greenhouse gas emissions-GHG), on which we intend to measure our transition plan toward Net-Zero goals.
The digital platform consists of a cloud component for the centralised collection and processing of all data coming from our assets, which are equipped with an "Edge Computing" installed on board in order to optimise the computational capacity and data transmission in suboptimal conditions.
To date, this component is reported to be installed aboard the following assets: Scarabeo 9, Saipem 7000, Castorone, Saipem 10000, FDS, Pioneer, Sea Lion 7, Perro Negro 9, Perro Negro 7, FDS 2, Saipem 12000, Santorini, Scarabeo 8, Saipem Endeavour, DeHe, Castoro X, Castoro XII. The implementation is currently

underway, respectively, of an industrialisation programme to upgrade some of its sub-components and connect the data acquisition module to critical data sources, and of a process to identify high-value IOT data and technologies, enabling them to be enhanced with relevant information and made available for use by the business.

In this context we were able to achieve a greater level of centrality and control of our data, which gave us the opportunity to start a path to define Saipem's new Data Governance. This path includes, simultaneously, a stream of initiatives in the area of Data Culture.
As of June 2023, digital solutions addressing the following application areas were being piloted at various stages of progress for the Asset Based Services business line:
- anomaly detection, as the first step in the planned process for the implementation of the predictive maintenance;
- Fuel Consumption Monitoring;
- Green House Gas Monitoring: CGT engines to monitor greenhouse gases;
- Operation Performance dashboarding;
- Non conformity reports dashboarding;
- Digital operations (job set analysis, activity description checklist, dynamic regional document management system, action tracking register);
- 360 Familiarisation, for the familiarisation of new field staff in a virtual environment with 360 photographs;
- Gaming HSE, to improve retention of HSE best practices on board plants;
- Virtual reality simulator for vessel;
- Pipeline Productivity Tool 2.0, for the optimisation of on-board management of pipe-laying in Asset Based Services (formerly Offshore);
- Personal Protection Equipment Lifecycle Management.

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

Scouting is underway for high-value technologies and use cases for the adoption of additive manufacturing in the spare parts procurement processes.

An assessment has been initiated of HSE technologies for improving on-board safety, such as Smart DPI/PPE.

In the Corporate area, we have initiated and, in several cases, completed and in the process of adoption several digital initiatives, including:
- an analysis underway aimed at consolidating processes on a smaller number of software platforms, with the aim of reducing the company's application portfolio;
- the final stages of a programme of activities aimed at improving both the native and non-native project-based Cost Control Model, in order to improve both the quality and reliability of managed data flows and the reporting methods to the relevant business functions;
- in Project Control, the integrations with business project data are being completed, which will allow for real-time dashboards to monitor the cash flow;
- completion of the construction of a portal for the digitalisation of accounting books;
- started the construction of dedicated platforms for staff functions (e.g., Sustainability, HSE, Vendor Feedback, Insurance, etc.);
- extended the functions of the cloud tool, already adopted, to support the NLP search of documents with integration of Sharepoint and Opentext D2;
- adopted smart working 2.0 and collaboration management tools;
- completed the digitalisation of the new Santa Giulia office building and collection of all useful data for the optimisation of use in terms of both emissions and occupancy;
- started a project for the introduction of a new and more advanced personnel management platform that will allow the centralisation of processes, currently fragmented over a series of other applications that will be consequently discontinued;
- dematerialisation of selected internal authorisation flows;
- adopted a portal dedicated to digital issues and new chatbot-type communication channel (Saipup);
- launched a tool to support financial type control systems (e.g., 231);
- finalised the travel self-booking solution for digitising the travel booking process;
- evolving enterprise architecture activities to support integrations between different technologies, solutions, and data.

Development, testing and adoption is underway on various initiatives in multiple areas, e.g.:
- People Engagement (e.g., new intranet portal, new HR management platform, etc.);

- solution platform to support the new headquarters and new way of working (e.g., optimised energy management, on-line booking of workstations and meeting rooms, hoteling, etc.);
- digitalisation of information flows in finance and document archives;
- digitalisation and more efficient procurement processes for low-value materials.

It is worth noting that, in the complex market context, it has been possible to ensure the continuity of digital transformation initiatives and to learn about and appreciate new ways of working remotely.
The process of technological evolution and transformation – aimed at rationalising and modernising information assets such as applications, platforms, architectures and data infrastructures – continues and remains a crucial facilitator of the programme to extract maximum value from data.
In particular, new container management tools both in cloud and on board vessels (Kubernetes) were taken to production, and the adoption of the new low-code methodology was consolidated. Focus was placed on Machine Learning and DevOps topics. The initial tests have been conducted for the enterprise use of the new chatbot technologies integrated with artificial intelligence (ChatGPT).
The studies at the base of the activity of data sources cataloguing, governance and support to independent consumption (self-service) of data for analysis purpose.

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

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

RISK MANAGEMENT

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

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

Additional information on the internal control system and risk management, including details concerning its architecture, instruments, and design, as well as the roles, responsibilities and duties of its key actors, is contained in the "Corporate Governance and Shareholding Structure Report as of December 31, 2022" document.

Saipem's Integrated Risk Management model identifies, assesses and analyses risks on a six-monthly basis and their integration with project risks that are identified, updated on a quarterly basis and managed by the relevant departments, for the purpose of an overall representation of corporate exposure and critical issues detected, contributing to the analysis of the corporate risk profile.

Risk assessment is performed by Saipem management through Risk Management sessions, i.e., meetings and workshops coordinated by the Integrated Risk Management Function. In particular, risk assessment is performed for the Group, business and staff areas and strategically important subsidiaries, which are identified on the basis of economic-financial and qualitative parameters, taking into account the changes in the business and organisation model and Group procedures, developments in the external environment (specifically, political, economic, social, technological and legal aspects) and the relevant industry and competitors. Furthermore, Saipem has developed a process to monitor the Group's main risks on a quarterly basis through specific monitoring indicators which measure the evolution of risk and related mitigation activities.

Saipem is exposed to strategic, operational, and external risk factors that may be associated with both business activities and the business sector in which it operates. The occurrence of such events could have negative effects on the Group's business and operations and on its financial position, performance, and cash flow. Moreover, based on the materiality analysis performed by the Sustainability function (more information on this can be found in the "2022 Annual Report" in the specific detailed section within the "Consolidated Non-Financial Statement"), special attention is paid to ESG (Environment Social Governance) issues, the risk assessment of which is therefore integrated into the overall assessments.

For climate-related risks in particular, a quantitative assessment of the size (in financial terms) over the planning is then performed, in accordance with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD).

Risks related to climate change, to which Saipem's activities are intrinsically exposed, can be classified into the following categories:

- physical risks, i.e., risks arising from physically observable climatic phenomena (e.g., flooding of plants, production sites and construction sites, damage incurred due to extreme meteorological conditions, as well as worsening weather and sea conditions in the offshore operating areas);
- transition risks, i.e., risks arising from the transition phase that aims to reduce emissions and thus mitigate the effects of climate change. These risks are classified into: (i) technological risks, meaning insufficient effectiveness in the implementation of the most efficient technologies; this has an impact on operating expenses in the execution of projects and the potential acquisition of projects related to the use of new technologies; (ii) regulatory risks, related to new laws and regulations with which Saipem must readily comply and which may lead to higher operating costs; (iii) reputational risks, in terms of lack of access to credit linked to sustainable initiatives.

Regarding the Russian-Ukrainian conflict, which leads to uncertainties and tensions at global level also resulting from the imposition of sanctions of various orders against Russian Federation and Russian entities, the Company reports that it completed two projects in Russia during the first half of 2022. For two other projects, for which joint venture companies outside the scope of consolidation are assignees, negotiations are underway with the client to formally complete the relevant activities in full compliance with EU regulations. Should Saipem and the client not

reach an agreement on the consensual termination, Saipem will not continue the activities contractually agreed in any case.
Regarding the Group's operating activity in areas affected by the conflict, the supply chain does not include strategic and/or critical direct supplier on Ukrainian territory, nor are any activities or personnel currently in Ukrainian territories affected by the conflict.
It should also be noted that the Strategic Plan does not include new contracts awarded in Russia, and it is believed that the geopolitical view could require the development of new energy infrastructures for the diversification of energy supply in many countries.

In the current macroeconomic environment, influenced by a combination of effects related to the Russia-Ukraine conflict, inflation and rising interest rates, Saipem also reports that the revenues and, consequently, the Company's margins, both for lump-sum contracts and drilling services, could vary with respect to the estimated amounts due to: (i) variations in the cost of raw materials (e.g. steel, copper, fuels, etc.) and services (e.g. labour costs, logistics, etc.); (ii) unforeseen worsening of geopolitical conditions (including wars or civil unrest); (iii) delays in the process of negotiating new contracts and possible cancellation of commercial initiatives relating to future projects, as well as the cancellation or deferral of on-going projects; (iv) delays and difficulties in obtaining recognition of contractual compensation for the cancellation or deferral of these contracts; (v) pressure from clients to renegotiate existing conditions; (vii) delays and difficulties in renewing, before the expiry date and on economically advantageous terms, the existing charter contracts relating to the offshore drilling fleet.
The possible worsening, compared to what was forecast, of the overall economic situation could lead the Group to make impairment losses on the assets subject to impairment testing, with significant negative effects on its economic, financial and asset situation.

With reference to changes in the cost of raw materials and services and rising inflation, Saipem is acquiring specific tools to monitor and possibly prevent impacts on the supply chain due to the availability and volatility of commodity prices, and to include reasoned price adjustment formulas in project budgeting.

The following are the main risk factors identified, analysed, assessed, and managed by Saipem management. In preparing the consolidated financial statements, these risks were evaluated and, where necessary, the possible liability was provided for in an appropriate provision. See the "Notes to the consolidated financial statements" for information on liabilities for risks provided for and the section "Guarantees, commitments and risks - Legal proceedings" in the "Notes to the consolidated financial statements" for the most significant legal proceedings.

List of risks

1. Financial risks
2. Country risks
3. Biological/pandemic risk
4. Risks related to the supply chain
5. Cyber risks
6. Strategic risks and project acquisition risks
7. Project execution risks
8. IT risks
9. Risks associated with legal proceedings (legal, administrative, tax and labour)
10. Risks associated with asset management
11. Risks related to human resources
12. HSE risks
13. Risks associated with client contract management
14. Compliance risks

1. Financial risks

Description and impact

Liquidity risk is strongly under attention because the Group business may be exposed to cash inflows that are potentially not time-consistent with cash outflows, particularly in the EPC (Engineering, Procurement, Construction) Lump-Sum Turnkey (LSTK) market characterised by lump-sum turnkey contracts. The contractual structure negotiated with the client may indeed require a significant commitment of financial resources both in the initial phase of the contract (for example, to place the orders to suppliers) and later, to support the achievement of contractually agreed milestones at which economic progress can be recorded and invoiced to the client.
In addition, the volatility of market conditions and the instability of the macroeconomic-geopolitical scenario could lead to a deterioration of the financial position of clients and partners involved in the execution of projects. Saipem is therefore exposed to the credit risk arising from the possibility of default by a trading counterparty, i.e. the risk of delays and/or non-payments for services rendered on the basis of contractual provisions and of having to meet part or all of the financial obligations of partners.

These dynamics could have significant negative effects on the Group's cash flows; they could cause the deterioration of net working capital and the economic-financial situation, and lead to a worsening of the reputation in the industry of reference and in the financial markets.
Furthermore, the Group is exposed to other financial risks: (i) fluctuations in interest rates, which could lead to higher costs associated with future financing and could affect the Group's result for the year and/or net financial position; (ii) risks linked to the availability of bank guarantees necessary for the submission of bids and the execution of projects, which may involve both Saipem and its partners in the implementation of projects.

Mitigation
The management, control and reporting of financial risks are based on the Financial Risk Policy, issued at corporate level with the aim of standardising and coordinating the Group's policies. Specifically, financial risks are controlled through the periodic calculation of several Key Risk Indicators (KRI) which are subject to specific attention thresholds periodically updated according to the evolution of Saipem's business. The control activities established by the Financial Risk Policy also include escalation procedure to be followed if the risk thresholds set by the KRIs are exceeded.
The Company, right from the negotiation phase, discusses with clients the terms and conditions that protect it in terms of financial exposure (e.g., advanced payments, negotiation of performance bonds) and monitors its contracts (e.g., through stringent procedures for obtaining the necessary certifications to proceed with invoicing, or through constant verification and reporting to the client of all contractual or executive variations of the project) in order to maintain positive or neutral cash flows during project execution; in addition, the fluctuation of net working capital is constantly monitored by the Group with the continuous involvement of the Top Management.
The Company management is also constantly engaged in monitoring the evolution of the financial markets and in strengthening and increasing partnerships with financial and insurance institutions; included local ones, to mitigate risks and increase guarantees.
The main financial risks identified, monitored and actively managed by Saipem are further detailed in the following sections.

(i) Market risk

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

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

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

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

For derivative instruments on exchange rates, the sensitivity analysis on the relative fair value is carried out by comparing the term counter-value fixed in the contracts with the counter-value determined at spot exchange rates, allowing for a 10% positive or negative variation, and adjusted using interest rate curves consistent with the expiration dates of contracts on the basis of market prices at the end of the period.
The analysis did not examine the effect of exchange rate fluctuations on the measurement of contract assets from long-term orders assessment because they do not constitute a financial asset under IAS 32.
In light of the above, although Saipem adopts a strategy targeted at minimising exchange risk exposure through the use of several types of derivatives (outright and swaps), it cannot be excluded that exchange rate fluctuations may significantly influence the Group's results and the comparability of results of individual years.
A depreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of €59 million (-€1 million as of December 31, 2022) and an overall effect on equity, before related tax effect, of -€176 million (-€234 million as of December 31, 2022).
An appreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of -€57 million (€3 million as of December 31, 2022) and an effect on equity, before related tax effects, of €178 million (€236 million as of December 31, 2022).
The increase (decrease) with respect to the previous year is essentially due to variations in the exposed financial assets and liabilities.

Market risk - Interest rate

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

For derivative financial instruments on interest rates, the sensitivity analysis on fair value was conducted by discounting the contractually expected cash flows with the interest rate curves recorded on the basis of period-end market rates, with variations in excess of and less than 100 basis points. With reference to cash and cash equivalents and to variable rate financial liabilities, reference was made respectively to the stock at period-end and to changes in exposure expected in the following 12 months. On this basis, a movement of interest rates has been applied in excess of and less than 100 basis points on interest rates.
A positive variation in interest rates would have produced an overall effect on pre-tax profit of -€4 million (€3 million as of December 31, 2022) and an overall effect on equity, before related tax effects, of -€4 million (€3 million as of December 31, 2022). A negative variation in interest rates would have produced an overall effect on

pre-tax profit of €4 million (-€3 million as of December 31, 2022) and an overall effect on equity, before related tax effects, of €4 million (-€3 million as of December 31, 2022).
The increase (decrease) with respect to the previous year is essentially due to variations in the financial assets and liabilities exposed to interest rate fluctuations.

Market risk - Commodity

Saipem's results are affected by changes in the prices of oil products (fuel oil, lubricants, bunker oil, etc.) and raw materials (copper, steel, etc.), since they represent associated costs in the running of vessels, bases and yards and the implementation of projects and capital expenditures.
In order to reduce its commodity risk, in addition to adopting solutions at a commercial level, Saipem also trades derivatives (swaps and bullet swaps) in particular on the organised ICE, NYMEX and LME markets where the relevant physical commodity market is closely correlated to the financial market and the price is efficient.
Regarding commodity price risk management, derivative instruments on commodities were negotiated by Saipem to hedge underlying contractual commitments. Hedging transactions may also be entered into in relation to future underlying contractual commitments, provided these are highly probable (so-called highly probable forecast transactions). Despite the hedging instruments adopted to control and manage commodity risks, Saipem cannot guarantee that they will be either efficient or adequate or that in future it will still be able to use such instruments.
Commodity derivatives are measured at their fair value by the Finance Department of Saipem on the basis of market standard evaluation algorithms and market prices/contributions provided by primary info providers.
The Saipem Group measures and controls the commodity price risk by calculating and monitoring a KRI that quantifies the maximum potential loss measured with a Value at Risk (VaR) model.
Regarding commodity risk hedging instruments, a 10% positive variation in the underlying rates would produce no effect on pre-tax profit, while it would produce an effect on equity, before related tax effects, of €4 million. A 10% negative variation in the underlying rates would produce no effect on pre-tax profit, while it would produce an effect on equity, before related tax effects, of -€4 million.

(ii) Credit risk

Credit risk represents Saipem's exposure to potential losses deriving from the default of business counterparties. Regarding the counterparty risk in commercial contracts, credit management is entrusted to the responsibility of the Business Lines and to the dedicated specialised corporate Finance and Administration functions, on the basis of standard business partner evaluation and credit worthiness procedures. For counterparty financial risk deriving from the investment of liquidity, from positions in derivative contracts and from commodities contracts with financial counterparties, Group companies adopt the provisions defined in the Financial Risk Policy. In spite of the measures implemented by the Company in order to avoid concentrations of risk and/or assets and for identifying the parameters and conditions within which hedging instruments can operate, it is not possible to exclude the possibility that a part of the Group's clients may delay payments, or fail to make payments, within the defined terms and conditions. Any delay or default in payment by the main clients may imply difficulties in the execution and/or completion of projects, or the need to recover costs and expenses through legal actions.
The recoverability of financial assets with counterparties of a trade and financial nature is assessed on the basis of the so-called "expected credit loss model" illustrated in the paragraph entitled "Impairment of financial assets".
The Saipem Group measures and controls the credit risk of commercial counterparties by periodically calculating indicators to measure the classes of Probability of Default ("PD") of trade credit exposures, backlogs and guarantees granted. The effect of those operations is described in the following Notes 8 "Trade and other receivables" and 10 "Contract assets". Credit risk towards financial counterparties is instead monitored and controlled through the periodic calculation of KRIs aimed at measuring exposure, maximum lending duration and the breakdown of financial assets by rating class.

(iii) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available (funding liquidity risk), or that the Group is unable to sell its assets on the market place (asset liquidity risk), making it unable to meet its short-term finance requirements and settle obligations. Such a situation would negatively impact the Group's results as it would cause the group to incur higher borrowing expenses in order to meet its obligations or, under the worst of conditions, the inability of the group to continue as a going concern. The objective of the Group's risk management is to create a financial structure which, consistent with the business objectives and the limits defined in the Financial Risk Policy, guarantees an adequate level of liquidity of credit lines and committed credit lines sufficient for the entire Group.
The risk management objective is to guarantee sufficient financial resources to cover short-term commitments and maturing obligations, including through refinancing transactions or early funding, as well as to ensure the availability of an adequate level of financial flexibility for Saipem's development programmes, pursuing the maintenance of a balance in terms of duration and composition of debt and an adequate structure of bank credit lines.

Saipem measures and controls the liquidity risk by continuously monitoring estimated cash flows, the maturity profile of financial liabilities and the parameters characterising the main bank financing contracts (so-called Financial Covenants), and by periodically calculating KRIs. These indicators measure the level of available cash expected in the short term, the level of maturity concentration of financial liabilities and derivatives, and the ratios between financial sources and uses expected in the short and medium term.
For the control and efficient use of its liquidity, the Saipem Group avails itself, among other things, of a central cash pooling system and automatic reporting tools.
On February 10, 2023, Saipem signed two new credit lines for a total amount of €860 million. The first consists of a Senior Unsecured Term Loan of approximately €390 million granted by a pool of Italian and international banks and 70% guaranteed by SACE under the **SACE SupportItalia Facility**. The second consists of a Revolving Credit Facility of approximately €470 million taken out together with the Senior Unsecured Term Loan (**"New RCF"**). On June 20, 2023, these loans came into effect following the issuance of a special decree by the Ministry of Economy and Finance (MEF) and the subsequent certification by the Court of Auditors. Specifically, on that date, the SACE SupportItalia Facility was disbursed in full, and the New RCF also became fully effective and therefore usable. These new credit lines contribute to further strengthening the Group's financial structure and liquidity.
Some of the Group's loan agreements, including the new credit lines taken out in February 2023, contain financial covenants that determine, in the event of non-compliance, a right on the part of the respective financial institutions to request early repayment of the loans, if not remedied through the granting of a waiver.
These financial covenants, which are tested on an annual or, in some cases, half-yearly basis, stipulate that the ratio of the Group's consolidated net financial debt (calculated including or, where applicable, excluding restricted cash) to the Group's consolidated EBITDA must not be more than 3.5x.
The non-compliance with the financial covenants would imply the right for the lenders to request early repayments of their loans. This circumstance would also constitute an event of default under the terms and conditions of the outstanding bonds (amounting to €2 billion as of June 30, 2023) with the consequent right of the bondholders to request their early repayment, as a consequence of the possible activation of the cross-default clause in the relevant documentation.
As of June 30, 2023, the Group has structured its financing sources mainly on medium-long-term maturities with an average duration of 2.3 years; the portion of medium-long-term debt maturing in the following 12 months amounts to €689 million, of which €641 million during the first half of the year and the rest during the second half.
As of June 30, 2023, the maturities of the four bond loans in the amount of €500 million each are expected in September 2023 and in the financial years 2025, 2026 and 2028.
Based on the above, on the maturity plan of medium-long-term debt and on the amount of available cash as of June 30, 2023, amounting to €1,811 million, and the availability of unused committed credit lines amounting to €473 million, Saipem believes that it has access to more than adequate sources of funding to meet its foreseeable financial needs.

(iv) Downgrading risk

Saipem and the bonds issued by the subsidiary Saipem Finance International BV are subject to judgment by the rating agencies Standard & Poor's and Moody's. On December 2, 2022, the Company obtained a "BB+" long-term issuer credit rating with "stable" outlook from Standard & Poor's Global Ratings and a senior unsecured rating of "BB+" for the bonds. In addition, on June 14, 2023, the Company received the confirmation from Moody's of its long-term Corporate Family Rating of "Ba3", previously assigned on July 19, 2022, with an improvement in the outlook from "stable" to "positive", as well as confirmation of the senior unsecured debt rating of "Ba3" for its bonds. The ratings of the bonds issued by Saipem Finance International BV fall within the "non-investment grade" category, characterised by a higher risk profile and which also includes debt securities particularly exposed to adverse economic, financial and industry conditions. Any deterioration of Saipem's rating and/or of the bonds issued by Saipem Finance International BV, which could be caused by a deterioration of the reference markets, of the profitability of the contracts or of Saipem's liquidity, could result in a higher funding cost as well as more difficult access to the capital market, with consequent negative effects on the activities, prospects and economic and financial condition of the Company and the Saipem Group.

Future payments for financial liabilities, trade payables and other liabilities

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

	Maturity						
(€ million)	2024 (*)	2025	2026	2027	2028	After	Total
Non-current financial liabilities	781	695	689	144	500	-	2,809
Current financial liabilities	103	-	-	-	-	-	103
Lease liabilities	191	85	73	61	38	188	636
Fair value of derivative instruments	1	-	-	-	-	-	1
Total	**1,076**	**780**	**762**	**205**	**538**	**188**	**3,549**
Interest on loans and borrowings	140	74	49	21	16	-	300
Interest on lease liabilities	46	26	21	17	14	67	191

(*) Including the second half of 2023.

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

	Maturity			
(€ million)	2024 (*)	2025-2028	After	Total
Trade payables	2,740	-	-	2,740
Other liabilities	306	2	-	308

(*) Including the second half of 2023.

Future payments for outstanding contractual obligations

Investment commitments for projects for which procurement contracts have already been placed, expiring in 2024 (including values relating to the second half of 2023), amount to €140 million.

2. Country risks

Description and impact

Saipem carries out a significant part of its activities in the Middle East, Sub-Saharan Africa and Latin America, regions in which it is possible to experience a lesser degree of stability from the political, social and economic point of view. Developments in the political framework, economic crises, internal social unrest and conflicts with other countries, increase in the risk of terrorist attacks may could expose the Group and its human and material assets to potential damage, as well as temporarily or permanently impair its ability to operate under economically advantageous conditions and require specific organisational and management measures to ensure, where possible in compliance with Company policies, in order to continue the activities under way in conditions different from those originally planned. Such continuity plans could lead to cost overruns and delays and, consequently, to a negative impact on the margins of projects carried out in these countries.
Other risks related to the activities in those countries include: (i) lack of stable legislation and uncertainty on the protection of the rights of the foreign company in case of breach of contract by private entities or State entities, including risk of expropriation and nationalisation; (ii) detrimental development or application of laws, regulations, unilateral contractual changes that result in the impairment of assets, forced divestments and expropriations; (iii) various restrictions on construction, drilling, import and export activities; (iv) increases in applicable taxation; (v) internal social conflicts that may lead to acts of sabotage, attacks, violence and similar situations; (vi) acts of terrorism, vandalism or piracy; (vii) lack of or limited insurance cover for country risk, war risk and terrorist attacks (with particular reference to onshore operations), in an insurance market undergoing a "hard market" phase.
Saipem uses agencies that provide security services in the countries in which it operates. Although Saipem carefully selects suppliers and conducts regular training and oversight activities, these agencies may still expose the Group to risks related to the violation of human rights in the performance of security services assigned to them.
Also, the invasion of Ukraine by Russia is causing uncertainties, tensions and criticality in the energy policies of Western countries. Although the developments and future impacts are uncertain and difficult to evaluate, the intensifying of hostilities, geopolitical tensions and commercial war, including the imposition of international economic sanctions on society, banks and Russian individuals, are inevitably causing negative repercussions on the global, international and Italian economies, on the performance of financial markets, and on the Company's sector of activity.

Mitigation

Saipem is committed to constantly and closely monitoring political, social, and economic developments, terrorist threats arising in the countries of interest, both through specialised Group resources and through providers of security services and information analyses.

Saipem is able to periodically assess its exposure to political, social and economic risks in the countries in which it operates – or intends to invest – through an articulated security model inspired by the criteria of prevention, precaution, protection, information, promotion and participation, with the aim of reducing the risk deriving from the actions of individuals or legal entities, which could expose the company and its assets (human, material and reputational) to potential damage.
When Saipem's ability to operate is temporarily compromised, demobilisation from the site is planned following criteria for the protection of personnel and corporate assets that remain in the politically unstable country. If operations are disrupted Saipem will adopt solutions that make the resumption of ordinary activities faster and less costly as soon as favourable conditions are restored.
Saipem constantly monitors the changes in and compliance with various types of regulations also in order to minimise the impacts due to its operating activities in all countries of interest. Moreover, for adequate corporate risk management, Saipem has adopted the principles and guidelines provided by the international standard ISO 31000 as a reference.
The Group conducts regular audits of agencies providing security services and organises specific training activities in order to avoid and prevent human rights violations. Moreover, in order to mitigate the risks generated by the relationships with subjects operating in the same areas, Saipem adopts a system of engagement with its local stakeholders, with the goal of maintaining dialogue, consolidating relationships, and creating shared value, especially through active participation in the socio-economic development of the areas in which its project activities are carried out. Saipem pays utmost attention to industrial relations in the countries in which it operates, strengthening communication with staff and trade unions and reaching/renewing specific agreements with the social partners involved.
With reference to the Russian-Ukrainian conflict, Saipem constantly monitors the possible impacts deriving from the restrictive measures adopted by the EU, which include: (i) sanctions in the financial sector, for which the existing restrictions have been widened, limiting Russia's access to the most important capital markets; (ii) sanctions in the energy sector: a ban on sale, supply, transport and export, either directly or indirectly, of goods and technologies used for oil refining, to hit the Russian oil sector and prevent Russia from modernising its refineries; (iii) sanctions in the technological sector: restrictions on the export of dual-use goods and technologies (civil/military), as well as restrictions on the export of certain goods and technologies which contribute to the strengthening of Russia's defence and security sectors.

3. Biological/pandemic risk

Description and impact

Saipem operates in countries where biological agents are present that are potentially harmful to people exposed to them. The situation very much varies and changing over time: in many of the countries of interest over the years there have been more, or less extensive epidemic outbreaks of both diseases already present in the area and imported diseases. The Group's personnel in these countries are therefore potentially exposed to infectious diseases when carrying out their activities.
Over the past three years, the epidemiological scenario has been further complicated by the spread of the COVID-19 pandemic. At present, although several geographical areas are still experiencing epidemic outbreaks, the global situation seems to show a decreasing trend of cases in general and of cases with severe symptoms in particular; the Omicron variant, with its sub-variants, is the most widespread as it is highly contagious and less virulent. Global vaccination coverage is highly variable and, to date, the available data are insufficient to rule out a possible resurgence of the pandemic and the development of further variants. A flare-up of the pandemic could represent a significant risk both in terms of impacts on staff health and possible indirect impacts on the Group's financial results and assets: interruptions, slowdowns and cost increases in project execution and postponement of investment decisions in the affected sectors, disruptions in the supply chain, delay in client payments, increased risk of litigation (e.g. related to commercial contracts, labour and insurance matters) and complexity of resource turnover due to quarantines and travel restrictions.

Mitigation

Through epidemiological analysis on open sources and data collection on the ground, Saipem is committed to constantly and punctually monitor the occurrence and evolution of all infectious diseases in the countries of interest and to implement timely measures to prevent and respond to outbreaks.
The company runs numerous awareness-raising campaigns among its staff in order to increase risk awareness and knowledge of the most effective prevention measures. Regular hygiene and health inspections are carried out at the operating sites and personal protective equipment and vaccine and chemoprophylaxis measures are made available to the workforce. Control programmes of vector-borne disease are in place at all risk sites. Occupational medicine protocols and the travel medicine service are an effective system for protecting the health of workers, and medical evacuation contracts are a guarantee for the safe evacuation of infected patients.
In relation to the COVID-19 pandemic, Saipem implemented a specific response plan that, through the establishment of the Crisis Unit, took into account the ever-changing guidelines, regulatory changes, best practices and scientific knowledge. The plan provided for the implementation of mitigation measures applied at all levels of the organisation and at all locations (offices, operational sites, vessels, etc.).

4. Risks related to the supply chain

Description and impact

Saipem continues to be exposed to the risk associated with commodity price volatility – i.e., changes in the cost of raw materials such as steel, nickel, copper, fuel, etc. – but also of goods and services used by the Group in the execution of projects. The supply dynamic is characterised by a strong tension on the commodity market, mainly due to an imbalance in the relationship between supply and demand and a strong inflationary drive, compounded by speculative and arbitrage actions in the markets. Materials and goods purchased by the Group require transport and warehousing services in order to reach the operating sites and they too may be subject to delays, limitations on availability and/or price increases, especially in times of high demand.
The Group may not be able to pass on or share these price increases with its clients.
The current market recovery, combined with the uncertainty generated by the Russian-Ukrainian crisis, has led to bottlenecks in some production sectors. Suppliers are finding it difficult to respond to requests in terms of raw material availability, production capacity and delivery times and, in some cases, have become more selective with regard to the initiatives to be pursued as they are unable to enter into contractual commitments with long-term valid quotations. Saipem could therefore run the risk of being unable to source from supply chain operators the materials, goods and services needed to execute the projects and negotiate prices, commercial terms, and delivery times compatible with the needs of the projects.
Finally, Saipem works with a large number of suppliers and subcontractors, spread across different geographies and with different levels of experience, whose performance may in some cases be inadequate with respect to project requirements, resulting in additional costs related to the need to implement plans to meet the client's expectations and possibly causing delays in project implementation and delivery.
Therefore, these supply chain risks could lead to longer times and higher costs, a deterioration of business relations with clients and changes in the financial results, with a negative impact on Saipem's performance.

Mitigation

In order to prevent and mitigate the risks of unavailability and price variability of goods, materials and services, Saipem monitors the impacts on individual projects, in terms of continuity, prices and timing of supplies and suppliers' production capacity, establishing an ongoing dialogue with them. When the conditions are right, the Group defines project-based commercial agreements with suppliers (e.g. pre-agreements) to ensure execution on time and on budget or, alternatively, it agrees with suppliers on price change formulas that can then be accepted in full or in part by its clients.
Lastly, the Company has implemented a structured qualification and selection system geared towards working with reliable suppliers and subcontractors with an established reputation. The performance of suppliers and subcontractors is also constantly monitored and subject to feedback at all stages of the contractual relationship, in order to pursue continuous improvement of the procurement process and project execution.

5. Cyber risks

Description and impact

In its activities in offices and at operational sites, Saipem uses a large number of IT tools of various kinds. Due to a general increase in digitisation processes, the use of private networks in remote work introduced to contain the COVID-19 pandemic, and the constant increase in cyber threats, the Group's IT systems are increasingly exposed to potential cyber attacks. These cyber attacks could jeopardise business continuity and damage Information Technology (IT) and Operational Technology (OT) systems, as well as result in the loss and/or theft of data and information (including confidential information), causing major effects on business processes and financial, operational, and reputational impacts, particularly on clients.
Furthermore, following the increase in the global cyber threat as a result of the conflict in Ukraine, the Group has experienced, right from the commercial stage, increasing demands from clients for specific cyber security requirements, the availability of which could therefore affect Saipem's competitiveness level. A delay in the compliance with the stringent cyber security requirements demanded by clients and/or authorities (such as the National Cyber Security Agency) could result in the loss of future business opportunities and potential interruptions of projects and activities in the execution phase.

Mitigation

Saipem has implemented measures of governance, response, and monitoring of cyberattacks, as well as compliance processes carried out through the involvement of specialised internal and external personnel and of advanced IT security technologies. Saipem has adopted a cyber security model and follows procedures and protocols based on industry best practices and integrated international standards to meet clients' security requirements (more information can be found in the section "Digital, ICT Services"). In addition, Saipem implemented a series of actions aimed at strengthening threat detection and cyber incident response activities by adopting a platform capable of providing an external and independent assessment of the Group's cyber security maturity level.
Saipem is also ensuring a constant assessment of cyber risk both for Information Technology (IT) and Operational Technology (OT) and considers the human factor to be one of the main risk factors for an IT system. For this

purpose, it has developed and implemented a cyber awareness plan aimed at increasing the employees' level of preparedness and awareness. In addition, Saipem considers continuous collaboration with key public and private stakeholders to be of paramount importance.
During 2021, the Group obtained the ISO/IEC 27001 certification, for "Cyber security events monitoring and incidents management". This important goal confirms the validity of the model Saipem adopted for Cyber Detection & Response activities, which it makes it possible to proceed in a structured manner in the ongoing improvement of the Company's security system.
In compliance with IMO Resolution MSC.428 (98), Saipem introduced a cyber risk assessment model on board the fleet's vessels, as an integral part of the safety management system, appointing a Cyber Security Officer for each unit.
Cyber attack drills were also performed on board the vessels, according to scenarios and models which are an integral part of Saipem SpA's emergency and crisis management system.
Finally, several audits were carried out with Internal Audit, on the entire Cyber Security process, as well as on the infrastructure and the cloud, with assessments carried out by Microsoft, in continuity with others done in the past by clients to ascertain compliance with contractual cyber security requirements.

6. Strategic risks and project acquisition risks

Description and impact

In defining its strategic guidelines, Saipem assesses macroeconomic, geopolitical, and industrial scenarios, their technological developments, trends in demand in the relevant sectors, also in the light of the requests it receives from its clients, and the evolution of the competitive framework within the reference market. The reference market is also defined by the various mergers and acquisitions, the creation of joint ventures and alliances on a local or international level, of a strategic or commercial nature, and the continuous development and commercialisation of patents and licences by competitors for innovative solutions (frequent, for example, in the area of energy transition and decarbonisation). Therefore, Saipem is exposed to various kinds of risks, linked to its strategic positioning (in relation to competitive positioning vs. market trend), both in conventional services in the energy sector, particularly Oil&Gas, and Infrastructure, and in services related to the energy transition, whose weight is less significant in the short term, but whose trend shows an increasing weight in the medium and long term.
As regards the current market context, the overall demand for services is visibly influenced by factors deriving both from the Russian-Ukrainian conflict, which could generate more unpredictable fluctuations in energy demand and supply volumes, and in the price of oil and natural gas, and from pre-existing dynamics. These include: (i) the global energy supply/demand balance, and in particular of oil and gas, in relation to the economic cycle and the COVID-19 pandemic; (ii) OPEC's ability and willingness to establish and maintain certain oil extraction levels, and the production forecast of OPEC countries, also as an element of compensation of the export losses from Russia; (iii) the possible return of exports from Iran; (iv) the overall context of the raw material market, that may impact the general economy and the oil and gas demand; (v) market volatility, as well as environmental policies and legislations; (vi) the growing tendency to choose alternative and renewable energy sources. It should also be noted that the price trend of raw materials such as oil and natural gas is highly volatile and unpredictable for various reasons, which are often interconnected and/or interdependent (such as, for example, economic, geopolitical and social factors, changes in demand, technological evolution, energy transition, etc.).
The above-mentioned dynamics can influence the investment policies of the main clients in the oil sector, exposing Saipem to: (i) delays in the negotiation process and possible non award of commercial initiatives relating to future projects; (ii) cancellation and suspension of projects already under way (whether EPCI Lump Sum or Drilling and value-added engineering services contracts); (iii) delays and difficulties in obtaining payment of contractual penalties provided for to indemnify the Company against the cancellation and suspension of such contracts; (iv) strengthening of the level of aggression in commercial strategies by competitors; (v) delays and difficulties in obtaining change orders for the scope of work requested by the client and executed by Saipem; (vi) delays and difficulties by the clients in renewing contracts for onshore and offshore drilling fleets prior to the expiry thereof and under economically advantageous terms and conditions; (vii) claims and arbitration and international disputes in the most significant cases. Inadequate forecasts of the evolution of these scenarios, as well as the incorrect or delayed implementation of the identified strategies, may expose the Company to the risk of not being able to implement its Strategic Plan, both in terms of the volume of new acquisitions and related margins, and in terms of revenues and margins of the existing portfolio.
The current scenarios in the field of energy transition involve a gradual shift towards greater use of renewable energy sources, with a lower climate-altering impact than the ones now in use. The achievement of these objectives is mainly based on the development and use of a range of new technologies in areas such as renewable energy, the decarbonisation of various industrial sectors (e.g., agriculture, steel and cement production, transport), energy efficiency and the circular economy. Saipem believes that the use of these innovative solutions in building new energy infrastructures and reducing carbon emissions is expected to create a significant market that is of particular interest.
The ability to compete in the new energy transition markets will depend on the achievement of adequate competitive positioning, which can be developed through a number of key factors: (i) creation of new commercial relationships with companies in the field of renewable energy sources and clean technology; (ii) ability to manage

new types of projects and clients, different from the traditional ones; (iii) meeting a specific track record in the new markets; and (iv) development of a targeted technology portfolio.
Should the Company be unable to adequately update the technology and assets at its disposal with the aim of aligning the offer of its services with the needs of the market, it may have to modify or reduce its strategic objectives, with a subsequent negative effect on its activities, prospects, and economic, financial and asset situation.

Mitigation

To monitor the trend of demand, Saipem makes use of a capillary organisational structure to cover the areas of interest, and of companies specialised in providing periodic analyses and estimates on relevant market segment trends and on macroeconomic, geopolitical, and technological developments. Furthermore, the Company created the Sustainability, Scenarios and Governance Committee, which is responsible for assisting the Board of Directors in its review and development of scenarios in order to prepare strategies, based on the analysis of the relevant issues for long-term value generation and the corporate governance of the Company and the Group.
To ensure a strengthening of its competitive positioning, the Group always strives to go beyond the limits of innovation to create valuable relations with its clients and guide them through the developments of the global energy scenario, while respecting the values and professional ethics of Saipem. In relation to these dynamics, Saipem completed an organisational transformation process aimed at defining a structure more oriented towards new products and markets: (i) "asset-centric" (to capture the moment of recovery in the Oil&Gas market); (ii) "offshore wind" (for offshore wind plants); (iii) "energy carriers" (for the low-carbon design or reconversion of complex plants) (iv) "sustainable infrastructures" (for growth in a sector that has become strategic in the new ecosystem of the energy transition and sustainable mobility); and (v) "robotics & industrialized solutions" (for the development of modular, repeatable, scalable plants and monitoring and maintenance services based on digital technologies). The strategy defined for 2023-2026 is characterised by the presence of a dual approach. On the one hand, it aims to traditional sectors, while on the other it has a medium and long-term target of growth in high-tech sectors linked to the energy transition.
The Company management therefore pursues various business opportunities on the basis of diversification with various clients in the energy sector (International Oil Companies, National Oil Companies, Independents, Utilities), with a global perspective on the reference markets and with a broad portfolio of products in Oil&Gas, renewable energy and infrastructure, pursuing a gradual business shift to exploit the opportunities offered by the energy transition. Saipem has taken many commercial and strategic steps, on the one hand to strengthen its presence in sectors where it can claim a more competitive positioning (sea construction and drilling), while on the other hand to expand the client portfolio and markets it serves, while also entering new or alternate business sectors such as: (i) rigs for renewable sources (in particular, wind, solar); (ii) carbon capture projects; (iii) production of green hydrogen and its derivatives (e.g. green ammonia, methanol); (iv) plastics recycling; (v) construction of high-speed railway lines; (vi) high value engineering services in the energy industry in general (including renewable energy).
Therefore, Saipem has worked constantly on the research and development of technologies aimed at increasing energy efficiency in operations and in the decarbonisation of energy (more information can be found in the section "Research and development") and, during 2020, Saipem acquired a proprietary carbon capture technology, continuing to investigate new technological frontiers.
Saipem is supported by companies specialised in analysing the technological evolution in the reference market segments and the prospective solutions that clients may require in the following years (for example, in the renewable energy sector), also evaluating strategic agreements (such as joint ventures and alliances) to exploit market opportunities; lastly, the Group enters into agreements of various kinds both with companies that develop technological solutions in the energy industry and also in other industries (for example, in the field of digitisation) and with universities and research centres. In fact, Saipem is constantly engaged in studying and possibly developing technological agreements with various partners in terms of technologies and licences in the energy sector, in addition to developing internally innovative technological solutions and patents through research and development projects with its own resources, as well as through cooperation with other organisations.
Regarding energy transition, the fight against climate change is at the heart of Saipem's agenda. It represents one of today's greatest challenges for the energy sector and for society as a whole, so much so that it is considered a crucial part of Saipem's business model.
The strategy for fighting climate change is based firstly on the scenario analyses in 2050, drafted to identify the macro-trends and key drivers in the energy sector in terms of service demand, technologies, policies, legislation, socio-political aspects, etc., and in order to understand how these will affect Saipem's business as a whole. These scenarios are updated at least annually, and the results are presented to the Board of Directors and the top management in order to be developed into strategic guidelines.
Saipem's strategy for climate change includes a significant commitment to reducing dependence on fossil fuels, offering clients increasingly sustainable solutions which aim to be the closest to zero in climate-altering emissions, investing in renewable technologies and diversifying its activities; in this regard, as a global service provider, Saipem has taken the important role of enabler of the transition from an economy based on fossil fuels to a "decarbonised" economy.
In the fight against climate change, Saipem wants to reduce its business dependence on fossil fuels with a new two-pillar strategy: becoming a key partner in the decarbonisation of clients and key players of its value chain, extending the offer to industries with a lower environmental impact, and improving its assets and operations efficiency to reduce GHG emissions. Therefore, Saipem has, for some time, implemented a programme of

constant updating of its skills and renewal of its assets, with a view to speeding and facilitating its entry into the field of energy transition, a growing sector that sees all the great international players increasingly focused on the issues of sustainability, climate change, and reduction of environmental impacts.
For this purpose, Saipem communicated to the market its emission targets defined for the medium-long term, announcing a reduction by 50% of the total emissions of GHG Scope 1 and Scope 2 by 2035 (compared to the 2018 baseline). In relation to Scope 2, the Net-Zero goal should be reached by 2025. Regarding Scope 3 emissions (i.e., indirectly associated with Saipem value-chain activities), Saipem wants to have a key role in supporting and stimulating all the players in the chain, from clients to suppliers, in an organic and synergic decarbonisation process. More information can be found on the company website in the specific "Sustainable Value" section, in the document "Net-Zero Programme - Manifesto and Strategic Lines", published in October 2022, and in the document "Building a Zero Emission Future", published in December 2021.

7. Project execution risks

Description and impact

Saipem operates mainly in the highly competitive services sector for the energy and infrastructure industry. The actual achievability of the margins envisaged in the plan for the four-year period, as well as market and positioning dynamics, may be impacted by an inappropriate assessment of costs, timing and contingency. In particular, the drafting of the offer estimate and the determination of the price are the result of an articulated and punctual estimation exercise that starts from the study of the offer documentation and develops through the engineering activities and the consequent estimation of the need for man-hours in the home-office/worksite and purchases for materials/services, involving the competent company functions. In view of the degree of uncertainty in the estimation, it is further supplemented by risk assessments (so-called contingency). Estimated amounts may vary not only for reasons related to external factors (such as, for example, interruptions in the supply chain, changes in the scope of work implemented by clients, the country's geopolitical situation, etc.), but also due to possible underestimation of operational and business risks and changes in the execution schedules of engineering, procurement and construction activities due to unexpected operational, technical and/or technological complexities, particularly in emerging markets where experience and benchmarks are still in the preliminary stages.
All of these factors can lead to additional costs, delays in execution, non-recognition or delayed recognition of revenues resulting in a reduction of originally estimated margins and a worsening of collections and financial exposure. The result of such significant differences could worsen the Group's financial position and performance and damage Saipem's reputation in the relevant industry.

Mitigation

In order to achieve business results and increase management efficiency and effectiveness, Saipem has started to improve and rationalise its processes and activities, particularly in relation to the acquisition and management of orders and the strengthening of control and risk management.
These have led, for example, to the dematerialisation and digitisation of some processes in the engineering, procurement, and construction phases, and to an increased focus on some centrally managed activities.
These initiatives were accompanied by a new organisational model based on distinct business lines characterised by different dynamics, objectives and competencies: (i) "asset-based service" (based on a rigorous discipline of optimisation of drilling, vessels and fabrication assets, and focused on key geographies and clients); (ii) "offshore wind" (for the bidding, design and execution activities of offshore wind power plants); (iii) "energy carriers" (for the design of complex plants or their low-carbon reconversion with an increasing focus on the best risk/return balance and with greater attention to margins); (iv) "sustainable infrastructures" (for growth in a sector that has become strategic in the new ecosystem of energy transition and sustainable mobility); and (v) "robotics & industrialized solutions" (for the development of modular, repeatable, scalable plants and monitoring and maintenance services based on digital technologies).

8. IT risks

Description and impact

The Group's operation depends significantly on the use of technologies, assets, patents, and licences it holds, and of IT systems developed through the years. In particular, Saipem considers the technological and digital component to be particularly relevant for projects in the Robotics & Industrialized Solutions business line; the focus of these projects are innovative products linked to emerging energy transition markets.
Given the rapid and constant technological evolution in these areas, the failure to take advantage of the opportunities linked to the digitisation and transformation of operational processes and activities (e.g. automation) and the failure to adopt innovative IT solutions could jeopardise the Company's technological, cultural and renewal development and consequently negatively impact the achievement of its short- or long-term objectives (more information is available in the specific "Digital, ICT Services" section).

Mitigation

The Company has launched several initiatives aimed at achieving a better efficiency and effectiveness and particular emphasis has been placed on the rationalisation of business processes and on the progressive cultural, technological, and digital change. Specifically, initiatives aimed at the dematerialisation and digitisation of activities continue.
Saipem is engaged in the implementation phase of the project of digital transformation through an agenda with several objectives, including rendering the ICT services more efficient, spreading digital awareness, and adopting new technologies. To this end, Saipem has selected a number of technology and service partners in the ICT area with whom it has started a revision of procurement services in a "supply ecosystem" approach, which involves close collaboration and integration of individual supply areas.
Saipem has also set up various ICT business initiatives focused on the progressive digitisation and automation of business work processes and the enhancement of corporate data and information assets. To this end, a shared data model and a data governance methodology based on the Common Data Environment (CDE) methodology have been implemented and will be progressively extended on a collaborative technology platform.
Finally, Saipem has completed mapping of the digital skills of its personnel, in order to assess any suitable development actions.

9. Risks associated with legal proceedings (legal, administrative, tax and labour)

Description and impact

In the ordinary course of operations, the Group may take part in disputes which, if not resolved by negotiation, may result in judicial or arbitral proceedings, including lengthy ones that require significant resources, costs and legal expenses.
The Group is currently a party to civil, criminal, administrative and tax proceedings in Italy and abroad. The estimate of expenses that could reasonably be expected and the amount of provisional funds are based on information available at the date of approval of the financial statements or interim financial statements, but may be subject to updates and revisions, including significant revisions of estimates as legal proceedings progress.
Any unfavourable outcome of disputes for the Group – in particular, those with greater media impact – or new disputes (regardless of the outcome) could result in significant repercussion on the Group's reputation, with a subsequent negative effect on activities, prospects, and the economic, financial and capital situation of Saipem Group.
Given the intrinsic and unavoidable risk that characterises legal proceedings, while the Group has carried out the necessary assessments, including on the basis of applicable reporting standards, it is not possible to exclude the possibility that the Group might in future have to face payments for damages not covered by the provision for legal proceedings, or which are covered insufficiently, or which are uninsured, or which are of an amount greater than the maximum sum that may have been insured. Furthermore, in relation to legal proceedings brought by the Company, should it not be possible to settle the disputes by means of negotiation, the Company may have to bear further costs associated with the lengthy court hearings.
In addition, the progress of legal and tax proceedings exposes Saipem to potential impacts on its image and reputation in the mass media or with clients and partners.
Changes in national tax regimes, tax incentives, rulings with tax authorities, international financial treaties and, in addition, risks related to their application and interpretation in the countries where the Group companies operate, exposing Saipem to tax-related risks which could result in disputes in some of those countries (especially in the economies more exposed to the deterioration of oil prices on the international market).

Mitigation

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

10. Risks associated with asset management

Description and impact

In order to execute EPCI projects, drilling services and other services in the energy industry, the Group has numerous assets (specialised vessels, drilling rigs, FPSOs, equipment, fabrication yards and logistics bases). Any operational performance of these assets that is lower than expected (e.g., due to delayed maintenance, inadequate planning of asset availability windows with respect to the needs of existing and future projects, etc.) could jeopardise the performance of activities, with negative effects on the time and cost of projects being executed and on client relations.

In addition, should the Company be unable to guarantee the operational performance and/or availability of assets, the Group may have to adjust its targets, with consequent impacts on its business, prospects, reputation, as well as its economic, asset, and financial situation.

Mitigation

Saipem is constantly engaged in maintaining, updating, and renewing its assets with the aim, in order to carry out its business, of adapting its service offering to the current and future needs of the market.
Should proprietary assets not be suitable and/or available to meet project needs, Saipem makes use of third-party vessels under "Long Term Charter" type contracts and external production yards to ensure that activities can be carried out and the objectives of the four-year plan can be achieved.

11. Risks related to human resources

Description and impact

The Group relies to a significant degree on the professional contribution of key management personnel and highly specialised individuals. Key management personnel means "Senior Managers with strategic responsibilities" (further information can be found in the specific detail section of the "Corporate Governance and Shareholding Structure Report as of December 31, 2022"). Highly specialised individuals, on the other hand, means resources that, on the basis of their skills and experience, are vital to the execution of projects and to the growth and development of Saipem.
The Group's ability to attract, motivate, and retain qualified resources in all functions and geographic areas represents a crucial success factor. The deterioration of this factor would expose Saipem to the risk of losing resources with a relevant know-how, with a subsequent medium-long-term negative effect on activities, prospects, and the economic, financial and capital situation of the Group.
Furthermore, working on international markets, the development of Saipem's future strategies will depend significantly on the Company's ability to attract and retain highly qualified and competent personnel with a high level of diversity in terms of age, nationality, and gender. Finally, frequent changes in the labour laws of many of the countries in which it operates expose Saipem to various kinds of risks in the management of human resources, due to the volatility and uncertainty of local regulations as the uncertainty of the law in these countries may cause internal inefficiencies and litigation.

Mitigation

With the goal of preventing and mitigating these risks, Saipem is committed to investing in gender, nationality, and generational balance, encouraging the development and growth of younger resources, as well as motivating and retaining the most experienced resources, in order to ensure the protection of the distinctive and strategic skills for Saipem through several different initiatives.
Saipem is committed to promoting diversity with specific initiatives focused on the promotion and dissemination of an inclusive culture through its partnership with the "Valore D" association.
Furthermore, the aim of the Remuneration Policy, whose primary tools and objectives are defined in the Report on Remuneration Policy and Compensation Paid 2022, is to attract, motivate, and retain high-profile professional and managerial resources, and align management's interests with the aim of creating value for shareholders in the medium-long term.
Saipem has adopted a skill-based innovative model for the management of human capital with the aim of better directing energies and professional figures to the areas in need and ensuring greater flexibility in the development of personal and professional skills at all levels.
Therefore, the expansion of the Group into different business lines is accompanied by plans to employ and train management and technical personnel, both international and local, with a wide range of skills, as well as job rotation programmes.
Saipem also oversees the international labour markets both through its network of local structures in all countries where it operates and through the Swiss company Global Petroproject Services, which guarantees the recruitment of international personnel worldwide.
As defined in the Code of Ethics, in full compliance with applicable legal and contractual provisions, Saipem undertakes to offer equal opportunities to all its employees, making sure that each of them receives a fair statutory and wage treatment exclusively based on merit and expertise, without discrimination of any kind. Additionally, the Group monitors the legislative developments relating to personnel management in all the countries in which it operates or is interested in entering, availing itself of labour law consultants.

12. HSE risks

Description and impact

Saipem's activities may potentially expose it to accidents, which may cause negative impacts on the health and safety of people and the environment. Saipem's activities are subject to the laws and regulations for the protection of the environment, and on health and safety, at both Italian and international level. Despite the

Company's best efforts, the risk of incidents that are detrimental to people's health and to the environment cannot be completely ruled out.
Such events could lead to criminal and/or civil penalties against those responsible and, in some cases, to violations of safety and environmental regulations, also pursuant to the Italian Legislative Decree No. 231/2001. This would lead to costs arising from the fulfilment of obligations under environmental, health and safety laws and regulations, leading to costs related to sanctions against Saipem, not to mention the impact on its image and reputation.
Besides, in order to execute EPCI projects, drilling services and other services in the energy industry, the Group owns numerous assets that are subject to both normal operating risks and catastrophic risks related to weather events and/or natural disasters, which may cause impacts on the safety of people and the environment. The risks connected with ordinary operations can be caused by: (i) mistaken or inadequate execution of manoeuvres and work sequences that lead to damage for assets or facilities; (ii) mistaken or inadequate ordinary and/or extraordinary maintenance. Despite the fact that Saipem has specific know-how and competencies constantly kept up to date, that it has implemented internal procedures for the execution of its operations, and regularly carries out maintenance work on its assets in order to monitor their quality and level of reliability, it is not possible to fully exclude the occurrence of incidents on assets or facilities during the execution of works.

Mitigation

With reference to these risks, Saipem has developed an HSE (Health, Safety and Environment) management system which is in line with the requirements of laws in force and with international standards ISO 45001 for health and safety in the workplace and ISO 14001 for environmental management, and for which Saipem has obtained certification for the whole Group. Specifically, HSE risk management is based on the principles of prevention, protection, awareness, promotion, and participation; its aim is to guarantee the workers' health and safety and to protect the environment and the general well-being of the community.
Regarding the risks related to the safety and health of people, Saipem has introduced a series of specific mitigation initiatives, among which please note:
- the continuing and renewed implementation of the “Leadership in Health & Safety” (LiHS) programme, which aims to strengthen the Company's health and safety culture;
- various campaigns, for example “Life Saving Rules”, aimed at promoting awareness of dangerous activities and actions that each individual can carry out to protect themselves and others; also, the “Dropped Objects Prevention”, “We Want Zero”, “Keep Your Hands Safe” (KYHS) and the “Work Safe - No Regrets” campaigns. This latter campaign aims at tackling accidents related to working at heights and was launched in 2022 in response to a negative trend in accidents related to working at heights. The launch of the campaign was supported by a strong video message to make it clear that safety is NOT someone else's responsibility; we are ALL responsible for it. Also ongoing is “Choose Life” a training programme that aims at strengthening leadership and increasing awareness on health and well-being issues, with the objective of encouraging people to choose a healthier lifestyle. The programme addresses three of Saipem's main health risks: cardiovascular diseases, malaria and sexually transmitted diseases. Mental health, one of the main issues of interest for our sector, has been recently added;
- the development of advanced occupational health and health surveillance activities.

Regarding the risks associated with safeguarding the environment, Saipem has developed a structured system of prevention, management, and response to spills.
Regarding the risks related to environmental protection, Saipem has introduced various specific mitigation initiatives, among which please note:
- measures to eliminate the risk of spills (e.g. substitution of hazardous substances with eco-friendly substances, mapping of areas at greatest risk of spills and identification of appropriate prevention measures) and, if this happens, measures and actions to be implemented to prevent them from spreading;
- the identification of asset-specific maintenance programmes aimed at preventing fluid leaks;
- various campaigns, for instance “WED World Environment Day”, aimed at promoting and raising employees' awareness on issues related to the environment, biodiversity and the efficient and sustainable management of all natural resources in general.

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

13. Risks associated with client contract management

Description and impact

In the execution phase of EPC Lump-Sum Turnkey projects, there may be changes to the contractually agreed work that result in additional costs related to the changes requested by the client (change order) and/or higher costs incurred for reasons attributable to the client (claim). Saipem and its clients cooperate to find agreements on the additional fees that satisfy both parties to avoid compromising the correct performance of works and delaying the completion of the project. Saipem runs the risk that delays and difficulties in reaching agreement and in the recognition of compensation related to change orders and claims may be a source of delay in payment and cause a deterioration of project margins. Moreover, should Saipem and the client fail to agree on additional fees, the Group could be involved in disputes that could even result in judicial or arbitration proceedings and cause a deterioration in client relations and loss of future business opportunities.

Mitigation

Saipem is constantly striving to maintain solid and positive relations with its clients and, in order to mitigate these risks, it performs checks on standard contractual terms to protect itself in each jurisdiction of reference, negotiating clauses with clients to protect them also against possible geopolitical (sanctions) and macroeconomic (commodity price increases) risks. In addition, Saipem has launched various initiatives aimed at improving efficiency and effectiveness both in the contract negotiation phase, on the basis of a risk appetite defined and approved by the Board of Directors of Saipem SpA, and in the process of preparing the documentation supporting the claim and change order request, for a more timely communication of deviations from contractually agreed work.
Saipem actively participates in industry associations that promote the development and updating of contractual schemes aimed at optimising the balancing of risks, an activity that is particularly relevant with reference to the renewable energy business characterised by technological innovations and non-standardised contractual schemes currently on the market.

14. Compliance risks

Description and impact

Although Saipem conducts its business with loyalty, fairness, transparency, integrity and in full compliance with laws and regulations, it has adopted and constantly updated in Group companies an Internal Control and Risk Management System (SCIGR), a Code of Ethics and a Model pursuant to Italian Legislative Decree no. 231/2001, as well as an organisational, management and control model with reference to Group companies with offices in foreign countries, and carries out periodic audits, conducts contrary to company procedures and regulations or unlawful acts may occur that could have negative effects on the Group's economic and financial situation and reputation.
In addition, during its activities, the Group relies on subcontractors and suppliers who may engage in fraudulent conduct in coordination with employees to the detriment of the Company. Ultimately, the Group operates in several countries with a high rate of fraud and corruption.
Saipem is also exposed to risks related to the protection of information and know-how as, when performing its activities the Company relies on information, data and know-how of a sensitive nature, access to which and dissemination by unauthorised employees or third parties may lead to fraud or illegal activities, with consequent damage to Saipem.
Lastly, it cannot be excluded that non-compliance issues or the incorrect application of the European Data Protection Regulation (GDPR) may occur within the Group, which could result in the application of sanctions to the detriment of Saipem.

Mitigation

Saipem has developed an "Anti-corruption Compliance Programme", a detailed system of regulations and controls for the purpose of preventing corruption, in line with international best practices and with the principle of "zero tolerance" expressed in the Code of Ethics. In particular, Saipem's "Anti-Corruption Compliance Programme" is dynamic and is constantly focused on the evolution of the national and international regulatory framework and of best practices.
In addition, Saipem's Code of Ethics (included in Model 231) establishes that "corruption practices, illegitimate favours, collusion, solicitation, [occurring] directly and/or through third parties for personal and career advantages for oneself or others, are without exception prohibited".
In order to facilitate the submission of reports, Saipem makes various communication channels available to employees and stakeholders, including, but not limited to, ordinary mail, yellow boxes, dedicated e-mail boxes, communication tools on the intranet/internet sites of Saipem SpA and its subsidiaries and a dedicated information channel, overseen by the Compliance Committee (a board whose autonomy and independence are guaranteed by its acknowledged position in the context of the company's organisational structure and by the necessary requisites of independence, honourability, and professionalism of its members), through which it is possible to report any problems related to the internal control system, financial reporting, corporate administrative liability, fraud, or other topics (i.e. violations of the Code of Ethics, mobbing, theft, personnel security, etc.).

Saipem periodically performs general audits also using external consultants, considering fraud indicators and red flags, in addition to those specific on suspected offences.
Furthermore, over the years, Saipem has developed a management system that has received the International Standard ISO 37001 - Anti-Corruption Management Systems certification. This is an important safeguard in the prevention of and fight against corruption, as it defines the requirements and provides a guideline to help organisations prevent, detect, and respond to corruption and comply with anti-corruption legislation and any other voluntary commitments applicable to their activities.
Saipem is aware that the first step for the development of an effective strategy against corruption is to know all the available tools for the prevention of corrupt behaviour.
In this regard, Saipem personnel are engaged in training activities related to the Organisation, Management, and Control Model and Anti-Corruption regulations. Moreover, in order to mitigate and prevent risks related to possible unethical behaviour by suppliers and subcontractors, Saipem uses various tools, audits and training programmes and requires suppliers, subcontractors and partners to read and accept Model 231, including the Code of Ethics.
For the management of risks related to the leak of confidential information, it should be noted that Saipem makes use of IT security technologies and procedures to mitigate this exposure (more information is available in the specific "Digital, ICT Services" section). Saipem has also adopted principles and rules to be followed by the Group in its internal management and external communication of corporate documents and information, with particular reference to inside information (more information is available in the specific section within the "Corporate Governance and Shareholding Structure Report").
Lastly, beginning in April 2018 Saipem developed an ad hoc Privacy Organisation Model aimed at guaranteeing compliance with the European directive on data protection (General Data Protection Regulation - GDPR).

Transfer of risks to the insurance market

Each year, Saipem Executive management sets the general guidelines applicable in terms of insurance risk transfer with the support of the Insurance function, based on these guidelines, the Insurance function defines and implements the insurance programme.
Due to the nature of Saipem activity, a particular attention is paid to employees, assets, civil liabilities, and construction risks which are representing the main pillars of this insurance programme.
Depending on the insurance market trend (combination of capacity, coverage limits and cost), the Insurance Department looks at optimising the cost-benefit ratio of the risk transfer at each renewal, in accordance with the guidelines shared with the Executive Management. To help in this goal, Saipem has set up its own (re)insurance company which allows for the retention of the first layer of selected risks (low intensity/medium frequency) while the excess (medium to high intensity/low probability) is always transferred to the market.
The insurance market having its own limits and being constantly evolving, as well as the industry in which Saipem operates, it is not possible to guarantee that all risks Saipem shall cope with are covered by the insurance programme. Equally, the volatility of the insurance market makes it impossible to guarantee the durability in the mid-term of the current insurance programme at the same rates, terms, and conditions.

Saipem makes a distinction between the insurance policies applying indifferently across all the business lines to cover the entire portfolio (referred to as the "corporate insurance policies") and the insurance policies taken out for the specific needs of a particular project (the "specific-to-project policies").

Corporate insurance policies

The Corporate Insurance Programme can be summarized with the following coverages:

Worker's Compensation insurance

- offer a wide protection to Saipem employees in compliance with the specific regulations in force in the countries where Saipem operates.

Property Damage package

- "Hull and Machinery" insurance covering Saipem fleet on an all-risks basis including war risks;
- "Construction Equipment" insurance covering Saipem onshore and offshore construction equipment on an all-risks basis;
- "Cargo" insurance covering the equipment/goods which Saipem is liable for during transport;
- "Offices and Yards" insurance.

Liability coverages

- "Protection & Indemnity (P&I)" insurance covering Saipem liabilities arising out of the navigation and/or operations of its vessels. Saipem fleet is entered into a P&I Club that is part of the International Group of P&I Club;
- "Comprehensive General Liability (CGL)" insurance covering Saipem liabilities arising out of Saipem's operations whether onshore or offshore; in the latter case also operating to supplement the specific P&I coverage;

- Employer's Liability" and "Personal Accident" policies: these cover employer liability and employee accident risks respectively on the basis of the specific regulations in force in each country where the Group operates;
- "Directors & Officers (D&O)" policy covers the liability of the administrative and control bodies, as well as managers, of the Company and its subsidiaries in the performance of their mandates and functions;
- "Cyber Insurance Protection" policy covers both direct property damage and damage to third parties attributable to a cyber attack on the Group's IT and operational systems.

A key tool in the management of Saipem's insurable risks is Sigurd Rück AG, a captive reinsurance group, which operates to cover the first level of risk. Sigurd Rück AG in turn mitigates risks through reinsurance protection of the underwritten portfolio placed on the market with leading international securities.

Specific-to-Project policies

The size and the nature of the projects which Saipem is engaged in makes it impossible to cover related construction risks (risks of loss of or damage to the Works to deliver) under open and permanent policies. These risks are subject to "specific-to-project" policies commonly referred to as "Construction All Risks (CAR)" policies. Very often, these policies are provided by the Principal (the client). Alternatively, it falls under Saipem obligation. In any case, Saipem checks that the policy is suitable for the purpose of the project and in line with the market standards. These policies cover all the phases of the project from the engineering to the construction, installation and commissioning and is extended to cover as much as possible of the warranty period attaching to the project.

ADDITIONAL INFORMATION

2023-2025 Long-Term Variable Incentive Plan

On May 3, 2023, the Shareholders' Meeting approved the adoption of the 2023-2025 Long-Term Variable Incentive Plan (the "Plan"), which includes the award of Saipem ordinary shares, free-of-charge, subject to the achievement of performance targets. The Plan was approved under the terms and conditions illustrated in the Information Document, prepared in accordance with Article 114-*bis* of the Consolidated Law on Finance and Article 84-*bis*, paragraph 2 of Consob Regulation No. 11971/1999, which has been made available to the public within the terms and according to the procedures provided for by the regulations in force, and on the Company's website.

Authorisation to buy-back treasury shares for the allocation to the 2023-2025 Long-Term Variable Incentive Plan

On May 3, 2023, the Shareholders' Meeting approved the proposal to authorise the buy-back of treasury shares for a period of eighteen months from the date of the Shareholders' Meeting resolution, up to a maximum of 37,000,000 ordinary shares and, in any case, up to the overall maximum amount of €59,300,000, for the 2023 allocation of the 2023-2025 Long-Term Variable Incentive Plan, under the terms and conditions described in the Board of Directors' Explanatory Report on this item of the meeting agenda, made available to the public within the terms and according to the procedures provided for by the regulations in force, and on the Company's website.

Collaboration agreements

Saipem and Garbo, an Italian chemical company, have signed an agreement to support the industrialisation, development and international commercialisation on a global scale of a new technology for plastic recycling.
The technology, named ChemPET, is Garbo's proprietary depolymerisation technology which converts polyethylene terephthalate plastic waste, commonly known as PET, into new, high-quality PET and, therefore, of high value for the chemical and food industries. The agreement also provides for Saipem and Garbo to collaborate on the construction on an industrial scale of the first chemical plastic recycling plant in Italy, located in Cerano in the province of Novara.
Saipem and Mitsubishi Heavy Industries ("MHI") have signed an agreement for post-combustion carbon capture. It is a General License Agreement enabling Saipem to deploy Mitsubishi Heavy Industries' advanced post-combustion CO_2 capture technologies in the execution of large-scale projects. These technologies are "KM CDR Process™" and "Advanced KM CDR Process™" jointly developed with The Kansai Electric Power Co Inc.

Regulation on Markets

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

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

i. as of June 30, 2023, the regulatory requirements of Article 15 of the Market Regulation apply to the following subsidiaries:
   - Global Petroprojects Services AG;
   - Petrex SA;
   - PT Saipem Indonesia;
   - Saimexicana SA de Cv;
   - Saipem America Inc;
   - Saipem Contracting Nigeria Ltd;
   - Saipem do Brasil Serviçõs de Petroleo Ltda;
   - Saipem Drilling Norway AS;
   - Saipem Guyana Inc;
   - Saipem India Projects Private Ltd;
   - Saipem Ltd;
   - Saipem Misr for Petroleum Services (S.A.E.);
   - Saipem Singapore Pte Ltd;

- Saudi Arabian Saipem Ltd;
- Sigurd Rück AG;
- Snamprogetti Engineering & Contracting Co Ltd;
- Snamprogetti Saudi Arabia Co Ltd Llc;
- Saipem Australia Pty Ltd;

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

Business outlook

Results for the first half of 2023 record an improvement in performance, with revenues and adjusted EBITDA higher than the first half of 2022, by 28% and 56% respectively.
The results are fully in line with the Strategic Plan objectives, from a commercial, operational and financial point of view: positive net profit, positive operating cash flow with stable net debt.

Events after the reporting period

New contracts

On July 26, 2023, Saipem and Stockholm Exergi the district of Stockholm's energy company, have signed a Letter of Intent for a large-scale CO_2 capture plant to be installed at Stockholm Exergi's existing bio-cogeneration plant located in the Swedish capital. Saipem's scope of work covers the engineering, procurement and construction activities for the carbon capture unit, the CO_2 storage, as well as the ship loading systems for CO_2 transportation.

Additional information

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

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

Reclassified statement of financial position

(€ million)		Dec. 31, 2022		June 30, 2023	
Reclassified statement of financial position (where not explicitly stated, the component is obtained from the mandatory template)		Partial values from mandatory template	Values from reclassified template	Partial values from mandatory template	Values from reclassified template
A)	Net property, plant and equipment		2.879		2.832
	Note 13 - Property, plant and equipment	*2.879*		*2.832*	
B)	Net intangible assets		691		687
	Note 14- Intangible assets	*691*		*687*	
C)	Right-of-Use assets		258		264
	Note 15- Right-of-Use assets	*258*		*264*	
D)	Equity investments		128		113
	Note 16 - Equity investments	*229*		*201*	
	Reclassified from F) - provisions for losses of investees	*(101)*		*(88)*	
E)	Working capital		(542)		(526)
	Note 7 - Other current financial assets	*495*		*468*	
	Reclassified to M) - loan assets not related to operations	*(494)*		*(467)*	
	Note 8 - Trade receivables and other assets	*2.182*		*2.229*	
	Note 9 - Inventories	*211*		*229*	
	Note 10 – Contract assets	*1.860*		*2.278*	
	Note 11- Income tax assets and liabilities	*318*		*315*	
	Note 11 - Other current income tax assets	*141*		*152*	
	Note 12 - Other current assets	*272*		*186*	
	Note 18 - Other non-current assets	*30*		*33*	
	Note 17 - Deferred tax assets	*345*		*321*	
	Note 19 - Trade payables and other liabilities	*(2.907)*		*(3.046)*	
	Note 20 – Contract liabilities	*(2.613)*		*(2.905)*	
	Note 11 – Income tax assets and liabilities	*(109)*		*(82)*	
	Note 11 - Other current tax liabilities	*(161)*		*(139)*	
	Note 21 - Other current liabilities	*(107)*		*(93)*	
	Note 26 - Other non-current liabilities	*(2)*		*(3)*	
	Note 17 - Deferred tax liabilities	*(3)*		*(2)*	
F)	Provisions for risks and charges		(1.047)		(826)
	Note 24 - Provisions for risks and charges	*(1.148)*		*(914)*	
	Reclassified to D) - provisions for losses of investees	*101*		*(88)*	
G)	Employee benefits		(183)		(178)
	Note 25 - Employee benefits	*(183)*		*(178)*	
H)	Assets held for sale		166		72
	Note 28 - Discontinued operations and liabilities directly related to assets held for sale	*166*		*72*	
EMPLOYED CAPITAL, NET			**2.350**		**2.438**
I)	Equity		2.068		2.150
	Note 29 - Equity	*2.068*		*2.150*	
L)	Non-controlling interests		18		2
	Note 29 - Non-controlling interests	*18*		*2*	
M)	Net financial debt pre-lease liabilities		(56)		(34)
	Note 5 - Cash and cash equivalents	*(2.052)*		*(2.338)*	
	Note 6 - Financial assets measured at fair value through OCI	*(75)*		*(71)*	
	Note 7 - Other non-current financial assets	*(65)*		*(54)*	
	Note 22 - Current financial liabilities	*159*		*103*	
	Note 22 - Non-current financial liabilities	*1.729*		*2.064*	
	Note 22 - Current portion of non-current financial liabilities	*742*		*729*	
	Reclassified from E) - financial receivables for non-operating purposes (Note 7)	*(494)*		*(467)*	
N)	Lease liabilities		320		322
	Note 15 - Net lease liabilities	*320*		*322*	
O)	Net debt		264		288
FUNDING			**2.350**		**2.438**

Reclassified income statement

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

- the items "financial income" (€73 million), "financial expense" (-€114 million) and "derivatives" (-€46 million), which are indicated separately in the mandatory template, are stated under the item "net financial expense" (-€87 million) in the reclassified income statement.

All other items are unchanged.

Items of the reclassified statement of cash flows

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

- the items "depreciation and amortisation" (€207 million), "valuation effect using the equity method" (-€13 million), "other changes" (-€14 million), "change in employee benefit provision" (-€6 million) and "net impairment losses (reversals of impairment losses) on property, plant and equipment, intangible assets, and Right-of-Use assets" (€11 million), shown separately and included in the net cash flow from operating activities in the statutory scheme, are shown net under "depreciation, amortisation and other non-cash items" (€185 million);
- the items "income taxes" (€78 million), "interest expense" (€69 million) and "interest income" (-€14 million), indicated separately and included in cash flows from working capital in the mandatory template, are shown net under the item "dividends, interests and taxes" (€133 million);
- the items regarding "trade receivables" (€180 million), changes in "inventories" (-€23 million), "provisions for risk and charges" (-€218 million), "trade payables" (-€44 million), "other contract assets and liabilities" (-€72 million) and "other assets and liabilities" (€56 million), indicated separately and included in cash flows from working capital in the mandatory template, are shown net under the item "changes in working capital related to operations" (-€121 million);
- the items "interests received" (€10 million), "dividends received" (€42 million), "income taxes paid net of refunds of tax credits" (-€86 million) and "interest paid" (-€62 million), indicated separately and included in cash flows generated by operating activities in the mandatory template, are shown net under the item "dividends received, income taxes paid and interest paid and received" (-€96 million);
- the items relating to investments in "property, plant and equipment" (-€137 million) and "intangible assets" (-€2 million), indicated separately and included in cash flows from investing activities in the mandatory template, are shown net under the item "capital expenditure" (-€139 million);
- the items "increase in non-current loans and borrowings" (€484 million), "increase (decrease) in current loans and borrowings" (-€55 million) and "decrease in non-current loans and borrowings" (-€162 million), indicated separately and included in net cash flows from financing activities in the mandatory template, are shown net under the item "changes in current and non-current loans and borrowings" (€267 million).

All other items are unchanged.

GLOSSARY

Financial terms

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

Operational terms

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

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

- **Lay-up** a laid-up vessel whereby its class certification validity is suspended.
- **Leased FPSO** (Floating Production, Storage and Offloading) vessel for which a lease contract is in place between a client/lessee (Oil Company) and a contractor/lessor, whereby the lessee (client/Oil Company) makes lease payments to the lessor for use of the vessel for a specific period of time. At the end of the lease term, the lessee has the option to purchase the FPSO.
- **LNG** (Liquefied Natural Gas), which is obtained at atmospheric pressure by cooling the natural gas down to -160 °C. It is turned to liquid form for ease of transport from its extraction location to where it will then be transformed and used. A tonne of LNG is equivalent to 1,500 cubic metres of gas.
- **Local Content** policy whereby a group develops local capabilities, transfers its technical and managerial know-how and enhances the local labour market and businesses through its own business activities.
- **LPG** (Liquefied Petroleum Gas) produced in refineries through the fractionation of crude oil and subsequent processes, liquid petroleum gas exists in a gaseous state at ambient temperatures and atmospheric pressure but changes to a liquid state under moderate pressure at ambient temperatures, thus enabling large quantities to be stored in easy-to-handle metal pressure vessels.
- **LTI** Lost Time Injury. An LTI is any work-related injury that renders the injured person temporarily unable to perform any regular job or restricted work on any day/shift after the day or shift on which the injury occurred.
- **Marginal fields** oil fields with scarce exploitable resources or that are recording a drop in production, so it is sought to extend their use via low risk, cost effective technologies.
- **Midstream** sector comprising all those activities relating to the construction and management of the oil transport infrastructure.
- **Moon pool** an opening in the hull of a drillship for equipment to be lowered through.
- **Mooring buoy** offshore mooring system.
- **Multipipe subsea** gas/liquid gravity separation system using a series of small diameter vertical separators operating in parallel (for deep water application).
- **National Oil Companies** State-owned/controlled companies engaged in oil exploration, production, transportation and conversion.
- **NDT** Non-Destructive Testing. A series of inspections and tests used to detect structural defects conducted using methods that do not alter the material under inspection.
- **NDT Phased Array** non-destructive testing method that employs ultrasound to detect structural or welding defects.
- **Offshore/Onshore** the term offshore indicates a portion of open sea, and, by extension, the activities carried out in this area, while onshore refers to land operations.
- **Oil Services Industry** industrial sector that provides services and/or products to the National or International Oil Companies engaged in oil exploration, production, transportation and conversion.
- **Open Book Estimate** (OBE) type of contract where the lump-sum fee for the project (usually for turnkey or EPC projects) is agreed on with the client, with complete transparency, after the contract has been signed and during an advanced stage of the base engineering, on the basis of an overall project cost estimate.
- **Pig** piece of equipment used to clean, descale and survey a pipeline internally.
- **Piggyback pipeline** small-diameter pipeline, fixed to a larger pipeline, used to transport a product other than that of the main line.
- **Pile** long and heavy steel pylon driven into the seabed. A system of piles is used as the foundation for anchoring a fixed platform or other offshore structures.
- **Pipe-in-pipe** subsea pipeline system comprising 2 coaxial pipes, used to transport hot fluids (Oil&Gas). The internal pipe has the function of transporting the fluid. The space between the two pipes is insulated to reduce heat exchange with the external environment. The external pipe provides mechanical protection from the pressure of the water.
- **Pipe-in-pipe forged end** forged end of a coaxial double pipe.
- **Pipelayer** vessel used for subsea pipe laying.
- **Pipeline** pipes and auxiliary equipment used principally for transporting crude oil, oil products and natural gas to the point of delivery.
- **Pipe Tracking System** (PTS) an electronic system used to ensure the full traceability of the components of subsea pipes installed on a project.
- **Piping and Instrumentation Diagram** (P&ID) diagram showing all plant equipment, piping and instrumentation with associated shut-down and safety valves.
- **Pre Assembled Rack** (PAR) pipeline support beams.
- **Pre-commissioning** phase comprising pipeline clean-out and drying.
- **Pre-drilling template** support structure for a drilling platform.
- **Pre-Salt** layer geological formation present on the continental shelves offshore Brazil and Africa.
- **Pre-Travel Counselling** health and medical advice for anyone required to travel, providing them with adequate information on the specific risks in the country of destination and the relevant preventive measures to be taken.
- **Pulling** minor operations on oil wells due to maintenance or marginal replacements.
- **QHSE** Quality, Health, Safety, Environment.
- **Rig** drilling installation comprising the derrick, the drill deck (which supports the derrick), and ancillary installations that enable the descent, ascent and rotation of the drill unit, as well as mud extraction.
- **Riser** manifold connecting the subsea wellhead to the surface.

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

Other terms

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

SAIPEM

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

EMARKET SDIR CERTIFIED

Statement of financial position

(€ million)	Note [1]	Dec. 31, 2022 Total	Dec. 31, 2022 of which with related parties [2]	June 30, 2023 Total	June 30, 2023 of which with related parties [2]
ASSETS					
Current assets					
Cash and cash equivalents	(No. 5)	2,052		2,338	
Financial assets measured at fair value through OCI	(No. 6)	75		71	
Other financial assets	(No. 7)	495	489	468	461
Lease assets	(No. 15)	26		38	
Trade receivables and other assets	(No. 8)	2,182	675	2,229	716
Inventories	(No. 9)	211		229	
Contract assets	(No. 10)	1,860		2,278	
Tax assets	(No. 11)	313		311	
Other tax assets	(No. 11)	141		152	
Other assets	(No. 12 and 27)	272	27	186	27
Total current assets		**7,627**		**8,300**	
Non-current assets					
Property, plant and equipment	(No. 13)	2,879		2,832	
Intangible assets	(No. 14)	691		687	
Right-of-Use assets	(No. 15)	258		264	
Equity investments accounted for using the equity method	(No. 16)	229		201	
Other equity investments	(No. 16)	-		-	
Other financial assets	(No. 7)	65		54	
Lease assets	(No. 15)	57		102	
Deferred tax assets	(No. 17)	345		321	
Tax assets	(No. 11)	5		4	
Other assets	(No. 18 and 27)	30	1	33	1
Total non-current assets		**4,559**		**4,498**	
Discontinued operations and assets held for sale	(No. 28)	211	4	98	-
TOTAL ASSETS		**12,397**		**12,896**	
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	(No. 22)	159	1	103	1
Current portion of non-current financial liabilities	(No. 22)	742		729	
Current portion of non-current lease liabilities	(No. 15)	139		120	
Trade payables and other liabilities	(No. 19)	2,907	112	3,046	198
Contract liabilities	(No. 20)	2,613	846	2,905	876
Tax liabilities	(No. 11)	86		64	
Other tax liabilities	(No. 11)	161		139	
Other liabilities	(No. 21 and 27)	107		93	
Total current liabilities		**6,914**		**7,199**	
Non-current liabilities					
Non-current financial liabilities	(No. 22)	1,729		2.064	
Non-current lease liabilities	(No. 15)	264	1	342	1
Provisions for risks and charges	(No. 24)	1,148		914	
Employee benefits	(No. 25)	183		178	
Deferred tax liabilities	(No. 17)	3		2	
Tax liabilities	(No. 11)	23		18	
Other liabilities	(No. 26 and 27)	2		3	
Total non-current liabilities		**3,352**		**3,521**	
Discontinued operations, assets held for sale and directly associated liabilities	(No. 28)	45	2	26	-
TOTAL LIABILITIES		**10,311**		**10,746**	
EQUITY					
Non-controlling interests	(No. 29)	18		2	
Equity attributable to the owners of the parent:	(No. 29)	2,068		2.148	
- share capital	(No. 29)	502		502	
- share premium	(No. 29)	1,877		1.622	
- other reserves	(No. 29)	(116)		(78)	
- retained profit		91		139	
- profit (loss) for the year		(209)		40	
- negative reserve for treasury shares in portfolio	(No. 29)	(77)		(77)	
Total equity		**2,086**		**2,150**	
TOTAL LIABILITIES AND EQUITY		**12,397**		**12,896**	

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 41 "Related party transactions".

Income statement

(€ million)	Note [1]	First half 2022 Total	First half 2022 of which with related parties [2]	First half 2023 Total	First half 2023 of which with related parties [2]
REVENUE					
Core business revenue	(No. 32)	4,187	769	5,347	1,451
Other revenue and income	(No. 32)	5		2	
Total revenue		**4,192**		**5,349**	
Operating expenses					
Purchases, services and other costs	(No. 33)	(3,114)	(276)	(4,097)	(263)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(No. 33)	(52)		(14)	
Personnel expenses	(No. 33)	(785)		(826)	
Depreciation, amortisation and impairment losses	(No. 33)	(217)		(218)	
Other operating income (expense)	(No. 33)	3		(2)	
OPERATING PROFIT (LOSS)		**27**		**192**	
Financial income (expense)					
Financial income		424	2	73	7
Financial expense		(411)		(114)	
Derivative financial instruments		(72)		(46)	
Net financial income (expense)	(No. 34)	**(59)**		**(87)**	
Gains (losses) on equity investments					
Share of profit (loss) of equity-accounted investees		(24)		20	
Other gains (losses) from equity investments		-		(7)	
Net gains (losses) on equity investments	(No. 35)	**(24)**		**13**	
PRE-TAX PROFIT (LOSS)		**(56)**		**118**	
Income taxes	(No. 36)	(67)		(78)	
PROFIT (LOSS) FOR THE PERIOD - Continuing operations		**(123)**		**40**	
PROFIT (LOSS) FOR THE PERIOD - Discontinued operations		**(7)**		**-**	
PROFIT (LOSS) FOR THE PERIOD		**(130)**		**40**	
Attributable to Saipem Group					
- Continuing operations		(123)		40	
- Discontinued operations	(No. 28)	(7)	3	-	(2)
Non-controlling interests	(No. 37)				
- Continuing operations		-		-	
- Discontinued operations	(No. 28)	-		-	
Profit (loss) per share on Saipem's profit (loss) for the period (€ per share)					
Basic profit (loss) per share	(No. 38)	(0.066)		0.020	
Diluted profit (loss) per share	(No. 38)	(0.066)		0.020	
Profit (loss) per share on Saipem's profit (loss) for the period - Continuing operations (€ per share)					
Basic profit (loss) per share	(No. 38)	(0.062)		0.020	
Diluted profit (loss) per share	(No. 38)	(0.062)		0.020	

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 41 "Related party transactions".

EMARKET SDIR CERTIFIED

Statement of comprehensive income

(€ million)	Note [1]	First half 2022	First half 2023
Profit (loss) for the period		**(130)**	**40**
Other items of comprehensive income			
Items that will not be reclassified subsequently to the income statement			
Remeasurement of defined benefit plans for employees	(No. 29)	31	(2)
Change in fair value of equity investments measured at fair value through OCI	(No. 29)	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans	(No. 29)	-	-
Income tax relating to items that will not be reclassified	(No. 36)	(7)	1
Items that will not be reclassified subsequently to the income statement		**24**	**(1)**
Items that may be reclassified subsequently to the income statement	(No. 29)		
Change in the fair value of cash flow hedges	(No. 29)	(176)	54
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	(No. 29)	(4)	-
Exchange differences arising from the translation into euro of financial statements in currencies other than euro	(No. 29)	52	(3)
Share of other comprehensive income of equity-accounted investees	(No. 29)	-	1
Income tax relating to items that will be reclassified	(No. 36)	42	(14)
Total items that may be reclassified subsequently to the income statement		**(86)**	**38**
Total other comprehensive income (expense) net of taxation		**(62)**	**37**
Comprehensive profit (loss) for the period		**(192)**	**77**
Saipem Group's responsibility:			
- Continuing operations		(200)	78
- Discontinued operations	(No. 28)	8	-
		(192)	**78**
Non-controlling interests			
- Continuing operations		-	(1)
- Discontinued operations	(No. 28)	-	-
		-	**(1)**

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

Statement of changes in equity

	Saipem shareholders' equity															
(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity instruments)	Hedging reserve, net of tax	Fair value reserve (AFS financial assets (net of tax))	Translation reserve	Actuarial reserve, net of tax	Retained profit (loss) carried forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total	Non-controlling interests	Total equity
Balance as of December 31, 2021	**2,191**	**553**	**(46)**	**88**	**–**	**–**	**(42)**	**1**	**(53)**	**(45)**	**230**	**(2,467)**	**(84)**	**326**	**25**	**351**
Profit (loss) first half of 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(130)**	**-**	**(130)**	**-**	**(130)**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	21	-	-	-	21	-	21
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	-	3	-	-	-	3	-	3
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**24**	**-**	**24**
Items that may be reclassified subsequently to the income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	(135)	-	-	-	-	-	-	(135)	-	(135)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	(1)	-	43	(2)	-	-	-	40	-	40
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	12	-	-	-	-	12	-	12
Total	**-**	**-**	**-**	**-**	**-**	**-**	**(136)**	**(3)**	**55**	**(2)**	**-**	**-**	**-**	**(86)**	**-**	**(86)**
Comprehensive profit (loss) first half of 2022	**-**	**-**	**-**	**-**	**-**	**-**	**(136)**	**(3)**	**55**	**22**	**-**	**(130)**	**-**	**(192)**	**-**	**(192)**
Owner transactions																
Dividend distribution first half of 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained profit (loss)	(1,731)	(553)	(2)	(88)	-	-	-	-	-	-	(93)	2,467	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other owner transactions (payment for future capital increase)	-	-	458	-	-	-	-	-	-	-	-	-	-	458	-	458
Total	**(1,731)**	**(553)**	**456**	**(88)**	**-**	**-**	**-**	**-**	**-**	**-**	**(93)**	**2,467**	**-**	**458**	**-**	**458**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	6	-	-	6	-	6
Other changes	-	-	-	-	-	-	-	-	(4)	-	6	-	-	2	-	2
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4)**	**-**	**12**	**-**	**-**	**8**	**-**	**8**
Balance as of June 30, 2022	**460**	**-**	**410**	**-**	**-**	**-**	**(178)**	**(2)**	**(2)**	**(23)**	**149**	**(130)**	**(84)**	**600**	**25**	**625**
Profit (loss) second half 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(79)**	**-**	**(79)**	**-**	**(79)**
Other items of comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Items that will not be reclassified subsequently to the income statement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)		(1)
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	-	7	-	-	-	7	-	7
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**-**	**-**	**-**	**6**	**-**	**6**
Items that may be reclassified subsequently to the income statement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	100	-	-	-	-	-	-	100	-	100

cont'd **Statement of changes in equity**

	Saipem shareholders' equity															
(€ million)	Share capital	Share premium reserve	Other reserves	Legal reserve	Reserve for treasury shares	Fair value reserve (equity instruments)	Hedging reserve, net of tax	Fair value reserve (AFS financial assets (net of tax))	Translation reserve	Actuarial reserve, net of tax	Retained profit (loss) carried forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total	Non-controlling interests	Total equity
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	2	-	(11)	1	1	-	-	(7)	2	(5)
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	(12)	-	-	-	-	(12)	-	(12)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**102**	**(1)**	**(23)**	**1**	**1**	**-**	**-**	**80**	**2**	**82**
Comprehensive profit (loss) second half of 2022	**-**	**-**	**-**	**-**	**-**	**-**	**102**	**(1)**	**(23)**	**7**	**1**	**(79)**	**-**	**7**	**2**	**9**
Owner transactions																
Dividend distribution second half of 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained profit (loss)	10	-	-	-	-	-	-	-	-	-	(10)	-	-	-	-	-
Reserve stock split	(10)	-	-	-	-	-	-	-	-		10	-	-	-	-	-
Increase (reduction) of share capital	41	1,958	-	-	-	-	-	-	-	-	-	-	-	1,999	-	1,999
Capitalisation of costs of share capital increase net of taxes	-	(81)	-	-	-	-	-	-	-	-	-	-	-	(81)	-	(81)
Purchase of non-controlling interests	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other owner transactions (payment for future capital increase)	-	-	(458)	-	-	-	-	-	-	-	-	-	-	(458)	-	(458)
Total	**41**	**1,877**	**(458)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,460**	**-**	**1,460**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	(5)	-	6	1	-	1
Other changes	1	-	48	-	-	-	-	(1)	5	-	(54)	-	1	-	-	-
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1**	**-**	**48**	**-**	**-**	**-**	**-**	**(1)**	**5**	**-**	**(59)**	**-**	**7**	**1**	**-**	**1**
Balance as of December 31, 2022	**502**	**1.877**	**-**	**-**	**-**	**-**	**(76)**	**(4)**	**(20)**	**(16)**	**91**	**(209)**	**(77)**	**2,068**	**18**	**2,086**
Profit (loss) first half of 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40**	**-**	**40**	**-**	**40**
Other items of comprehensive income																
Items that will not be reclassified subsequently to the income statement																
Revaluations of defined benefit plans for employees net of tax effect	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Items that may be reclassified subsequently to the income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	40	-	-	-	-	-	-	40	-	40
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences of financial statements in currencies other than euro	-	-	-	-	-	-	-	-	(2)	-	-	-	-	(2)	(1)	(3)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	1	-	-	-	-	-	-	1	-	1
Other items of comprehensive income not to be reclassified and relating to Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**41**	**-**	**(2)**	**-**	**-**	**-**	**-**	**39**	**(1)**	**38**
Comprehensive profit (loss) first half of 2023	**-**	**-**	**-**	**-**	**-**	**-**	**41**	**-**	**(2)**	**(1)**	**-**	**40**	**-**	**78**	**(1)**	**77**
Owner transactions																
Dividend distribution first half of 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained profit (loss)	-	(255)	-	-	-	-	-	-	-	-	46	209	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13)	(13)
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other owner transactions (payment for future capital increase)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**(255)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**46**	**209**	**-**	**-**	**(13)**	**(13)**
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	2	-	-	2	(2)	-
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**2**	**(2)**	**-**
Balance as of June 30, 2023	**502**	**1,622**	**-**	**-**	**-**	**-**	**(35)**	**(4)**	**(22)**	**(17)**	**139**	**40**	**(77)**	**2,148**	**2**	**2,150**

For details, see Note 29 "Equity".

Statement of cash flows

(€ million)	Note [1]	First half 2022	First half 2023
Group's profit (loss) for the period - Continuing operations		(123)	40
Group's profit (loss) for the period - Discontinued operations		(7)	-
Profit (loss) attributable to non-controlling interests		-	-
Adjustments to reconcile the period profit (loss) to cash flows from operating activities:			
- depreciation and amortisation - Continuing operations	(No. 33)	216	207
- depreciation and amortisation - Discontinued operations		51	-
- net impairment losses (reversals of impairment losses) on property, plant and equipment, intangible assets, and Right-of-Use assets	(No. 33)	1	11
- share of profit (loss) of equity-accounted investees	(No. 29)	24	(13)
- net (gains) losses on disposal of assets		1	1
- interest income		(4)	(14)
- interest expense		57	69
- income taxes	(No. 36)	67	78
- other changes		(54)	(14)
Changes in working capital:			
- inventories		(19)	(23)
- trade receivables		67	180
- trade payables		255	(44)
- provisions for risks and charges		(268)	(218)
- contract assets and contract liabilities		(153)	(72)
- other assets and liabilities		(461)	56
Cash flow from working capital - Continuing operations		*(579)*	*(121)*
Cash flow from working capital - Discontinued operations		*(22)*	-
Cash flow from working capital		*(601)*	*(121)*
Change in the provision for employee benefits - Continuing operations		(9)	(6)
Change in the provision for employee benefits - Discontinued operations		(1)	-
Dividends received		7	42
Interest received		13	10
Interest paid		(58)	(62)
Income taxes paid net of refunds of tax credits		(84)	(86)
Net cash flows from operating activities - Continuing operations		**(525)**	**142**
Net cash flows from operating activities - Discontinued operations		**21**	**-**
Net cash flows from operating activities		**(504)**	**142**
of which with related parties [2] - Continuing operations	(No. 41)	**514**	**1,270**
of which with related parties [2] - Discontinued operations		**1**	**-**
Investments:			
- property, plant and equipment - Continuing operations	(No. 13)	(83)	(137)
- property, plant and equipment - Discontinued operations	(No. 13)	(26)	-
- intangible assets	(No. 14)	(3)	(2)
- equity investments	(No. 16)	-	(1)
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
Cash flows from investments - Continuing operations		*(86)*	*(140)*
Cash flows from investments - Discontinued operations		*(26)*	-
Cash flows from investments		*(112)*	*(140)*
Disposals:			
- property, plant and equipment		1	3
- out-of-scope entities and business units		-	58
- equity investments		-	-
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
Cash flows from disposals - Continuing operations		*1*	*61*
Cash flows from disposals - Discontinued operations		-	-
Cash flows from disposals		*1*	*61*
Net variation of securities and loan assets not related to operations		*45*	*49*

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 41 "Related party transactions".

cont'd **Statement of cash flows**

(€ million)	Note [1]	First half 2022		First half 2023	
Net cash flows from investing activities		**(66)**		**(30)**	
of which with related parties [2]	(No. 41)		**58**		**28**
Increase in non-current loans and borrowings		632		484	
Decrease in non-current loans and borrowings		(1,198)		(162)	
Decrease in lease liabilities		(57)		(59)	
Increase (decrease) in current loans and borrowings		733		(55)	
Cash flow from increases (decreases) in loss and borrowings		**110**		**208**	
Net capital contributions by non-controlling interests		458		-	
Sale (purchase) of additional interests in consolidated subsidiaries		-		-	
Dividend distribution		-		-	
Sale (purchase) of treasury shares		-		-	
Net cash flows from financing activities		**568**		**208**	
of which with related parties [2]	(No. 41)		**639**		**-**
Effect of changes in consolidation scope		-		(7)	
Effect of exchange differences and other changes on cash and cash equivalents		50		(27)	
Net variation in cash and cash equivalents		**48**		**286**	
Cash and cash equivalents - opening balance	(No. 5)	**1,632**		**2,052**	
Cash and cash equivalents - closing balance	(No. 5)	**1,680**		**2,338**	

(1) The notes are an integral part of the condensed interim consolidated financial statements.
(2) For an analysis of figures shown as "of which with related parties", see Note 41 "Related party transactions".

For reporting required by IAS 7, please refer to Note 22 "Financial liabilities".

Table of Contents Notes to the condensed interim consolidated financial statements

Note 1	Basis of presentation	Page 100
Note 2	Accounting estimates and significant judgements	Page 101
Note 3	Changes to accounting standards	Page 103
Note 4	Scope of consolidation as of June 30, 2023	Page 105
Note 5	Cash and cash equivalents	Page 111
Note 6	Financial assets measured at fair value through OCI	Page 111
Note 7	Other financial assets	Page 112
Note 8	Trade receivables and other assets	Page 112
Note 9	Inventories	Page 113
Note 10	Contract assets	Page 113
Note 11	Tax assets and liabilities	Page 114
Note 12	Other current assets	Page 114
Note 13	Property, plant and equipment	Page 115
Note 14	Intangible assets	Page 116
Note 15	Right-of-Use assets, lease assets and lease liabilities	Page 116
Note 16	Equity investments	Page 117
Note 17	Deferred tax assets and liabilities	Page 118
Note 18	Other non-current assets	Page 119
Note 19	Trade payables and other liabilities	Page 119
Note 20	Contract liabilities	Page 119
Note 21	Other current liabilities	Page 120
Note 22	Financial liabilities	Page 120
Note 23	Analysis of net financial debt	Page 122
Note 24	Provisions for risks and charges	Page 123
Note 25	Employee benefits	Page 123
Note 26	Other non-current liabilities	Page 123
Note 27	Derivative financial instruments	Page 124
Note 28	Discontinued operations, assets held for sale and directly associated liabilities	Page 125
Note 29	Equity	Page 126
Note 30	Additional information	Page 128
Note 31	Guarantees, commitments and risks	Page 128
Note 32	Revenue	Page 143
Note 33	Operating expenses	Page 145
Note 34	Financial income (expense)	Page 149
Note 35	Gains (losses) on equity investments	Page 150
Note 36	Income taxes	Page 150
Note 37	Non-controlling interests	Page 150
Note 38	Profit (loss) per share	Page 150
Note 39	Reporting by business segment	Page 151
Note 40	Reporting by geographical segment	Page 153
Note 41	Related party transactions	Page 153
Note 42	Significant non-recurring events and operations	Page 163
Note 43	Positions or transactions arising from atypical and/or unusual operations	Page 163
Note 44	Events after the reporting period	Page 164

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of presentation

The condensed interim consolidated financial statements as of June 30, 2023, have been prepared in accordance with IAS 34 "Interim Financial Reporting" on a going concern basis. Consistently with these provisions, the condensed interim consolidated financial statements do not include all the information required for annual consolidated financial statements, and therefore should be read jointly with the Group's last annual consolidated financial statements for the year ended December 31, 2022.
In line with the provisions of IAS 34, although presented in condensed form, the notes to the financial statements offer an explanation of the relevant events and transactions for understanding the changes in the Group's equity and financial position and performance compared to the last annual financial statements; conversely, the financial statements are presented in complete form, in line with the provisions of IAS 1 "Presentation of Financial Statements".
The condensed interim consolidated financial statements have been prepared in accordance with the same basis of consolidation and accounting policies described in the 2022 Annual Report, to which reference should be made, with the exception of the changes to international accounting standards which entered into force on January 1, 2023, which are illustrated in the section "Recently issued accounting standards" of this Report.
Consolidated companies, subsidiaries that are not fully consolidated, equity investments in joint ventures and joint operations and associated companies are indicated in the Note 4 "Scope of consolidation", which also indicates the changes occurring during the year.
The condensed interim consolidated financial statements as of June 30, 2023, approved by Saipem SpA's Board of Directors at its meeting held on July 26, 2023, are subject to limited review by KPMG SpA. A limited review is substantially less in scope than an audit performed in accordance with generally accepted auditing standards.
Amounts stated in financial statements and the notes thereto, considering their relevance are in millions of euros.

Translation criteria

The financial statements of investees with a functional currency other than euro, which represents the functional currency of the parent company, as well as the presentation currency of the Group's condensed interim consolidated financial statements, are converted into euro applying: (i) closing exchange rates for assets and liabilities; (ii) historical exchange rates for equity accounts; and (iii) the average rates for the period to the income statement and the statement of cash flow (source: Banca d'Italia).
Exchange differences resulting from the translation of the financial statements of investees having a functional currency other than euro, deriving from the application of different exchange rates for assets and liabilities, equity, and the income statement, are recognised in equity under the item "Translation reserve" (included in "Other reserves") for the portion pertaining to the Group[1].
Cumulative exchange differences are charged to the income statement when an investment is fully disposed of, i.e., when control, joint control or significant influence on the investee is lost. In such circumstances, the differences are taken to the income statement under the item "Other gains (losses) on equity investments". In the event of a partial disposal that does not result in the loss of control, the portion of exchange differences relating to the interest sold is recognised under non-controlling interests in equity. In the event of a partial disposal that does not result in the loss of joint control or significant influence, the portion of exchange differences relating to the interest disposed of is taken to the income statement. The repayment of the capital, carried out by a subsidiary having a functional currency other than euro, which does not result in a change in the equity investment held, entails charging the corresponding portion of the exchange rate differences to the income statement.
The financial statements translated into euros are those denominated in the functional currency, i.e., the local currency or the currency in which most financial transactions and assets and liabilities are denominated.

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

The exchange rates that have been applied for the translation of financial statements in foreign currencies are as follows:

Currency	Exchange rate as of Dec. 31, 2022	Exchange rate as of June 30, 2023	Average exchange rate 2023
US Dollar	1.0666	1.0866	1.0807
British Pound Sterling	0.88693	0.85828	0.87638
Algerian Dinar	146.5049	147.275	147.0336
Angolan Kwanza	541.198	899.725	591.086
Argentine Peso	188.5033	278.5022	229.1778
Australian Dollar	1.5693	1.6398	1.5989
Brazilian Real	5.6386	5.2788	5.4827
Canadian Dollar	1.444	1.4415	1.4565
Egyptian Pound	26.399	33.5743	32.8841
Ghanaian New Cedi	10.8621	12.4154	12.6579
Indian Rupee	88.171	89.2065	88.8443
Indonesian Rupee	16,519.82	16,384.54	16,275.09
Kazakhstan Tenghè	492.9	492.2	488.75
Malaysian Ringgit	4.6984	5.0717	4.8188
Nigerian Naira	477.9221	825.0336	519.6195
Norwegian Kroner	10.5138	11.704	11.3195
Peru nuevo sol	4.0459	3.9477	4.0607
Qatari Riyal	3.8824	3.9552	3.9336
Romanian New Leu	4.9495	4.9635	4.9342
Russian Rouble	79.0077	95.96265	83.47857
Saudi Arabian Riyal	3.9998	4.0748	4.0525
Singapore Dollar	1.43	1.4732	1.444
Swiss Franc	0.9847	0.9788	0.9856

2 Accounting estimates and significant judgements

The preparation of financial statements and interim reports in accordance with generally accepted accounting standards requires Management to make accounting estimates based on complex and/or subjective judgements, past experience and assumptions deemed reasonable and realistic based on the information available at the time of the estimate. The use of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

The accounting estimates and significant judgements made by Management for the preparation of the condensed interim consolidated financial statements as of June 30, 2023 are influenced not only by the current macro-economic context arising from the persisting Russian-Ukrainian crisis, high inflation and interest rates, but also by the effects of the initiatives underway to mitigate the consequences of climate change and the potential impacts arising from the energy transition, which in the medium and long term may significantly affect the Group's business models, cash flows, financial position and financial and economic performance.

Please refer to the 2022 Annual Report for details of the accounting estimates and significant judgements made by the Management.

Microeconomic scenario

The current market framework confirms recovery trend in Saipem's reference markets, in line with the expected growth in terms of macroeconomic indicators and overall energy demand. However, the persisting elements of instability also in 2023, such as the war in Ukraine and the high levels of inflation and raising interest rates, have increased global economic instability, requiring further attention by the Management when formulating accounting estimates and significant judgements. As a consequence, some areas of the financial statements may be influenced by recent events and macroeconomic circumstances, also in view of more uncertain estimates.

With regards to the price performance of oil and natural gas, the Company deems that the short-term volatility could impact the Group's results limitedly, given the nature of Saipem's activities, which are characterised by multi-year contracts with completion times of several years, depending of the project's complexity. In the long term, the perspective of improvement of the external context is confirmed, supported by the multi-year growth cycle of the market.

Effects of the Russian-Ukrainian crisis

Direct effects: currently, in relation to Saipem projects involving activities in the Russian territory and/or with Russian clients, the only residual activity is the negotiation underway to close the Arctic LNG 2 GBS project (in JV with Ronesans - client Arctic LNG 2 - scope of work: EPC) the works for which were suspended, in full compliance with EU regulations.
The Company confirms that it operates in full compliance with the provisions established by European and national institutions with respect to the Russian Federation.
The consolidated and non-consolidated backlog as of June 30, 2023, is nil.
It should be noted that there are no activities carried out by Saipem, nor personnel in any Ukrainian territory affected by the conflict.
The 2023-2026 Strategic Plan does not envisage the acquisition of new contracts in Russia, in line with the previous Plan. Furthermore, the current energy market scenario could encourage the development of new energy infrastructures for the diversification of energy supply in many countries.
It should be noted that the Company uses customer default probabilities based on observable market data and info-provider assessments to quantify expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.
Indirect effects: the effects of the Russian-Ukrainian crisis have been partially priced-in by the markets with an outlook promising greater material price stability, also due to the potential slowdown of the global economy. However, the persisting uncertainty makes valuations difficult.
Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are expected, but we can assume that the current uncertainty will continue to impact the price of steel and more noble metals (nickel, copper, aluminium), even though today these show a decreasing trend.
Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.
The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from an uncertain market due to the instability of the international scenario and the instability of the evolution of raw material prices. The Company, since the start of the crisis, already adjusted its execution strategies and has already started discussions with its customers and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the orders in execution and future initiatives.
In addition to the above, our threat intelligence services report an increased cyber threat to operators in the above markets and their supply chain. The current geo-political context continues to represent one of the greatest “input” factors for global cyber attacks, particularly as concerns potential attacks by pro-Russian perpetrators towards countries, and their related institutions or strategic businesses, which are actively supporting Ukraine.
The Company continues to monitor the constant evolution of cyber threats in the industrial context in which the Group operates. As of the date of this document, there have been no incidents of cyber-attacks directed against Saipem.
Third-party monitoring of Saipem’s security position validates the effectiveness of the attack detection and response approach within the company's crisis management plan, as well as the technological measures in place to protect business-critical assets. Saipem recently renewed its ISO 27001 certification of its Cyber Threat Detection & Response process.

Climate change effects

Climate change and the transition to a low-carbon economy are having an increasing impact on the global economy and the energy sector.
Saipem, as a global solution provider in this sector, is aware that these changes may have a direct and indirect impact on the activities of its business and consequently on its consolidated financial statements, in terms of the results and value of its assets and liabilities. In this context, it intends to play an active role:
- proposing pioneering and technologically green projects that meet clients’ increasing demands for low-carbon solutions and products, supporting them in their decarbonisation process;
- committing to improve the efficiency of its assets and activities to reduce greenhouse gas emissions.

Risks related to climate change, to which Saipem's activities are intrinsically exposed, can be classified into the following categories:
- physical risks, i.e., risks arising from physically observable climatic phenomena (e.g., flooding of construction sites, worsening weather and sea conditions in the offshore operating areas);
- transition risks, i.e., risks arising from the transition phase that aims to reduce emissions and thus mitigate the effects of climate change. These risks are classified into: (i) technological risks, meaning insufficient effectiveness in the implementation of the most efficient applicable technologies with an impact on operating expenses in the execution of projects and the potential acquisition of projects related to the use of new technologies; (ii) regulatory risks, related to new laws and regulations with which Saipem must readily comply and which may lead to higher operating costs; (iii) reputational risks, in terms of insufficient effectiveness in seizing the opportunities for reducing the cost of credit linked to sustainable initiatives.

For the related details, refer to the section “Climate-related risks and opportunities” in the Consolidated Non-Financial Statement 2022.
The accounting estimates and significant judgements made by Management for the preparation of the condensed interim consolidated financial statements may be influenced by the actions undertaken to limit the effects of climate change. Climate risks may affect the recoverable amount of property, plant and equipment and the Group's goodwill. As a consequence, the energy transition may reduce the expected useful life of assets used in the Oil&Gas industry, thus accelerating the depreciation costs of assets used in this sector.

Saipem has considered the potential consequences of the energy transition on the medium-long term recoverable value of CGUs. In particular, the energy transition will first of all impact the increase in demand for energy from renewable sources; in this regard, the Strategic Plan 2023-2026 includes a change in the portfolio mix towards non-oil-related activities, with acquisitions of energy-transition projects amounting to around 25% and investments in new enabling technologies. Furthermore, the Plan includes significant acquisitions in the natural gas business, considered to be one of the elements that will support the progressive shift towards sustainable energy sources. Lastly, in the long term the energy transition includes the elimination of carbon from energy sources, and the Group does not operate in this sector.
Saipem is increasingly positioning itself in non-oil sectors, enhancing the use of its traditional assets where possible; at the same time, it is expected that part of the assets will be fully depreciated in the medium-long term, during which period demand for services in the oil sector is expected to remain significant.
Management will continue to review demand assumptions as the energy transition process progresses, which could lead to specific impairment losses on non-financial assets in the future.
Furthermore, new laws and regulations introduced to respond to climate change may lead to new and unprecedented obligations. Consequently, management monitors the evolution of the relevant regulations in order to assess whether such obligations, even implicit ones, require the recognition of specific provisions or the reporting of related contingent liabilities.

3 Changes to accounting standards

Compared to the 2022 Annual Report, to which reference should be made, there have been no changes in the accounting standards adopted by Saipem as the changes to the accounting standards which came into force from January 1, 2023, have not produced any significant effects on Saipem's financial statements.

Recently issued accounting standards

The following are the amendments to the international accounting standards endorsed by the European Commission, which were already included in the 2022 Annual Report, which are effective from January 1, 2023, in addition to the amendments not yet endorsed by the European Commission, some of which issued in the first half of the current year.

Accounting Standards and Interpretations issued by the IASB/IFRIC and endorsed by the European Commission

With Regulation No. 2021/2036, issued by the European Commission on November 19, 2021, the amendments to IFRS 17 "Insurance Contracts" were endorsed which define the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which supersede those currently provided for in IFRS 4 "Insurance Contracts", aim to help companies to implement the standard and to: (i) reduce costs by simplifying the requirements of the standard; (ii) make disclosures easier to report in the financial statements; (iii) facilitate the transition to the new standard, deferring its entry into force. The amendments are effective from January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" were endorsed, requiring individual entities to supply more information about their accounting policies. The amendments clarify that information on accounting policies is relevant when, considered together with other information provided in the financial statements, it is reasonably possible to assume that they affect the decisions of the financial statement users. The description provided in relation to accounting policies must be "entity specific", highlighting the specific accounting methods adopted by the company and providing more useful information than a standardised description or one that merely replicates the IFRS provisions.
The changes to the Practice Statement provide guidance on how to apply the concept of materiality to financial reporting. The amendments are effective from January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 8 "Definition of Accounting Estimates" were endorsed which defines the notion of accounting estimates, removing the definition of amendment in accounting estimates. In the new understanding, accounting estimates are defined as monetary amounts subject to measurement uncertainty and that, therefore, they must be estimated using judgements, assumptions, valuation techniques and inputs. Changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively. The amendments are effective from January 1, 2023.

With Regulation No. 2022/1392, issued by the European Commission on August 11, 2022, the amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" were endorsed, which clarifies the methods of accounting for deferred tax related to assets and liabilities for some transactions, including lease transactions and decommissioning requirements, which during initial recognition produce temporary taxable and deductible differences of an equal amount, as well as to IFRS 1 "First-time Adoption of International Financial Reporting Standards", introducing a specific paragraph on the date of application of these amendments, and some paragraphs concerning Appendix B of IFRS 1. The amendments are effective from January 1, 2023.

With Regulation No. 2022/1491, issued by the European Commission on September 8, 2022, the amendments to IFRS 17 "Insurance Contracts": Initial Application of IFRS 17 and IFRS 9 - Comparative Information" where endorsed, which requires that if an entity applies IFRS 17 following the application of IFRS 9 (classification overlap), the entity must provide qualitative information that allows users of the financial statements to understand: (i) the extent to which the classification overlap was applied (for example, whether it was applied to all financial assets derecognised in the comparative period); and (ii) whether and to what extent the impairment provisions of IFRS 9 were applied. The IASB has consequently added a text block element to the IFRS taxonomy to reflect this new disclosure requirement. The amendments are effective from January 1, 2023.

At present Saipem believes that the amendments described above will have no significant impact on the Group.

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

On January 23, 2020, the IASB issued the Amendment to IAS 1 "Classification of Liabilities as Current or Non current" and on October 31, 2022, published the Amendment to IAS 1 "Non-Current Liabilities with Covenants". These amendments provide clarifications on the classification of liabilities as current or non current. The amendments will be effective on or after January 1, 2024.

On September 22, 2022, the IASB issued the Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback", which requires the seller-lessee to value the Right-of-Use asset arising from a sale and leaseback transaction on the basis of the percentage of the previous carrying amount of the asset held by the seller-lessee. Consequently, in a sale and leaseback transaction, the seller-lessee will only recognise the amount of any gains or losses relating to the rights transferred to the buyer-lessor. Therefore, the initial value of the lease liabilities arising from a sale and leaseback transaction is a consequence of the way in which the seller-lessee measures the Right-of-use asset and the gains or losses recorded on the date of the transaction. The amendments will be effective on or after January 1, 2024.

On May 23, 2023, the IASB issued the Amendment to IAS 12 "International Tax Reform - Pillar Two Model Rules", which introduces a mandatory temporary exception to the requirements of IAS 12 for the recognition and specific disclosure of deferred tax assets and liabilities arising from the OECD "Pillar Two Model Rules". By introducing common rules, Pillar Two aims to ensure that in every jurisdiction, large multinationals with consolidated turnover of at least €750 million are subject to a minimum 15% tax rate.
The temporary exception will take effect immediately after the publication of the Amendment and will be applied retrospectively in compliance with IAS 8, while the specific disclosure requirements will take effect starting from the annual statements starting on or after January 1, 2023.

On May 25, 2023, the IASB issued the Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements", which requires entities to provide additional information on supplier finance contracts allowing the users of the financial statements to assess how these supplier contracts affect liabilities and cash flows and to understand the effect on the exposure to liquidity risks. The amendments will be effective on or after January 1, 2024.

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

4 Scope of consolidation as of June 30, 2023

Parent company

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Saipem SpA	Milan	EUR	501,669,790.83	Eni SpA	31.19		
				CDP Equity SpA	12.82		
				Saipem SpA	0.02		
				Third parties	55.97		

Subsidiaries

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Denuke Scarl	San Donato Milanese	EUR	10,000	Saipem SpA	55.00	55.00	F.C.
				Third parties	45.00		
International Energy Services SpA (**) (***)	San Donato Milanese	EUR	50,000	Saipem SpA	100.00	100.00	F.C.
Saipem Offshore Construction SpA	San Donato Milanese	EUR	20,000,000	Saipem SpA	100.00	100.00	F.C.
Servizi Energia Italia SpA	San Donato Milanese	EUR	20,000,000	Saipem SpA	100.00	100.00	F.C.
Smacemex Scarl (**)	San Donato Milanese	EUR	10,000	Saipem SpA	60.00	60.00	Co.
				Third parties	40.00		
SnamprogettiChiyoda sas di Saipem SpA	Milan	EUR	10,000	Saipem SpA	99.90	99.90	F.C.
				Third parties	0.10		

Outside Italy

Andromeda Consultoria Técnica e Representações Ltda	Rio de Janeiro (Brazil)	BRL	20,494,210	Saipem SpA	99.00	100.00	F.C.
				Snamprogetti Netherlands BV	1.00		
Boscongo SA	Pointe-Noire (Congo)	XAF	6,190,600,500	Saipem SA	100.00	100.00	F.C.
ERS - Equipment Rental & Services BV	Schiedam (Netherlands)	EUR	90,760	Saipem International BV	100.00	100.00	F.C.
Global Petroprojects Services AG	Zurich (Switzerland)	CHF	5,000,000	Saipem International BV	100.00	100.00	F.C.
Moss Maritime AS	Lysaker (Norway)	NOK	40,000,000	Saipem International BV	100.00	100.00	F.C.
North Caspian Service Co	Almaty (Kazakhstan)	KZT	375,350,000	Saipem International BV	100.00	100.00	F.C.
Petrex SA	Lima (Peru)	PEN	469,359,045	Saipem International BV	100.00	100.00	F.C.
PT Saipem Indonesia	Jakarta (Indonesia)	USD	372,778,100	Saipem International BV	99.99	99.99	F.C.
				Third parties	0.01		
Saimexicana SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	6,424,970,341	Saipem SA	100.00	100.00	F.C.
Saipem (Beijing) Technical Services Co Ltd	Beijing (China)	USD	6,700,000	Saipem International BV	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = accounted for using the equity method, Co. = accounted for using the cost method
(**) Company placed in liquidation

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Saipem (Malaysia) Sdn Bhd (***)	Petaling Jaya (Malaysia)	MYR	88,233,500	Saipem International BV	100.00	100.00	F.C.
Saipem (Nigeria) Ltd	Lagos (Nigeria)	NGN	259,200,000	Saipem International BV Third parties	89.41 10.59	89.41	F.C.
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	Caniçal (Portugal)	EUR	299,300,000	Saipem International BV	100.00	100.00	F.C.
Saipem America Inc	Wilmington (USA)	USD	1,000	Saipem International BV	100.00	100.00	F.C.
Saipem Argentina de Perforaciones, Montajes y Proyectos Sociedad Anónima, Minera, Industrial, Comercial y Financiera (**) (***)	Buenos Aires (Argentina)	ARS	1,805,300	Saipem International BV Third parties	99.90 0.10	99.90	Co.
Saipem Asia Sdn Bhd	Petaling Jaya (Malaysia)	MYR	238,116,500	Saipem International BV	100.00	100.00	F.C.
Saipem Australia Pty Ltd	West Perth (Australia)	AUD	486,800,001	Saipem International BV	100.00	100.00	F.C.
Saipem Canada Inc	Montreal (Canada)	CAD	100,100	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Algérie SpA	Algiers (Algeria)	DZD	4,129,310,000	Sofresid SA	100.00	100.00	F.C.
Saipem Contracting Netherlands BV	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Nigeria Ltd	Lagos (Nigeria)	NGN	827,000,000	Saipem International BV Third parties	97.94 2.06	97.94	F.C.
Saipem do Brasil Serviçõs de Petroleo Ltda	Rio de Janeiro (Brazil)	BRL	469,661,512	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Norway AS	Stavanger (Norway)	NOK	120,000	Saipem International BV	100.00	100.00	F.C.
Saipem East Africa Ltd	Kampala (Uganda)	UGX	3,791,000,000	Saipem International BV Snamprogetti Netherlands BV	51.00 49.00	100.00	F.C.
Saipem Finance International BV	Amsterdam (Netherlands)	EUR	1,000,000	Saipem International BV Saipem SpA	75.00 25.00	100.00	F.C.
Saipem Guyana Inc	Georgetown (Guyana)	GYD	200,000	Saipem Ltd	100.00	100.00	F.C.
Saipem India Projects Private Ltd	Chennai (India)	INR	526,902,060	Saipem SA	100.00	100.00	F.C.
Saipem Ingenieria Y Construcciones SLU	Madrid (Spain)	EUR	80,000	Saipem International BV	100.00	100.00	F.C.
Saipem International BV	Amsterdam (Netherlands)	EUR	172,444,000	Saipem SpA	100.00	100.00	F.C.
Saipem Ltd	Kingston upon Thames Surrey (United Kingdom)	EUR	1,107,500,000	Saipem International BV	100.00	100.00	F.C.
Saipem Luxembourg SA	Luxembourg (Luxembourg)	EUR	31,002	Saipem Maritime Asset Management Luxembourg Sàrl	100.00	100.00	F.C.
Saipem Maritime Asset Management Luxembourg Sàrl	Luxembourg (Luxembourg)	USD	378,000	Saipem SpA	100.00	100.00	F.C.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = accounted for using the equity method, Co. = accounted for using the cost method
(**) Company placed in liquidation
(***) Dormant during the year

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Saipem Misr for Petroleum Services (S.A.E.)	Port Said (Egypt)	EUR	2,000,000	Saipem International BV	99.92	100.00	F.C.
				ERS - Equipment Rental & Services BV	0.04		
				Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	0.04		
Saipem Moçambique Lda	Maputo (Mozambique)	MZN	535,075,000	Saipem SA	99.98	100.00	F.C.
				Saipem International BV	0.02		
Saipem Norge AS	Stavanger (Norway)	NOK	100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Offshore México SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	998,259,500	Saimexicana SA de Cv	100.00	100.00	F.C.
Saipem Romania Srl	Aricestii Rahtivani (Romania)	RON	29,004,600	Snamprogetti Netherlands BV	99.00	100.00	F.C.
				Saipem International BV	1.00		
Saipem SA	Montigny le Bretonneux (France)	EUR	19,870,122	Saipem SpA	100.00	100.00	F.C.
Saipem Singapore Pte Ltd	Singapore (Singapore)	SGD	256,090,000	Saipem SA	100.00	100.00	F.C.
Saiwest Ltd	Accra (Ghana)	GHS	937,500	Saipem SA	49.00	49.00	F.C.
				Third parties	51.00		
Sajer Iraq Co for Petroleum Services, Trading, General Contracting & Transport Llc	Baghdad (Iraq)	IQD	300,000,000	Saipem International BV	60.00	60.00	F.C.
				Third parties	40.00		
Saudi Arabian Saipem Ltd	Dhahran (Saudi Arabia)	SAR	155,000,000	Saipem International BV	100.00	100.00	F.C.
Sigurd Rück AG	Zurich (Switzerland)	CHF	25,000,000	Saipem International BV	100.00	100.00	F.C.
Snamprogetti Engineering & Contracting Co Ltd	Dhahran (Saudi Arabia)	SAR	10,000,000	Snamprogetti Netherlands BV	100.00	100.00	F.C.
Snamprogetti Netherlands BV	Amsterdam (Netherlands)	EUR	203,000	Saipem SpA	100.00	100.00	F.C.
Snamprogetti Saudi Arabia Co Ltd Llc	Dhahran (Saudi Arabia)	SAR	10,000,000	Saipem International BV	95.00	100.00	F.C.
				Snamprogetti Netherlands BV	5.00		
Sofresid Engineering SA	Saint Herblain (France)	EUR	1,217,783	Sofresid SA	100.00	100.00	F.C.
Sofresid SA	Montigny le Bretonneux (France)	EUR	37,000	Saipem SA	100.00	100.00	F.C.

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

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Associates and jointly controlled companies

Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
ASG Scarl	San Donato Milanese	EUR	50,864	Saipem SpA	55.41	55.41	E.M.
				Third parties	44.59		
Alboran Hydrogen Brindisi Srl	Bari	EUR	2,750,471	Saipem SpA	10.00	10.00	E.M.
				Third parties	90.00		
CCS JV Scarl Δ	San Donato Milanese	EUR	150,000	Servizi Energia Italia SpA	75.00	75.00	E.M.
				Third parties	25.00		
CEPAV (Consorzio Eni per l'Alta Velocità) Due	Milan	EUR	51,646	Saipem SpA	59.09	59.09	E.M.
				Third parties	40.91		
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	San Donato Milanese	EUR	51,646	Saipem SpA	50.36	50.36	E.M.
				Third parties	49.64		
Consorzio Florentia Δ	Parma	EUR	10,000	Saipem SpA	49.00	49.00	E.M.
				Third parties	51.00		
Consorzio F.S.B. Δ	Venice - Marghera	EUR	15,000	Saipem SpA	29.10	29.10	Co.
				Third parties	70.90		
Consorzio Sapro Δ	San Giovanni Teatino	EUR	10,329	Saipem SpA	51.00	51.00	Co.
				Third parties	49.00		
Rosetti Marino SpA	Ravenna	EUR	4,000,000	Saipem SA	20.00	20.00	E.M.
				Third parties	80.00		
SCD JV Scarl Δ	San Donato Milanese	EUR	100,000	Servizi Energia Italia SpA	60.00	60.00	E.M.
				Third parties	40.00		
Ship Recycling Scarl (**) Δ	Genoa	EUR	10,000	Saipem SpA	51.00	51.00	J.O.
				Third parties	49.00		

Outside Italy

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Gydan Yard Management Services (Shanghai) Co Ltd	Shanghai (China)	CNY	1,600,000	Saipem (Beijing) Technical Services Co Ltd	15.15	15.15	E.M.
				Third parties	84.85		
Gygaz Snc	Nanterre (France)	EUR	10,000	Sofresid SA	15.15	15.15	E.M.
				Third parties	84.85		
Hazira Cryogenic Engineering & Construction Management Private Ltd Δ	Mumbai (India)	INR	500,000	Saipem SA	55.00	55.00	E.M.
				Third parties	45.00		
KCA Deutag International Ltd	St. Helier (Jersey)	USD	116,536	Saipem International BV	9.96	10.00	E.M.
				Third parties	90.04		
KWANDA Suporte Logistico Lda	Luanda (Angola)	AOA	25,510,204	Saipem SA	49.00	49.00	E.M.
				Third parties	51.00		
Mangrove Gas Netherlands BV Δ	Amsterdam (Netherlands)	EUR	2,000,000	Saipem International BV	50.00	50.00	E.M.
				Third parties	50.00		
Petromar Lda Δ	Luanda (Angola)	USD	357,143	Saipem SA	70.00	70.00	E.M.
				Third parties	30.00		
PSS Netherlands BV Δ	Leiden (Netherlands)	EUR	30,000	Saipem SpA	36.00	36.00	E.M.
				Third parties	64.00		
Sabella SA	Quimper (France)	EUR	12,889,122	Sofresid Engineering SA	9.00	9.00	E.M.
				Third parties	91.00		
Saipem Dangote E&C Ltd (***) Δ	Victoria Island - Lagos (Nigeria)	NGN	100,000,000	Saipem International BV	49.00	49.00	E.M.
				Third parties	51.00		
Saipem - Hyperion Eastmed Engineering Ltd Δ	Nicosia (Cyprus)	EUR	85,000	Saipem International BV	45.00	45.00	E.M.
				Third parties	55.00		
Saipem Nasser Saeed Al-Hajri Contracting Co Llc Δ	Dhahran (Saudi Arabia)	SAR	7,500,000	Saipem International BV	50.00	50.00	E.M.
				Third parties	50.00		

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = accounted for using the equity method, Co. = accounted for using the cost method
(**) Company placed in liquidation
(***) Dormant during the year
Δ Joint venture

Company	Registered office	Currency	Share capital	Shareholders	% owned	% consolidated by Saipem	Consolidation method or accounting policy (*)
Saipem Taqa Al Rushaid Fabricators Co Ltd	Dammam (Saudi Arabia)	SAR	40,000,000	Saipem International BV Third parties	40.00 60.00	40.00	E.M.
Saipon Snc ∆ †	Montigny le Bretonneux (France)	EUR	20,000	Saipem SA Third parties	60.00 40.00	60.00	E.M.
SAME Netherlands BV ∆	Amsterdam (Netherlands)	EUR	50,000	Servizi Energia Italia SpA Third parties	58.00 42.00	58.00	E.M.
Saren BV ∆	Amsterdam (Netherlands)	EUR	20,000	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Saren Heavy Industries İnşaat Ve Ticaret Anonim Şirketi ∆	Ankara (Turkey)	TRY	50,000	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Saren Llc ∆	Murmansk (Russia)	RUB	10,000	Saren BV	100.00	50.00	E.M.
Société pour la Réalisation du Port de Tanger Méditerranée (***) ∆	Anjra (Morocco)	EUR	33,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
Southern Gas Constructors Ltd ∆	Lagos (Nigeria)	NGN	10,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Sud-Soyo Urban Development Lda (***) ∆	Soyo (Angola)	AOA	20,000,000	Saipem SA Third parties	49.00 51.00	49.00	E.M.
TMBYS SAS (***) ∆	Guyancourt (France)	EUR	30,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
TSGI Mühendislik İnşaat Ltd Şirketi ∆	Istanbul (Turkey)	TRY	10,000	Saipem Ingenieria Y Construcciones, SLU Third parties	33.33 66.67	33.33	E.M.
TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	Funchal (Portugal)	EUR	5,000	TSKJ - Servições de Engenharia Lda	100.00	25.00	E.M.
TSKJ - Servições de Engenharia Lda	Funchal (Portugal)	EUR	5,000	Snamprogetti Netherlands BV Third parties	25.00 75.00	25.00	E.M.
Xodus Subsea Ltd (**)(***) ∆	London (United Kingdom)	GBP	7,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.

As of June 30, 2023, the companies of Saipem SpA can be broken down as follows:

	Subsidiaries			Associates and jointly controlled companies		
	Italy	Outside Italy	Total	Italy	Outside Italy	Total
Subsidiaries/Joint operations and their equity investments	**5**	**47**	**52**	**1**	**-**	**1**
Full consolidation	5	47	52	-	-	-
Consolidated as joint operations	-	-	-	1	-	1
Equity investments held by consolidated companies (1)	**1**	**1**	**2**	**10**	**26**	**36**
Accounted for using the equity method	-	-	-	8	26	34
Accounted for using the cost method	1	1	2	2	-	2
Total companies	**6**	**48**	**54**	**11**	**26**	**37**

(1) The equity investments held by subsidiaries/joint operation accounted for using the equity method or the cost method concern immaterial entities and entities whose consolidation would not have a material impact.

(*) F.C. = full consolidation, J.O. = joint operation, E.M. = accounted for using the equity method, Co. = accounted for using the cost method
(**) Company placed in liquidation.
(***) Dormant during the year.
∆ Joint venture.
† Non relevant joint operation.

Changes in the consolidation scope

In the first half of 2023 the Group's scope of consolidation changed with respect to the 2022 Annual Report. Changes are shown below by order of occurrence.

New incorporations, disposals, liquidations, mergers, changes in amount held or consolidation method:

- the company **Saipem Nasser Saeed Al-Hajri Contracting Co Llc**, with registered offices in Saudi Arabia, was incorporated and is accounted for using the equity method;
- the company **International Energy Services South America Co Ltd**, previously consolidated with the full consolidation method, was sold to third parties;
- the company **International Energy Services SpA**, previously consolidated with the full consolidation method, was placed in liquidation;
- the company **Gydan Lng Ltd**, previously Gydan Lng Sarl, accounted for using the equity method, was sold to third parties;
- the company **Novarctic Ltd**, previously Novarctic Sarl, accounted for using the equity method, was sold to third parties;
- the company **European Maritime Construction sas**, previously consolidated with the full consolidation method, was removed from the Register of Companies;
- the company **ER SAI Caspian Contractor Llc**, previously consolidated with the full consolidation method, was sold to third parties.

5 Cash and cash equivalents

Cash and cash equivalents amounted to €2,338 million, an increase of €286 million compared to December 31, 2022 (€2,052 million).
Cash and cash equivalents at the end of the first half of the year, denominated in euros for 65%, in US dollars for 14%, and in other currencies for 21%, were remunerated at an average rate of 1.07%. Cash and cash equivalents included cash and cash on hand of €8 million (€2 million as of December 31, 2022).
Cash and cash equivalents for the first half of the year included the following, for a total of €527 million: (i) cash and cash equivalents of €358 million in current accounts of projects executed in partnership or joint venture; (ii) cash and cash equivalents of €166 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; (iii) cash and cash equivalents amounting to €3 million in current accounts frozen or subject to restrictions.
The breakdown of cash and cash equivalents of Saipem and other Group companies as of June 30, 2023 by geographical segment (based on the country of domicile of the relevant company) was as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Italy	916	1,433
Rest of Europe	305	229
CIS	33	18
Middle East	361	261
Far East	128	146
North Africa	5	4
Sub-Saharan Africa	203	85
Americas	101	162
Total	**2,052**	**2,338**

6 Financial assets measured at fair value through OCI

Financial assets measured at fair value through OCI, amounting to €71 million (€75 million as of December 31, 2022), were as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Securities for non-operating purposes		
Listed bonds issued by sovereign states/supranational institutions	8	5
Listed bonds issued by industrial companies	67	66
Total	**75**	**71**

Listed bonds issued by sovereign states/supranational institutions, amounting to €5 million as of June 30, 2023, were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating
Fixed rate bonds					
Eurobond	5	5	0.00	2026	AAA
Total	**5**	**5**			

Listed bonds issued by industrial companies, amounting to €66 million as of June 30, 2023, were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating
Fixed rate bonds					
Listed bonds issued by industrial companies	70	66	0.00-3.25	2023-2028	AA/BBB
Total	**70**	**66**			

The fair value of bonds is determined on the basis of market prices. The fair value hierarchy is level 1, that is, based on quotations in active markets. The bonds measured at fair value through OCI are held both to collect contractual cash flows and for the cash flows deriving from the possible sale of the instrument before contractual maturity.
Listed bonds issued by sovereign states/supranational institutions and by industrial companies held by the Group fall within the scope of analysis for the determination of expected losses.

Given the high creditworthiness of the issuers (investment grade), the impact of expected losses on the bonds in question as of June 30, 2023 is irrelevant.

7 Other financial assets

Other current financial assets

Other current financial assets of €468 million (€495 million as of December 31, 2022) consist of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Financial receivables for operating purposes	1	1
Financial receivables for non-operating purposes	494	467
Total	**495**	**468**

Financial receivables for operating purposes concerned receivables claimed by Saipem SpA against Eni SpA.
Financial receivables for non-operating purposes of €467 million (€494 million as of December 31, 2022) related almost entirely to the subsidiary Servizi Energia Italia SpA's share of the cash and cash equivalents recognised primarily in the financial statements of CCS JV Scarl, which is carrying out a project in Mozambique (€316 million), and of SCD JV Scarl, which is working on a project in Nigeria (€143 million).
Other current financial assets from related parties are detailed in Note 41 "Related party transactions".

Other non-current financial assets

Other non-current financial assets for non-operating purposes, equal to €54 million (€65 million as of December 31, 2022), include the amounts of two blocked accounts of the subsidiary Saipem Contracting Algérie SpA for €54 million (€54 million before discounting), classified as other non-current financial assets, due to the prolonged proceedings in Algeria.

8 Trade receivables and other assets

Trade and other receivables of €2,229 million (€2,182 million as of December 31, 2022) can be broken down as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Trade receivables	1,676	1,653
Advances for services	370	351
Other receivables	136	225
Total	**2,182**	**2,229**

Trade receivables of €1,653 million decreased by €23 million with respect to the previous year.
Receivables are stated net of a loss allowance of €757 million, whose movements are shown below:

(€ million)	Dec. 31, 2022	Accruals	Utilisations	Exchange differences	Other changes	June 30, 2023
Trade receivables	723	40	(27)	(10)	1	727
Other receivables	30	-	-	-	-	30
Total	**753**	**40**	**(27)**	**(10)**	**1**	**757**

The credit exposure to the top five clients is in line with the Group's operations and represents around 40% of total trade receivables.
The Group is closely monitoring revenue since, as is well known, its major clients are the main Oil Companies in the reference sector.
The recoverability of trade receivables is checked using the so-called "expected credit loss model".
As of June 30, 2023, the effect of expected losses on trade receivables, determined on the basis of customers' creditworthiness, amounted to €116 million (€93 million as of December 31, 2022) out of the total loss allowance of €727 million (€723 million as of December 31, 2022).
As of June 30, 2023, Saipem had factored €192 million in unexpired trade receivables on a non-recourse, non-notification basis (€77 million as of December 31, 2022) and €20 million on a notification basis. Saipem SpA is responsible for managing the collection of the receivables assigned without notice and for transferring the sums collected to the factors.
Trade receivables included retentions guaranteeing contracts of €168 million (€164 million as of December 31, 2022), of which €51 million due within twelve months and €117 million beyond twelve months.
At June 30, 2023, there were no trade receivables relating to projects involved in litigation as at December 31, 2022.

Advances for services not yet rendered amounted to €351 million as of June 30, 2023, relating mainly to advances to suppliers on ongoing operational projects, a decrease of €19 million compared to December 31, 2022.
Other receivables of €225 million were as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Receivables from:		
- employees	46	54
- guarantee deposits	17	15
- social security institutions	3	7
- insurance companies	-	16
Other	70	133
Total	**136**	**225**

Other receivables amounting to €225 million are shown net of the impairment allowance of €30 million, in line with the previous year, related mainly to the write-down of a receivable from a subcontractor.
Trade receivables from related parties are detailed in Note 41 "Related party transactions".
The fair value of trade and other receivables did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

9 Inventories

Inventory of €229 million (€211 million as of December 31, 2022) increased by €18 million compared to 2022. During the period €4 million were reclassified to Discontinued operations and €6 million were reclassified to assets held for sale.

(€ million)	Dec. 31, 2022	June 30, 2023
Raw and auxiliary materials and consumables	211	229
Total	**211**	**229**

"Raw and ancillary materials and consumables" include spare parts for drilling and construction activities, as well as consumables for internal use and not for sale. The item is stated net of an impairment provision of €103 million.

(€ million)	Dec. 31, 2022	Accruals	Utilisations	Other changes	June 30, 2023
Raw and auxiliary materials and consumables allowance	109	6	(7)	(5)	103
Total	**109**	**6**	**(7)**	**(5)**	**103**

10 Contract assets

Contract assets of €2,278 million (€1,860 million as of December 31, 2022) consist of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Contract assets (from work in progress)	1,872	2,291
Impairment provision for contract assets (from work in progress)	(12)	(13)
Total	**1,860**	**2,278**

Contract assets (from work in progress) amounted to €2,291 million, increasing by €419 million due to the recognition of revenue based on the progress of work to be invoiced in 2023 for €748 million, plus the foreign exchange impact of €18 million; this amount was largely offset by €345 million from the recognition of milestones by clients, plus €2 million in impairment losses deriving from the continuous legal and commercial monitoring of claim and change order amounts considered over the whole life of the contract.
The effects relative to IFRS 9 applied to contract assets amounted to €13 million.

11 Tax assets and liabilities

Current income tax assets and liabilities

Current income tax assets and liabilities consisted of the following:

	Dec. 31, 2022		June 30, 2023	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	43	1	25	1
Foreign tax authorities	270	85	286	63
Total current income tax assets and liabilities	**313**	**86**	**311**	**64**

The decrease of current income tax assets and liabilities pertained entirely to relations with Italian tax authorities for tax assets and foreign tax authorities for tax liabilities.

Other current income tax assets and liabilities

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

	Dec. 31, 2022		June 30, 2023	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	8	23	4	10
Foreign tax authorities	133	138	148	129
Total other current income tax assets and liabilities	**141**	**161**	**152**	**139**

Other current tax assets from Italian tax authorities amounting to €4 million (€8 million as of December 31, 2022) relate to VAT assets for €2 million (€4 million as of December 31, 2022) and to indirect tax assets for €2 million (€4 million as of December 31, 2022).
Other current tax assets from foreign tax authorities amounting to €148 million (€133 million as of December 31, 2022) relate to VAT assets for €110 million (€98 million as of December 31, 2022) and to indirect tax assets for €38 million (€35 million as of December 31, 2022).
Other current tax liabilities from Italian tax authorities amounting to €10 million (€23 million as of December 31, 2022) relate to VAT liabilities for €2 million (€2 million as of December 31, 2022) and to indirect tax liabilities for €8 million (€21 million as of December 31, 2022).
Other current tax liabilities from foreign tax authorities amounting to €129 million (€138 million as of December 31, 2022) relate to VAT liabilities for €97 million (€99 million as of December 31, 2022) and to indirect tax liabilities for €32 million (€39 million as of December 31, 2022).

Non-current income tax assets and liabilities

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

	Dec. 31, 2022		June 30, 2023	
(€ million)	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	-	-	-	-
Foreign tax authorities	5	23	4	18
Total non-current income tax assets and liabilities	**5**	**23**	**4**	**18**

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

12 Other current assets

Other current assets of €186 million (€272 million as of December 31, 2022) consist of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Fair value of derivative financial instruments	133	55
Other assets	139	131
Total	**272**	**186**

The deviation of fair value on derivatives of €78 million is attributable mainly to the EUR/USD exchange rate, as well as all the other currencies linked to the US dollar.

For information on the fair value of derivative financial instruments see Note 27 "Derivative financial instruments".
Other assets as of June 30, 2023 amounted to €131 million, a decrease of €8 million compared to December 31, 2022, and consisted mainly of costs not attributable to the financial year relating to the preparation of vessels to be used on contracts, to insurance costs and to lease contracts.
In the first half of 2023, other current assets of €1 million have been reclassified to Discontinued operations.
Other current assets from related parties are detailed in Note 41 "Related party transactions".

13 Property, plant and equipment

Property, plant and equipment amounted to €2,832 million (€2,879 million as of December 31, 2022) and were made up as follows:

(€ million)	Property, plant and equipment
Gross value as of December 31, 2022	10,595
Depreciation and impairment losses as of December 31, 2022	7,716
Carrying amount as of December 31, 2022	**2,879**
Capital expenditure	137
Depreciation and amortisation	(146)
Net reversals of impairment losses	(11)
Disposals	(4)
Discontinued operations	-
Assets held for sale	(2)
Change in the consolidation scope	(19)
Business unit transactions	-
Exchange differences	(2)
Other changes	-
Carrying amount as of June 30, 2023	**2,832**
Gross value as of June 30, 2023	10,192
Depreciation and impairment losses as of June 30, 2023	7,360

Capital expenditure during the first half of 2023 amounted to €137 million (€540 million as of December 31, 2022) and mainly related to:

- €117 million in the Asset Based Services: extraordinary maintenance and reinforcement of the vessel Saipem 7000, and maintenance and upgrading of existing vessels, in particular Castorone and FDS 2;
- €4 million in Energy Carriers: purchase and maintenance of equipment;
- €16 million in Offshore Drilling: maintenance and upgrading of vessels.

No financial expenses were capitalised during the first half of the year.
Net exchange difference due to the translation of financial statements prepared in currencies other than euro, amounted to €2 million.
As of June 30, 2023, all property, plant and equipment were unencumbered by collateral.
Investment commitments for projects for which procurement contracts have already been placed, expiring in 2024 (including values relating to the second half of 2023), amount to €140 million.

Impairment

In line with the provisions of the reference standard (IAS 36, in particular paragraph 12), the Company carried out a careful analysis to verify the existence of trigger events of both an internal and external nature, in order to determine whether an impairment test needed to be performed as of June 30, 2023. In monitoring impairment indicators, the Group considers, among other factors, the relationship between its market capitalisation and equity. As of June 30, 2023, the Group's market capitalisation was €398 million higher than the figure for consolidated equity as of March 31, 2023. The additional indicators identified by the Company, as well as the possible further trigger events, were subsequently verified, also taking into account the assumptions and findings of the previous impairment testing performed for the 2022 Annual Report.
The analyses performed by the Company consisted of the following actions:

- update the market scenario;
- analyse the operating review and commercial perspectives;
- compare the flows of the Plan with the most recently published market consensus reports;
- verify the changes in market variables which affect the discount rate.

In the light of the analyses carried out, the Company has established that: (i) the market scenario is slightly better than that described in the Strategic Plan; (ii) the operating review and commercial prospects of the business lines are in line with the Strategic Plan; (iii) the cash flows approved in the 2023-2026 Plan are confirmed and are in line with the consensus of analysts; (iv) the changes in market variables are not such as to significantly affect the discount rate.

As a consequence, there were no indicators of impairment/trigger events that resulted in the need for impairment testing.

14 Intangible assets

Intangible assets of €687 million (€691 million as of December 31, 2022) consisted of the following:

(€ million)	Intangible assets with indefinite useful life	Other intangible assets with indefinite useful life	Total
Gross value as of December 31, 2022	293	-	293
Depreciation and impairment losses as of December 31, 2022	265	-	265
Carrying amount as of December 31, 2022	**28**	**663**	**691**
Capital expenditure	2	-	2
Depreciation and amortisation	(5)	-	(5)
Net reversals of impairment losses	-	-	-
Exchange differences and other changes	-	(1)	(1)
Carrying amount as of June 30, 2023	**25**	**662**	**687**
Gross value as of June 30, 2023	292	-	292
Depreciation and impairment losses as of June 30, 2023	267	-	267

Goodwill of €662 million related mainly to the difference between the purchase price, including transaction costs, and the net assets of Saipem SA (€629 million), Sofresid SA (€21 million) and the Moss Maritime Group (€10 million) on the date that control was acquired.
In order to determine the recoverable amount, goodwill has been allocated to the following CGUs:

(€ million)	Dec. 31, 2022	June 30, 2023
Asset Based Services	403	403
Energy Carriers	228	228
Robotics & Industrialized Solutions	32	31
Total	**663**	**662**

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

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

		Lease assets		Lease liabilities	
(€ million)	Right-of-Use assets	Current	Non-current	Current	Non-current
December 31, 2022					
Opening balance	**261**	**30**	**46**	**147**	**247**
Increases	164	-	42	-	203
Decreases and cancellations	(28)	(30)	(11)	(180)	(44)
Depreciation and amortisation	(141)	-	-	-	-
Net reversals of impairment losses	-	-	-	-	-
Exchange differences	2	1	2	3	6
Interest	-	3	-	21	-
Other changes	-	22	(22)	148	(148)
Closing balance	**258**	**26**	**57**	**139**	**264**
June 30, 2023					
Opening balance	**258**	**26**	**57**	**139**	**264**
Increases	70	-	68	-	138
Decreases and cancellations	(7)	(13)	-	(85)	(7)
Depreciation and amortisation	(56)	-	-	-	-
Net reversals of impairment losses	-	-	-	-	-
Exchange differences	(1)	(1)	(1)	(2)	(2)
Interest	-	4	-	17	-
Other changes	-	22	(22)	51	(51)
Closing balance	**264**	**38**	**102**	**120**	**342**

During the period, Right-of-Use asset was almost in line with December 31, 2022 due to new contracts, changes in existing contracts and their depreciation.
Increases of €70 million referred mainly to the lease contract of the new office building of the parent of the Group (Spark 2) and new contracts of buildings.
The net decrease between current financial lease liabilities and assets is €79 million due to the effect of lease payments for the period and the closing of some contracts.
As of June 30, 2023, no Right-of-Use asset is a stand-alone CGU. For the purposes of determining recoverable amount, the Right-of-Use assets have been allocated to the relevant CGUs and tested as described under “Impairment” in Note 13 “Property, plant and equipment”.
Based on business assessments, unexercised renewal options related mainly to land and building totalling €14 million (€5 million as of December 31, 2022) are not considered in the determination of the total duration of the contracts and lease liability as of June 30, 2023.
The breakdown of renewal options by year is as follows:

(€ million)	2023	2024	2025	2026	2027	After	Total
Renewal options	-	-	-	1	1	12	**14**

Lease assets refer to subleases of vessels.
Other changes in financial liabilities for leasing refer to the reclassification of financial liabilities from non-current to current.
The analysis by maturity of net lease liabilities as of June 30, 2023, is as follows:

		Non-current portion					
(€ million)	Short term portion 2023	2024	2025	2026	2027	After	Total
Lease liabilities	120	48	67	60	50	117	462
Lease assets	38	18	27	27	21	9	140
Total	**82**	**30**	**40**	**33**	**29**	**108**	**322**

The average marginal loan rate used for discounting the “Right-of-Use” and financial liabilities for leasing, was 9.4% as of June 30, 2023 (8.6% as of December 31, 2022).

16 Equity investments

Equity investments accounted for using the equity method

Equity investments accounted for using the equity method of €201 million (€229 million as of December 31, 2022) were as follows:

(€ million)	Opening carrying amount	Acquisitions and subscriptions	Sales and reimbursements	Share of profit of equity-accounted investees	Share of loss of equity-accounted investees	Deduction for dividends	Change in the consolidation scope	Exchange differences	Movements in reserves	Other changes	Closing carrying amount	Loss allowance
Dec. 31, 2022												
Investments in joint ventures	78	-	(10)	12	(13)	(3)	-	1	-	-	65	-
Investments in associates	79	-	-	16	(8)	(16)	-	3	-	90	164	-
Total	**157**	**-**	**(10)**	**28**	**(21)**	**(19)**	**-**	**4**	**-**	**90**	**229**	**-**
June 30, 2023												
Investments in joint ventures	65	1	-	-	(8)	-	-	(1)	-	-	57	-
Investments in associates	164	-	-	24	(3)	(42)	-	(2)	-	3	144	-
Total	**229**	**1**	**-**	**24**	**(11)**	**(42)**	**-**	**(3)**	**-**	**3**	**201**	**-**

Equity investments accounted for using the equity method are detailed in Note 4 “Scope of consolidation as of June 30, 2023”.
The share of profit of equity investments accounted for using the equity method of €24 million relate in full to the results recorded by the associates.
The share of loss of equity-accounted investees of €11 million includes losses for the period of €8 million recorded by joint ventures and €3 million by associates.
Deductions following the distribution of dividends of €42 million related in full to associates.
Other changes of €3 million include capital gains from the disposal of associates to third parties for €2 million.

The carrying amount of equity investments accounted for using the equity method related to the following companies:

(€ million)	Group share (%)	Carrying amount as of Dec. 31, 2022	Carrying amount as of June 30, 2023
KCA Deutag International Ltd	10.00	88	86
Petromar Lda	70.00	61	52
Gygaz Snc	15.15	25	20
Saipem Taqa Al Rushaid Fabricators Co Ltd	40.00	23	20
Rosetti Marino SpA	20.00	13	16
Other		19	7
Total equity investments accounted for using the equity method		**229**	**201**

The total of equity investments accounted for using the equity method does not include the loss allowance mentioned in Note 24 “Provisions for risks and charges”.

Other equity investments

The other equity investments are not individually significant as of June 30, 2023.

17 Deferred tax assets and liabilities

Deferred tax assets of €321 million (€345 million as of December 31, 2022) are shown net of offsetable deferred tax liabilities of €71 million.
Deferred tax liabilities of €2 million (€3 million as of December 31, 2022) are shown net of offsetable deferred tax assets of €71 million.
The movements of deferred tax assets and deferred tax liabilities were as follows:

(€ million)	Dec. 31, 2022	Accruals	Utilisations	Exchange differences	Other changes	June 30, 2023
Deferred tax assets	345	-	(22)	(1)	(1)	321
Deferred tax liabilities	(3)	(14)	26	-	(11)	(2)
Net deferred tax assets (liabilities)	**342**	**(14)**	**4**	**(1)**	**(12)**	**319**

The item “Other changes” in deferred tax assets, down €1 million, included: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (up €12 million); (ii) the tax effects (down €14 million) of fair value changes of derivatives designated as cash flow hedges reported in equity; (iii) the tax effects (up €1 million) of revaluation of defined benefit plans for employees reported in equity.
The item “Other changes” in deferred tax liabilities, up €11 million, included: (i) the offsetting of deferred tax assets against deferred tax liabilities at individual entity level (up €12 million); (ii) other changes (down €1 million).
Net deferred tax assets consisted of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Gross deferred tax liabilities	(86)	(73)
Offsetable deferred tax assets	83	71
Deferred tax liabilities	**(3)**	**(2)**
Gross deferred tax assets	428	392
Offsetable deferred tax liabilities	(83)	(71)
Deferred tax assets	**345**	**321**
Net deferred tax assets (liabilities)	**342**	**319**

Deferred tax assets recognised in the financial statements as of June 30, 2023, relating to tax losses amounted to €60 million and are considered recoverable in the next 4 years.
Taxes are shown in Note 36 “Income taxes”.

18 Other non-current assets

Other non-current assets amounted to €33 million (€30 million as of December 31, 2022) and consisted of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Fair value of derivative financial instruments	-	1
Other receivables	10	7
Other assets	20	25
Total	**30**	**33**

For information on the fair value of derivative financial instruments see Note 27 “Derivative financial instruments”.
Other receivables amounted to €7 million, mainly in line with December 31, 2022, and related almost exclusively to guarantee deposits of various kinds.
Other non-current assets as of June 30, 2023, amounted to €25 million, an increase of €5 million compared to December 31, 2022, and mainly included costs not pertaining to the financial year, mainly related to insurance policies and costs for lease contracts.
Other non-current financial assets from related parties are detailed in Note 41 “Related party transactions”.

19 Trade payables and other liabilities

Trade payables and other liabilities of €3,046 million (€2,907 million as of December 31, 2022) consisted of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Trade payables	2,630	2,740
Other liabilities	277	306
Total	**2,907**	**3,046**

Trade payables amounted to €2,740 million, representing an increase of €110 million compared to December 31, 2022.
Trade payables and other liabilities to related parties are shown in Note 41 “Related party transactions”.
Other liabilities of €306 million were as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Liabilities to:		
- employees	154	168
- social security institutions	62	62
- insurance companies	2	3
- consultants and professionals	3	2
- Directors and Statutory Auditors	1	1
Other	55	70
Total	**277**	**306**

The fair value of trade payables and other liabilities did not differ significantly from their carrying amount due to the short period of time elapsed between their date of origination and their due date.

20 Contract liabilities

Contract liabilities amounted to €2,905 million (€2,613 million as of December 31, 2022) and were as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Contract liabilities (from work in progress)	1,880	2,092
Advances from customers	733	813
Total	**2,613**	**2,905**

Contract liabilities (from work in progress) of €2,092 million (€1,880 million as of December 31, 2022) relate to adjustments in revenue invoiced on long-term contracts in order to comply with the accruals principle, in accordance with the accounting policies based on the contractual amounts accrued.
In particular, contract liabilities (from work in progress) increased by €212 million as a result of adjustments to revenue invoiced during the first six months of the year further to the measurement of projects based on the progress for €600 million, partly offset by the exchange rate effect of €13 million and the recognition in revenue for the period of €375 million adjusted at the end of the previous year.

Advances from customers of €813 million (€733 million as of December 31, 2022) refer to amounts received in previous years and during the course of the first half of 2022 in relation to contracts in execution, which are gradually reduced when contractual milestones are met.
Advances from customers of €26 million were reclassified to the Discontinued operations.
Contract liabilities from related parties are detailed in Note 41 "Related party transactions".

21 Other current liabilities

Other current liabilities amounted to €93 million (€107 million as of December 31, 2022) and were as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Fair value of derivative financial instruments	94	41
Other liabilities	13	52
Total	**107**	**93**

The deviation of fair value on derivatives of €53 million is attributable mainly to the EUR/USD exchange rate, as well as all the other currencies linked to the US dollar.
The fair value of derivative financial instruments is commented in Note 27 "Derivative financial instruments".
Other liabilities amounted to €52 million, with an increase of €39 million from December 31, 2022, and included mainly the registration of insurance premium reserves.
Other liabilities to related parties are shown in Note 41 "Related party transactions".

22 Financial liabilities

Financial liabilities were as follows:

	Dec. 31, 2022				June 30, 2023			
(€ million)	Current financial liabilities	Current portion of non-current financial liabilities	Non-current financial liabilities	Total	Current financial liabilities	Current portion of non-current financial liabilities	Non-current financial liabilities	Total
Banks	82	206	234	522	64	190	568	822
Ordinary bonds	-	536	1,495	2,031	-	539	1,496	2,035
Other financial institutions	77	-	-	77	39	-	-	39
Total	**159**	**742**	**1,729**	**2,630**	**103**	**729**	**2,064**	**2,896**

As of June 30, 2023, there are bank financing contracts with Financial Covenant clauses requiring compliance with the ratio between net financial debt and EBITDA (as defined in the respective financing contracts), determined every year based on the December 31 data, not higher than 3.5 times. As of June 30, 2023, the Company satisfied all conditions on the use of borrowings, including these financial covenants, change of control clauses, and negative pledge and cross-default clauses.
The analysis by maturity of non-current financial liabilities as of June 30, 2023, is as follows:

(€ million)

Type	Maturity range	2024	2025	2026	2027	After	Total non-current financial liabilities
Banks	2024-2027	46	190	189	143	-	568
Ordinary bonds	2024-2028	-	498	498	-	500	1,496
Total		**46**	**688**	**687**	**143**	**500**	**2,064**

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

			Long-term maturity						
(€ million)	Carrying amount as of June 30, 2023	Short-term maturity as of June 30, 2024	Second half of 2024	2025	2026	2027	2028	After	Total future payments as of June 30, 2023
Banks	758	191	48	195	189	144	-	-	767
Ordinary bonds	2,035	542	-	500	500	-	500	-	2,042
Other financial institutions	-	-	-	-	-	-	-	-	-
Total	**2,793**	**733**	**48**	**695**	**689**	**144**	**500**	**-**	**2,809**

The difference of €16 million between the carrying amount of the non-current financial liabilities recognised in the financial statements as of June 30, 2023, and the total of future payments is due to the measurement using the amortised cost method.
The analysis of financial liabilities by currency with an indication of the interest rate is as follows:

(€ million)	Dec. 31, 2022						June 30, 2023					
		Interest rate %			Interest rate %			Interest rate %			Interest rate %	
Currency	Current financial liabilities	from	to	Non-current (including current portion)	from	to	Current financial liabilities	from	to	Non-current (including current portion)	from	to
Euro	77	0.00	0.00	2,471	1.38	4.80	39	0.00	0.00	2,793	1.34	7.25
US Dollar	-			-			-			-		
Other	82	variable		-			64	variable		-		
Total	**159**			**2,471**			**103**			**2,793**		

Non-current financial liabilities, including the current portion, mature between 2024 and 2028.
As of June 30, 2023, Saipem had unused uncommitted short-term credit lines amounting to €121 million (€169 million as of December 31, 2022) and unused committed short-term credit lines amounting to €473 million.
Commission fees on unused lines of credit were not significant.
There were no financial liabilities secured by mortgages or liens on real estate of consolidated companies and by pledges on securities.
The fair value of non-current financial liabilities, including the current portion, amounted to €2,687 million (€2,316 million as of December 31, 2022) and was calculated by discounting the actual future cash flows in the main currencies of the loan at the following, approximate rates:

(%)	Dec. 31, 2022	June 30, 2023
Euro	5.77-6.97	4.77-5.88

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

	Dec. 31, 2022			June 30, 2023		
(€ million)	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Banks	444	440	429	765	758	779
Ordinary bonds	2,000	2,031	1,887	2,000	2,035	1,908
Other financial institutions	-	-	-	-	-	-
Total	**2,444**	**2,471**	**2,316**	**2,765**	**2,793**	**2,687**

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

			Non-cash changes				
(€ million)	Dec. 31, 2022	Changes in cash flows	Acquisitions	Exchange differences	Change in the fair value	Other non-monetary changes	June 30, 2023
Current financial liabilities	159	(55)	-	(1)	-	-	103
Non-current financial liabilities and current portion thereof	2,471	322	-	-	-	-	2,793
Net lease liabilities (assets)	320	(59)	-	(2)	-	63	322
Total net liabilities from financing activities	**2,950**	**208**	**-**	**(3)**	**-**	**63**	**3,218**

Financial liabilities to related parties are shown in Note 41 "Related party transactions".

23 Analysis of net financial debt

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

	Dec. 31, 2022			June 30, 2023		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**2,052**	**-**	**2,052**	**2,338**	**-**	**2,338**
B. Cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:	**569**	**-**	**569**	**538**	**-**	**538**
- Financial assets measured at fair value through OCI	75	-	75	71	-	71
- Financial receivables	494	-	494	467	-	467
D. Liquidity (A+B+C)	**2,621**	**-**	**2,621**	**2,876**	**-**	**2,876**
E. Current financial debt:	**298**	**-**	**298**	**223**	**-**	**223**
- Current financial liabilities with banks	82	-	82	64	-	64
- Current financial liabilities with related parties	1	-	1	1	-	1
- Other current financial liabilities	76	-	76	38	-	38
- Lease liabilities	139	-	139	120	-	120
F. Current portion of the non-current financial debt:	**742**	**-**	**742**	**729**	**-**	**729**
- Non-current financial liabilities with banks	206	-	206	190	-	190
- Ordinary bonds	536	-	536	539	-	539
G. Current financial debt (E+F)	**1,040**	**-**	**1,040**	**952**	**-**	**952**
H. Net current financial debt (G-D)	**(1,581)**	**-**	**(1,581)**	**(1,924)**	**-**	**(1,924)**
I. Non-current financial debt:	**-**	**498**	**498**	**-**	**910**	**910**
- Non-current financial liabilities with banks	-	234	234	-	568	568
- Non-current financial liabilities with related parties	-	-	-	-	-	-
- Lease liabilities	-	264	264	-	342	342
J. Debt instruments:	**-**	**1,495**	**1,495**	**-**	**1,496**	**1,496**
- Ordinary bonds	-	1,495	1,495	-	1,496	1,496
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**1,993**	**1,993**	**-**	**2,406**	**2,406**
M. Net financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,581)**	**1,993**	**412**	**(1,924)**	**2,406**	**482**

Net financial debt includes the fair value of an Interest Rate Swap (IRS) positive €0.3 million, but does not include the fair value of derivatives indicated in Note 12 “Other current assets”, Note 18 “Other non-current assets”, Note 21 “Other current liabilities”, and Note 26 “Other non-current liabilities”.

Reconciliation of net financial debt

	Dec. 31, 2022			June 30, 2023		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
M. Net financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,581)**	**1,993**	**412**	**(1,924)**	**2,406**	**482**
N. Non-current financial receivables	**-**	**65**	**65**	**-**	**54**	**54**
O. Lease assets	**26**	**57**	**83**	**38**	**102**	**140**
P. Net financial debt (M-N-O)	**(1,607)**	**1,871**	**264**	**(1,962)**	**2,250**	**288**

Pre-IFRS 16 net financial position as of June 30, 2023 amounted to a net cash of €34 million. Net debt, including IFRS 16 lease liability of €322 million, amounted to €288 million. Pre-IFRS 16 gross debt as of June 30, 2023, amounted to €2,896 million, liquidity to €2,930 million of which available cash for €1,811 million.
Financial receivables are explained in Note 7 “Other financial assets”.

24 Provisions for risks and charges

Provisions for risks and charges amounted to €914 million (€1,148 million as of December 31, 2022) and were made up as follows:

(€ million)	Opening balance	Accruals	Utilisations	Other changes	Closing balance
Dec. 31, 2022					
Provision for taxes	14	2	(7)	-	9
Provision for litigation	265	15	(55)	9	234
Provision for losses on investments	30	75	(3)	(1)	101
Provision for contractual expenses and losses on long-term contracts	973	115	(344)	1	745
Provision for redundancy incentives	17	1	(19)	2	1
Other provisions	54	27	(24)	1	58
Total	**1,353**	**235**	**(452)**	**12**	**1,148**
June 30, 2023					
Provision for taxes	9	4	(4)	-	9
Provision for litigation	234	1	(14)	(1)	220
Provision for losses on investments	101	5	(10)	(8)	88
Provision for contractual expenses and losses on long-term contracts	745	29	(229)	(3)	542
Provision for redundancy incentives	1	-	(3)	3	1
Other provisions	58	4	(5)	(3)	54
Total	**1,148**	**43**	**(265)**	**(12)**	**914**

The **provision for taxes** amounted to €9 million and related principally to ongoing litigation concerning indirect taxes with foreign tax authorities that also include the effects of recent assessments.
The Group operates in numerous countries with complex tax laws to which it adheres thanks also to the support of local tax consultants. In some of these jurisdictions, the Group is handling, through appeals, some requests made by the tax authorities, from which the Directors believe that no further significant charges will arise with respect to what has already been set aside.
The **provision for litigation** amounted to €220 million and consisted of provisions set aside by Saipem SpA and a number of foreign subsidiaries in relation to ongoing litigation, of which €8 million were for litigation with employees. The provision mainly includes an estimate of contingent liabilities arising from settlements and legal proceedings. Specifically, the provision includes the equivalent of around €197 million for litigations in Algeria regarding a contract completed some time ago; for further information, see "Legal proceedings" in Note 31 “Guarantees, commitments and risks”.
The **provisions for losses on investments** amounted to €88 million and related to provisions for losses of investees accounted for using the equity method.
The **provision for contractual expenses and losses on long-term contracts** amounted to €542 million and included estimated losses of €527 million and final project costs of €15 million mainly related to Offshore and Onshore Engineering & Construction business.
The **provision for redundancy incentives** amounted to €1 million, mainly attributable to Saipem SpA.
Other provisions amounted to €54 million and are for other contingencies.

25 Employee benefits

Employee benefits amounted to €178 million (€183 million as of December 31, 2022).

26 Other non-current liabilities

Other non-current liabilities of €3 million (€2 million as of December 31, 2022) consisted of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Fair value of derivative financial instruments	-	1
Other liabilities	2	2
Other liabilities	-	-
Total	**2**	**3**

27 Derivative financial instruments

	Dec. 31, 2022		June 30, 2023	
(€ million)	Active fair value	Passive fair value	Active fair value	Passive fair value
Derivatives qualified for hedge accounting				
Interest rate contracts (Forward component)				
- purchases	1	-	-	-
- sales	-	-	-	-
Currency forwards (Spot component)				
- purchases	31	10	13	6
- sales	83	60	47	9
Currency forwards (Forward component)				
- purchases	(3)	-	(2)	3
- sales	(13)	5	(14)	4
Commodity forwards (Forward component)				
- purchases	4	2	1	5
- sales	-	-	-	-
Total derivatives qualified for hedge accounting	**103**	**77**	**45**	**27**
Derivatives not qualified for hedge accounting				
Currency forwards (Spot component)				
- purchases	13	6	5	6
- sales	19	9	8	7
Currency forwards (Forward component)				
- purchases	-	(1)	1	(1)
- sales	(2)	3	(3)	3
Commodity forwards (Forward component)				
- purchases	-	-	-	-
- sales	-	-	-	-
Total derivatives not qualified for hedge accounting	**30**	**17**	**11**	**15**
Total derivatives accounting	**133**	**94**	**56**	**42**
Of which:				
- current (includes IRS, Note 23 "Analysis of net financial debt")	133	94	55	41
- non-current (includes IRS, Note 23 "Analysis of net financial debt")	-	-	1	1

The derivative contracts' fair value hierarchy is level 2.
Purchase and sale commitments on derivatives are detailed as follows:

	Dec. 31, 2022		June 30, 2023	
(€ million)	Active	Passive	Active	Passive
Purchase commitments				
Derivatives qualified for hedge accounting:				
- interest rate derivatives	-	37	-	19
- exchange rate derivatives	656	633	478	727
- commodity contracts	-	46	-	49
Derivatives not qualified for hedge accounting:				
- exchange rate derivatives	486	1,192	1,261	641
	1,142	**1,908**	**1,739**	**1,436**
Sale commitments				
Derivatives qualified for hedge accounting:				
- exchange rate derivatives	1,518	696	1,646	865
Derivatives not qualified for hedge accounting:				
- exchange rate derivatives	1,227	242	483	336
	2,745	**938**	**2,129**	**1,201**

The fair value of derivative financial instruments was determined by taking into account valuation models widely used in the financial sector and market parameters (exchange rates and interest rates) at the end of the period.
The fair value of forward transactions (outright, forward and currency swaps) was determined by comparing the Net Present Value at the negotiated terms of the transactions outstanding as of June 30, 2023 with the Present Value recalculated at the

conditions quoted by the market on the closing date. The model used is the Net Present Value model, which is based on the forward contract exchange rate, the year-end exchange rate, and the respective forward interest rate curves.
The fair value related to the IRS, which is positive by €0.3 million (positive by €1 million as of December 31, 2022), is shown in Note 23 "Analysis of net financial debt". The fair value of interest rate swaps was calculated by comparing the Net Present Value at the negotiated terms of the transactions outstanding as of June 30, 2023 with the Present Value recalculated at the terms quoted by the market on the closing date. The model used is the Net Present Value model, which is based on EUR forward interest rates.
Cash flow hedging transactions related to forward purchase and sale transactions (forwards, outright and currency swaps).
The recognition of the effects on the income statement and the realisation of the economic flows of the highly probable future transactions hedged as of June 30, 2023, are expected over a period of time up to 2024.
During the first half of 2023, there were no significant cases in which transactions previously qualified as hedges were no longer considered highly probable.
The fair value asset on qualified hedging derivative contracts as of June 30, 2023 amounted to €45 million (€103 million as of December 31, 2022). In respect of these derivatives, the spot component, amounting to €60 million (€114 million as of December 31, 2022), was suspended in the hedging reserve in the amount of €58 million (€117 million as of December 31, 2022) and recognised in financial income and expenses in the amount of €2 million (-€3 million as of December 31, 2022), while the forward component, not designated as a hedging instrument, was recognised in financial income and expenses in the amount of -€16 million (-€16 million as of December 31, 2022).
With regard to commodity contracts, the active fair assets of €1 million was suspended in the hedging reserve (€4 million as of December 31, 2022).
The fair value liability on qualified hedging derivative contracts as of June 30, 2023 amounted to €27 million (€77 million as of December 31, 2022). In respect of these derivatives, the spot component, amounting to €15 million (€70 million as of December 31, 2022), was suspended in the hedging reserve in the amount of €12 million (€61 million as of December 31, 2022) and recognised in financial income and expenses in the amount of €3 million (€9 million as of December 31, 2022), while the forward component, not designated as a hedging instrument, was recognised in financial income and expenses in the amount of €7 million (€5 million as of December 31, 2022). With regard to commodity contracts, the fair value liability of €5 million was suspended in the hedging reserve (€2 million as of December 2022).
The hedging reserve, relating to currency contracts, amounted to a negative amount of €52 million with a weighted average exchange rate of the hedging instruments of 1.1109 to the US dollar (USD), 0.2399 to the Saudi riyal (SAR), 0.8871 to the UK pound sterling (GBP) and 1.5262 to the Australian dollar (AUD). The hedging reserve, relating to commodity contracts, was a negative €1 million, with a weighted average price of hedging instruments of USD 5,722/MT for copper hedges and USD 788/MT for fuel hedges.
During the first half of 2023, the costs and revenues from ordinary operations were adjusted by a net negative amount of €12 million for hedging.

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

Discontinued operations

In accordance with the provisions of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the Onshore Drilling (DRON) business is recognised under Discontinued operations. During 2022, the activities in Saudi Arabia, Congo, United Arab Emirates, and Morocco were transferred, and during the first half of 2023 the activities in Kuwait and Latin America; exception is made for the activities in Argentina, which will be transferred, together with those in Kazakhstan and Romania, within the third quarter of 2023.
The economic results of the DRON sector, including those of the comparative period, are stated separately from Continuing operations in a single line of the income statement and are limited to third-party transactions, as the elisions of intercompany transactions continue to be operated.
Assets and liabilities directly associated with activities in Argentina, Kazakhstan and Romania were classified as held for sale.
Finally, the net cash flows of Discontinued operations have been presented separately from the net cash flows of Continuing operations.
Below are the main values of the statement of financial position of Discontinued operations.

(€ million)	Dec. 31, 2022	June 30, 2023
Current assets	112	5
Non-current assets	31	22
Total assets	**143**	**27**
Current liabilities	43	26
Non-current liabilities	2	-
Total liabilities	**45**	**26**

Below is the main financial information of Discontinued operations.

(€ million)	June 30, 2022	June 30, 2023
Total revenue from ordinary operations and other revenue	248	56
Operating expenses	(244)	(53)
Operating result	4	3
Financial income (expense)	(3)	(3)
Gains (losses) on equity investments	-	-
Pre-tax profit (loss)	1	-
Income taxes	(8)	-
Net result:	(7)	-
- of which Saipem shareholders	(7)	-
- of which non-controlling interests	-	-
Net income per share	(0.004)	-
Net cash flows from operating activities	21	-
Net cash flows from investing activities	(26)	-
Capital expenditure	26	-

Assets held for sale

In accordance with IFRS 5, the assets held for sale item, shown separately from the other assets in the balance sheet, amounted to €71 million and consisted of €69 million for the sale, based on the Memorandum of Agreement signed in June 2022, of the FPSO Cidade de Vitória, operated for Petrobras in the Golfinho field offshore Brazil, and €2 million for the sale of the assets of North Caspian Services Co and the assets of the Saipem SpA Kazakhstan branch. Both sales are due to be completed in the second half of 2023.

29 Equity

Non-controlling interests

Non-controlling interests as of June 30, 2023, amounted to €2 million (€18 million as of December 31, 2022).

Saipem's equity

Saipem's shareholders' equity as of June 30, 2023, amounted to €2,148 million (€2,068 million as of December 31, 2022) and was as follows:

(€ million)	Dec. 31, 2022	June 30, 2023
Share capital	502	502
Share premium	1,877	1,622
Hedging reserve	(76)	(35)
Fair value reserve	(4)	(4)
Translation reserve	(20)	(22)
Actuarial reserve	(16)	(17)
Retained earnings	91	139
Profit (loss) for the year	(209)	40
Negative reserve for treasury shares in portfolio	(77)	(77)
Total	**2,068**	**2,148**

As of June 30, 2023, distributable reserves amounted to €118 million.

Share capital

As a result, as of June 30, 2023, Saipem's subscribed and paid-up share capital amounts to €501,669,790.83, divided into 1,995,558,791 ordinary shares (number equal to 1,995,558,791 as of December 31, 2022) of which 1,995,557,732 (1,995,557,732 as of December 31, 2022) were ordinary shares and 1,059 savings shares (1,059 as of December 31, 2022).

Share premium

It amounted to €1,622 million as of June 30, 2023 (€1,877 million as of December 31, 2022) and decrease for €255 million to cover 2022 losses.

Other reserves

Other reserves as of June 30, 2023, were negative in the amount of €78 million (negative in the amount of €116 million as of December 31, 2022) and consisted of the following:

(€ million)	Dec. 31, 2022	June 30, 2023
Hedging reserve	(76)	(35)
Fair value reserve	(4)	(4)
Translation reserve	(20)	(22)
Actuarial reserve	(16)	(17)
Total	**(116)**	**(78)**

Hedging reserve

This reserve showed a negative balance of €35 million (-€76 million as of December 31, 2022), which related to the fair value of interest rate swaps, commodity hedges and the spot component of foreign exchange risk hedges as of June 30, 2023.
The hedging reserve is shown net of tax effects of €17 million (€31 million as of December 31, 2022). This reserve for hedging includes a positive value of €1 million relating to equity investments accounted for using the equity method.

Fair value reserve

The negative reserve of €4 million (negative for €4 million as of December 31, 2022) includes fair value of available-for-sale financial instruments.

Translation reserve

This reserve amounted to -€22 million (negative balance of €20 million as of December 31, 2022) and related to exchange differences arising from the translation into euro of financial statements denominated in currencies other than euro (mainly the US dollar).

Actuarial reserve

This reserve has a negative balance of €17 million (negative balance of €16 million as of December 31, 2022), net of the tax effect of €5 million.
This reserve, in accordance with the provisions of IAS 19, includes the actuarial gains and losses relative to the employee defined benefit plans. These remeasurements are not allocated to the income statement. This reserve for benefit plans for employees includes a negative value of €1 million relating to equity investments accounted for using the equity method.

Negative reserve for treasury shares in portfolio

The negative reserve amounted to €77 million (negative balance of €77 million as of December 31, 2022) and included the value of treasury shares allocated to the attribution of incentive plans for Group executives. During the half-year, 720 shares were assigned to implement the 2016-2018 Long-Term Incentive Plan.
Details of changes in treasury shares are as follows:

	Number of shares	Average cost (€)	Total cost (€ million)	Share capital (%)
Treasury shares held as of December 31, 2022	**415,957**	**186.183**	**77**	**0.02**
Purchases in 2023	-	-	-	-
Allocations 2023	(720)	186.183	n.s.	n.s.
Treasury shares held as of June 30, 2023	**415,237**	**186.183**	**77**	**0.02**

As of June 30, 2023, the number of shares in circulation was 1,995,143,554 (1,995,142,834 as of December 31, 2022).

30 Additional information

Additional information on the financial statements

(€ million)	June 30, 2023
Analysis of disposals of consolidated subsidiaries and business	
Current assets	28
Non-current assets	25
Net liquid funds (net financial debt)	(51)
Current and non-current liabilities	39
Net effect of disposals	**41**
Current value of shareholdings retained after transfer of control	-
Capital gain (losses) from divestments	(7)
Non-controlling interests	(13)
Reclassify other items	(7)
Divestment credits	(7)
Total sale price	**7**
less:	
Cash and cash equivalents	*51*
Cash flow from disposals	**58**

Divestments in the first half of 2023 are related to the sale of the equity investment in the company ER SAI Caspian Contractor Llc and, as part of the sale of Onshore Drilling started in 2022, the sale of the assets in Kuwait and Latin America, with the exception of those in Argentina.

31 Guarantees, commitments and risks

Guarantees

Guarantees amounted to €7,664 million (€7,393 million as of December 31, 2022), and were as follows:

	Dec. 31, 2022			June 30, 2023		
(€ million)	Unsecured	Other personal guarantees	Total	Unsecured	Other personal guarantees	Total
Joint ventures and associates	54	522	576	54	461	515
Subsidiaries	51	4,839	4,890	47	5,112	5,159
Own	-	1,927	1,927	-	1,990	1,990
Total	**105**	**7,288**	**7,393**	**101**	**7,563**	**7,664**

Other personal guarantees issued for consolidated companies amounted to €5,112 million (€4,839 million as of December 31, 2022), which are related to independent guarantees given to third parties mainly to bid bonds and to ensure compliance with contractual agreements, together with sureties and other personal guarantees issued to banks.
Guarantees issued to/through related parties are detailed in Note 41 “Related party transactions”.

Commitments

Saipem SpA has commitments with clients and/or other beneficiaries (financial and insurance institutions, export credit agencies) relating to the fulfilment of contractual obligations entered into by itself and/or by its subsidiaries, associates and joint ventures in the event of non-performance and payment of any damages arising from non-performance.
These commitments, which entail accepting a performance obligation, guarantee contracts whose overall value amounted to €74,615 million (€78,607 million as of December 31, 2022), including both work already performed and the relevant portion of the backlog of orders as of June 30, 2023.
The repayment obligations of bank loans granted to Saipem Group companies are generally supported by guarantees issued by the parent company Saipem SpA and other Group companies. The repayment obligations of the Group’s bond issues are covered by guarantees issued by the parent company Saipem SpA, and other Group companies.

Risks

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

Additional information on financial instruments

INFORMATION ON FAIR VALUE

The classification of financial assets and liabilities is given below; these are measured at fair value in the statement of financial position, according to the fair value hierarchy defined according to the significance of the inputs used in the assessment process. In particular, depending on the characteristics of the inputs used for assessment, the fair value hierarchy has the following levels:

a) level 1: prices (not subject to variations) listed on active markets for the same financial assets or liabilities;
b) level 2: assessments made on the basis of inputs, other than the listed prices referred to in the preceding point, which, for the measured asset/liability, can be observed directly (prices) or indirectly (derived from prices). The inputs used include spot and forward exchange rates, interest rates and forward commodity prices; and
c) level 3: inputs not based on observable market data.

In relation to the above, the financial instruments measured at fair value as of June 30, 2023 were as follows:

	June 30, 2023			
(€ million)	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) held for trading:				
- non-hedging derivatives	-	(4)	-	(4)
Financial assets available for disposal:				
- financial assets measured at fair value through OCI	71	-	-	71
Net hedging derivative assets (liabilities)	-	18	-	18
Total	**71**	**14**	**-**	**85**

Throughout the first half of 2023, there were no transfers between the different levels of the fair value hierarchy.

Legal proceedings

The Group is a party in certain judicial proceedings. Provisions for legal risks are made on the basis of information available at the date of the present Report, including information acquired by external consultants providing the Group with legal support. Information available regarding criminal proceedings at the preliminary investigation phase is by its nature incomplete due to the principle of pre-trial secrecy.

With respect to pending legal proceedings, provisions are not provided for when a negative outcome of the proceedings is evaluated as not probable or when it is not possible to estimate its outcome.

For all the civil/arbitration disputes evaluated, also with the estimation of the external lawyers, as "unlikely negative outcome", there are no provisions made.

For all the criminal proceedings evaluated, also with the estimation of the external lawyers, as proceedings whose outcome cannot be predicted, there are no provisions made.

Please note that the sole provision made is that one related to Algerian criminal proceedings and includes the Algerian GNL 3 Arzew proceeding, for which it was necessary to take note of the sentence in the first instance of February 14, 2022, confirmed by the Court of Appeal of Algiers on June 28, 2022 and subsequently the Algerian Supreme Court, as indicated in the press release dated November 18, 2022, rejected the grounds of appeal against the sentence of second instance. For more details, please see the next paragraph.

A summary of the most significant judicial proceedings is set out below.

ALGERIA

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

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

In particular, in 2012 Saipem Contracting Algérie received formal notice of the referral to the Chambre d'accusation at the Court of Algiers of an investigation into the company regarding allegations that it took advantage of the authority or influence of representatives of a government-owned industrial and trading company in order to inflate prices in relation to contracts awarded by that company. The GK3 contract was awarded in June 2009 and had an equivalent value of €433.5 million (at the exchange rate in effect when the contract was awarded).

At the beginning of 2013, the "Chambre d'accusation" ordered Saipem Contracting Algérie to stand trial and further ordered that the aforementioned bank accounts remained frozen. According to the allegation, the price offered had been up to 60% higher than the market price; this alleged increase over the market price had been reduced to 45% of the market price as a result of the discount negotiated between the parties after the offer. In April 2013, and in October 2014, the Algerian Supreme Court rejected requests by Saipem Contracting Algérie since 2010 to unfreeze the bank accounts. The documentation was then transmitted to the Court of Algiers which, in the hearing of March 15, 2015, adjourned the proceedings to the hearing of June 7, 2015, during which, in the absence of certain witnesses, the Court officially handed over the case to a criminal court. The trial commenced with the hearing fixed for December 27, 2015. In the hearing of January 20, 2016, the Algiers Public Prosecutor requested the conviction of all 19 defendants accused in the "Sonatrach 1" trial.

The Algiers Public Prosecutor requested that Saipem Contracting Algérie be fined 5 million Algerian dinars (approximately €40,000 at the current rate of exchange).
The Algiers Public Prosecutor also requested the confiscation of the alleged profit ascertained by the Court, of all 19 parties whose conviction has been requested (including Saipem Contracting Algérie).
For the offence with which Saipem Contracting Algérie is charged, local regulations prescribe a fine as the main punishment (up to a maximum of approximately €40,000) and allow, in the case of the alleged offence, additional sanctions such as the confiscation of the profit arising from the alleged offence (which would be the equivalent of the amount allegedly over the market price of the GK3 contract as far as the profit is ascertained by the judicial authority) and/or disqualification sanctions.
On February 2, 2016, the Court of Algiers issued the first instance ruling. Amongst other things, this ruling ordered Saipem Contracting Algérie to pay a fine of approximately 4 million Algerian dinars (corresponding to approximately €30,000). In particular, Saipem Contracting Algérie was held to be responsible, in relation to the call for bids for the construction of the GK3 gas pipeline, of "an increase in price during the awarding of contracts signed with a public company of an industrial and commercial character in a way that causes benefit to be derived from the authority or influence of representatives of said company", an act punishable under Algerian law. The ruling also returned two bank accounts denominated in local currency to Saipem Contracting Algérie. These held a total of approximately €65.3 million (amount calculated at the exchange rate as of June 30, 2023), which had been frozen in 2010.
The client Sonatrach, which appeared as a civil plaintiff in the proceedings, reserved its right to pursue its claims in the civil courts. The request by the Algerian Trésor Civil to appear as plaintiff was rejected.
Pending the filing of the reasons thereof, the ruling of February 2, 2016 of the Court of Algiers was challenged in the Court of Cassation: by Saipem Contracting Algérie (which requested acquittal and had announced that it would challenge the decision); by the Prosecutor General (who had requested the imposition of a fine of 5 million Algerian dinars and the confiscation, requests that were rejected by the Court, which, as noted, fined Saipem Contracting Algérie the lesser amount of approximately 4 million Algerian dinars); by the Trésor Civil (whose request to be admitted as plaintiff against Saipem Contracting Algérie had been, as already stated, rejected by the Court); by all the other parties sentenced, in relation to the cases concerning them.
Owing to these challenges, the implementation of the decision of the Court of Algiers was fully suspended and remained so, pending the ruling of the Court of Cassation in respect of:

- the payment of the fine of approximately €30,000; and
- the unfreezing of the two bank accounts, containing a total of approximately €65.3 million (amount calculated at the exchange rate as of June 30, 2023). Sonatrach has not challenged the decision of the Court, consistently with its request, accepted by the Court, to be allowed to claim compensation subsequently in civil proceedings. Civil action was not initiated by Sonatrach.

With the judgement of July 17, 2019, which reasons were filed on October 7, 2019, the Algerian Court of Cassation overruled the decision of the Court of Algiers dated February 2, 2016, upholding the challenge of all the appellants (including the appeal of Saipem Contracting Algérie) and referring the case to the Court of Appeal of Algiers.
The proceedings began on February 17, 2021 and on December 12, 2022, the Court of Appeal of Algiers issued its judgement.
Saipem's press release dated December 12, 2022 informed that:
"Most of the Company's defence arguments were accepted. New summons to appear.
Following the press releases dated February 2, 2016 and July 17, 2019, Saipem informs that today the Court of Appeal of Algiers has pronounced a judgment in the Sonatrach 1 criminal proceedings, against Saipem Contracting Algérie ongoing since 2010, in Algeria, in relation to the award of the GK3 contract in 2009. In this proceeding Saipem Contracting Algérie was accused of "inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives of said company" which bears a criminal sanction under Algerian law.
Specifically, today the Court of Appeal of Algiers, having accepted most of the Company's defence arguments, rejected the claim for damages of the Algerian Treasury, confirming the rest of the first instance sentence. As a result of this decision, the same Court of Appeal also ordered to revoke the seizure of current accounts in the amount of €63.2 million equivalent, referable to the proceedings in question.
It should be noted that the proceeding in the first instance concluded on February 2, 2016, when the Court of Algiers ordered Saipem Contracting Algérie to pay a fine of approximately 4 million Algerian dinars (corresponding to around €30,000). The ruling issued in the first instance was challenged before the Algerian Court of Cassation, which on July 17, 2019, had fully overruled the decision by the Court of Algiers dated February 2, 2016, thus the Court of Appeal of Algiers started the trial which ended today.
It should be noted that the Italian judiciary authority – further to criminal proceedings in which also the process of award of the GK3 project in 2009 had been analysed – fully acquitted the company on December 14, 2020.
Saipem Contracting Algérie, in welcoming the ruling, will consider whether to challenge the decision of the Court of Appeal regarding the fine imposed before the Court of Cassation. Additional information on this proceeding in Algeria is provided under the section "Legal proceedings" in Saipem's Interim Consolidated Financial Report as of June 30, 2022 (pages 142-143).
Still concerning projects dating back to 2008, Saipem has also received a summons to appear, with other individuals and legal entities, before the Algerian Court in a new proceeding for the "inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives, to obtain advantageous prices compared to those normally charged, or to modify, to their advantage, the quality of the materials or services or the delivery or supply times. Trafficking in influence. Violation of laws and regulations concerning exchange and transfer of capital to and from abroad". The company denies all charges and will actively participate in the proceedings to show it was not involved in the alleged facts, having always acted in accordance with the relevant regulatory framework".
On December 19, 2022 Saipem Contracting Algérie challenged the decision of the Algiers Court of Appeal decision of December 12, 2022, relating to the pecuniary fine before the Algerian Supreme Court.
On February 16, 2023, Saipem Contracting Algérie filed its brief with its grounds for appeal.

On March 2, 2023, Saipem Contracting Algérie filed its reply to the appeal presented by the General Attorney to the Algerian Supreme Court. As at today's date, the hearing before the Supreme Court, initially set for May 25, 2023, has been postponed to July 27, 2023.

Ongoing Investigation - Algeria - Sonatrach 2: in March 2013, the legal representative of Saipem Contracting Algérie was summoned to appear at the Court of Algiers, where he received verbal notification from the local investigating judge of the commencement of an investigation ("Sonatrach 2") underway "into Saipem Contracting Algérie for charges pursuant to Articles 25a, 32 and 53 of the Algerian Anti Corruption Law No. 01/2006". The investigating judge also requested documentation (Articles of Association) and other information concerning Saipem Contracting Algérie, Saipem SpA and Saipem SA. After this summons, no further activities or requests have followed.

GNL3 Arzew - Algeria: on October 16, 2019 and October 21, 2019, Saipem Contracting Algérie and Snamprogetti SpA Algiers branch were summoned by the investigating judge at the Supreme Court as part of investigations relating to events in 2008 (award of the GNL3 Arzew contract). Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA were further summoned on November 18, 2019 by the General Public Prosecutor at the Supreme Court of Algiers to provide information and documents relating to the same GNL3 Arzew contract awarded by Sonatrach in 2008.

A further hearing of the representatives of Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA took place on November 18, 2019, at which the General Public Prosecutor of Algiers was provided with the information and documentation he had requested; the General Public Prosecutor of Algiers instructed Saipem Contracting Algérie and Snamprogetti SpA Algiers branch to provide further documentation by December 4, 2019. Saipem Contracting Algérie and the Algiers Branch of Snamprogetti SpA promptly filed the documentation requested by the deadline of December 4, 2019.

The Algiers General Public Prosecutor also summoned a representative of Saipem and, on November 20, 2019, the Algiers Attorney General's Office informed Saipem Contracting Algérie and Snamprogetti Algiers branch that Algeria's Tresor Public had joined the proceedings as a civil party.

On December 9, 2020, the hearing with the local representative of Saipem took place.

Saipem SpA, Saipem Contracting Algérie and the Algiers Branch of Snamprogetti were again called on December 16, 2020.

In September 2021, it became known that the Court of Algiers – Sidi Mhamed pole economic et financier – having taken note of the closure of the investigations, issued an order to seize certain bank accounts of Saipem Group companies in Algeria, already subject to a similar previous provision set out in the context of the GK3 proceeding, above indicated.

The commencement of the trial relating to the 2008 award of the GNL3 Arzew contract was initially set for a hearing before the Court of Algiers pole economic et financier on December 6, 2021, which was first postponed to December 20, 2021, then to January 3, 2022 and subsequently to January 17, 2022, January 24, 2022, and January 31, 2022.

In these criminal proceedings, which involve 38 individuals (including the former Algerian Ministry of Energy, certain former executives of Sonatrach and Algerian customs officials) and legal persons, the Public Prosecutor alleges that, with regard to the award in 2008 and the execution of the contract for the GNL3 Arzew project (the original value of which was approximately €2.89 billion), the following offences were committed, inter alia, by Saipem Algerian branch, Snamprogetti SpA Algerian branch, Saipem Contracting Algérie, two former employees of the Saipem Group and an employee of the Saipem Group:

(i) the *"mark-up of prices in connection with the award of contracts concluded with a public company of an industrial and commercial nature benefiting from the authority or influence of representatives of that body"*;
(ii) infringement of certain Algerian customs regulations.

Sonatrach, the Algerian Tresor Public and the Customs Agency requested to appear as civil plaintiffs. The trial was declared open at the hearing of January 31, 2022. At the hearing of February 1, 2022, the judge closed the hearing stage. The ruling was due on February 14, 2022. The Saipem Group defended itself on the merits, stating the lack of grounds for the charges, noting, among other things, the verdict of final acquittal pronounced by the Italian judicial authority regarding matters that included the award of the GNL3 Arzew contract and in any case the effects of the settlement signed with Sonatrach on February 14, 2018, which also concerned the previous pending arbitration regarding the same project.

By its press release dated February 15, 2022, Saipem informed:

"The Court of Algiers yesterday has ruled in first instance on the legal proceeding ongoing since 2019 in Algeria concerning, among other things, the award of the 2008 project GNL3 Arzew.

Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will appeal the decision of the Court of Algiers with subsequent suspension of its effects.

It should be noted that the Italian judicial authority, at the end of a criminal proceeding in which the award methods of the 2008 project GNL3 Arzew were also scrutinised, pronounced on December 14, 2020 a final acquittal.

With reference to the criminal proceeding by the Court of Algiers, the companies Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch were accused of the offences sanctioned by the Algerian law in the case of: 'price increase when awarding contracts with a public company, industrial and commercial, benefitting of the authority or influence of representatives of said company' and of 'false customs declaration'.

The ruling of the Court of Algiers, with reference to both charges, established for Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch a fine and damage compensation for a total of approximately €192 million. The ruling determined the recognition in the financial statements as of December 31, 2021 of an obligation of equal value, of which the payment remains on hold due to the appeal.

The Court of Algiers has also sentenced two former employees of the Saipem Group (the former head of the GNL3 Arzew project and an Algerian employee) to 5 and 6 years of conviction respectively. Another employee of the Saipem Group was acquitted of all charges.

The ground of the sentence have not yet been made available by the Court of Algiers".

The first-degree sentence had imposed the payment of approximately €208 million, of which €145 million was awarded in favour of the civil parties and €63 million in damages (amounts calculated at the exchange rate as of June 30, 2023).

On February 16, 2022, Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch appealed the sentence of February 14, 2022.
On April 4, 2022, the grounds of ruling were made available by the Court of Algiers.
The first hearing in the appeal judgment, initially scheduled for April 12, 2022, was postponed to May 10, 2022 and then to May 24, 2022 then June 14, 2022.
At the hearing on June 14, 2022, the Judge indicated a decision would be issued on June 28, 2022.
Saipem's press release dated June 28, 2022, informed:
"The Court of Appeal of Algiers today ruled in the criminal proceeding, ongoing in Algeria since 2019, connected, inter alia, to the 2008 tender for the award of the GNL3 Arzew contract. In this proceeding, the companies Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch were charged, in accordance with Algerian law, of allegedly 'having obtained a contract, with a price higher than the correct value, concluded with a state-owned commercial and industrial company, benefitting of the influence of representatives of that company'; and of 'false custom declarations'.
The Court of Appeal of Algiers upheld, on both charges, the judgement of the first-degree ruling issued by the Court of Algiers on February 14, 2022. This ruling had imposed against Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch fines and damages for an overall amount of approximately €199 million euros equivalent at today's exchange rate (of which approximately €60 million in fines and around €139 million in favour of the civil parties). Following the first degree ruling by the Court of Algiers, the Company set aside an equivalent amount in the Financial Statements as of December 31, 2021, even though the payment had been suspended following the appeal against the decision. The Tribunal of Algiers had also sentenced two former employees of Saipem Group (the then head of the project GNL3 Arzew and a former Algerian employee) to 5 years and 6 years of imprisonment, respectively. Another employee of Saipem Group had been acquitted of all charges.
The reasons for the ruling have not yet been made available by the Court of Appeal of Algiers.
Saipem notes that the Italian judiciary authority – further to criminal proceedings in which also the process of award in 2008 of the project GNL3 Arzew had been analysed – fully acquitted the Company on December 14, 2020.
Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch will promptly challenge before the Algerian Supreme Court the decision issued by the Court of Appeal of Algiers. Under Algerian law, the opposition against the ruling of the Court of Appeal suspends the effects of such ruling with regard to the fines (equal to approximately €60 million) while the ruling in favour of the civil parties (equal to approximately €139 million) is enforceable despite the pending opposition.
The judgement, whose amount has already been set aside in the financial statements as of December 31, 2021, does not affect the validity of the financing package and the achievement of the objectives of the 2022-2025 Strategic Plan".
On July 31, 2022, Saipem SpA Algeria branch, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch challenged the decision of the Algiers Court of Appeal issued on June 28, 2022 before the Algerian Supreme Court.
Saipem's press release dated November 18, 2022 informed:
"Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch reserve the right to challenge the decision issued by the Algerian Supreme Court.
Following the press releases dated February 18 and June 22, 2022, Saipem informs that the Algerian Supreme Court has ruled in the criminal proceeding related to the GNL3 Arzew project, rejecting the appeal presented by all defendants against the ruling issued by the Algiers Court of Appeal on June 28, 2022. Specifically, today, Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria branch were notified of the aforementioned ruling by their local legal counsels.
It is recalled that the decision by the Algiers Court of Appeal, on June 28, 2022, had upheld the first instance sentence by the Court of Algiers dated February 14, 2022, which had convicted the abovementioned defendants for charges and amounts as they are indicated in the recalled press releases.
Saipem notes that the Italian judiciary authority - further to criminal proceedings in which the process of award in 2008 of the project GNL3 Arzew had been analysed – fully acquitted the Company on December 14, 2020.
Saipem SpA, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch, which have always contested the charges, reserve the right to challenge the decision issued by the Algerian Supreme Court before the relevant judicial authority.
Following the original award by the Court of Algiers dated February 14, 2022, the aforementioned amounts had been set aside in the financial statements as of December 31, 2021.
Additional information on the GNL3 Arzew proceeding in Algeria is provided under the section "Legal proceedings" in Saipem's Interim Consolidated Financial Report as of June 30, 2022 (pages 144-145)".
According to Algerian law, the pecuniary fine and the compensation amounts are not currently due.
Regarding the current accounts already frozen, Saipem Contracting Algérie informally learned of a request of confiscation of the sums held therein and informed the banks involved, inter alia, of the existence of a previous similar provision which insists on the same sums set out in the GK3 proceedings (still sub iudice) which would determine the illegitimacy of any subsequent payment by them of the aforementioned sums. Saipem Contracting Algérie informed the local competent Authority for the execution which, noting the foregoing, ordered the temporary suspension of the execution, pending the conclusion of the GK3 proceedings. Despite the information made available by Saipem, pending the issuance of the aforementioned ministerial provision, one of the local banks proceeded to implement the confiscation request for a sum equal to DZD 1,693,222,124.55 (equivalent to €11.5 million at the exchange rate of June 30, 2023).
In parallel, after excluding the possibility of presenting an extraordinary appeal, the management of the Company is carrying out, also through external legal consultants, an in-depth analysis on the recognition and enforceability of the rulings of the Algerian Supreme Court outside the local jurisdiction.
The Algerian proceedings - Sonatrach 3: on November 17, 2022, the legal representative of Saipem SpA Algeria branch was summoned by the Judge of the Economic and Financial Criminal Division of the Court of Algiers, Section 1 and was verbally informed about the existence of an investigation concerning some 2008 competitive feed contracts and that the investigation would concern other natural and legal persons.

The Judge indicated the following alleged charges against Saipem SpA Algeria branch: *"inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives, to obtain advantageous prices compared to those normally charged, or to modify, to their advantage, the quality of the materials or services or the delivery or supply times. Trafficking in influence. Violation of laws and regulations concerning exchange and transfer of capital to and from abroad"*.
On November 22, 2022, a second hearing was held with the legal representative of Saipem SpA Algeria branch, who provided all the elements, including documents, aimed at clarifying the regularity of the activities of Saipem SpA Algeria Branch in relation to the competitive feed procedures.
The first hearing originally scheduled for December 8, 2022 was postponed to December 29, 2022, and then subsequently postponed to January 5, 2023.
On January 5, 2023, the proceedings began and on January 10, 2023 it was closed.
With press release dated January 19, 2023, Saipem SpA informed:
"The Company will challenge the decision before the Court of Appeal of Algiers.
Following the press release dated December 12, 2022, the Company informs that today the Court of Algiers issued a first-degree ruling in relation to the criminal proceedings, which started in Algeria in December 2022 against Saipem SpA, in relation to the company's participation in a 2008 bid for studies of the Rhourde Nouss QH competitive feed.
Based on the decision communicated to Saipem SpA by its local attorneys, the Court of Algiers, upholding the Company's defences, acquitted the latter of the crime of 'violation of laws and regulations concerning exchange and transfer of capital to and from abroad' and the crime of 'trafficking in influence'.
The Court of Algiers found Saipem SpA liable for the crime of 'inflating the price on contracts awarded by a public company engaged in industrial and commercial activities, taking advantage of the authority or influence of representatives, to obtain advantageous prices compared to those normally charged, or to modify, to their advantage, the quality of the materials or services or the delivery or supply times' imposing only a fine of about 34,000 euros equivalent at today exchange rate.
With reference to the claims brought by Sonatrach and Trésor Public as civil plaintiffs, the Court of Algiers, noted the absence of compensatory claims by Sonatrach against Saipem and upheld in minimal part the claims brought by Trésor Public, recognising in favour of the latter a compensation for an overall amount of about €680.000 equivalent at today's exchange, which the quota directly pertaining to Saipem SpA is equal to approximately €170,000 equivalent at today's exchange rate.
The Company, in welcoming the absolutory content of the decision, will appeal the condemnatory content of the ruling by the Court of Algiers, resulting in the suspension of its criminal and civil effects".
On January 26, 2023, Saipem SpA appealed against the first instance decision dated January 19, 2023.
At the end of the Appeal proceeding, on April 16, 2023, the Algiers Court of Appeal acquitted Saipem of all charges. On the same date, the Company issued the following press release:
"Saipem: full acquittal by the Court of Appeal of Algiers in the proceeding related to a 2008 bid for studies of the Rhourde Nouss QH competitive FEED - Saipem welcomes with satisfaction the full acquittal issued by the Court of Appeal of Algiers - Milan, April 16, 2023 - Following the press release dated January 19, 2023, the Company informs that today, the Court of Appeal of Algiers issued a second-degree ruling in relation to the criminal proceeding, which started in December 2022 against Saipem SpA, in relation to the Company's participation in a 2008 bid for studies of the Rhourde Nouss QH competitive FEED. Based on the decision read out in Court and communicated to Saipem SpA by its local attorneys, the Court of Appeal of Algiers, in light of the objective arguments presented by Saipem's defence, reversing the first-degree ruling, extended the Company's acquittal to all charges and therefore annulled the fines and rejected the claims for compensation imposed by the Court of Algiers in the first-degree ruling".
On June 19, 2023, the bailiff notified Saipem of the request, presented by the General Attorney to the Algiers Court of Appeal, regarding the annulment of the judgment of the Court of Algiers pronounced on April 16, 2023, which had, among other things, acquitted Saipem of all charges. Saipem SpA, through its local lawyers, intends to file a brief to oppose the grounds for appeal proposed by the General Attorney.

PUBLIC PROSECUTOR'S OFFICE OF MILAN – DISMISSAL OF THE BRAZIL PROCEEDINGS

On August 12, 2015, the Public Prosecutor's office of Milan served Saipem SpA. with a notice of investigation and a request for documentation in the framework of new criminal proceedings, for the alleged crime of international corruption occurring between 2004-2014 concerning three contracts: "Mexilhao 1", "Uruguà - Mexilhao Pipeline Project" and "Operation of the Floating, Production, Storage and Offloading FPSO - Cidade de Vitória" awarded by the Brazilian company Petrobras to Saipem SA (France) and Saipem do Brasil (Brazil). On January 30, 2023, the Milan Public Prosecutor served the Company's lawyers with the decree of dismissal of the Saipem SpA's proceeding pursuant to Article 58 of Legislative Decree No. 231/2001 dated January 24, 2022.
On January 31, 2023, the Company's lawyers acquired a copy of the dismissal order, sending it to the company on the same date.
It states that the dismissal regards Saipem SpA pursuant to Article 746-*quater*, paragraph 6 of the Code of Criminal Procedure. Following the aforementioned dismissal, the file was taken over by the Paris Public Prosecutor's Office (*Parquet National Financier*). To assist the subsidiary Saipem SA, involved in a request for the acquisition of documents by the French Public Prosecutor, a law firm in Paris has been engaged and is currently dealing with it.
With reference to the aforementioned contracts, the Company learned only through the press, that the award of this contract was being looked into by the Brazilian judicial authorities in relation to a number of Brazilian citizens, including a former associate of Saipem do Brasil.
In particular, on June 19, 2015, Saipem do Brasil learned through the media of the arrest (in regard to allegations of money laundering, corruption and fraud) of a former associate, as a result of a measure taken by the Brazilian Public Prosecutor's office of Curitiba, in the framework of a judicial investigation in progress in Brazil since March 2014 ("Lava Jato" investigation). On July

29, 2015, Saipem do Brasil then learned through the press that, in the framework of the conduct alleged against the former associate of Saipem do Brasil, the Brazilian Public Prosecutor's office also alleges that Petrobras was unduly influenced in 2011 to award Saipem do Brasil a contract called "Cernambi" (for a value, at the current exchange rate, of approximately €56 million). This has been purportedly deduced from the circumstance that in 2011, in the vicinity of the Petrobras headquarters, said former associate of Saipem do Brasil claims to have been the target of a robbery in which approximately 100,000 reals (approximately €18,944 amount updated at the exchange rate as of June 30, 2023) just withdrawn from a credit institution were stolen from him. According to the Brazilian Prosecutor, the robbery allegedly took place in a time period prior to the award of the aforesaid "Cernambi" contract.

Saipem SpA has cooperated fully with the investigations and has started an audit with the assistance of a third-party consultant. The audit examined the names of numerous companies and persons reported by the media as being under investigation by the Brazilian judicial authorities. The audit report, issued on July 14, 2016, recognised the absence of communications or documents relating to transactions and/or financial movements between companies of the Saipem Group and the personnel of Petrobras under investigation.

The witnesses heard in the criminal proceedings underway in Brazil against this former associate, as well as in the framework of the works of the parliamentary investigative committee set up in Brazil on the "Lava Jato" case, have stated that they were unaware of any irregularities regarding Saipem's activities.

Petrobras appeared as a plaintiff ("Assistente do Ministerio Publico") in the proceedings against the three individuals charged. The proceedings were then resumed on June 9, 2017, as the Brazilian Attorney General considered that the conditions for keeping confidential an agreement signed in October 2015 by the former associate of Saipem do Brasil – who, with such agreement committed himself to substantiating with evidence some of the statements made – had ceased. The Attorney General noted in particular that attempts to substantiate such statements had not been successful, the reason why the content of the statements contained in the additional agreement had not been maintained confidential. At the hearing on June 9, 2017, the depositions of the three defendants were obtained, among them the former associate of Saipem do Brasil and a former Petrobras official.

Saipem do Brasil's former associate, with regard to the theft of 100,000 Brazilian reals (approximately €18,944 – amount updated at the exchange rate as of June 30, 2023) in October 2011, said that money was needed to pay the costs of real estate for a company he was managing on behalf of a third party vis-à-vis Saipem (that is, the former Petrobras official charged in the same proceeding who confirmed that statement).

The former Saipem do Brasil associate also stated that the Saipem Group did not pay any bribes because Saipem's compliance system prevented this from happening. That statement was confirmed by the former Petrobras official charged in the same proceeding. The former associate of Saipem do Brasil and the former Petrobras official charged in the same proceeding, while offering a reconstruction of the facts which was partially different, reported, that the possibility of some inappropriate payments was discussed with reference to certain contracts of Saipem do Brasil but in any case, no payment was made by the Saipem Group. The former Saipem do Brasil associate and the former Petrobras official charged in the same proceeding stated that the contracts awarded by the client to the Saipem Group were won through regular bidding procedures. The proceedings in Brazil against the former associate of Saipem do Brasil and another two defendants has not yet ended with a final ruling. During the proceedings against the former associate of Saipem do Brasil, no evidence of irregularities emerged in the management of tenders assigned by Petrobras to Saipem Group and/or evidence of illegal payments by Saipem Group in relation to tenders assigned by Petrobras to Saipem Group and/or evidence of damages suffered by Petrobras in relation to tenders assigned to Saipem Group. Saipem Group has not been involved in this proceeding.

The audit that was concluded in 2016 was relaunched with the support of the same third-party consultant used earlier and with the same methodology in order to analyse some of the information mentioned during the depositions of June 9, 2017.

The audit report, issued on July 18, 2018, confirmed the absence of communications or documents relating to transactions and/or financial movements between companies of the Saipem Group and the personnel of Petrobras under investigation.

With the press release dated May 30, 2019, Saipem informed as follows:

"Saipem: notification of administrative proceedings in Brazil to the subsidiaries Saipem SA and Saipem do Brasil in relation to a contract awarded in 2011.

San Donato Milanese (Milan), May 30, 2019 - Saipem informs that today its French subsidiary Saipem SA and its Brazilian subsidiary Saipem do Brasil were notified by the competent Brazilian administrative authority (Controladoria-Geral da União through the Corregedoria-Geral da União) about the opening of administrative proceedings with respect to alleged irregularities in relation to the award by the Brazilian oil company Petrobras, as leader of the 'Consortium BMS 11', in December 2011, of the contract (whose value was equal to approximately 249 million Brazilian reals, currently equivalent to approximately €56 million) for the installation of the underwater gas pipeline connecting the Lula and Cernambi fields in Santos Basin.

Saipem SA and Saipem do Brasil will cooperate in the administrative proceedings by providing all the clarifications requested by the competent administrative authority and have confidence in the correctness of the award of the above-mentioned contract and in the absence of circumstances to affirm the administrative liability of the companies".

As part of the aforementioned administrative proceedings, on June 21, 2019, Saipem do Brasil and Saipem SA presented their initial defence statements before the competent administrative authority (Controladoria-Geral da União through Corregedoria Geral da União).

With a communication dated August 21, 2019, the competent administrative authority (*Controladoria-Geral da União* through *Corregedoria-Geral da União*) informed Saipem do Brasil and Saipem SA that, following the preliminary investigation carried out up to that moment, the administrative procedure has not been closed and invited Saipem do Brasil and Saipem SA to present further defence statements by September 20, 2019.

Saipem do Brasil and Saipem SA submitted their defence statements by the set deadline. On April 24, 2020, the competent Brazilian Administrative Authority (*Controladoria-Geral da União* through the *Corregedoria-Geral da União*) ordered a 180-day postponement for the conclusion of the administrative procedure.

On November 30, 2020, Saipem SA and Saipem do Brasil submitted further defence statements before the Brazilian Administrative Authority (*Controladoria-Geral da União* through the *Corregedoria-Geral da União*).
On December 29, 2022, it was published in the *"Diario Oficial da Uniao*" the decision of the Minister at the *"Controladoria-Geral da União"* which applies against Saipem SA and to Saipem do Brasil the sanction of the interdiction from participating in tenders or concluding agreements with the Brazilian Public Administration with suspended effect.
On January 6, 2023, the aforementioned Saipem companies presented a request to review the decision of December 29, 2022, within the *"Controladoria-Geral da União"*.
The administrative proceeding is still ongoing.
On June 8, 2020, the Brazilian Federal Prosecutor's office issued a press release informing of a new charge against a former President of Saipem do Brasil, who left the Saipem Group on December 30, 2009. The charge concerns alleged episodes of corruption and money laundering that allegedly occurred between 2006 and 2011 in relation to two contracts awarded by Petrobras Group companies to Saipem Group companies (the Mexilhao contract signed in 2006 and the Uruguà-Mexilhao contract signed in 2008).
The new charge was made only against individuals (not Saipem Group companies) and involves, in addition to the former President of Saipem do Brasil, some former Petrobras officials.
The Brazilian Federal Court of Curitiba on July 6, 2020, accepted the complaint filed by the Brazilian Federal Prosecutor's Office against the former Chairman of Saipem do Brasil (who left the company on December 30, 2009) and a former Petrobras official against whom a criminal trial was opened in Brazil. Petrobras was admitted as plaintiff ("Assistente do Ministerio Publico") in the same proceeding against the two accused persons. No company of the Saipem Group is party to this proceeding.

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

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

FOS CAVAOU

With regard to the Fos Cavaou ("FOS") project for the construction of a regasification terminal, the client Société du Terminal Méthanier de Fos Cavaou ("STMFC", now Fosmax LNG) in January 2012 commenced arbitration proceedings before the International Chamber of Commerce in Paris ("Paris ICC") against the contractor STS, a French "société en participation" made up of Saipem SA (50%), Tecnimont SpA (49%) and Sofregaz SA (1%). On July 11, 2011, the parties signed a mediation memorandum pursuant to the rules of Conciliation and Arbitration of the Paris ICC. The mediation procedure ended on December 31, 2011 without agreement having been reached, because Fosmax LNG refused to extend the deadline.
The brief filed by Fosmax LNG in support of its request for arbitration included a demand for payment of approximately €264 million for damages allegedly suffered, penalties for delays and costs for the completion of works ("mise en régie"). Of the total sum demanded, approximately €142 million was for loss of profit, an item excluded from the contract except for cases of willful misconduct or gross negligence. STS filed its defence brief, including a counterclaim for compensation for damage due to excessive interference by Fosmax LNG in the execution of the works and for the payment of extra work not approved by the client (and reserving the right to quantify the amount as the arbitration proceeds). On October 19, 2012, Fosmax LNG lodged a "Mémoire en demande". Against this, STS lodged its own Statement of Defence on January 28, 2013, in which it filed a counterclaim for €338 million. The final hearing was held on April 1, 2014. On the basis of the award issued by the Arbitration Panel on February 13, 2015, Fosmax LNG paid STS the sum of €84,349,554.92, including interest on April 30, 2015, of which 50% is due to Saipem SA. On June 26, 2015, Fosmax LNG challenged the award before the French Conseil d'Etat, requesting its annulment on the alleged basis that the Arbitration Panel had erroneously applied private law to the matter instead of public law. On November 18, 2015, a hearing was held before the Conseil d'Etat. Subsequently to the submission of the *Rapporteur Public*, the judges concluded the discussion phase. The Rapporteur requested a referral to the *Tribunal des Conflits*. With its judgement of April 11, 2016, the *Tribunal des Conflits* held that the Conseil d'Etat had jurisdiction for deciding on the dispute regarding the appeal to overrule the arbitration award of February 13, 2015. On October 21, 2016, a hearing was held before the Conseil d'Etat and on November 9, the latter issued its own ruling, with which it partially nullified the award of February 13, 2015, for only the mise en régie costs (quantified by Fosmax in €36,359,758), stating that Fosmax should have relinquished such costs back to an arbitration tribunal, unless otherwise agreed by the parties.
Parallel with the aforementioned appeal before the Conseil d'Etat, on August 18, 2015, Fosmax LNG also filed an appeal with the Court of Appeal of Paris to obtain the annulment of the award and/or the declaration of nullity of the relevant exequatur, the enforceability of which had been recognised and of which Fosmax had been notified on July 24, 2015. On February 21, 2017, the

Court of Appeal declared itself incompetent to decide on the annulment of the award and stated that it would postpone the subsequent decision on the alleged nullity of the exequatur. On July 4, 2017, the Court annulled the exequatur issued by the President of the Tribunal de grande instance and sentenced STS to pay the costs (€10,000) of the proceeding in favour of Fosmax.
On June 21, 2017, Fosmax notified Sofregaz, Tecnimont SpA and Saipem SA, of a request for arbitration, requesting that the aforementioned companies (as members of the société en partecipation STS) be jointly and severally condemned to pay the mise en régie costs as quantified above beyond delays and legal fees. On April 13, 2018, Fosmax filed its Mémoire en demande in which it detailed its demands at €35,926,872 in addition to interest for late payments of approximately €4.2 million. STS filed its brief and response on July 13, 2018, with which it has made the counter claim that Fosmax be ordered to pay €2,155,239 in addition to interest for loss of profit and €5,000,000 for non-material damage.
Hearings were held from February 25 to February 27, 2019. The award was communicated to the lawyers of the parties on July 3, 2020. The Arbitration Tribunal fully rejected the counterclaims made by the STS members and sentenced them, jointly and severally, to pay Fosmax: (i) €31,966,704 for "en règie" works made by Fosmax; (ii) default interest on the aforementioned amount at the annual rate EURIBOR 1 month plus two basis points, starting from the 45th day from the issue of the accepted invoices and up to complete payment; (iii) USD 204,400 as a partial refund of the advance paid by Fosmax for the costs of the arbitration procedure; and (iv) €1,343,657 as compensation for legal defence costs. With an addendum to the award, the Arbitral Tribunal provided some clarification on the application of the default interest.
On July 30, 2020, Saipem SA paid Fosmax its share of the principal capital of the award, equal to €16,744,610. In 2021, the appeal process against the award proposed by Tecnimont was concluded with the rejection of the appeal.
By letter dated November 16, 2020, Fosmax's defence jointly notified Tecnimont SpA and Saipem SA to pay the outstanding part of the award within 15 days, quantifying the interest and VAT at €11,374,761. However, there was no consensus on how to calculate interest, and the issue is still under discussion between the parties. Tecnimont paid its capital share and expenses. On December 30, 2021, Saipem paid its VAT share (€3,196,670). Tecnimont and Saipem agreed to pay FOS only the amount of undisputed interests, notifying such decision to FOS through their lawyers. On February 1, 2022, Saipem has therefore made a payment of €3,073,902.
On April 25, 2022, Fosmax notified of a seizure order for four Saipem SA current accounts up to the amount of €5,712,140 plus expenses, for alleged additional interest on arrears over and above the interest already paid. On May 20, 2022, Saipem SA opposed the execution of the seizure. The amount seized is equal to €92,154. Saipem SA, disputing the legitimacy of the action by Fosmax, notified Fosmax that it opposed the execution and requested the annulment of the seizure, deemed illegitimate, and that Fosmax be sentenced to a fine of €3,000 for reckless litigation plus the payment of €20,000 for damages. After the first hearing held on September 14, 2022, the Judge adjourned the case to the hearing of November 23, 2022, for Saipem SA to present its defences. After the subsequent hearing of February 8, 2023 the Judge retained the case for decision. Following the judge's rejection of Saipem's opposition, the latter filed an appeal. The Court of Appeal has set the timetable for the procedure which should end on October 18, 2023 with the final hearing for discussion. The decision is expected to be issued between the end of 2023 and the beginning of 2024.

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

Current legal proceedings. The first proceeding with foreign institutional investors - first instance proceedings: on April 28, 2015, a number of foreign institutional investors initiated legal action against Saipem SpA before the Court of Milan, seeking judgement against the Company for the compensation of alleged loss and damage (quantified in approximately €174 million), in relation to investments in Saipem SpA shares which the claimants alleged that they had made on the secondary market. In particular, the claimants sought judgement against Saipem SpA requiring the latter to pay compensation for alleged loss and damage which purportedly derived from the following: (i) with regard to the main claim, from the communication of information alleged to be "imprecise" over the period from February 13, 2012 to June 14, 2013; or (ii) alternatively, from the allegedly "delayed" notice, only made on January 29, 2013, with the first "profit warning" (the so-called "First Notice") of privileged information which would have been in the Company's possession from July 31, 2012 (or such other date to be established during the proceedings, identified by the claimants, as a further alternative, on October 24, 2012, December 5, 2012, December 19, 2012 or January 14, 2013), together with information which was allegedly "incomplete and imprecise" disclosed to the public over the period from January 30, 2013 to June 14, 2013, the date of the second "profit warning" (the so-called "Second Notice"). Saipem SpA appeared in court, case number R.G. 28789/2015, fully disputing the adverse party's requests, challenging their admissibility and, in any case, their lack of grounds.
As per the order made by the Judge at the hearing of May 31, 2017, the parties proceeded to file the briefs referred to in Article 183, paragraph 6, Civil Procedure Code. With the same order, the Court set a hearing for February 1, 2018 for the possible admission of the evidence.
With the same order of May 31, 2017, the Court ordered the separation of the judgement for five of the parties involved in the proceedings and this separate proceeding – number R.G. 28177/2017 – was discontinued pursuant to Article 181 of the Civil Procedure Code on November 7, 2017.
At the hearing of February 1, 2018, the Judge, by order dated February 2, 2018, postponed the proceeding to the hearing of July 19, 2018. pursuant to Article 187, paragraph 2, Civil Procedure Code. During the hearing, after the parties clarified the conclusions, the judge assigned said parties the deadline for filing the final briefs and the replies.
On October 2, 2018, Saipem SpA filed the final brief and on October 22, 2018 Saipem SpA filed the reply.
On November 9, 2018, the Court filed the first instance ruling No. 11357 rejecting the merit of the request by the parties. The Court has indeed ruled that there is lack of evidence of ownership of Saipem SpA shares by said actors in the period indicated above and has condemned them to pay €100,000 in favour of Saipem SpA, by way of reimbursement of legal expenses.
Appeal proceedings: on December 31, 2018, the institutional investors challenged the aforementioned sentence before the Court of Appeal of Milan, requesting that Saipem SpA be ordered to pay approximately €169 million. The first hearing before the

Court of Appeal of Milan was held on May 22, 2019. The Appeal's Judge adjourned the hearing to July 15, 2020, for the parties to file their final conclusions.
At the hearing of July 15, 2020, the parties clarified their respective conclusions and the Court of Appeal fixed the terms of October 14, 2020 for filing their final conclusions and of November 3, 2020 for filing their replies.
The Court of Appeal, with an order issued on November 16, 2020, requested the remittal by parties of the translation of some documents to be filed at an ad-hoc hearing set for January 20, 2021.
At the hearing on January 20, 2021, the Judge, after verifying the filing of the required documents, set a new hearing for February 10, 2021. At that hearing, the case was held in decision without terms for further conclusive statements. On February 23, 2021, the Judge ordered an integrative evidence phase.
On April 14, 2022, the court technical expert ("CTU") filed his technical report, in which he deemed, favourably to Saipem SpA, that (i) the 2013 forecast data, later reflected in the press release on the profit warning of January 29, 2013, could not be considered known, sufficiently reliable and definitive before the date of the aforementioned press release, and that (ii) Saipem SpA could not notify the market reliably about the revision of the guidance in the press release on the profit warning of June 14, 2013 before the date. The court technical expert ("CTU") did not consider to proceed with the quantification of any (alleged) damage complained of by investors. At the final conclusion hearing of May 4, 2022, the Milan Court of Appeal held the case in decision.
Following the exchange of the closing briefs, respectively filed by the parties on July 4 and 25, 2022, in which counterparties requested the renewal of the court technical expert activity, on September 16, 2022 the Court of Appeal ordered an integration of the court technical expert activity in order to quantify the alleged damages. The relevant court expert activities ended on February 20, 2023, with the filing of the court technical expert report ("CTU") in its final version and on March 6, 2023, at the request of the Court of Appeal, the expert witness filed a clarification. Following the hearings of March 15 and 29, 2023, the case was postponed for clarification of the conclusions to May 3, 2023, and at that time the decision was retained.
The second "27 corporate investors" proceeding - first instance proceedings: with a writ of summons dated December 4, 2017, twenty-seven corporate investors took legal action before the Court of Milan section specialised in the field of corporate law, against Saipem SpA and two former Chief Executive Officers of said company, requesting that they are jointly condemned to pay compensation (with respect to the two former members of the company, limited to their periods of stay in office) for compensation for damages, material and non-material, allegedly suffered due to an alleged manipulation of information released to the market during the period between January 2007 and June 2013.
Saipem SpA liability was calculated pursuant to Article 1218 of the Civil Procedure Code (contractual liability) or pursuant to Article 2043 of Civil Code (non-contractual liability) or pursuant to Article 2049 of the Civil Procedure Code (owner and client liabilities) for the illegal conduct committed by the two former company representatives.
Damages were not initially quantified by the investors, who reserved the right to quantify damages during the trial.
The Company appeared in court to contest the claims in full, pleading inadmissibility and in any case the groundlessness in fact and in law.
On June 5, 2018, the first hearing was held. In this hearing the judge assigned terms for evidence pleadings, reserving judgement until said pleadings could be examined.
The parties proceeded to deposit the pleadings referred to in Article 183, paragraph 6, Civil Procedure Code. In the pleading pursuant to Article 183, paragraph 6, No. 1, Civil Procedure Code, the plaintiffs provided for the quantification of damages allegedly suffered in the amount of approximately €139 million. In its evidence pleading, Saipem SpA and the other defendants remarked, in particular, on the lack of evidence regarding the acquisition of Saipem SpA shares on the secondary markets by the plaintiffs. Therefore, due to this lack of evidence from the plaintiffs, all the defendants asked the Court to set a hearing to clarify the conclusions pursuant to Article 187 of Civil Procedure Code. With the pleading under Article 183, paragraph 6, No. 3, Civil Procedure Code, one of the plaintiffs declared to waive the action pursuant to Article 306, Civil Procedure Code.
On November 9, 2018, the Company filed sentence No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case R.G. No. 28789/2015, as this provision decided the same preliminary issues of merit raised by Saipem SpA and the other defendants in the case under consideration, in particular with reference to the failed proof of purchase of Saipem SpA shares.
On November 9, 2019, Saipem SpA produced in the proceedings the order of the Criminal Court of Milan dated October 17, 2019, with reference to the pending criminal judgment R.G.N.R. 5951/2019, in which the constitution of approximately 700 civil parties was declared inadmissible in that case, with reasons similar to those of judgment No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case R.G. No. 28789/2015.
In a note dated October 23, 2019, the plaintiffs filed an application with the judge to authorise the filing of a pro veritate opinion in relation to Saipem SpA's filing of November 9, 2018.
With note dated October 25, 2019, Saipem SpA has challenged the inadmissibility of the filing of the aforementioned opinion brought by the plaintiffs.
The Court set the hearing for the parties' clarification of their conclusions on November 3, 2020, having deemed it necessary to remit the decision on all questions and exceptions made by the parties to the Court.
The hearing of November 3, 2020, was postponed to February 9, 2021 with the written discussion of the case.
At the hearing on February 9, 2021, the Judge held the case in decision, setting the legal terms for the filing of the final statements and the replies which were respectively filed on April 12 and May 3, 2021.
On November 20, 2021, the Court of Milan ruled in favour of Saipem SpA, rejecting the plaintiffs' claims for approximately €101 million out of €139.6 million.
The investors whose claims were rejected may appeal to the Milan Court of Appeal. In the meantime, the investors have paid Saipem SpA approximately €150,000 in legal fees.
The Court of Milan, with the above ruling and with an order dated November 20, 2021, referred the case to the preliminary investigation for further claims made by the actors for damages amounting to approximately €38 million.

With an order dated March 10, 2022, the Court of Milan – at the request of all the parties in the proceedings – made some changes to the first instance sentence, adding some plaintiffs and funds/assets separated to the group of those whose claims were fully rejected, and adding other plaintiffs and funds/assets to the group of investors for which the prosecution in first instance was ordered.
By virtue of the ruling, corrected by the aforementioned ordinance, the lawsuit is continuing in the first instance for investors who have submitted legal claims for an amount of approximately €38 million.
At the hearing on February 9, 2022, the Court assigned the parties the terms until March 7 and April 7, 2022, for the filing of explanatory notes about the consequences of the criminal sentence of December 21, 2021, issued in the criminal proceedings R.G.N.R. 5951/2019.
At the hearing on May 9, 2022, all the defendants asked primarily to provide the terms in order to rebate to the investor' notes of April 7, 2022 and to illustrate the relevance of the court expert report ("CTU") (issued in the appeal proceedings against the sentence issued in the first instance in the criminal proceedings R.G.N.R. 28789/2015), requesting that the case be held in decision ("trattenuta in decisione"), in the alternative, should the Court still intend to continue with the evidence phase, it could be focused on the results of the aforementioned criminal sentence and the court expert report ("CTU").
Counterparties, on the other hand, asked to proceed with the evidence phase and to evaluate the court expert report ("CTU") and the aforementioned criminal decision – both in their opinion irrelevant – in the context of the expert investigations that will be asked of the CTU.
The Court authorised the production of the expert report ("CTU") (made in the appeal proceedings against the first instance sentence issued in the case R.G. 28789/2015) and set the term until July 29, 2022, for the parties to produce defensive notes, reserving any decision.
By order dated October 4, 2022, communicated on October 6, 2022, reserving any assessment on the relevance of the criminal acquittal decision dated December 21, 2021 issued in the R.G.N.R. 5951/2019 proceedings and the court technical expert report ("CTU") rendered in the R.G. 28789/2015 proceedings, the Court decided to initiate the expert technical activity previously ordered, with a question crystallized in the cross-examination of the parties at the hearing celebrated on December 14, 2022, appointing the same technical expert of the R.G. 28789/2015 proceedings. The appraisal operations are still ongoing.
Appeal proceedings: on January 22, 2022, Saipem SpA appealed the ruling of November 20, 2021, insofar as it remanded the claims of these plaintiffs for investigation. The parties appeared in the proceedings within the terms, also formulating a cross-appeal against the same sentence. The first hearing was set on September 28, 2022. On January 24, 2022, the investors whose claims were rejected, because they had failed to prove they owned Saipem SpA shares in the relevant period, had also appealed the ruling of November 20, 2021.
Saipem SpA appeared in this judgment with a brief filed on May 25, 2022, also containing an incidental appeal. The other defendants appeared by filing a brief with incidental appeal on May 19 and May 20, 2022.
On June 14, 2022, the other investors – for whom the lawsuit is continuing in the first instance – appeared before the court, declaring that they were making an incidental appeal on the incidental appeals proposed by Saipem SpA and the other defendants. The investors filed hearing notes on the same date. At the hearing on June 15, 2022, Saipem SpA's defence objected the inadmissibility, as well as groundlessness, of the appearance brief filed on June 14, 2022, by the investors and the defences formulated in the hearing notes. The June 15, 2022, hearing was postponed to September 28, 2022, in order to unite the pending appeals against the sentence.
In light of the changes made by the correction order ("ordinanza di correzione") of the Court of Milan on March 10, 2022 to the sentence of the court of Milan of November 20, 2021, Saipem SpA, on March 18, 2022, challenged the sentence also in the parts corrected by the correction order, with reference to the plaintiffs and funds initially omitted from the proceeding and subsequently "added" to the group of those for which the continuation of the trial in the first instance was ordered. The other parties appeared in the proceedings with their constitution briefs on July 25, 2022. Three appeals were pending against the same ruling and that all the parties have requested to unite the three appeals. At the hearing for clarification of the conclusions in the three combined proceedings, held on July 5, 2023, the case was retained for decision.
The third proceedings with 27 investors: on December 1, 2022, 27 institutional investors served Saipem SpA and two previous managing directors of the Company with a writ of summons before the Civil Court of Milan – section specialised in business matters – requesting jointly (with respect to the two former company representatives, limited to their respective terms of office) the compensation for pecuniary and non-pecuniary damages allegedly suffered in the period between January 2007 and June 2013.
The liability of Saipem SpA is claimed pursuant to art. 1218, civil code (contractual liability), or pursuant to art. 2043, Civil Code (non-contractual liability), or pursuant to Article 2049, par. c. (liability of owners and clients) for the offenses allegedly committed by the two former company representatives sued, as well as liability for a crime pursuant to Article 185 Italian Criminal Code.
The amount of damage is not quantified by the plaintiffs, who reserved the right to proceed with the related determination during the proceedings.
The first hearing is scheduled on October 17, 2023, with the constitution of the defendants within September 27, 2023.
Saipem SpA will appear before the Court within the terms established by law contesting each charge.
Demands for out-of-court settlement and mediation proceedings: in relation to alleged delays in providing information to the market, Saipem SpA received a number of out-of-court claims and requests for mediation during the period 2015-2022 and in the first months of 2023.
With regard to out-of-court requests, the following were made: (i) in April 2015 by 48 institutional investors on their own behalf and/or on behalf of the funds respectively managed for a total amount of approximately €291.9 million, without specifying the value of the claims of each investor/fund (subsequently, 21 of these institutional investors together with 8 others proposed a request for mediation, for a total amount of approximately €159 million; 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (ii) in September 2015 by 9 institutional investors on their own behalf and/or on behalf of the funds respectively managed, for a total amount of approximately €21.5

million, without specifying the value of the claims of each investor/fund (subsequently 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (iii) during 2015 by two private investors respectively for approximately €37,000 and for approximately €87,500; (iv) during July 2017 by some institutional investors for approximately €30 million; (v) on December 4, 2017 by 141 institutional investors for an unspecified amount (136 of these investors on June 12, 2018 renewed their out-of-court request, again for an unspecified amount); (vi) on April 12, 2018 for approximately €150-200 thousand by a private investor; (vii) on July 3, 2018 by a private investor for approximately €330 thousand; (viii) on October 25, 2018 for approximately €8,800 from a private investor; (ix) on November 2, 2018 for approximately €48,000 from a private investor; (x) on May 22, 2019 for approximately €53,000 from a private investor; (xi) on June 3, 2019 for an unspecified amount from a private investor; (xii) on June 5, 2019 for an unspecified amount from two private investors; (xiii) in February 2020 by a private investor who claims to have suffered damages worth €1,538,580; (xiv) in March 2020 by two private investors who did not indicate the value of their claims; (xv) in April 2020 by two private investors who did not indicate the value of their claims and by a private investor claiming alleged damages of approximately €40,000; (xvi) in May 2020 by a private investor who did not indicate the value of his claim; (xvii) in June 2020 by one private investor who did not indicate the value of its claim for damages; (xviii) in June 2020 by twenty-three private investors who did not indicate the value of their claim for damages; (xix) in July 2020 by eighteen investors claiming damages of approximately €22.4 million; (xx) in July 2020 by thirty-four private investors who did not indicate the value of their claim for damages; (xxi) in August 2020: (a) by four private investors who did not indicate the value of their claim; (b) by three institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €7.5 million; (xxii) in September 2020 by ten private investors who did not indicate the value of their claim; (xxiii) in October 2020 by: (a) twelve private investors who did not indicate the value of their claim, (b) by one private investor claiming to have suffered damages in the amount of €113,810, (c) by six hundred and forty-four associated private investors who did not indicate the value of their claim and (d) by three institutional investors in their own right and/or on behalf of the funds respectively managed for a total amount of €115,000; (xxiv) in November 2020: (a) by eleven private investors who did not indicate the value of their claim, (b) by two institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €166,000; (xxv) in December 2020 by ten private investors who did not indicate the value of their claim and by one private investor who claims to have suffered damages in the amount of €234,724; (xxvi) in January 2021 by four private investors who did not indicate the value of their claim; (xxvii) in March 2021 by three private investors who did not indicate the value of their claim and by five associated private investors who did not indicate the value of their claim; (xxviii) (a) in April 2021 by one private investor who did not indicate the value of his claim; (b) by fourteen institutional investors in their own right and/or on behalf of the funds respectively managed for a total amount of approximately €3 million; (xxix) in May 2021 (a) by two private investors who did not indicate the value of their claim, (b) by one private investor who indicated the value of his claim in a total amount of approximately €100,000 and (c) by a private investor who indicated the value of his claim in a total amount of approximately €84,000; (xxx) in July 2021 by a private investor who indicated the value of his claim in a total amount of approximately €92,000; (xxxi) in December 2021 by two private investors who indicated the value of their claim in a total amount of approximately €143,000; (xxxii) (a) in January 2022 by 161 private investors who indicated the value of their claim in a total amount of approximately €23 million; (xxxiii) in May 2022 by 6 private investors who indicated the value of their claim in a total amount of €3.9 million and by 103 private investors claiming approximately €7.9 million; (xxxiv) in June 2022 by 14 private investors claiming a total of approximately €1.9 million; (xxxv) in July 2022 by two private investors claiming a total of approximately €387,000; (xxxvi) in September 2022 by 7 private claiming approximately €385 million; (xxxvii) in December 2022 by 1 private investors claiming approximately €106 million for a total amount of more than 1,000 claims for a total value of more than €300,000,000. Those applications where mediation has been attempted, but with no positive outcome, involve nine main demands: (a) in April 2015 by 7 institutional investors acting on their own behalf and/or for the funds managed by them, in relation to about €34 million; (b) in September 2015 by 29 institutional investors on their own behalf and/or for the funds managed by them respectively, for a total amount of approximately €159 million (21 of these investors, together with another 27, submitted out-of-court demands in April 2015, complaining that they had suffered loss and damage for a total amount of approximately €291 million without specifying the value of the claims for compensation for each investor/fund); (c) in December 2015 by a private investor in the amount of approximately €200,000; (d) in March 2016 by 10 institutional investors on their own behalf and/or for the funds managed by each respectively, for a total amount of approximately €21.9 million (5 of these investors together with another 4 had presented out-of-court applications in September 2015 complaining they had suffered loss and damage for a total amount of approximately €21.5 million without specifying the value of the compensation sought by each investor/fund. Another 5 of these investors, together with a further 43, had submitted out-of-court applications in April 2015 alleging they had suffered loss and damage for an amount of approximately €159 million without specifying the value of the compensation sought by each investor/fund); (e) from a private investor in April 2017 for approximately €40,000; (f) in 2018-2019 by a private investor for approximately €48,000; (g) in December 2020, a private investor initiated an attempt at mediation aimed at the request of compensation for an undetermined value; (h) in October 2022 by a private investor initiated an attempt at mediation aimed at the request of compensation for an undetermined value; (i) in November 2022 by a private investor initiated an attempt at mediation aimed at the request of compensation for approximately €20,000. Saipem SpA verified the aforementioned requests for out-of-court claims and mediation and found them to be groundless and denying all liability. As of today, the aforementioned requests carried out out-of-court and/or through mediation have not been the subject of legal action, except as specified above in relation to the two lawsuits pending before the Court of Milan and the Court of Appeal of Milan, respectively, another lawsuit, with a claim value of approximately €3 million, in which Saipem SpA had been summoned during 2018 by the defendant in the action and for which (after the claim against Saipem SpA was rejected by the Court of First Instance in the first instance and the Court of Appeal in the second instance, accepting Saipem SpA 's defence, rejected the counterparty's appeal, ordering the latter to pay Saipem SpA the costs of the litigation) is pending before the Supreme Court, another case with a claim value of approximately €40 thousand – which ended with a ruling in favour of Saipem SpA, and another case served on Saipem SpA with a claim value of approximately €200 thousand which also ended in favour of Saipem and another case with a claim value of approximately €20,000

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

In August 2017, CPB notified Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda (together "Saipem Companies" or, for the purpose of this section, "Saipem") of a request for arbitration.
The dispute stemmed from the construction of the jetty of an LNG plant for the Gorgon LNG project in Western Australia. The main contract for engineering and construction of the pier ("Jetty Contract") was signed on November 10, 2009, by CPB, Saipem SA, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Chevron Australia Pty Ltd ("Chevron").
CPB, based on alleged contractual breaches by Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda, had requested that Saipem Companies be ordered to pay approximately AUD 1.39 billion (approximately €900 million). Saipem sustained that the CPB claims were totally unfounded and filed its statement in which it has requested the rejection of all the claims made by CPB and filed a counterclaim for AUD 37,820,023 (approximately €24.5 million), subsequently increased to approximately AUD 50 million (approximately €32.4 million), for payments related to the consortium agreement, extra costs related to non-compliance and delays by CPB in the execution of the works and backcharges. Subsequently, the parties specified their claims. In particular: (i) CPB clarified its demands by making a claim of approximately AUD 1 billion (approximately €649 million) for alleged violations of the consortium agreement between the parties and another alternative claim of approximately AUD 1.46 billion (approximately €948 million) based on the assumption that CPB would not have entered into the Jetty Contract (and would not have suffered the related damages), if Saipem had not violated the consortium contract (No Contract Claim); (ii) Saipem had, at the end, quantified its claims in a total amount of approximately AUD 30 million (approximately €19.4 million). During 2020 and 2021, the first tranches of hearings were held, while the last was held from March 28 to April 1, 2022. *Oral closing submissions* were held from July 5 to July 7, 2022. The partial award was issued on December 29, 2022. The Tribunal condemned: (i) Saipem to pay CPB AUD 10,108,655.97; (ii) and CPB to pay Saipem AUD 450,513.50, €494,301.41, USD 161,656.94 and MYR 491,473.
The award is partial as the apportionment of costs and interests is still pending. On February 3, 2023, the briefs of the parties on the costs were filed (*"Costs Submission"*) and interest and, on February 17, 2023, the replies.
On April 20, 2023, the final award was issued which condemned:
1) CPB to pay to Saipem AUD 34,402,000 in reimbursement of legal costs, AUD 79,477.12 in interest, USD 489,457.50 in reimbursement of costs, as well as USD 28,518.63 and €87,201.95 for other costs;
2) Saipem to pay to CPB the amount of AUD 1,821,878.91 as interest.

Also including the amount recognised to the parties by the partial award, the net amount in favour of Saipem is equal to AUD 23,001,455.74; USD 679,633.07; €581,503.36 and MYR 578,175.97. Saipem has already asked CPB for the immediate payment of these sums (equivalent to approximately €16 million). In the absence of immediate payment, Saipem will start the procedures for the recognition and execution of the award before the Australian courts.

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

On March 18, 2019, the International Chamber of Commerce of Paris, at the request of the National Company for Infrastructure Projects Development Construction and Services KSC (Closed) (formerly Kharafi National KSC, for convenience, hereinafter "Kharafi") notified Saipem of a request for arbitration, in which Kharafi requested that Saipem be ordered to pay sums of at least KWD 38,470,431 (approximately €104,843,488) as extra-costs deriving from alleged breaches of contract, in addition to KWD 8,400,000 (approximately €22,893,337) by way of refund of the amount collected by Saipem in 2016 following the enforcement (illegitimate according to Kharafi) of the bond issued by Kharafi to guarantee project performance.
The dispute pertained to subcontract No. 526786 signed by Saipem and Kharafi on August 27, 2010, relating to the BS171 project (final client KOC) terminated by Saipem on July 30, 2016, for serious breaches and delays by Kharafi in the execution of the works, with consequent enforcement of the aforementioned performance guarantee.
Appearing in court, on May 17, 2019, Saipem filed its response to the request for arbitration, contesting the requests by Kharafi and making a counterclaim, which involved: (i) a payment of KWD 14,964,522 (approximately €40,783,154); and (ii) the recognition of Saipem's enforcement of the performance bond and the consequent rejection of the reimbursement claim for the same amount (KWD 8,400,000) made by Kharafi.
In the Schedule of Loss filed by Kharafi in March 2020, the claim was reduced to KWD 31,824,929 (approximately €86,734,625) in addition to interest and costs and including KWD 8,400,000 (approximately €22,893,337) by way of return of the performance bond. Saipem had filed its Statement of Defence and Counterclaim on 9 April 2020. However, the deadline was postponed due to the COVID-19 emergency. Finally, on September 18, 2020, Saipem filed its defence and counterclaim, contesting the opposing claims and quantified its counterclaim in KWD 23,431,109 (approximately €63,861,514) plus interest and expenses. Kharafi should have filed its reply by December 4, 2020; however, on the same date, Kharafi's lawyers sent a letter to the ICC Arbitral Tribunal in which they informed that, due to economic difficulties, Kharafi would no longer had any legal representation in the BS171 arbitration, would not be able to produce further documentation in the proceeding and would have not been participated in any future arbitration hearings. Despite this, Kharafi invited the Court not to consider its claim as withdrawn or Saipem's claim as admitted, asking a pronunciation on the basis of the deeds and documents filed by both parties. On December 16, 2020, Saipem sent its response to the Court, asking that the Court: (i) reject Kharafi's request to issue a decision on the sole basis of the available documentation; and (ii) reject Kharafi's claims, as Kharafi was no longer able to support such claims in the proceedings. The Arbitral Tribunal gave Kharafi a deadline of January 7, 2021 to respond to Saipem's request, then extended it to January 18, 2021, given Kharafi's inaction. Kharafi, however, did not filed any replies. On February 1, 2021, the Arbitral Tribunal decided to proceed in Kharafi's absentia and to set three hearing days (instead of three weeks in March 2022, as initially foreseen by the arbitration calendar), inviting the parties to provide comments on the decision. Saipem expressed its agreement. Following the filing of technical reports by the parties' experts, Kharafi's claim remained at KWD 34,554,608

(approximately €104,938,937), while Saipem's counterclaim was quantified at KWD 20,604,294 (approximately €62,587,844). Hearings were held from March 14 to 16, 2022. On October 5, 2023 the Tribunal issued its award which is favourable to Saipem. Kharafi has been condemned to pay Saipem the following amounts (net of the claims recognised to Kharafi for the Liquidated Damages already withheld by Saipem equal of KWD 8,400,000 (approximately €22,893,337):

1) KWD 9,738,140.13 (approximately €31,917,162.87);
2) GBP 3,982,286 (approximately €4.532,555.79);
3) USD 492,426 (approximately €500,597.81).

On March 8, 2023, the ICC, in acceptance of Saipem's request presented on December 12, 2022, notified the corrected award (*"Addendum to the Final Award dated 1 March 2023"*) with which the sums subject to sentence against Kharafi were increased as follows:

1) KWD 10,085,073.68 as capital;
2) KWD 1,390,695 as interest.

Together with its external lawyers, Saipem is evaluating enforcement options, including for the Jurassic award, towards Kharafi.

ARBITRATION BETWEEN GALFAR ENGINEERING AND CONTRACTING ("GALFAR") AND SAIPEM SPA ("SAIPEM") (PROJECT DUQM REFINERY, OMAN)

In March 2023, Saipem received notification of a request for arbitration, administered by the International Chamber of Commerce, from the Omani company, Galfar (subcontractor in the Duqm Refinery project, Oman). Galfar requests that Saipem be ordered to pay USD 43,478,843.56 for prolongation costs (extension of time) and variation orders not recognised by Saipem. Galfar also contests the back charges of USD 14,617,966.13 made by Saipem. Saipem filed the response to the arbitration request on May 12, 2023, appointing its arbitrator, contesting Galfar's claims and proposing a counterclaim of approximately USD 20 million consisting of liquidated damages and back charges. At the date of the Report, the arbitration panel had been established.

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

HRH Eze Jacob O Ugwugwueli, Chief Tobin Iregbundah, Chief Robinson Chukwu, Chief Sunday P. Azundah, Elder Clifford Ikpo, Chief Samuel C. Azundah (on its own and on behalf of the Council of Chiefs and people of Isiodu Community in Emohua Local Government Area of Rivers State (together the "Plaintiffs") sued Saipem Contracting Nigeria Ltd ("SCNL"), Shell Petroleum Development Company Nigeria Ltd ("SPCD"), Patyco Global Concept Ltd, the Nigerian Federal Ministry of Environment and the Nigerian Department of Petroleum Resources before the Federal High Court of Port Harcourt (Nigeria) alleging that toxic substances deriving from the realisation of the Southern Swamp Associated Gas Solutions project in Nigeria were illegally spilled into the territory of their community by the Nigerian company Patyco Global Concept Ltd, a subcontractor appointed by SCNL/SPDC to dispose of the waste deriving from the realisation of this project. The Plaintiffs requested that all the defendants be sentenced to pay, jointly and severally, compensation of: (i) USD 60 million (approximately €49.5 million) for the alleged damage to the environment and the health/life of the Plaintiffs; (ii) USD 3 billion (approximately €2.47 billion) for the alleged special damages for all of the related consequences and recovery activities that would allegedly derive from them; (iii) legal fees and interest at 20%. The defendants contest any responsibility vis-à-vis the claims put forth by the Plaintiffs. After several postponements, the first hearing was held on March 30, 2022. At the hearing the judge postponed the proceeding to further dates without entering into the merit of the case. Next hearing scheduled for April 20, 2023, was lastly postponed to September 28, 2023.

CONSOB RESOLUTION OF MARCH 2, 2018

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

regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.
Saipem on April 16, 2018 issued a press release providing a pro forma consolidated income statements and balance sheet as of December 31, 2016 with the only aim to comply with the Resolution.
The TAR of Lazio has rejected the appeal presented by Saipem requesting the annulment of the Resolution.
Saipem reserves its right to appeal the decision of the TAR of Lazio before the Council of State".
On November 6, 2021, Saipem SpA filed its own appeal before the Council of State against decision of the TAR-Lazio.
The proceeding is pending.

CONSOB RESOLUTION OF FEBRUARY 21, 2019

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

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

Tax proceedings

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

Snamprogetti Saudi Arabia Ltd

On October 21, 2020, the Saudi tax authority, following a tax audit on the tax periods from 2015 to 2018, notified Snamprogetti Saudi Arabia Ltd of an assessment of higher taxes on income and omitted withholding taxes for a total amount of €178 million.
The main findings disputed that led to the demand for higher income taxes concern:
- restatement of higher taxable amounts corresponding to the difference between the values of the imported goods resulting from the declarations submitted to the Saudi customs and the value of the goods purchased from foreign suppliers booked in the accounts. The explanation for this difference lies instead in the purely administrative activity of importing project materials carried out, based on precise contractual provisions, by the Saudi subsidiary on behalf of its local clients, actual buyers of those same materials;
- assessment of higher taxable amounts corresponding to 25% of the revenues of a contractual joint venture (therefore an unincorporated entity, that is a temporary association of companies that does not give rise to a new autonomous legal entity separate from the shareholders) constituted by Snamprogetti Saudi Arabia Ltd together with a local partner for the execution of a contract on behalf of Saudi Aramco. The defence of the company is essentially based on the fact that, since the joint

venture is totally transparent, its revenues are periodically attributed, entirely, pro-rata to the two partners, on the basis of the provisions of the collaboration agreement, and are therefore regularly taxed via the partners;

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

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

Petrex SA Colombian subsidiary
On October 7, 2019, the Colombian tax authority, following an audit on the 2014 tax year, notified the local branch of Petrex SA of a notice of assessment which contested, pursuant to a local anti-avoidance rule, the USD 120 million loan agreement signed in that same year with Eni Finance International SA, a financial company of the Eni Group, as a sham operation. In accordance with the above-mentioned rule, the entire amount of the loan was considered taxable income by the tax authority, with a consequent assessment of higher taxes and the imposition of penalties for a total amount equivalent to €80 million. The tax authority claims that the relevant Group company has not provided sufficient evidence to demonstrate the use of the financing to support its economic activities. Moreover, the same notice of assessment does not recognise the interest accrued on the same loan and the losses on foreign exchange arising from the accounting of the financial debt in US dollars as deductible, which leads to higher taxes and penalties for additional €2 million.
On December 3, 2019, the company filed an application for the annulment of the assessment with the Colombian tax authority, supported by accurate and indisputable evidence that demonstrate the pertinence of the loan agreement with respect to its business activity. In summary, the borrowed funds were used to purchase some drilling rigs that were needed to execute commercial contracts signed with local clients. On October 14, 2020, the local tax authority rejected the application.
On February 15, 2021, the company appealed the notice of assessment with the Administrative Court, which is the court of first instance for the tax disputes, where the judgement is still pending.

Saipem SpA - Saipem SA - Snamprogetti Engineering BV - Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda - Saipon Snc
Following a tax audit carried out through questionnaires in 2016, on November 10, 2016, the Nigerian tax administration ("FIRS") notified Saipem SpA, Saipem SA, Snamprogetti Engineering BV, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Saipon Snc with a notice of assessment in which the local administration claims the existence of their permanent establishments in Nigeria during the period 2009-2013 in relation to the carrying out of engineering and procurement activities for the execution of turnkey contracts for various Nigerian clients and consequently assesses the failure to pay income tax. In the notices, the tax authority, in fact, ascribes to the alleged permanent establishments all the income obtained from the performance of the aforementioned activities, non-recognising that, as regards the taxability of the income, the same activities were exclusively carried out by the overseas head offices of the recipient companies of the assessment. The tax claim, including the imposed fines, amounts to approximately €240 million.
The companies involved challenged the notices of assessment before the Federal High Court on April 11, 2017, requesting to combine all the cases into one procedure, which was granted by the Court. On July 17, 2020, the Court decided in favour of the applicant companies and accepted all the reasons for the grievances. The Nigerian administration lodged an appeal at the Court of Appeal on October 15, 2020. The first hearing has not yet been scheduled by the Court.

32 Revenue

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

Core business revenue

Core business revenue was as follows:

(€ million)	First half 2022	2023
Asset Based Services - Revenue from sales and services	2,024	2,622
Energy Carriers - Revenue from sales and services	1,874	2,366
Offshore Drilling - Revenue from sales and services	289	359
Total	**4,187**	**5,347**

Net sales by geographical segment were as follows:

(€ million)	First half 2022	2023
Italy	163	307
Rest of Europe	365	488
CIS	207	160
Middle East	1,557	1,834
Far East	386	297
North Africa	86	72
Sub-Saharan Africa	898	1,376
Americas	525	813
Total	**4,187**	**5,347**

As described in the paragraph "Contract assets and contract liabilities", to which we refer, in consideration of the nature of the contracts and the type of works performed by Saipem, the individual obligations contractually identified are mainly satisfied over time. The revenue that measures the progress of the work is determined, in line with the provisions of IFRS 15, by using an input method based on the percentage of costs incurred with respect to the total contractually estimated costs ("cost-to-cost" method).
Contract revenue includes the amount agreed in the initial contract, plus revenue from change orders and claims.
The change orders consist of additional fees deriving from changes to the contractually agreed works requested by the customer; price revisions (claims) consist of requests for additional fees deriving from higher charges incurred for reasons attributable to the customer. Change orders and claims are included in the amount of revenue when the changes to the agreed works and/or price have been approved, even if their definition has not yet been agreed on and in any case for a total amount not exceeding €30 million. Any pending revenue reported for a period longer than one year, with no changes in the negotiations with the customer, is impaired, despite the confidence in recovery of the business. Amounts higher than €30 million are reported only if supported by outside technical-legal expert opinions.
The cumulative amount – related to the progress of projects also in previous years – of the additional fees (change order and pending revenues claim), of the Engineering & Construction segment as of June 30, 2023, was €327 million (€236 million as of December 31, 2022, and €265 million as of June 30, 2022). There are no additional amounts relating to ongoing legal proceedings.
The contractual obligations to be fulfilled by the Saipem Group (backlog), which as of June 30, 2023 amounted to €25,360 million, are expected to generate revenue of €5,297 million in the second half of 2023 while the remainder will be generated in subsequent years.
The share of revenue for leasing included in the item "Core business revenue" does not have a significant impact on the overall amount of core business revenue, as it amounts to less than 2% of the total and it refers to the Offshore Drilling and Leased FPSO sectors.
The revenue exposure to the top five customers represents around 60% of total revenue.
Revenue from related parties is shown in Note 41 "Related party transactions".

Other revenue and income

Other revenue and income were as follows:

(€ million)	First half 2022	2023
Gains on disposal of assets	-	1
Indemnities	-	-
Other income	5	1
Total	**5**	**2**

33 Operating expenses

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

Purchases, services and other costs

Purchases, services and other costs included the following:

(€ million)	First half 2022	2023
Raw, ancillary and consumable materials and goods	1,082	1,470
Services	2,003	2,435
Use of third-party assets	306	423
Net accruals to (utilisation of) the provisions for risks and charges	(264)	(214)
Other expenses	17	14
less:		
- internal work capitalised	(6)	(7)
- changes in inventories of raw, ancillary and consumable materials and goods	(24)	(24)
Total	**3,114**	**4,097**

During the first half of 2023 no brokerage fees were incurred.
Research and development costs that do not meet the requirements for capitalisation amounted to €14 million (€12 million in the first half of 2022).
"Use of third-party assets" equal to €423 million, refer to €422 million for lease contracts, of which €279 million relate mainly to "Short-term Leases" with a term of less than or equal to 12 months, €142 million relate to "Variable payments" and €1 million relate to "Low Value".
Net accruals to/utilisations of the provisions for risks and charges for a total of €214 million refer to the provisions for risks related to disputes, provisions for contractual expenses and losses on long-term contracts and other provisions included in Note 24 "Provisions for risks and charges".
Purchases, services and other costs to related parties are shown in Note 41 "Related party transactions".

Net reversals of impairment losses (impairment losses) on trade receivables and other assets

Net reversals of impairment losses (impairment losses) on trade receivables and other assets include the effects relative to IFRS 9 applied to contract assets and are broken down as follows:

(€ million)	First half 2022	2023
Trade receivables	(50)	(13)
Other receivables	-	-
Contract assets	(2)	(1)
Total	**(52)**	**(14)**

Personnel expenses

Personnel expenses were as follows:

(€ million)	First half 2022	2023
Labour cost	787	830
less:		
- internal work capitalised	(2)	(4)
Total	**785**	**826**

Labour costs include net balance between accruals and utilisations of the provision for redundancy incentives of €3 million commented in Note 24 "Provisions for risks and charges".

Incentive plans

In order to create a system of incentives and loyalty among Group's Senior Managers, Saipem SpA, defined, among other things, variable incentive plans starting from 2016, through the free assignment of Saipem SpA ordinary shares to be allocated in three-year cycles (vesting period).
As of June 30, 2023, the existing share-based plans included: (i) long-term variable incentive plans 2016-2018 (2018 attribution with reference to the co-investment scheme) and 2019-2021 (2020 and 2021 attributions); and (ii) short-term variable incentive plan 2021-2023 (2021 attribution), respectively approved by the Annual General Shareholders' Meetings of April 29, 2016, April 30, 2019 and April 29, 2020.

All plans provide for the free allocation of Saipem ordinary shares to the executives of Saipem SpA and its subsidiaries, holders of organisational positions with significant impact on the achievement of business results, also in relation to performance expressed and professional skills. For additional information about the characteristics of the plans, please see the disclosure made available to the public on the Company's website (www.saipem.com), under the current law (Article 114-*bis* of Legislative Decree No. 58/1998 and Consob implementing regulations).
The cost is determined with reference to the fair value of the option assigned to the senior manager, while the portion for the year is determined pro-rata temporis throughout the period to which the incentive refers (so-called vesting period and co-investment period/retention premium).
The fair value for the year, relative to all the current allocations, is €1 million.
The breakdown of fair value as of June 30, 2023, is as follows:

(€ thousand)	Fair value of personnel expenses
2016-2018 LTI Plan: 2018 Attribution	227
2019-2021 LTI Plan: 2020 Attribution [a]	(724)
2019-2021 LTI Plan: 2021 Attribution	1,128
2020-2022 STI Plan: 2021 Attribution	182
	813

(a) The fair value for the 2020 attribution is positive because it reflects the fact that it was not activated, due to the failure to reach the minimum performance threshold for the indicators established.

On the attribution date, the classification and number of beneficiaries, the respective number of shares attributed and the subsequent fair value calculation, are as follows.

LTI Attribution for 2018

	No. of managers	No. of shares [1]	Share portion (%)	Unit fair value TSR (weight 50%)	Unit fair value PFN (weight 50%)	Total fair value	Fair value June 30, 2022 [2]	Fair value June 30, 2023
Strategic senior managers (vesting period)	98	74,757	75	130	196	8,210,400	261,098	229,551
Strategic senior managers (co-investment period)			25	259	391			
Non-strategic senior managers	263	49,577	100	130	196	4,479,459		-
Chief Executive Officer (March 2018)	1	4,322	100	98	156	324,448		-
Chief Executive Officer (July 2018)	1	8,686	100	130	196	847,078		-
Total	**363**	**137,342**				**13,861,385**	**261,098**	**229,551**

(1) The number of shares shown in the table corresponds to the number attributed at the right attribution date, appropriately restated on the basis of the reverse stock splits of May 23 and June 13, 2022. The number of shares used for total fair value and fair value calculation as of June 30, 2023, on the other hand, corresponds to 126,416 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship terminations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

LTI Attribution for 2020

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value E&C TSR (weight 35%)	Unit fair value Drilling TSR (weight 15%)	Unit fair value PFN (weight 25%)	Unit fair value ROAIC (weight 25%)	Total fair value	Fair value June 30, 2022 (2)	Fair value June 30, 2023
Strategic senior managers (vesting period)	88	92,535	75	43	73	65	65	2,425,087	595,330	(320,773)
Strategic senior managers (Retention Premium period)			25	85	145	64	64			
Non-strategic senior managers	293	79,104	100	43	73	65	65	2,265,607	623,738	(352,011)
Chief Executive Officer (vesting period)	1	10,620	75	43	73	65	65	428,011	88,701	(51,374)
Chief Executive Officer (co-investment period)			25	85	145	64	64			
Total	**382**	**182,259**						**5,118,705**	**1,307,769**	**(724,158)**

(1) The number of shares shown in the table corresponds to the number attributed at the right attribution date. The number of shares used for total fair value and fair value calculation as of June 30, 2023, on the other hand, corresponds to 74,520 shares, and reflects the forfeited rights due to unilateral/consensual employment relationship terminations, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

LTI Attribution for 2021

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value E&C TSR (weight 35%)	Unit fair value Drilling TSR (weight 15%)	Unit fair value PFN (weight 15%)	Unit fair value ROAIC (weight 15%)	Unit fair value EBITDA (weight 20%)	Total fair value	Fair value June 30, 2022 (2)	Fair value June 30, 2023
Strategic senior managers (vesting period)	80	80,552	75	88	89	104	104	104	3,677,054	666,185	450,574
Strategic senior managers (Retention Premium period)			25	175	175	104	104	104			
Non-strategic senior managers	304	81,205	100	88	89	104	104	104	3,467,787	639,676	591,956
Chief Executive Officer (vesting period)	1	10,326	75	88	89	104	104	104	598,891	85,389	85,947
Chief Executive Officer (co-investment period)			25	175	175	104	104	104			
Total	**385**	**172,083**							**7,743,732**	**1,391,250**	**1,128,477**

(1) The number of shares shown in the table corresponds to the number attributed at the right attribution date. The number of shares used for total fair value and fair value calculation as of June 30, 2023, on the other hand, corresponds to 78,218 shares, and reflects the forfeited rights due to unilateral/consensual termination of the employment relationship, as well as the percentage of achievement of the non-market conditions at the end of the vesting period.
(2) The fair value for the period is measured as of the observation date.

STI Attribution for 2021

	No. of managers	No. of shares (1)	Share portion (%)	Unit fair value	Total fair value	Fair value June 30, 2022 (2)	Fair value June 30, 2023
Senior Managers	132	19,338	100	102	1,344,877	272,192	181,804
Total	**132**	**19,338**			**1,344,877**	**272,192**	**181,804**

(1) The number of shares shown in the table corresponds to the number attributed at the right attribution date. The number of shares used for the total fair value and fair value calculation as of June 30, 2023, on the other hand, is 13,166 shares, and reflects the forfeited rights due to unilateral/consensual resignations as of the observation date.
(2) The fair value for the period is measured as of the observation date.

The evolution of the share plan is as follows:

	2022			2023		
	No. of shares [a]	Average price financial year [b] (€ thousand)	Market price [c] (€ thousand)	No. of shares [a]	Average price financial year [b] (€ thousand)	Market price [c] (€ thousand)
Options outstanding as of January 1	**455,675**	**-**	**40,034**	**313,362**	**-**	**353**
New options granted	-	-	-	-	-	-
(Options exercised during the period)	(33,334)	-	(924)	(720)	-	(1)
(Options expired during the period) [d]	(108,979)	-	(3,021)	(148,394)	-	(197)
Options outstanding at the end of the year	**313,362**	**-**	**353**	**164,248**	**-**	**209**
Of which:						
- exercisable as of June 30, 2023	-	-	-			
- exercisable at the end of the vesting period	269,517	-	-	139,385	-	-
- exercisable at the end of the co-investment period/Retention Premium	43,845	-	-	24,863	-	-

(a) The number of shares shown in the table includes the reverse stock splits of May 23 and June 13, 2022.
(b) Since these are free shares, the strike price is zero.
(c) The market value of the shares underlying options granted or expired in the period corresponds to the average market value of the shares. The market value of shares underlying options outstanding at the beginning and end of the period is equal to the last available data as of the beginning and end of the period.
(d) The number shown in the table reflects the non-activation of the 2020 allocation, for the 2019-2021 Long-Term Incentive Plan, due to the failure to reach the minimum performance threshold of the indicators established.

The long-term incentive plans for Saipem SpA employees are shown in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity.
The fair value of allocated options for employees of subsidiaries is shown at the date of option grant in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity. In the same year, the corresponding amount is charged to affiliated companies, as a counter-item to the item "Personnel expenses".
In the case of Saipem SpA personnel who provide service to other group companies, the cost is charged pro-rata temporis to the company where the beneficiaries are in service.

Average number of employees

The average number of employees, by category, for all consolidated companies was as follows:

	First half	
(number)	2022	2023
Senior Managers	390	385
Middle Managers	4,542	4,564
White collars	15,507	14,573
Blue collars	10,841	9,694
Seamen	228	237
Total	**31,508**	**29,453**

The average number of employees was calculated as the arithmetic mean of the number of employees at the beginning and end of the period. The average number of senior managers included managers employed and operating in foreign countries whose position was comparable to senior manager status.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are detailed below:

	First half	
(€ million)	2022	2023
Depreciation and amortisation:		
- property, plant and equipment	147	146
- intangible assets	6	5
- Right-of-Use assets	63	56
Total depreciation and amortisation	**216**	**207**
Impairment losses:		
- property, plant and equipment	1	11
- intangible assets	-	-
- Right-of-Use assets	-	-
Total impairment losses	**1**	**11**
Total	**217**	**218**

The impairment of assets amounted to €11 million (€1 million in the first half of 2022).

Other operating income (expense)

In the first half of 2023, there was €2 million in operating expenses (€3 million in operating income in the first half of 2022).

34 Financial income (expense)

Financial income (expense) consisted of the following:

(€ million)	First half 2022	2023
Financial income (expense)		
Financial income	424	73
Financial expense	(411)	(114)
Total	**13**	**(41)**
Derivative financial instruments	(72)	(46)
Total	**(59)**	**(87)**

Net financial income (expense) was as follows:

(€ million)	First half 2022	2023
Net exchange gains (losses)	**109**	**10**
Exchange gains	419	48
Exchange losses	(310)	(38)
Financial income (expense) related to net financial debt	**(76)**	**(54)**
Interest income from banks and other financial institutions	2	10
Interest income on leases	1	4
Interest and other expense due to banks and other financial institutions	(72)	(51)
Interest expense on leases	(7)	(17)
Other financial income (expense)	**(20)**	**3**
Other financial income from third parties	2	11
Other financial expense to third parties	(21)	(5)
Financial income (expense) on defined benefit plans	(1)	(3)
Net financial income (expense)	**13**	**(41)**

Net income (expense) on derivatives consisted of the following:

(€ million)	First half 2022	2023
Exchange rate derivatives	(71)	(46)
Interest rate derivatives	(1)	-
Total	**(72)**	**(46)**

The net balance of income (expense) on derivative contracts is negative for €46 million (€72 million of expense in the first half of 2022) and includes the recognition in the income statement of the effects related to the fair value measurement of derivative contracts that do not qualify for hedge accounting under IFRS and the measurement of the forward component of derivative contracts qualifying for hedge accounting.
Financial income (expense) with related parties is shown in Note 41 “Related party transactions”.

35 Gains (losses) on equity investments

Effect of accounting using the equity method

The share of profit (loss) of equity-accounted investees consisted of the following:

(€ million)	First half 2022	2023
Share of profit of equity-accounted investees	79	26
Share of loss of equity-accounted investees	(13)	(11)
Net utilisations of (accruals to) the provisions for losses related to equity-accounted investees	(90)	5
Total	**(24)**	**20**

The share of profits (losses) of equity-accounted investees is commented in Note 16 “Equity investments”.

Other gains (losses) from equity investments

Net losses for €7 million were recorded in the first half of 2023 (no gains (losses) on equity investments in the first half of 2022).

36 Income taxes

Income taxes consisted of the following:

(€ million)	First half 2022	2023
Current taxes:		
- Italian subsidiaries	27	-
- foreign subsidiaries	63	68
Net deferred taxes:		
- Italian subsidiaries	(38)	(16)
- foreign subsidiaries	15	26
Total	**67**	**78**

(€ million)	First half 2022	2023
Income taxes recognised in the income statement	67	78
Income tax related to items of other comprehensive income that will be reclassified to profit or loss	42	(14)
Of which:		
- tax effect due to the change in the fair value of cash flow hedges	42	(14)
- tax effect due to the change in the fair value of financial assets, other than equity investments, measured at fair value through OCI		
Income tax related to items of other comprehensive income that will not be reclassified to profit or loss	(7)	1
Of which:		
- tax effect due to the remeasurement of defined benefit plans for employees	(7)	1
Tax on comprehensive income (loss)	**102**	**65**

37 Non-controlling interests

There was no income attributable to non-controlling interests in the first half of 2023, as for 2022.

38 Profit (loss) per share

Basic profit (loss) per ordinary share is calculated by dividing profit or loss for the period attributable to the Group’s shareholders by the weighted average of Saipem SpA ordinary shares outstanding during the period, excluding treasury shares.

Reconciliation of the weighted average number of outstanding shares used for the calculation of basic and diluted profit per share is as follows:

		June 30, 2022	June 30, 2023
Weighted average number of outstanding shares used for the calculation of the basic profit (loss) per share		**1,974,220,080**	**1,995,142,205**
Number of potential shares following long-term incentive plans		368,887	164,248
Number of savings shares convertible into ordinary shares		1,059	1,059
Weighted average number of outstanding shares used for the calculation of the diluted profit (loss) per share [(a)]		**1,974,221,139**	**1,995,143,264**
Profit (loss) attributable to the owners of the parent - Continuing operations	(€ million)	**(123)**	**40**
Basic profit (loss) per share	(€ per share)	(0.062)	0.020
Diluted profit (loss) per share	(€ per share)	(0.062)	0.020
Profit (loss) attributable to Saipem - Discontinued operations	(€ million)	**(7)**	**-**
Basic profit (loss) per share	(€ per share)	(0.004)	-
Diluted profit (loss) per share	(€ per share)	(0.004)	-
Profit (loss) attributable to Saipem	(€ million)	**(130)**	**40**
Basic profit (loss) per share	(€ per share)	(0.066)	0.020
Diluted profit (loss) per share	(€ per share)	(0.066)	0.020

(a) With reference to the first half of 2022 and 2023, it should be noted that the number of potential shares following long-term incentive plans was not considered when computing the weighted average number of outstanding shares used for the calculation of the diluted profit (loss) per share.

39 Reporting by business segment

Following the new organisation, the information to the market, starting from the first quarter of 2023, in accordance with the provisions of IFRS 8 is prepared following the reporting segments below:

- Asset Based Services, which includes the Offshore Engineering & Construction and Offshore Wind activities;
- Offshore Drilling; and
- Energy Carriers, which includes the Onshore Engineering & Construction, Sustainable Infrastructures, and Robotics & Industrialized Solutions.

The sectors clustered in the reporting segments above have similar economic characteristics; moreover, the new Offshore Wind, Sustainable Infrastructures, and Robotics & Industrialized Solutions sectors are not, at present, so significant that they deserve separate reporting, in accordance with IFRS 8. Given its relevance and economic characteristics, the Offshore Drilling sector will be reported separately, as usual.

The results restated based on the new reporting are broadly in line with the data released to the market in 2022; in any case, for the purpose of a more complete understanding of the effects of the re-aggregation, the data on revenues, EBITDA and adjusted EBIT for both the year and the first half of 2022, relating to the two sectors subject to re-aggregation, are reported at the end of this section.

Reporting by business segment*

(€ million)	Asset Based Services	Energy Carriers	Offshore Drilling	Unallocated	Total
First half 2022					
Core business revenues	2,744	2,057	430	-	5,231
less: intra-group revenue	720	183	141	-	1,044
Net revenues	**2,024**	**1,874**	**289**	**-**	**4,187**
Operating result	4	(25)	48	-	27
Depreciation, amortisation, and impairment loss	148	31	38	-	217
Gains (losses) on equity investments	3	(27)	-	-	(24)
Capital expenditure in property, plant and equipment and intangible assets	62	12	12	-	86
Property, plant and equipment and intangible assets	2,320	448	538	-	3,306
Right-of-Use of leased assets	171	64	14	-	249
Equity investments [(a)]	105	(16)	-	-	89
Current assets	1,690	2,707	324	2,754	7,475
Current liabilities	2,186	3,728	236	1,570	7,720
Net assets held for sale	-	63	490	-	553
Provisions for risks and charges [(a)]	631	400	17	17	1,065
First half 2023					
Core business revenues	4,124	2,717	546	-	7,387
less: intra-group revenue	1,502	351	187	-	2,040
Net revenues	**2,622**	**2,366**	**359**	**-**	**5,347**
Operating result	125	(18)	85	-	192
Depreciation, amortisation, and impairment loss	135	27	56	-	218
Gains (losses) on equity investments	(5)	33	(15)	-	13
Capital expenditure in property, plant and equipment and intangible assets	118	5	16	-	139
Property, plant and equipment and intangible assets	2,309	418	792	-	3,519
Right-of-Use of leased assets	150	100	14	-	264
Equity investments [(a)]	89	(62)	86	-	113
Current assets	2,149	2,378	414	3,359	8,300
Current liabilities	2,658	3,228	278	1,035	7,199
Net assets held for sale	2	68	2	-	72
Provisions for risks and charges [(a)]	432	349	28	17	826

(*) The results of the Onshore Drilling segment being divested, have been recognized as Discontinued operations in accordance with the criteria set out in IFRS 5. The comparison periods have been restated for comparative purposes.
(a) See the section "Reconciliation of reclassified statement of financial position with the mandatory templates" on page 84.

Impact of ri-aggregation - 2022 data reported

Year 2022	(€ million)	First half 2022
	Offshore E&C	
5,127	Core business revenue	2,072
420	Adjusted gross operating margin (EBITDA)	166
105	Adjusted operating result (EBIT)	16
	Onshore E&C	
4,288	Core business revenue	863
1	Adjusted gross operating margin (EBITDA)	10
(57)	Adjusted operating result (EBIT)	(5)

Impact of ri-aggregation - 2022 data restated

Year 2022	(€ million)	First half 2022
	Asset Based Services	
5,026	Core business revenue	2,024
414	Adjusted gross operating margin (EBITDA)	164
100	Adjusted operating result (EBIT)	16
	Energy Carriers	
4,389	Core business revenue	1,874
7	Adjusted gross operating margin (EBITDA)	13
(52)	Adjusted operating result (EBIT)	(18)

For more details on the information by sectors please see the specific sections of the “Interim Directors’ Report”.

40 Reporting by geographical segment

Since Saipem’s business involves the deployment of a fleet on a number of different projects over a single year, it is difficult to allocate assets to a specific geographic segment and some activities are deemed not to be directly allocable.
The unallocated part of property, plant and equipment and intangible assets and capital expenditure relates to vessels and their related equipment and goodwill.
The unallocated part of current assets pertained to inventories related to vessels.
A breakdown of revenue by geographical segment is provided in Note 32 “Revenue”.

(€ million)	Italy	Rest of Europe	CIS	Rest of Asia	North Africa	Sub-Saharan Africa	Americas	Unallocated	Total
December 31, 2022									
Capital expenditure in property, plant and equipment and intangible assets	22	27	-	5	-	11	3	455	523
Property, plant and equipment and intangible assets	64	33	21	69	-	42	70	3,271	3,570
Right-of-Use of leased assets	98	60	-	60	4	10	12	14	258
Identifiable assets (current)	1,629	729	103	2,632	55	947	870	662	7,627
Assets held for sale	-	-	-	38	-	4	168	1	211
First half 2023									
Capital expenditure in property, plant and equipment and intangible assets	3	33	-	1	-	2	1	99	139
Property, plant and equipment and intangible assets	67	26	-	49	-	42	77	3,258	3,519
Right-of-Use of leased assets	118	59	-	59	2	6	10	10	264
Identifiable assets (current)	2,228	733	47	2,431	51	954	1,172	684	8,300
Assets held for sale	-	-	4	-	-	-	94	-	98

Current assets were allocated by geographical segment using the following criteria: (i) cash and cash equivalents and loan assets were allocated on the basis of the country in which individual company bank accounts were held; (ii) inventories were allocated on the basis of the country in which onshore storage facilities were situated (i.e. excluding inventories in storage facilities situated on vessels); (iii) trade receivables and other assets were allocated to the geographical segment to which the related project belonged.
Non-current assets were allocated on the basis of the country in which the asset operates, except for offshore drilling and construction vessels, which were included under “Unallocated”.

41 Related party transactions

From January 22, 2016, following the entry into force of the transfer of 12.5% of Saipem SpA’s share capital from Eni SpA to CDP Equity SpA (formerly Fondo Strategico Italiano SpA), Eni SpA no longer has sole control over Saipem SpA, which has been replaced by the joint control exercised by Eni SpA and CDP Equity SpA (taken over on December 13, 2019 by CDP Industria SpA), on the basis of the shareholders’ agreement, with a resulting variation in the scope of related parties.
As of December 31, 2022, the merger became effective through the absorption of CDP Industria SpA into CDP Equity SpA ("CDP Equity"), both of which are wholly and directly owned subsidiaries of Cassa Depositi e Prestiti SpA ("CDP"). Therefore, also effective as of December 31 2022, CDP Equity took over the Agreement in lieu of CDP Industria SpA and all the rights and obligations previously held by the latter under the Agreement by signing a letter of assumption.
Eni SpA and CDP Industria SpA do not exercise sole control over Saipem pursuant to Article 93 of TUF.

Eni SpA is subject to the de facto control of the Ministry of Economy and Finance ("MEF"), on account of the participation held by the latter both directly and through CDP. CDP Equity SpA is a fully-owned subsidiary of CDP SpA, whose majority shareholder is the MEF.
Transactions carried out by Saipem SpA and the companies included in the scope of consolidation with related parties mainly consist of the supply of services and the exchange of goods with joint ventures, associates and subsidiaries that are not fully consolidated, with subsidiaries, joint ventures and associates of Eni SpA and CDP SpA, with companies controlled by the Ministry of Economy and Finance (MEF); these transactions form part of ordinary operations and are settled at market conditions, i.e., at the conditions that would have applied between two non-related parties. All transactions were carried out in the interest of Saipem SpA companies.
In addition, relations with members of the Board of Directors, Statutory Auditors, key management personnel, their close family members and the entities controlled, even jointly, by them, of Saipem, Eni SpA, CDP SpA and CDP Equity SpA were represented.
Directors, statutory auditors, general managers, and key management personnel must declare, every 6 months, any transactions they enter into with Saipem SpA or its subsidiaries, directly or through a third party. Directors, Statutory Auditors and Managers with strategic responsibilities release every six months and/or in the event of a change, a statement in which each potential interest is represented in relation to the parent and the Group and in any case report to the Chief Executive Officer (or the Chairman where the Chief Executive Officer is involved), who informs the other directors and the Board of Statutory Auditors of the individual transactions that the parent intends to perform, in which they have direct interests.
Saipem SpA is not under the management or coordination of any other company. Saipem SpA manages and coordinates its subsidiaries pursuant to Article 2497 of the Italian Civil Code.
Within the framework of related party transactions and pursuant to disclosure requirements of Consob Regulation No. 17221 of March 12, 2010, during first half of 2023 the following transactions were carried out and communicated to Consob, which exceeded the relevance threshold in compliance with the aforementioned Regulation in the Saipem SpA, Management System Guideline "Transactions with Related Parties and Parties of Interest" (the "Procedure") for transactions of greater importance, published on Saipem's website in section "Governance", for greater importance transactions.

CDP and SACE - Revolving Credit Facility and SACE Facility

On February 10, 2023, a loan transaction was entered into consisting of the following:
(i) a revolving credit facility in favour of Saipem and its subsidiary Saipem Finance International BV ("SAFI") in the amount of around €470 million (the "new RCF"), and with a term of three years, granted by a pool of lending banks including CDP SpA; and
(ii) a senior unsecured term loan, with a maturity of five years and a grace period of two years, in favour of Saipem for an amount of around €390 million granted by a pool of lending banks (the "SACE Facility"), backed by a guarantee provided by SACE SpA ("SACE") in accordance with Decree-Law No. 50/2022 covering 70% of the loan amount (together the "Loans" or the "Transaction").
In view of the fact that: (i) Saipem controls SAFI; (ii) Saipem is jointly controlled by Eni SpA and CDP Equity SpA; (iii) CDP Equity SpA is controlled by CDP SpA; (iv) CDP SpA and Eni SpA are in turn controlled by the MEF; (v) SACE is in turn controlled by the MEF, the signing of the Loan Agreements qualifies as a Related Party transaction, as it is being carried out between companies subject to common control, including joint control, with Saipem (section 2 of the Procedure).
The signing of the Loan Agreements – although it qualifies as a "greater importance" transaction, since it exceeds the applicable significance index – is classed as an ordinary transaction carried out at equivalent market or standard conditions, and is, therefore exempt from the procedural and reporting obligations established for greater importance transactions in the Regulation and the Procedure (section 9) in light of the following:
- this Transaction forms part of the ordinary operating activities of Saipem and its subsidiary SAFI for the purpose of entering into loan facilities necessary to support ordinary operating activities and to ensure an adequate financial structure and level of liquidity for the Group;
- the Loans have been entered into under standard terms and conditions in line with CDP's and SACE's ordinary operations, as well as national and international practice;
- the financial conditions envisaged in the Loans are applied uniformly to all the lending institutions and are aligned with the conditions applied in the related markets with non-related counterparties for transactions with similar characteristics;
- the financial terms and conditions of the guarantee provided by SACE under the SACE Facility are governed by the General Conditions of the SupportItalia Guarantee published on the SACE website and are not negotiable.

Eni Côte d'Ivoire Ltd - drilling services offshore Ivory Coast

On February 22, 2023, a Contract was signed between Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda (SPCM) and Eni Côte d'Ivoire Ltd, concerning offshore drilling activities off the Ivory Coast using the leased Deep Value Driller. The contract involves the drilling of several offshore wells with an estimated duration of around 985 days plus optional periods.
The contract value amounts to $400,000,000 before lease costs for the Deep Value Driller. If the contractual options are exercised, the respective financial conditions will be agreed with the customer.
In view of the fact that: (i) SPCM is indirectly controlled by Saipem (100%) through its subsidiary Saipem International BV, which is also a wholly owned subsidiary of Saipem (100%); (ii) Saipem is in turn jointly controlled by Eni SpA and CDP Equity SpA; (iii) Eni Côte d'Ivoire Ltd is a subsidiary of Eni SpA, this transaction qualifies as a related party transaction, as it is being carried out with companies subject to common control, including joint control (section 2 of the Procedure).
Although this transaction qualifies as a transaction of "greater importance" as it exceeds the applicable relevance index of the countervalue, it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of greater importance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted by the Company (section 9).

In particular, the transaction is configured as an ordinary transaction and concluded under equivalent market or standard conditions for the reasons below:
- it falls within the scope of ordinary activity of the Saipem Group, in particular of the Asset Based Services Business Line - Offshore Drilling sector (offshore drilling services);
- the financial conditions applied are in line with the market conditions reported by specialised and international third party sources for the industry concerned (offshore drilling rigs) and used by the Asset Based Services Business Line, Offshore Drilling sector;
- the contractual terms agreed for the Contract are in line with those applied to similar contracts entered into with parties not identified as related parties of Saipem.

Eni Angola SpA - EPCI Flowline for AGOGO FF Project

On February 27, 2023, the Engineering, Procurement, Construction and Installation Contract was signed between Saipem SA, Petromar Lda, Saipem Luxembourg SA Angola Branch, on the one hand, and Eni Angola SpA, on the other hand, concerning the procurement, construction and installation (EPCI) of around 12 km of pipelines in Angola. The Contract has a duration of 30 months and a value of $499,000,000, of which $445,000,000 for the lump sum and $54,000,000 for the reimbursable portion.
In view of the fact that: (i) Saipem SA and Saipem Luxembourg SA are controlled (respectively directly and indirectly) by Saipem SpA; (ii) Petromar Lda is a jointly controlled subsidiary of Saipem and third parties; (iii) Saipem SpA is in turn controlled jointly by Eni SpA and CDP Equity SpA; (iv) Eni Angola SpA is a subsidiary of Eni SpA, this transaction qualifies as related party transaction, as it is being carried out between companies under common or joint control (section 2 of the Procedure).
Although this transaction qualifies as a transaction of "greater importance" as it exceeds the applicable relevance index of the countervalue, it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of greater importance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted (section 9).
In particular, the transaction is configured as an ordinary transaction and concluded under equivalent market or standard conditions for the reasons below:
- it falls within the scope of ordinary activity of the Saipem Group and, specifically, Saipem's Subsea, Umbilical, Risers and Flowline (SURF) of the Asset Based Services Business Line (Offshore E&C sector);
- the contractual conditions are based on client's standards in line with contractual standards of international industrial projects;
- the prices for the execution of the activities have been agreed at market financial, technical and contractual conditions, comparable to those applied to similar projects, including unrelated parties.

Rete Ferroviaria Italiana - Passante Ferroviario Alta Velocità Nodo di Firenze

On March 1, 2023, Rete Ferroviaria Italiana ("RFI") notified Consorzio Florentia (49% Saipem) of the effectiveness of the final award for the contract for the "Execution and Completion of the works for the High-Speed Railway Link and the High-Speed Station of the Florence Node" (the "Project"). The Project involves the construction of a new HS/HC railway line of approximately 7 kilometres underground with two parallel tunnels, completed with two terminal sections above ground, to the north between the stations of Firenze Castello and Firenze Rifredi, and to the south near the station of Firenze Campo di Marte. The new HS/HC Firenze Belfiore station will be built along the underground section. The Project will have a duration of 2,291 days (about 76 months) and a value of €1,079 million (Saipem's share is €529 million).
In view of the fact that: (i) the Consorzio Florentia is jointly controlled by Saipem and third parties; (ii) Saipem is in turn jointly controlled by Eni SpA and CDP Equity SpA; (iii) Eni SpA and CDP Equity SpA are controlled by the MEF; (iv) RFI is in turn controlled by the MEF, the transaction qualifies as a related party transaction, as it is being carried out with companies under common control, including joint control (section 2 of the Procedure).
Although this transaction qualifies as a transaction of "greater importance" as it exceeds the applicable relevance index of the countervalue, it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of greater importance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted by the Company (section 9).
In particular, the transaction is configured as an ordinary transaction and concluded under equivalent market or standard conditions for the reasons below:
- it falls within the scope of ordinary activity of the Saipem Group and, specifically, the rail infrastructure work, typical of Saipem's Sustainable Infrastructures business line;
- the financial terms are in line with similar turnkey contracts in the Infrastructure sector, with an average margin in line with other projects of the Sustainable Infrastructures business line that have been implemented or for which bids have been submitted in recent years, including with unrelated parties;
- the financial conditions of the Project are based on RFI's standard conditions and price lists;
- the interest rates applied by the banks for the issuance of guarantees for the Project are in line with those applicable to similar transactions with parties classed as unrelated counterparties.

Eni Congo SA - Scarabeo 5 Engineering, Procurement and Conversion for Congo LNG Project

On March 2, 2023, the "Scarabeo 5 Engineering, Procurement and Conversion for Congo LNG Project" Agreement for Preliminary Activities (the "APA") was signed between Eni Congo SA ("Eni Congo") and Saipem, relating to the execution of engineering services, project management, materials procurement and selection of the yard where the semi-submersible Scarabeo 5 (owned by Saipem) will be sent for conversion and fabrication activities.
The maximum amount of the APA is $55,000,000 (approximately €51,862,329 equivalent). The APA is part of the initiative called "Scarabeo 5 Conversion in a Separation & Boosting Platform", related to the expansion of the production capacity connected to the customer's gas field located in Nené (Congo) and the broader Congo LNG project. The scope of the overall work involves the

conversion of the Scarabeo 5 semi-submersible unit into a platform for the separation and compression of gas from the Nené field to be sent to the FLNG offshore unit, and includes installation and operation & maintenance activities.
The APA is to be considered preparatory to the potential future signing of several contracts for the execution of the entire EPCIC (Engineering, Procurement, Construction, Installation, Commissioning) scope and subsequent operation & maintenance activities.
In view of the fact that: (i) Saipem is jointly controlled by Eni SpA and CDP Equity SpA; (ii) Eni Congo is a subsidiary of Eni SpA, this transaction qualifies as a transaction with related parties, as it is entered into with companies subject to common control, including joint control (section 2 of the Procedure).
Although this transaction qualifies as a transaction of "greater importance" as it exceeds the applicable relevance index of the countervalue, it is an ordinary transaction concluded at market or standard equivalent conditions, and is therefore excluded from the procedural and disclosure requirements provided for transactions of greater importance, which do not fall within the cases of exclusion provided for by the Consob Regulation and the Procedure adopted by the Company (section 9).
In particular, the transaction is configured as an ordinary transaction and concluded under equivalent market or standard conditions for the reasons below:

- it falls within the scope of ordinary activity of the Saipem Group and, specifically, the Onshore Engineering & Construction activities for the Floaters segment of the Energy Carriers business line;
- the margin envisaged for the APA is in line with the market conditions of similar projects entered into with unrelated parties;
- the prices agreed for the execution of the activities covered by the APA comply with the conditions typical of the market sector where they are situated, and in particular: (i) with regard to the remuneration for engineering services, project management, third-party studies, procurement management, inspections and surveys, the rates applied are those stated in previous agreements in place between Saipem and Eni SpA, in accordance with international contract standards for similar projects in the sector; (ii) with regard to the remuneration for the purchase of equipment and materials, a fee of 12% will be paid in addition to the value of the invoices of the suppliers concerned.

SACE SpA - Mandate and indemnity agreement

On April 12, 2023, a mandate and indemnity agreement (the "Agreement") was signed between Saipem SpA ("Saipem") and SACE SpA ("SACE"), related to the partial coverage by SACE of the amount of a Performance Security Guarantee ("PSG") with an overall initial value of $353,125,000 (around €325 million equivalent) issued by HSBC Australia in favour of the customer Perdaman Chemicals and Fertilisers Pty Ltd ("PERDAMAN"). The PSG was issued as security for the obligations under the contract signed between the Unincorporated Joint Venture made up of Saipem Australia Pty Ltd and Clough Projects Australia Pty Ltd, on the one hand, and PERDAMAN, on the other, for the execution of the project "Design, engineering, procurement, and supply of equipment, construction and commissioning of the Burrup Urea Plant" in Australia.
The initial value of Saipem's share of the PSG (50% of the total value), amounting to $176,562,500 (approximately €163 million equivalent), was covered by the issuance of the following counter-guarantees in favour of HSBC Australia:
(i) a counter-guarantee issued by HSBC Continental Europe for an initial amount of $114,781,250 (approximately €106 million equivalent);
(ii) a counter-guarantee issued by Unicredit SpA for an initial amount of $61,781,250 (approximately €56 million equivalent).
The Agreement provided for the coverage by SACE of 50% of the value of Saipem's share (amounting, as indicated above, to $176,562,500) through the issuance of a counter-guarantee in favour of HSBC Continental Europe for an initial value of $88,281,250 (approximately €81.3 million equivalent), to partially cover the counter-guarantee mentioned in point (i).
In view of the fact that: (i) Saipem Australia Pty Ltd is controlled by Saipem; (ii) Saipem is jointly controlled by Eni SpA and CDP Equity SpA;, (iii) CDP Equity SpA is controlled by CDP SpA; (iv) CDP SpA and Eni SpA are in turn controlled by the MEF; (v) and SACE is in turn controlled by the MEF, this transaction qualifies as a related party transaction, as it is being carried out with companies subject to common control, including joint control (section 2 of the Procedure).
The transaction subject to their joint, although qualified as an of "greater importance" as it exceeds the countervalue significance index, is an ordinary transaction which is concluded at equivalent market or standard conditions, for the reasons described below:

- the issuance of a first demand performance bank guarantee is standard practice in connection with the ordinary operating activities of Saipem and its subsidiaries for the performance of engineering services, material supply and construction activities;
- the transaction subject to the Agreement was carried out under standard terms and conditions in line with widely established national and international practice;
- the fee paid by Saipem on the portion counter-guaranteed by SACE is equivalent to the fee charged by HSBC Continental Europe in remuneration of its portion and is in line with the market prices applied to Saipem's credit risk for this type of guarantee;
- the fee agreed with SACE for the issuance of the counter-guarantee in favour of HSBC Continental Europe, as well as the related contractual terms and conditions, are in line with the fees and contractual terms paid by Saipem to unrelated counterparties for transactions with similar characteristics.

Eni SpA - Amendment to offshore drilling contract with the "Santorini" vessel

On April 17, 2023, an amendment to Contract No. 2500039715 (the "Contract") was signed between Saipem and Eni SpA ("Eni"), providing for an extension of offshore drilling activities with the Drillship "Santorini".
The amendment envisages the possibility of using the vessel in specific areas with subsequent contractual commitments, also with other Eni Group companies.
The contract extension has a duration of two years and the contract value is $280 million, plus additional revenue related to investments for improvements of the vessel totalling around $15 million.

Given that Saipem is jointly controlled by Eni and CDP Equity SpA, this Contract qualifies as a related party transaction.
The transaction, even though it qualifies as a transaction of "greater importance" as it exceeds the countervalue significance index, is classed as an ordinary transaction which is carried out at equivalent market or standard conditions, for the reasons described below:
- it falls within the scope of ordinary activity of the Saipem Group, in particular of the Asset Based Services Business Line - Offshore Drilling sector;
- the financial conditions applied are in line with the market conditions reported by specialised and international third party sources for the industry concerned (offshore drilling rigs) and used by the Asset Based Services business line, Offshore Drilling sector;
- the contractual terms agreed for the Contract are in line with those applied to similar contracts entered into with parties identified as parties not related to Saipem.

Eni Côte d'Ivoire Ltd - Agreement for preliminary activities "Baleine Phase 2"

On May 30, 2023, under the "Baleine Phase 2" project, the Amendment 1 to the Agreement for Preliminary Activities ("APA SURF") was signed between Saipem SA and Servizi Energia Italia SpA, on the one hand, and Eni Côte d'Ivoire Ltd, on the other hand, for the execution of Engineering, Procurement, Construction and Installation (EPCI) services for Subsea Umbilicals, Risers & Flowlines (SURF) activities for the connection of the Floating, Production, Storage and Operations (FPSO) to six wells. The total value of the APA SURF is $75 million.
In view of the fact that: (i) Saipem SpA and Servizi Energia Italia SA are fully controlled by Saipem; (ii) Saipem is in turn jointly controlled by Eni and CDP Equity SpA; and (iii) Eni Côte d'Ivoire Ltd is a subsidiary of Eni, this transaction qualifies as a related party transaction, as it is being carried out with companies subject to common control, including joint control (section 2 of the Procedure).
The transaction – even though it qualifies as a transaction of "greater importance" as it exceeds the countervalue significance index – is classed as an ordinary transaction which is carried out at equivalent market or standard conditions, for the reasons described below:
- it falls within the scope of ordinary activity of the Saipem Group and, specifically, of the Asset Based Services Business Line (Offshore E&C sector);
- the contractual terms and conditions applied are in line with those usually applicable to similar international industrial projects, as well as the standard contractual terms and conditions of the Eni Group and, in any event, are in line with those applied to similar contracts entered into with parties identified as non-related parties of the Saipem Group;
- the financial and technical conditions agreed in the APA SURF are in line with comparable market conditions for similar types of projects.

For all the transactions indicated, the documentation justifying the qualification of the transaction as ordinary and concluded at market-equivalent or standard conditions can be found in the documentation held in the records of the related Department/Business Line.

The tables below show the value of transactions of a trade, financial or other nature entered into with related parties. The company analysis is made on the basis of the principle of materiality related to the overall size of the individual relationships; relationships not shown analytically, because they are not material, are indicated according to the following aggregation:
- subsidiaries not consolidated with the full consolidation method;
- joint ventures and associates;
- companies controlled by Eni and CDP Equity SpA;
- Eni and CDP Equity SpA associates and jointly controlled companies;
- State-controlled companies and other related parties.

Trade and other transactions

Trade and other transactions consisted of the following:

(€ million)

	Dec. 31, 2022			First half 2022			
				Costs		Revenues	
Name	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated with the full consolidation method							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated with the full consolidation method	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	2	-	-	-	-	-
CCS JV Scarl [2]	44	405	-	-	57	84	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	131	263	503	-	124	75	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	34	-	-	-	-
Gydan Lng Ltd	1	-	-	-	-	3	-
Gydan Yard Management Services (Shanghai) Co Ltd	-	-	-	-	-	1	-
KCA Deutag International Ltd	6	1	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	5	-	-	2	2	-
Novartic Ltd	-	-	-	-	-	2	-
Petromar Lda	6	1	3	-	(1)	10	-
PSS Netherlands BV	-	3	-	-	-	7	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	13	10	36	-	2	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	37	-
Saren BV	76	1	-	-	-	30	-
SCD JV Scarl [2]	32	161	-	-	81	110	-
TSGI Mühendislik Insaat Ltd Sirketi	2	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**314**	**852**	**576**	**-**	**265**	**361**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenues from limited liability consortium companies refer to the retrocession of fees that these companies' invoice to the client and that based on the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions consisted of the following:

(€ million)

Name	Dec. 31, 2022			First half 2022			
				Costs		Revenues	
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Eni Group							
Azule Energy Angola SpA (previous Eni Angola SpA)	96	1	34	-	5	124	-
Eni Côte d'Ivoire Ltd	77	4	-	-	-	57	-
Eni Kenya BV	-	-	-	-	-	21	-
Eni Mediterranea Idrocaburi SpA	2	-	29	-	-	-	-
Eni México, S. de R.L. de Cv	5	-	-	-	-	24	-
Eni US Operating Co Inc	21	19	-	-	-	45	-
Floaters SpA	-	-	-	-	-	24	-
Petrobel Belayim Petroleum Co	38	17	107	-	-	59	-
Other Eni Group companies (for transactions not exceeding €21 million)	57	22	23	-	2	39	-
Total Eni Group	**296**	**63**	**193**	**-**	**7**	**393**	**-**
CDP Group							
Snam Rete Gas	23	23	1	-	-	11	-
Other CDP Group companies (for transactions not exceeding €21 million)	4	5	5	-	-	4	-
Total CDP Group	**27**	**28**	**6**	**-**	**-**	**15**	**-**
Companies controlled or owned by the State	**33**	**11**	**-**	**-**	**4**	**-**	**-**
Total related party transactions - Continuing operations	**675**	**958**	**775**	**-**	**276**	**769**	**-**
Incidence (%)	**30.93**	**17.36**	**10.57**	**-**	**11.87**	**18.37**	**-**
Overall total - Continuing operations	**2,182**	**5,520**	**7,333**	**1,082**	**2,326**	**4,187**	**5**
Discontinued operations							
Joint ventures and associates							
KCA Deutag International Ltd	-	2	-	-	-	-	-
Total joint ventures and associates	**-**	**2**	**-**	**-**	**-**	**-**	**-**
Eni Group							
Eni Congo SA	4	-	-	-	-	3	-
Total Eni Group	**4**	**-**	**-**	**-**	**-**	**3**	**-**
Total related party transactions - Discontinued operations	**4**	**2**	**-**	**-**	**-**	**3**	**-**
Overall total - Discontinued operations	**54**	**43**	**60**	**91**	**20**	**248**	**-**
Total related party transactions	**679**	**960**	**775**	**-**	**276**	**772**	**-**
Overall total	**2,236**	**5,563**	**7,393**	**1,173**	**2,346**	**4,435**	**5**
Incidence (%)	**30.37**	**17.26**	**10.48**	**-**	**11.76**	**17.41**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.

Trade and other transactions as of June 30, 2023, consisted of the following:

(€ million)

Name	June 30, 2023			First half 2023			
				Costs		Revenues	
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated with the full consolidation method							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated with the full consolidation method	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	1	-	-	-	-	-
CCS JV Scarl [2]	161	529	-	-	47	71	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	92	219	451	-	160	116	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	34	-	-	-	-
Consorzio Florentia	-	1	-	-	1	-	-
Gygaz Snc	2	-	-	-	-	2	-
KCA Deutag International Ltd	14	37	-	-	-	10	-
KWANDA Suporte Logistico Lda	1	6	-	-	1	(6)	-
Petromar Lda	11	2	3	-	(1)	6	-
PSS Netherlands BV	1	7	-	-	-	(3)	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	14	9	27	-	1	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	61	-
Saren BV	49	-	-	-	-	6	-
SCD JV Scarl [2]	38	151	-	-	45	61	-
TSGI Mühendislik Insaat Ltd Sirketi	5	-	-	-	-	2	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**390**	**962**	**515**	**-**	**254**	**326**	**-**
Eni Group							
Azule Energy Angola BV (previous Eni Angola Exploration BV)	18	15	-	-	-	67	-
Azule Energy Angola SpA (previous Eni Angola SpA)	43	1	33	-	(2)	181	-
Doggerbank Offshore Wind Farm	-	1	3	-	-	24	-
Eni SpA [3]	14	1	11	-	1	22	-
Eni Congo SA	16	15	1	-	-	31	-
Eni Côte d'Ivoire Ltd	94	5	-	-	-	564	-
Eni Mediterranea Idrocaburi SpA	10	-	29	-	-	57	-
Eni México, S. de R.L. de Cv	8	1	-	-	-	24	-
Eni US Operating Co Inc	11	6	-	-	-	60	-
Petrobel Belayim Petroleum Co	40	25	62	-	-	73	-
Other Eni Group companies (for transactions not exceeding €21 million)	5	1	11	-	1	5	-
Total Eni Group	**259**	**71**	**150**	**-**	**-**	**1,108**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenues from limited liability consortium companies refer to the retrocession of fees that these companies' invoice to the client and that based on the consortium nature of the investee company are attributed to the consortium partner.
(3) The item "Eni SpA" includes also the transactions with Eni SpA Division Exploration & Production, Eni SpA Division Gas & Power, Eni SpA Division Refining & Marketing.

Trade and other transactions consisted of the following:

(€ million)

Name	June 30, 2023			First half 2023			
				Costs		Revenues	
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
CDP Group							
Snam Rete Gas	17	28	1	-	-	13	-
Trans Adriatic Pipeline AG	-	-	26	-	-	-	-
Other CDP Group companies (for transactions not exceeding €21 million)	4	5	1	-	-	4	-
Total CDP Group	**21**	**33**	**28**	**-**	**-**	**17**	**-**
Companies controlled or owned by the State	**41**	**4**	**-**	**-**	**9**	**-**	**-**
Total related party transactions - Continuing operations	**716**	**1,074**	**693**	**-**	**263**	**1,451**	**-**
Incidence (%)	**32.12**	**18.05**	**9.10**	**-**	**9.16**	**27.14**	**-**
Overall total - Continuing operations	**2,229**	**5,951**	**7,613**	**1,470**	**2,872**	**5,347**	**2**
Discontinued operations							
Joint ventures and associates							
KCA Deutag International Ltd	-	-	-	-	3	1	-
Total joint ventures and associates	**-**	**-**	**-**	**-**	**3**	**1**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**	**3**	**1**	**-**
Overall total - Discontinued operations	**-**	**26**	**51**	**2**	**26**	**56**	**-**
Total related party transactions	**716**	**1,074**	**693**	**-**	**266**	**1,452**	**-**
Overall total	**2,229**	**5,977**	**7,664**	**1,472**	**2,898**	**5,403**	**2**
Incidence (%)	**32.12**	**17.97**	**9.04**	**-**	**9.18**	**26.87**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other costs, as well as net reversals of impairment losses (impairment losses) on trade and other receivables.

The values shown in the table refer to Notes 8 "Trade receivables and other assets", 19 "Trade payables and other liabilities", 20 "Contract liabilities", 31 "Guarantees, commitments and risks", 32 "Revenue (core business revenue and other income)" and 33 "Operating expenses (purchases, services and other costs)".
The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad.
Other transactions consisted of the following:

(€ million)	Dec. 31, 2022 Other assets	Dec. 31, 2022 Other liabilities	June 30, 2023 Other assets	June 30, 2023 Other liabilities
CCS JV Scarl	22	-	22	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	1	-	1	-
Other Eni Group companies (for transactions not exceeding €21 million)	5	-	5	-
Total related party transactions - Continuing operations	**28**	**-**	**28**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**
Overall total - Continuing operations	**302**	**109**	**219**	**96**
Overall total - Discontinued operations	**14**	**-**	**1**	**-**
Incidence - Continuing operations (%)	**9.27**	**-**	**12.79**	**-**

Related party transactions also include funds for employee benefits for €4 million as of June 30, 2023 (€3 million as of December 31, 2022).

Financial transactions

Financial transactions for 2022, excluding net lease liabilities, consisted of the following:

(€ million)

	Dec. 31, 2022			First half 2022		
Name	Financial receivables (1)	Financial liabilities	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	326	-	-	-	1	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	161	-	-	-	-	-
Other Eni Group companies (for transactions not exceeding €21 million)	1	-	-	-	1	-
Total related party transactions	**489**	**1**	**-**	**-**	**2**	**-**

(1) Shown in the statement of financial position under "Other current financial assets".

Financial transactions as of June 30, 2023, excluding net lease liabilities, consisted of the following:

(€ million)

	June 30, 2023			First half 2023		
Name	Financial receivables (1)	Financial liabilities	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	316	-	-	-	3	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	143	-	-	-	2	-
Other Eni Group companies (for transactions not exceeding €21 million)	1	-	-	-	2	-
Total related party transactions	**461**	**1**	**-**	**-**	**7**	**-**

(1) Shown in the statement of financial position under "Other current financial assets".

The incidence of operations or positions with related parties regarding financial transactions is as follows:

	Dec. 31, 2022			June 30, 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Current financial liabilities	159	1	0.63	103	1	0.97
Non-current financial liabilities (including current portion)	2,471	-	-	2,793	-	-
Total	**2,630**	**1**		**2,896**	**1**	

	First half 2022			First half 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Financial income	424	2	0.47	73	7	9.59
Financial expense	(411)	-	-	(114)	-	-
Derivative financial instruments	(72)	-	-	(46)	-	-
Other operating income (expense)	3	-	-	(2)	-	-
Total	**(56)**	**2**		**(89)**	**7**	
Total - Discontinued operations	**(3)**	**-**		**(3)**	**-**	

Financial lease transactions

Financial lease transactions for 2022, consisted of the following:

(€ million)

	Dec. 31, 2022		First half 2022		
Name	Financial receivables	Financial liabilities	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

Financial lease transactions as of June 30, 2023 consisted of the following:

(€ million)

	June 30, 2023		First half 2023		
Name	Financial receivables	Financial liabilities	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

The incidence of operations or positions with related parties regarding financial lease transactions is as follows:

	Dec. 31, 2022			June 30, 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Non-current lease liabilities (including current portion)	403	1	0.25	462	1	0.22
Total - Continuing operations	**403**	**1**		**462**	**1**	
Total - Discontinued operations	**-**	**-**		**-**	**-**	

The main cash flows with related parties were as follows:

(€ million)	June 30, 2022	June 30, 2023
Income and revenues	769	1,451
Costs and other expenses	(276)	(263)
Financial income (expenses) and derivatives	2	7
Change in trade and other receivables/payables	19	75
Net cash flows from operating activities - Continuing operations	**514**	**1,270**
Net cash flows from operating activities - Discontinued operations	**1**	**-**
Change in financial receivables	58	28
Net cash flows from investing activities - Continuing operations	**58**	**28**
Net cash flows from investing activities - Discontinued operations	**-**	**-**
Change in financial liabilities	181	-
Net capital contributions by non-controlling interests	458	-
Net cash flows from financing activities - Continuing operations	**639**	**-**
Net cash flows from financing activities - Discontinued operations	**-**	**-**
Total cash flows with related parties - Continuing operations	**1,211**	**1,298**
Total cash flows with related parties - Discontinued operations	**1**	**-**

The incidence of cash flows with related parties was as follows:

	June 30, 2022			June 30, 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Cash flows from operating activities	(525)	514	n.s.	142	1,270	n.s.
Cash flows from investing activities	(40)	58	n.s.	(30)	28	n.s.
Cash flows from financing activities (*)	110	181	n.s.	208	-	n.s.

(*) Cash flows from financing activities do not include dividends distributed, net repurchases of treasury shares or capital contributions by non-controlling interests and the purchase of additional interests in consolidated subsidiaries.

Information on jointly controlled entities

Jointly controlled companies classified as joint operations do not have a significant value.

42 Significant non-recurring events and operations

In the first half of 2023, there were no significant non-recurring events and operations, as defined in the Consob Communication No. DEM/6064293 of July 28, 2006.

43 Positions or transactions arising from atypical and/or unusual operations

In the first half of 2023, there were no atypical and/or unusual positions or transactions, as defined in the Consob Communication No. DEM/6064293 of July 28, 2006.

44 Events after the reporting period

New contracts

On July 26, 2023, Saipem and Stockholm Exergi, the district of Stockholm's energy company, have signed a Letter of Intent for a large-scale CO_2 capture plant to be installed at Stockholm Exergi's existing bio-cogeneration plant located in the Swedish capital. Saipem's scope of work covers the engineering, procurement and construction activities for the carbon capture unit, the CO_2 storage, as well as the ship loading systems for CO_2 transportation.

INFORMATION REGARDING CENSURE BY CONSOB PURSUANT TO ARTICLE 154-*TER*, SUBSECTION 7, OF LEGISLATIVE DECREE NO. 58/1998 AND THE NOTICE FROM THE CONSOB OFFICES DATED APRIL 6, 2018

On January 30, 2018, Consob, having concluded its inspection commenced on November 7, 2016 (which ended on October 23, 2017) and about which Saipem gave information in the Annual Report 2016, has informed Saipem that it has detected non compliances in "the Annual Report 2016, as well as in the Interim Consolidated Report as of June 30, 2017" with the applicable international accounting standards (IAS 1 "Presentation of Financial Statements"; IAS 34 "Interim Financial Reporting"; IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", par. 5, 41 and 42; IAS 36 "Impairment of Assets", par. 31, 55-57) and, consequently, has informed Saipem about the commencement "of proceedings for the adoption of measures pursuant to Article 154-*ter*, subsection 7, of Legislative Decree No. 58/1998".
With notes of February 13 and 15, 2018, the Company transmitted to Consob its own considerations in relation to the remarks formulated by the offices of Consob, highlighting the reasons for which it does not share such remarks.
On March 2, 2018, the Commission of Consob, partially accepting the remarks of the offices of Consob, informed Saipem of its own Resolution No. 20324 (the "Resolution"), with which it ascertained the "non-compliance of Saipem's Annual Report 2016 with the regulations governing their preparation", without censuring the correctness of the Interim Consolidated Report as of June 30, 2017.
According to the Resolution, the non-compliance of Saipem's Annual Report 2016 with the regulations which govern its preparation, concerns in particular: (i) the incorrect application of the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.
Consob has therefore asked the Company, pursuant to Article 154-*ter*, subsection 7 of Legislative Decree No. 58/1998, to disclose the following elements of information to the markets:
(A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above;
(B) the applicable international accounting standards and the violations encountered in relation thereto;
(C) the illustration, in an appropriate pro forma consolidated income statement and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.

A. Weaknesses and non-compliance identified by Consob regarding the correctness of accounting in the consolidated and statutory financial statements of 2016.
   The weaknesses and non-compliance identified by Consob with regard to the 2016 consolidated and statutory financial statements can be substantially attributed to the following two items:
   (a) non-compliance of the "2016 consolidated and statutory Saipem SpA financial statements with reference to the comparative data for 2015";
   (b) non-compliance of the process of estimation of the discount rate underpinning the 2016 impairment test with IAS 36 which requires that the Company must "apply the appropriate discount rate to [...] future cash-flows".
   With regard to point (a), the contestation concerns the non-compliance of the 2016 consolidated and statutory financial statements with:
   (i) IAS 1, par. 27, according to which "an entity shall prepare its statements, except for cash flow information, using the accrual basis of accounting" and par. 28, according to which "when the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework"; and
   (ii) IAS 8, par. 41, according to which "[...], material errors are sometimes not discovered until a subsequent year, and these prior year errors are corrected in the comparative information presented in the financial statements for that subsequent year" and par. 42 according to which "the entity shall correct the material prior year errors retrospectively in the first financial statements authorised for issue after their discovery by: (a) restating the comparative amounts for the year/years prior to the one in which the error occurred [...]".
   In substance, in Consob's opinion, the circumstances at the basis of some of the impairment losses recognised in the 2016 financial statements already existed, wholly or in part, when preparing 2015 financial statements. Indeed, Consob alleges that the Company approved 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous administrative period, in relation to the following items:
   > "property, plant and equipment";
   > "inventories";
   > "tax assets".
   With regard to point sub (b), Consob alleges that the Company, for the purposes of the impairment test: (i) used a single rate to discount business unit cash flows, characterised by a different risk profile; (ii) did not consider the country risk in relation to some assets operating in specific geographical areas over a long period of time; (iii) did not take into account the changes in the Company risk profile subsequent to the transaction that determined the deconsolidation of Saipem from the Eni Group.

B. The applicable international accounting standards and the violations encountered in relation thereto.
Consob holds that the 2016 consolidated and statutory financial statements of Saipem as of December 31, 2016, were not compliant with the following standards: IAS 1, IAS 8, and IAS 36.
Specifically, Consob has observed that the Company approved the 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous period, in relation to the following items:
> "property, plant and equipment";
> "inventories";
> "tax assets".
With reference to the item "Property, plant and equipment" as of December 31, 2015, Consob alleges the incorrect application of IAS 16 "Property, plant and equipment" and of IAS 36.
Specifically, Consob alleges that some impairment losses carried out by the Company on "property, plant and equipment" in the 2016 consolidated financial statements should have been accounted for, at least in part, in the previous year.
In particular Consob alleges:
(i) the incorrect application of IAS 36 with reference to the impairment test of some assets recognised as "property, plant and equipment" of the Offshore Drilling business unit and with respect to the assets recognised in the Offshore and Onshore Engineering & Construction business units. Consob's remark relates to the manner in which the cash flows expected from the use of these assets were estimated for the purpose of applying the impairment test with regard to the 2015 financial year, and in particular to the incorrect application of IAS 36: (a) paragraph 33, letter a). This states that "in assessing value in use, an entity shall: a) base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight shall be given to external evidence"; (b) paragraph 34 in the sections that requires management to assess the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past cash flow projections and actual cash flows and ensuring that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes; (c) paragraph 35 in the section that mentions the approach to be followed when using cash flow projections over a period longer than five years, stressing that such an approach is allowed "if [the entity] is confident that these projections are reliable and it can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period";
(ii) the incorrect application of IAS 16, paragraphs 51, 56 and 57 with reference to the residual useful life of some assets registered as "property, plant and equipment" of the Onshore Drilling business unit, of the Offshore Engineering & Construction business unit and of the Onshore Engineering & Construction business unit. Consob's remarks concern the circumstances that the review of the estimation of the residual useful life of assets cited (reported in the 2016 financial statements) should have already been done in the financial year 2015. Specifically, Consob alleges that IAS 16: (a) paragraph 51 was not correctly applied in the part that requests that "the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"; (b) paragraph 56 in the part that requires that "the future economic benefits embodied in an asset are consumed by an entity principally through its use. However, other factors, such as technical or commercial obsolescence and wear and tear while an asset remains idle, often result in the diminution of the economic benefits that might have been obtained from the asset" [...]; paragraph 57 in the part that requires that "the useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgement based on the experience of the entity with similar assets".
As a consequence of the above-mentioned remarks, Consob likewise does not agree with the recognition of the impairment losses included in the 2016 consolidated and statutory financial statements with reference to some inventories and to a deferred tax asset related to the items criticised by Consob for which the items of the impairment loss according to Consob should have been accounted for in 2015.
Consob notes in this regard:
(i) IAS 2, paragraph 9, that "inventories shall be measured at the lower of cost and net realisable value" and at paragraph 30 that "estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise";
(ii) IAS 12 in the part that requires at paragraph 34 that "a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised" and that "to the extent that it is not probable that taxable profit will be available against which unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised".
Furthermore, Consob criticises the process of estimating the discount rate at the base of the impairment test for 2016 in so far as it is characterised by an approach that is not compliant with IAS 36 which requires that the Company "shall apply the appropriate discount rate to the future cash flows". More precisely, with respect to 2016 Consob does not agree with the approach taken by the Company, i.e., with reference to the execution of the impairment test it: (i) has used a single rate to discount cash flows of different business units which are characterised by different risk profiles; (ii) has not considered the country risk in relation to some assets operating in specific geographical areas over a long period of time.

In relation to the above, Consob also alleges the violation of the principle of correct representation of the company's situation which would not guarantee the observance of fundamental assumptions and qualitative characteristics of information.
Consob believes, in fact, that the importance of the errors and the significance of the shortcomings can likewise determine the non-compliance of the aforementioned financial statements with the requirements of reliability, prudence and completeness, pursuant to IAS 1.

C. The illustration, in an appropriate pro-forma consolidated income statement and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.
While not sharing the judgement of non-compliance of the 2016 consolidated and statutory financial statements put forward by Consob in its Resolution, Saipem points out that the 2016 consolidated and statutory financial statements of the Company were approved by the Board of Directors on March 16, 2017 and by the Shareholders' Meeting on April 28, 2017 and were subject to audit pursuant to Legislative Decree No. 39 of January 27, 2010, Articles 14 and 16, and the report was issued on April 3, 2017.
In addition, with the press release of March 6, 2018, Saipem reported that "the Board of Directors of Saipem, in disagreement with the Resolution of Consob, resolved on March 5, 2018, to appeal the Resolution in the competent courts".
In the press release dated March 21, 2018, Saipem reported that for the purposes of ensuring a correct interpretation, and in order to implement the findings of the Resolution, today the Company has filed a petition with Consob in order to obtain interpretative clarifications suitable for overcoming the technical and evaluation complexities related to the findings of the Authority and to be able, in this way, to inform the market correctly, reaffirming that it does not share – and has no intention of accepting – the judgement of non-compliance of the consolidated and statutory financial statements as of December 31, 2016.

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

On April 16, 2018, Saipem issued a press release regarding the pro-forma consolidated income statements and statement of financial position as of December 31, 2016, for the sole purpose of complying with the Resolution.

On April 6, 2018, after the closure of the market, the Offices of the Italian securities market regulator Consob (Divisione Informazione Emittenti - Issuer Information Division) announced with their communication No. 0100385/18 (the "Communication"), that they started an administrative sanctioning procedure, claiming some violations pursuant to Articles 191 and 195 of Italian Legislative Decree No. 58/1998 (the "Financial Law"), relating to the offer documentation (Prospectus and Supplement to the Prospectus) made available to the public by Saipem on the occasion of its capital increase operation, which took place in January and February 2016. The alleged violations were exclusively addressed to the members of the Board of Directors and the Chief Financial Officer/Officer responsible for financial reporting in office at that time.

The Offices of Consob, in communicating their allegations to the interested parties also pointed out that, if the alleged violations were ascertained by the Commission of Consob at the outcome of the procedure, said violations "would be punishable by an administrative fine between €5,000 and €500,000".
Saipem received notice of the communication solely as guarantor ex lege for the payment *"of any economic fines that may eventually be charged to the company executives at the outcome of the administrative procedure"*.
The allegations follow Consob Resolution No. 20324 of March 2, 2018 (the "Resolution"), the content of which was communicated to the market by the Company with its press release of March 5, 2018. The Resolution – with which, as also communicated to the market, the Company disagreed and that it will appeal before the Regional Administrative Tribunal (TAR) of Lazio – alleged, among other things, *"the inconsistency of the assumptions and elements underlying the Strategic Plan for 2016-2019 with respect to the evidence at the disposal of the administrative bodies"*, as the indicators of possible impairment of value of the assets, later impaired by Saipem in its nine-month interim report as of September 30, 2016 would already have existed, in the opinion of Consob, at the time of approval of the consolidated financial statements of 2015.
With its Communication, the Offices of Consob have charged the company executives who, at the time of the capital increase, performed management functions, with the violations that are the subject of the Resolution and have already been communicated to the market, as stated above. The Offices of Consob further claim certain *"elements relative to the incorrect drafting of the declaration on the net working capital"* required by the standards in force applicable to the prospectus.
The foregoing would imply, according to the Offices of Consob, *"the inability of the offer documentation to ensure that the investors would be able to formulate a well-grounded opinion about the equity and financial position of the issuer, its economic results and prospects, pursuant to Article 94, sections 2 and 7, of the Financial Law, with regard to the information concerning: a) estimates of the Group's results for 2015 (Guidance 2015 and underlying assumptions)"; b) forecast of the Group results drawn from the Strategic Plan for 2016-2019 and underlying assumptions"; c) the declaration on the Net Working Capital"*.
Also according to the Offices of Consob, Saipem would have additionally omitted, in violation of Article 97, section 1 and Article 115, section 1, letter a), of the Financial Law, to report to Consob *"information pertaining to: (i) the assumptions underlying the declaration on its Net Working Capital; (ii) the availability of an updated 'Eni Scenario' on the price of oil; and (iii) the existence of significant amendments to the assumptions underlying the Strategic Plan for 2016-2019"*.
On July 4, 2018, Saipem, as guarantor ex lege for the payment *"of any fines that may eventually be charged to the company executives at the outcome of the administrative procedure"*, submitted its defence to Consob.
Saipem and all the company executives who have received the Communication have proceeded to file their defences with the Consob Offices.
Consob, with its Resolution No. 20828 of February 21, 2019, communicated to Saipem on March 12, 2019 and adopted at the outcome of the procedure for application of a fine initiated on April 6, 2018, applied the following fines: a) €200,000 on the company CEO; b) €150,000 on the Officer responsible for financial reporting in office at the time of the capital increase in 2016.
Consob also sentenced Saipem SpA to a payment of €350,000, as the party jointly liable for payment of the aforementioned administrative fines with the two persons fined pursuant to Article 195, section 9, of the Finance Law (in force at the time of the alleged violations), with obligation to recourse against the authors of the alleged breaches.
Consob ordered the filing of the procedure launched on April 6, 2018, against the non-executive Directors in office at the time of the facts alleged.
The Board of Directors of Saipem resolved on April 2, 2019 to appeal the Resolution No. 20828 before the Court of Appeal.
A similar appeal was filed by the two individuals sanctioned under the Resolution, i.e., the Chief Executive Officer of Saipem SpA and the Chief Financial Officer and Officer responsible for financial reporting in office at the time of the events. The first hearing before the Milan Court of Appeal was held on November 13, 2019.
On that day, the Milan Court of Appeal postponed the discussion on November 4, 2020.
On October 23, 2020, Saipem SpA and the two individuals sanctioned applied to the Court of Appeal, to be allowed to file documents required to debate the appeal by November 4, 2020.
On November 2, 2020, the Court of Appeal authorised the filing of the documents requested on October 23, 2020, by the parties, also granting Consob a deadline to submit any counterarguments on those documents by December 15, 2020, and postponed the hearing to discuss the appeal to January 27, 2021.
On January 20, 2021, Saipem SpA and the two individuals sanctioned presented a new application to the Court of Appeal, to be allowed to file additional documents required to debate the appeal by January 27, 2021, and to be authorised to propose new grounds for the appeal. which became known when new documents were found.
On January 21, 2021, the Court of Appeal accepted the applications by Saipem and the individuals and authorised the filing of the documents requested on January 20, 2021. The Court also upheld the proposal of additional grounds, to be submitted through written filings by February 26, 2021, and also granted Consob the right to submit its counter filings by March 25, 2021. The hearing for the discussion will be held on April 21, 2021.
At the hearing of April 21, 2021, the appeals were discussed.
The Milan Court of Appeal has partially upheld the appeals, whilst it rejected the remaining:
- reducing from €200,000 to €150,000 the administrative financial fine imposed by Consob in 2019 against the former Chief Executive Officer of the Company in office from April 30, 2015, until April 30, 2021;
- reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the former CFO and Officer responsible for the Company's financial reporting in office at the time of the 2016 capital increase until June 7, 2016; and
- consequentially reducing from €350,000 to €265,000 the condemnation of Saipem SpA to the payment of the afore mentioned administrative financial fines, as the party jointly and severally liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance (Legislative Decree No. 58/1998).

On January 20, 2022, Saipem appealed the Milan Court of Appeal decision before the Italian Supreme Court ("Corte di Cassazione"). On March 1, 2022, Consob served Saipem SpA with its appeal ("controricorso con ricorso incidentale").

Saipem SpA filed its appeal against Consob's appeal ("controricorso con ricorso incidentale") on April 8, 2022.
The proceeding is pending.

INFORMATION UPON REQUEST OF CONSOB PURSUANT TO ARTICLE 114, SUBSECTION 5, OF LEGISLATIVE DECREE NO. 58/1998 ("TUF")

At the request of Consob received on May 10, 2022 and motivated by the need for the market to be kept constantly informed following the existence of "uncertainties regarding the ability of the Company (and 'the Saipem Group') to continue as a going concern", as reflected in the audit reports on the Company's statutory and consolidated financial statements as of December 31, 2021, the information requested by the Regulatory Authority is provided in this press release.
It should also be noted that on July 15, 2022, the Group carried out the Saipem capital increase approved by the Extraordinary Shareholders' Meeting held on May 17, 2022.
The prospect of the fulfilment of these circumstances, as highlighted in the reports to the aforementioned financial statements, constituted the assumption, now realised, of the Company as a going concern.
The following information at June 30, 2023 concerning Saipem SpA and its Group is provided.

Net Financial Position of Saipem SpA and the Saipem Group as of June 30, 2023, showing short-term components separately from medium/long-term components

The table below shows the financial position as of June 30, 2023, of Saipem SpA and Saipem Group, prepared in accordance with the provisions of Consob document 5/21 of April 29, 2021, which implements the ESMA guidelines, compared with the position as of December 31, 2022.

Net Financial Position of Saipem SpA

	Dec. 31, 2022			June 30, 2023		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	**1,032**	**-**	**1,032**	**1,597**	**-**	**1,597**
B. Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:	**353**	**-**	**353**	**260**	**-**	**260**
- Financial assets measured at fair value through OCI	-	-	-	-	-	-
- Loan assets	353	-	353	260	-	260
D. Liquidity (A+B+C)	**1,385**	**-**	**1,385**	**1,857**	**-**	**1,857**
E. Current financial debt:	**1,300**	**-**	**1,300**	**1,208**	**-**	**1,208**
- Current bank loans and borrowings	82	-	82	37	-	37
- Current financial liabilities - related parties	1,182	-	1,182	1,144	-	1,144
- Other current financial liabilities	-	-	-	-	-	-
- Lease liabilities	36	-	36	27	-	27
F. Current portion of the non-current financial debt:	**112**	**-**	**112**	**94**	**-**	**94**
- Non-current bank loans and borrowings	112	-	112	94	-	94
- Ordinary bonds	-	-	-	-	-	-
G. Current financial debt (E+F)	**1,412**	**-**	**1,412**	**1,302**	**-**	**1,302**
H. Net current financial debt (G-D)	**27**	**-**	**27**	**(555)**	**-**	**(555)**
I. Non-current financial debt:	**-**	**99**	**99**	**-**	**516**	**516**
- Non-current bank loans and borrowings	-	-	-	-	382	382
- Non-current financial liabilities related parties	-	-	-	-	-	-
- Lease liabilities	-	99	99	-	134	134
J. Debt instruments:	**-**	**-**	**-**	**-**	**-**	**-**
- Ordinary bonds	-	-	-	-	-	-
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**99**	**99**	**-**	**516**	**516**
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**27**	**99**	**126**	**(555)**	**516**	**(39)**

Reconciliation of net financial debt

(€ million)	Dec. 31, 2022 Current	Non-current	Total	June 30, 2023 Current	Non-current	Total
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**27**	**99**	**126**	**(555)**	**516**	**(39)**
N. Non-current loan assets	**-**	**-**	**-**	**-**	**-**	**-**
O. Lease assets	**-**	**-**	**-**	**-**	**-**	**-**
P. Net financial debt (M-N-O)	**27**	**99**	**126**	**(555)**	**516**	**(39)**

As of June 30, 2023, Saipem SpA recorded a positive net debt before net lease liabilities of €200 million (positive for €9 million as of December 31, 2022) and a negative net debt including lease liabilities of €39 million (negative for €126 million as of December 31, 2022).

Saipem Group Net Financial Position

(€ million)	Dec. 31, 2022 Current	Non-current	Total	June 30, 2023 Current	Non-current	Total
A. Cash and cash equivalents	**2,052**	**-**	**2,052**	**2,338**	**-**	**2,338**
B. Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
C. Other current financial assets:	**569**	**-**	**569**	**538**	**-**	**538**
- Financial assets measured at fair value through OCI	75	-	75	71	-	71
- Loan assets	494	-	494	467	-	467
D. Liquidity (A+B+C)	**2,621**	**-**	**2,621**	**2,876**	**-**	**2,876**
E. Current financial debt:	**298**	**-**	**298**	**223**	**-**	**223**
- Current bank loans and borrowings	82	-	82	64	-	64
- Current financial liabilities - related parties	1	-	1	1	-	1
- Other current financial liabilities	76	-	76	38	-	38
- Lease liabilities	139	-	139	120	-	120
F. Current portion of the non-current financial debt:	**742**	**-**	**742**	**729**	**-**	**729**
- Non-current bank loans and borrowings	206	-	206	190	-	190
- Ordinary bonds	536	-	536	539	-	539
G. Current financial debt (E+F)	**1,040**	**-**	**1,040**	**952**	**-**	**952**
H. Net current financial debt (G-D)	**(1,581)**	**-**	**(1,581)**	**(1,924)**	**-**	**(1,924)**
I. Non-current financial debt:	**-**	**498**	**498**	**-**	**910**	**910**
- Non-current bank loans and borrowings	-	234	234	-	568	568
- Non-current financial liabilities related parties	-	-	-	-	-	-
- Lease liabilities	-	264	264	-	342	342
J. Debt instruments:	**-**	**1,495**	**1,495**	**-**	**1,496**	**1,496**
- Ordinary bonds	-	1,495	1,495	-	1,496	1,496
K. Trade payables and other non-current debts	**-**	**-**	**-**	**-**	**-**	**-**
L. Non-current financial debt (I+J+K)	**-**	**1,993**	**1,993**	**-**	**2,406**	**2,406**
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,581)**	**1,993**	**412**	**(1,924)**	**2,406**	**482**

Reconciliation of net financial debt

(€ million)	Dec. 31, 2022 Current	Non-current	Total	June 30, 2023 Current	Non-current	Total
M. Total financial debt as per Consob document No. 5/21 of April 29, 2021 (H+L)	**(1,581)**	**1,993**	**412**	**(1,924)**	**2,406**	**482**
N. Non-current loan assets	**-**	**65**	**65**	**-**	**54**	**54**
O. Lease assets	**26**	**57**	**83**	**38**	**102**	**140**
P. Net financial debt (M-N-O)	**(1,607)**	**1,871**	**264**	**(1,962)**	**2,250**	**288**

Pre-IFRS 16 net financial position as of June 30, 2023 amounted to a net cash of €34 million. Net debt, including IFRS 16 lease liability of €322 million, amounted to €288 million. Pre-IFRS 16 gross debt as of June 30, 2023, amounted to €2,896 million, liquidity to €2,930 million of which available cash for €1,811 million.

Overdue debt positions of Saipem SpA and the Saipem Group as of June 30, 2023, broken down by type (financial, trade, tax, social security, and employee) and related creditor reaction initiatives (reminders, injunctions, suspension of supply, etc.)

Overdue debt positions of Saipem SpA

The overdue debt positions of Saipem SpA as of June 30, 2023, are summarised below.

(€ million)	Total as of June 30, 2023
Trade payables	**129**
- of which expired by less than three months	**81**

The level of overdue payables falls within levels that can be considered physiological given the nature and complexity of business. It should also be noted that the balance of advances to suppliers on the same date amounted to €5 million.
There are no overdue financial, tax, social security and employee payables.

Saipem Group overdue debt positions

The following is a summary of the Saipem Group's overdue debt positions as of June 30, 2023.

(€ million)	Total as of June 30, 2023
Trade payables	**397**
- of which expired by less than three months	**278**

The level of overdue payables, amounting to €397 million or about 4% of revenues for the year 2022, falls within levels that can be considered physiological given the nature and complexity of business. It should also be noted that the balance of advances to suppliers on the same date was €181 million.
There are no overdue financial, tax, social security and employee payables.

Principal changes in transactions with related parties of Saipem SpA and the Saipem Group since the last annual financial report approved in accordance with Article 154-*ter* of the Consolidated Finance Act

Transactions carried out by Saipem SpA and the companies included in the scope of consolidation with related parties essentially relate to the provision of services and the exchange of goods with joint ventures, associates and subsidiaries excluded from the scope of consolidation of Saipem SpA, with subsidiaries, joint ventures and associates mainly of Eni SpA, with certain joint ventures and associates of CDP Industria SpA (which took over from CDP Equity SpA on December 13, 2019), with companies controlled by the Italian state, in particular companies in the Snam Group; they are part of ordinary operations and are settled on market terms, i.e. on the terms that would be applied between two independent parties. All transactions were carried out in the interest of Saipem SpA companies.

Trade and other transactions

Trade and other transactions consisted of the following:

((€ million)

Name	Dec. 31, 2022			First half 2022			
				Expenses		Revenue	
	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services (1)	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated with the full consolidation method							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated with the full consolidation method	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl (2)	1	2	-	-	-	-	-
CCS JV Scarl (2)	44	405	-	-	57	84	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due (2)	131	263	503	-	124	75	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno (2)	-	-	34	-	-	-	-
Gydan Lng Snc	1	-	-	-	-	3	-
Gydan Yard Management Services (Shanghai) Co Ltd	-	-	-	-	-	1	-
KCA Deutag International Ltd	6	1	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	5	-	-	2	2	-
Novarctic Snc	-	-	-	-	-	2	-
Petromar Lda	6	1	3	-	(1)	10	-
PSS Netherlands BV	-	3	-	-	-	7	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	13	10	36	-	2	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	37	-
Saren BV	76	1	-	-	-	30	-
SCD JV Scarl (2)	32	161	-	-	81	110	-
TSGI Mühendislik Insaat Ltd Sirketi	2	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	**314**	**852**	**576**	**-**	**265**	**361**	**-**
Eni Group							
Eni Angola SpA	96	1	34	-	5	124	-
Eni Côte d'Ivoire Ltd	77	4	-	-	-	57	-
Eni Kenya	-	-	-	-	-	21	-
Eni Mediterranea Idrocaburi SpA	2	-	29	-	-	-	-
Eni México, S. de R.L. de Cv	5	-	-	-	-	24	-
Eni US Operating Co Inc	21	19	-	-	-	45	-
Floaters SpA	-	-	-	-	-	24	-
Petrobel Belayim Petroleum Co	38	17	107	-	-	59	-
Other Eni Group companies (for transactions not exceeding €21 million)	57	22	23	-	2	39	-
Total Eni Group	**296**	**63**	**193**	**-**	**7**	**393**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses.
(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the customer and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions consisted of the following:

(€ million)

	Dec. 31, 2022			First half 2022			
				Expenses		Revenue	
Name	Trade receivables and other assets	Trade payables, other liabilities, and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
CDP Group							
Snam Rete Gas SpA	23	23	1	-	-	11	-
Other CDP Group companies (for transactions not exceeding €21 million)	4	5	5	-	-	4	-
Total CDP Group	**27**	**28**	**6**	**-**	**-**	**15**	**-**
Companies controlled or owned by the State	**33**	**11**	**-**	**-**	**4**	**-**	**-**
Total related party transactions - Continuing operations	**675**	**958**	**775**	**-**	**276**	**769**	**-**
Incidence (%)	**30.93**	**17.36**	**10.57**	**-**	**11.87**	**18.37**	**-**
Overall total - Continuing operations	**2,182**	**5,520**	**7,333**	**1,082**	**2,326**	**4,187**	**5**
Discontinued operations							
Joint ventures and associates							
KCA Deutag International Ltd	-	2	-	-	-	-	-
Total joint ventures and associates	**-**	**2**	**-**	**-**	**-**	**-**	**-**
Eni Group							
Eni Congo SA	4	-	-	-	-	3	-
Total Eni Group	**4**	**-**	**-**	**-**	**-**	**3**	**-**
Total related party transactions - Discontinued operations	**4**	**2**	**-**	**-**	**-**	**3**	**-**
Overall total - Discontinued operations	**54**	**43**	**60**	**91**	**20**	**248**	**-**
Total related party transactions	**679**	**960**	**775**	**-**	**276**	**772**	**-**
Overall total	**2,236**	**5,563**	**7,393**	**1,173**	**2,346**	**4,435**	**5**
Incidence (%)	**30.37**	**17.26**	**10.48**	**-**	**11.76**	**17.41**	**-**

(1) The item "Services" includes costs for services, use of third-party assets and other expenses.

Trade and other transactions as of June 30, 2023, consisted of the following:

(€ million)

	June 30, 2023			First half 2023			
				Costs		Revenues	
Name	Trade and other receivables	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
Continuing operations							
Subsidiaries not consolidated with the full consolidation method							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total subsidiaries not consolidated with the full consolidation method	**5**	**4**	**-**	**-**	**-**	**-**	**-**
Joint ventures and associates							
ASG Scarl [2]	1	1	-	-	-	-	-
CCS JV Scarl [2]	161	529	-	-	47	71	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due [2]	92	219	451	-	160	116	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno [2]	-	-	34	-	-	-	-
Consorzio Florentia	-	1	-	-	1	-	-
Gygaz Snc	2	-	-	-	-	2	-
KCA Deutag International Ltd	14	37	-	-	-	10	-
KWANDA Suporte Logistico Lda	1	6	-	-	1	(6)	-
Petromar Lda	11	2	3	-	(1)	6	-
PSS Netherlands BV	1	7	-	-	-	(3)	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	14	9	27	-	1	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	61	-
Saren BV	49	-	-	-	-	6	-
SCD JV Scarl [2]	38	151	-	-	45	61	-
TSGI Mühendislik Insaat Ltd Sirketi	5	-	-	-	-	2	-
Other (for transactions not exceeding €500 thousand)	-		-	-	-	-	-
Total joint ventures and associates	**390**	**962**	**515**	**-**	**254**	**326**	**-**
Eni Group							
Azule Energy Angola BV (previous Eni Angola Exploration BV)	18	15	-	-	-	67	-
Azule Energy Angola SpA (previous Eni Angola SpA)	43	1	33	-	(2)	181	-
Doggerbank Offshore Wind Farm	-	1	3	-	-	24	-
Eni SpA [3]	14	1	11	-	1	22	-
Eni Congo SA	16	15	1	-	-	31	-
Eni Côte d'Ivoire Ltd	94	5	-	-	-	564	-
Eni Mediterranea Idrocaburi SpA	10	-	29	-	-	57	-
Eni México, S. de R.L. de Cv	8	1	-	-	-	24	-
Eni US Operating Co Inc	11	6	-	-	-	60	-
Petrobel Belayim Petroleum Co	40	25	62	-	-	73	-
Other Eni Group companies (for transactions not exceeding €21 million)	5	1	11	-	1	5	-
Total Eni Group	**259**	**71**	**150**	**-**	**-**	**1,108**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.
(2) Revenues from limited liability consortium companies refer to the retrocession of fees that these companies' invoice to the client and that based on the consortium nature of the investee company are attributed to the consortium partner.
(3) The item "Eni SpA" includes also the transactions with Eni SpA Division Exploration & Production, Eni SpA Division Gas & Power, Eni SpA Division Refining & Marketing.

Trade and other transactions consisted of the following:

(€ million)

	June 30, 2023			First half 2023			
				Costs		Revenues	
Name	Trade and other receivables	Trade payables, other liabilities and contract liabilities	Guarantees	Goods	Services [1]	Goods and services	Other
CDP Group							
Snam Rete Gas	17	28	1	-	-	13	-
Trans Adriatic Pipeline AG	-	-	26	-	-	-	-
Other CDP Group companies (for transactions not exceeding €21 million)	4	5	1	-	-	4	-
Total CDP Group	**21**	**33**	**28**	**-**	**-**	**17**	**-**
Companies controlled or owned by the State	**41**	**4**	**-**	**-**	**9**	**-**	**-**
Total related party transactions - Continuing operations	**716**	**1,074**	**693**	**-**	**263**	**1,451**	**-**
Incidence (%)	**32.12**	**18.05**	**9.10**	**-**	**9.16**	**27.14**	**-**
Overall total - Continuing operations	**2,229**	**5,951**	**7,613**	**1,470**	**2,871**	**5,347**	**1**
Discontinued operations							
Joint ventures and associates							
KCA Deutag International Ltd	-	-	-	-	3	1	-
Total joint ventures and associates	**-**	**-**	**-**	**-**	**3**	**1**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**	**3**	**1**	**-**
Overall total - Discontinued operations	**-**	**26**	**51**	**2**	**26**	**56**	**-**
Total related party transactions	**716**	**1,074**	**693**	**-**	**266**	**1,452**	**-**
Overall total	**2,229**	**5,977**	**7,664**	**1,472**	**2,897**	**5,403**	**1**
Incidence (%)	**32.12**	**17.97**	**9.04**	**-**	**9.18**	**26.87**	**-**

(1) The item "Services" includes costs for services, costs for the use of third-party assets and other expenses.

The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad. Other transactions consisted of the following:

	Dec. 31, 2022		June 30, 2023	
(€ million)	Other assets	Other liabilities	Other assets	Other liabilities
CCS JV Scarl	22	-	22	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	1	-	1	-
Other Eni Group companies (for transactions not exceeding €21 million)	5	-	5	-
Total related party transactions - Continuing operations	**28**	**-**	**28**	**-**
Total related party transactions - Discontinued operations	**-**	**-**	**-**	**-**
Overall total - Continuing operations	**302**	**109**	**219**	**96**
Overall total - Discontinued operations	**14**	**-**	**1**	**-**
Incidence - Continuing operations (%)	**9.27**	**-**	**12.79**	**-**

Related party transactions also include funds for employee benefits for €4 million as of June 30, 2023 (€3 million as of December 31, 2022).

Financial transactions

Financial transactions for 2022, excluding net lease liabilities, consisted of the following:

(€ million)

	Dec. 31, 2022			First half 2022		
Name	Financial receivables	Financial liabilities	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	326	-	-	-	1	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	161	-	-	-	-	-
Other Eni Group companies (for transactions not exceeding €21 million)	1	-	-	-	1	-
Total related party transactions	**489**	**1**	**-**	**-**	**2**	**-**

Financial transactions as of June 30, 2023, excluding net lease liabilities, consisted of the following:

(€ million)

	June 30, 2023			First half 2023		
Name	Financial receivables	Financial liabilities	Commitments	Expenses	Income	Derivative financial instruments
CCS JV Scarl	316	-	-	-	3	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	143	-	-	-	2	-
Other Eni Group companies (for transactions not exceeding €21 million)	1	-	-	-	2	-
Total related party transactions	**461**	**1**	**-**	**-**	**7**	**-**

The incidence of operations or positions with related parties regarding financial transactions is as follows:

	Dec. 31, 2022			June 30, 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Current financial liabilities	159	1	0.63	103	1	0.97
Non-current financial liabilities (including current portion)	2,471	-	-	2,793	-	-
Total	**2,630**	**1**		**2,896**	**1**	

	First half 2022			First half 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Financial income	424	2	0.47	73	7	9.59
Financial expense	(411)	-	-	(114)	-	-
Derivative financial instruments	(72)	-	-	(46)	-	-
Other operating income (expense)	3	-	-	(2)	-	-
Total	**(56)**	**2**		**(89)**	**7**	
Total - Discontinued operations	**(3)**	**-**		**(3)**	**-**	

Financial lease transactions

Financial lease transactions for 2022, consisted of the following:

(€ million)

	Dec. 31, 2022		First half 2022		
Name	Financial receivables	Financial liabilities	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

Financial lease transactions as of June 30, 2023 consisted of the following:

(€ million)

	June 30, 2023		First half 2023		
Name	Financial receivables	Financial liabilities	Commitments	Expenses	Income
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	**-**	**1**	**-**	**-**	**-**

The incidence of operations or positions with related parties regarding financial lease transactions is as follows:

	Dec. 31, 2022			June 30, 2023		
(€ million)	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Non-current lease liabilities (including current portion)	403	1	0.25	462	1	0.22
Total - Continuing operations	**403**	**1**		**462**	**1**	
Total - Discontinued operations	**-**	**-**		**-**	**-**	

The main cash flows with related parties were as follows:

(€ million)	June 30, 2022	June 30, 2023
Income and revenues	769	1,451
Costs and other expenses	(276)	(263)
Financial income (expenses) and derivatives	2	7
Change in trade and other receivables/payables	19	75
Net cash flows from operating activities - Continuing operations	**514**	**1,270**
Net cash flows from operating activities - Discontinued operations	**1**	**-**
Change in financial receivables	58	28
Net cash flows from investing activities - Continuing operations	**58**	**28**
Net cash flows from investing activities - Discontinued operations	**-**	**-**
Change in financial liabilities	181	-
Net capital contributions by non-controlling interests	458	-
Net cash flows from financing activities - Continuing operations	**639**	**-**
Net cash flows from financing activities - Discontinued operations	**-**	**-**
Total cash flows with related parties - Continuing operations	**1,211**	**1,298**
Total cash flows with related parties - Discontinued operations	**1**	**-**

Compliance with covenants, negative pledges and any other clause in the Saipem Group's indebtedness involving limits on the use of financial resources, with an indication as of June 30, 2023, of the degree of compliance with such clauses

As of June 30, 2023, the share of gross indebtedness characterised by clauses that entail restrictions on the utilisation of financial resources, including negative pledge and cross-default clauses, was equal to €2,794 million, of which (i) the share arising from contracts with clauses that require compliance with financial parameters, namely financial covenants, was equal to €758 million and (ii) the share arising from contracts that require compliance with representations and guarantees relating to the non-existence of the circumstance provided for by Article 2446 of the Civil Code was equal to €682 million.
As of June 30, 2023, all the above-mentioned clauses have been respected.

Status of implementation of any industrial and financial plans, highlighting deviations of actual data from planned data

The year 2022 closed with results confirming the improvement in the Group's performance, with a growth in revenues and positive EBITDA above expectations. The good operating performance for the year was also accompanied by an excellent level of new orders, relating largely to the offshore business, in line with the Plan's strategic guidelines.
Results for the first half of 2023 record a further improvement in performance, with revenues and adjusted EBITDA higher than the first half of 2022, by 28% and 56% respectively.
In relation to the performance of each business areas, compared to what envisaged in the 2023-2026 Plan, the results of the Asset Based Services business line are slightly higher than the expectations set, and offset the slight decrease in the Energy Carriers business line due to the postponement of activities in Sub-Saharan Africa; the results of the Offshore Drilling business line are in line with the assumptions of the Plan.
The results are fully in line with the Strategic Plan objectives, from a commercial, operational and financial point of view (positive net profit, positive operating cash flow in both quarters, with stable net debt).
In the first half, new contract were acquired for €6,690 million, of which more than 80% in the Offshore segment, both Engineering & Construction and Drilling.
In order to assess consistency with the assumptions of the Strategic Plan, the company proceeded to:
- update the market scenario;
- analyse the operating review and commercial perspectives;
- compare the flows of the Plan with the most recently published market consensus reports;
- verify the changes in market variables which affect the discount rate.

In the light of the analyses carried out, the Company has established that: (i) the market scenario is slightly better than that described in the Strategic Plan; (ii) the operating review and commercial prospects of the business lines are in line with the Strategic Plan; (iii) the cash flows approved in the 2023-2026 Plan are confirmed and are in line with the consensus of analysts; (iv) the changes in market variables are not such as to significantly affect the discount rate.

CERTIFICATION PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 5 OF THE LEGISLATIVE DECREE NO. 58/1998 (TESTO UNICO DELLA FINANZA)

1. The undersigned Alessandro Puliti and Paolo Calcagnini in their quality as Chief Executive Officer (CEO) and Manager responsible for the preparation of financial reports of Saipem SpA, also pursuant to Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998, certify that internal controls over financial reporting in place for the preparation of the condensed consolidated interim financial statements as of June 30, 2023 and during the period covered by the report, were:

- adequate to the Company structure, and
- effectively applied during the process of preparation of the report.

2. Internal controls over financial reporting in place for the preparation of the 2023 condensed consolidated interim financial statements have been defined and the evaluation of their effectiveness has been assessed based on principles and methodologies adopted by Saipem in accordance with the Internal Control - Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents an internationally-accepted framework for the internal control system.

3. The undersigned officers also certify that:

3.1 condensed consolidated interim financial statements as of June 30, 2023:

a) have been prepared in accordance with applicable international accounting standards adopted by the European Commission pursuant to Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002;

b) correspond to the accounting books and entries;

c) fairly and truly represent the financial position, the performance and the cash flows of the issuer and the companies included in the consolidation as of, and for, the period presented in this report;

3.2 the interim operating and financial review includes a reliable analysis of the material events occurred during the first half of 2023 and their impact on condensed consolidated interim financial statements, as well as a description of the main risks and uncertainties for the second half of the year. The interim operating and financial review contains a reliable analysis of the disclosure on significant related-party transactions.

July 26, 2023

/signed/ Alessandro Puliti
Alessandro Puliti
CEO

/signed/ Paolo Calcagnini
Paolo Calcagnini
Manager responsible for the preparation
of the financial reports of Saipem SpA

INDEPENDENT AUDITORS' REPORT

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Saipem S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Saipem Group comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes thereto, as at and for the six months ended 30 June 2023. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

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.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
e Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
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 Saipem Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 3 Agust 2023

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

Società per Azioni
Share Capital €501,669,790.83 fully paid up
Tax code and VAT 00825790157
Registry of Businesses of Milan
Monza-Brianza, Lodi registration No. 788744

Registered office in Milan (MI)
Via Luigi Russolo, 5
Information for Shareholders
Saipem SpA, Via Luigi Russolo, 5
20138 – Milan – Italy

Relations with institutional investors
and financial analysts
Fax +39-0244254295
e-mail: investor.relations@saipem.com

Publications
Financial statements as of December 31 (in Italian)
prepared in accordance with
Legislative Decree of April 9, 1991 No. 127
Annual Report (in English)

Interim consolidated financial report
as of June 30
(in Italian and English)

Sustainability Report 2022 (in Italian and English)

Also available on Saipem's website: www.saipem.com

Website: www.saipem.com
Operator: +39-0244231

Layout and supervision: Studio Joly Srl - Rome – Italy
Printing:

EMARKET SDIR CERTIFIED

SAIPEM SpA
Via Luigi Russolo, 5
20138 Milan
ITALY

SAIPEM.COM