

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS**
AS OF MARCH 31, 2022

MISSION

Transforming customers' strategies and projects into competitive and sustainable infrastructures, plants and processes.

VALUES

Ability to innovate in technology; engineering and management expertise; consolidated experience in project management; strong problem-solving orientation; dialogue and transparency.

Disclaimer

Forward-looking data and information must be considered "forward-looking statements" and, therefore, not being based on mere historical facts, by their nature have a component of risk and uncertainty, given that they also depend on the occurrence of future events and developments outside the control of the Company, such as: changes in exchange rates, changes in interest rates, volatility in commodity prices, credit risk, liquidity risk, HSE risk, investments in the oil industry and other industrial sectors, political instability in areas where the Group is present, competitive actions, success in commercial negotiations, the risk of project execution (including those relating to investments in progress), the COVID-19 pandemic evolution (including its impacts on our business, our projects running around the world and our supply chain), as well as changes in the expectations of stakeholders and other changes in business conditions. Actual results could therefore differ materially from the forecasts. The annual financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements are to be considered in the context of the date of their release. Saipem SpA is under no obligation to review, update or correct them subsequently, except where this is a mandatory requirement to the applicable legislation.

COUNTRIES IN WHICH SAIPEM OPERATES

EUROPE

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

AMERICAS

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

CIS

Azerbaijan, Georgia, Kazakhstan, Russia

AFRICA

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

MIDDLE EAST

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

FAR EAST AND OCEANIA

Australia, Bangladesh, China, India, Indonesia, Japan, Malaysia, Singapore, Taiwan, Thailand, Vietnam

BOARD OF DIRECTORS AND STATUTORY AUDITORS OF SAIPEM SpA

BOARD OF DIRECTORS¹

Chairman
Silvia Merlo

Chief Executive Officer (CEO)
Francesco Caio

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

BOARD OF STATUTORY AUDITORS²

Chairman
Giovanni Fiori

Statutory Auditors
Giulia De Martino
Norberto Rosini

Alternate Statutory Auditors
Francesca Michela Maurelli
Maria Francesca Talamonti

Alternate Statutory Auditors³
Alessandro Puliti

INDEPENDENT AUDITORS

KPMG SpA⁴

(1) Appointed by the Shareholders' Meeting on April 30, 2021, for financial years 2021, 2022 and 2023, and in any case up to the date of the Shareholders' Meeting which will be called to approve the financial statements as at December 31, 2023.

(2) Appointed by the Shareholders' Meeting on April 29, 2020, for a three-year period and in any case up to the date of the Shareholders' Meeting to approve the financial statements as at December 31, 2022.

(3) Appointed by the Board of Directors on February 4, 2022.

(4) The Shareholders' Meeting of May 3, 2018, resolved to appoint KPMG SpA as the independent auditors from 2019 to 2027.

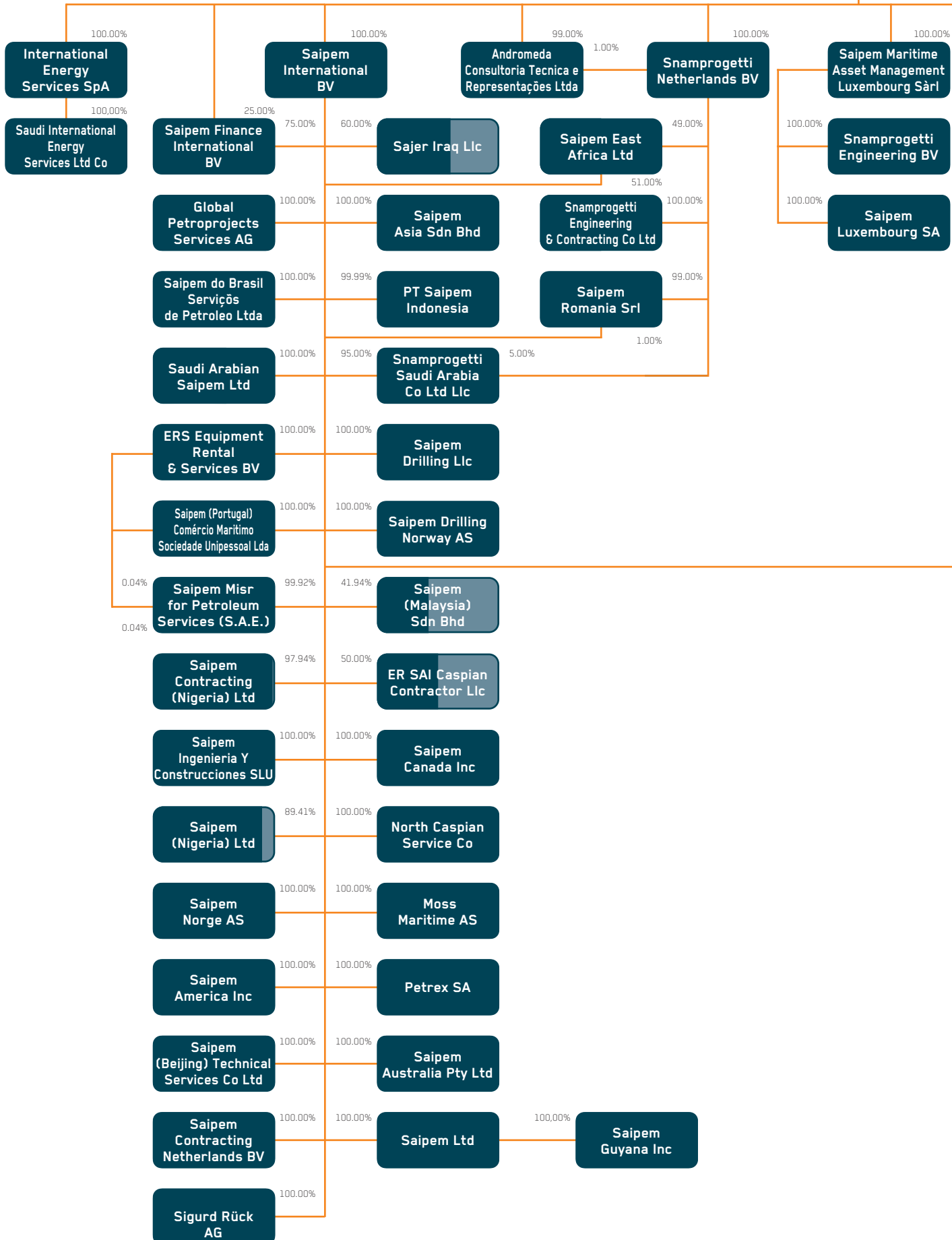
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2022

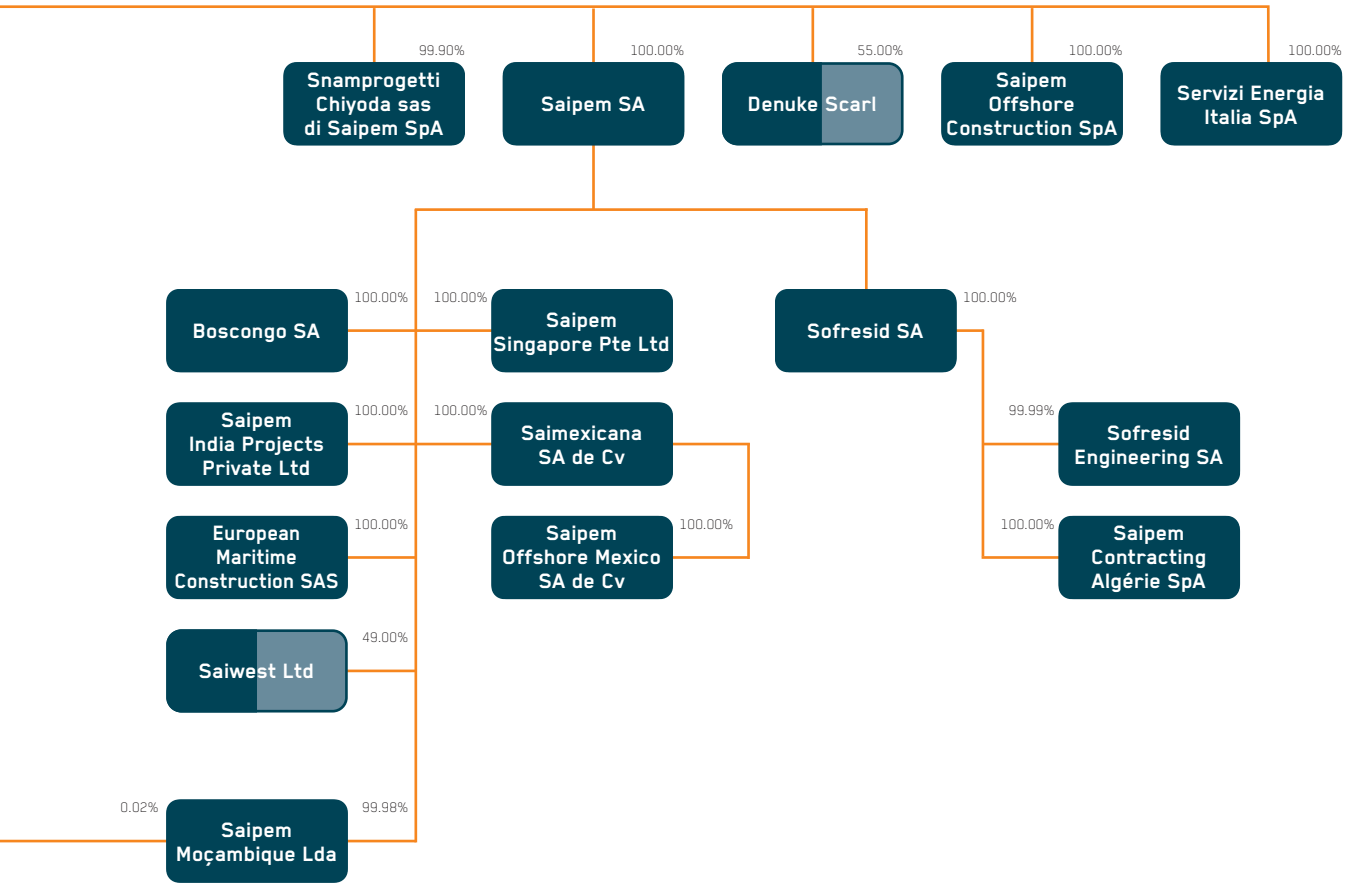
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SHAREHOLDING STRUCTURE OF SAIPEM GROUP

(subsidiaries)

Saipem SpA





The chart shows only subsidiaries

SAIPEM
CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS

Statement of financial position

(€ million)	Note ⁽¹⁾	Dec. 31, 2021		March 31, 2022	
		Total	of which with related parties ⁽²⁾	Total	of which with related parties ⁽²⁾
ASSETS					
Current assets					
Cash and cash equivalents	(No. 5)	1,632		2,101	
Financial assets measured at fair value through OCI	(No. 6)	59		55	
Other financial assets	(No. 7)	567	554	538	522
Lease assets	(No. 14)	30		34	
Trade receivables and other assets	(No. 8)	2,251	606	2,194	506
Inventories	(No. 9)	258		267	
Contract assets	(No. 9)	1,320		1,454	
Tax assets	(No. 10)	275		286	
Other tax assets	(No. 10)	196		205	
Other assets	(No. 11 and 23)	231	25	257	22
Total current assets		6,819		7,391	
Non-current assets					
Property, plant and equipment	(No. 12)	3,113		3,073	
Intangible assets	(No. 13)	699		698	
Right-of-Use assets	(No. 14)	261		249	
Equity-accounted investments	(No. 15)	157		146	
Other equity investments	(No. 15)	-		-	
Other financial assets	(No. 7)	61		60	
Lease assets	(No. 14)	46		40	
Deferred tax assets	(No. 16)	329		327	
Tax assets	(No. 10)	20		21	
Other assets	(No. 11 and 23)	37	-	35	1
Total non-current assets		4,723		4,649	
Assets held for sale	(No. 24)	-		-	
TOTAL ASSETS		11,542		12,040	
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	(No. 19)	412	18	615	198
Current portion of non-current financial liabilities	(No. 19)	697		687	
Current portion of non-current lease liabilities	(No. 14)	147		150	
Trade payables and other liabilities	(No. 17)	2,651	190	2,616	30
Contract liabilities	(No. 17)	2,517	1,049	2,615	1,102
Tax liabilities	(No. 10)	42		40	
Other tax liabilities	(No. 10)	192		157	
Other liabilities	(No. 18 and 23)	186		247	
Total current liabilities		6,844		7,127	
Non-current liabilities					
Non-current financial liabilities	(No. 19)	2,432		2,407	
Non-current lease liabilities	(No. 14)	247	1	219	1
Provisions for risks and charges	(No. 21)	1,353		1,263	
Employee benefits	(No. 22)	238		236	
Deferred tax liabilities	(No. 16)	5		5	
Tax liabilities	(No. 10)	42		42	
Other liabilities	(No. 18 and 23)	30		17	
Total non-current liabilities		4,347		4,189	
TOTAL LIABILITIES		11,191		11,316	
EQUITY					
Non-controlling interests	(No. 25)	25		25	
Equity attributable to the owners of the parent:	(No. 25)	326		699	
- share capital	(No. 25)	2,191		2,191	
- share premium	(No. 25)	553		553	
- other reserves	(No. 25)	(97)		370	
- retained earnings carried forward		230		(2,233)	
- profit (loss) for the period		(2,467)		(98)	
- negative reserve for treasury shares in portfolio	(No. 25)	(84)		(84)	
Total equity		351		724	
TOTAL LIABILITIES AND EQUITY		11,542		12,040	

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

(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

Income statement

(€ million)	Note ⁽¹⁾	First quarter 2021		First quarter 2022	
		Total	of which with related parties ⁽²⁾	Total	of which with related parties ⁽²⁾
REVENUE					
Core business revenue	(No. 28)	1,618	491	1,942	371
Other revenue and income		2		-	
Total revenue		1,620		1,942	
Operating expenses					
Purchases, services and other costs	(No. 29)	(1,156)	(258)	(1,376)	(155)
Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(No. 29)	(3)		(23)	
Personnel expenses	(No. 29)	(388)		(412)	
Depreciation, amortisation and impairment losses	(No. 29)	(122)		(131)	
Other operating income (expense)		-		1	
OPERATING PROFIT (LOSS)		(49)		1	
Financial income (expense)					
Financial income		102		76	
Financial expense		(85)		(70)	
Derivative financial instruments		(48)		(29)	
Net financial income (expense)	(No. 30)	(31)		(23)	
Gains (losses) on equity investments					
Share of profit (loss) of equity-accounted investees		(10)		(43)	
Other gains (losses) from equity investments		-		-	
Net gains (losses) on equity investments	(No. 31)	(10)		(43)	
PRE-TAX PROFIT (LOSS)		(90)		(65)	
Income taxes	(No. 32)	(30)		(33)	
PROFIT (LOSS) FOR THE PERIOD		(120)		(98)	
attributable to:					
- owners of the parent		(120)		(98)	
- non-controlling interests	(No. 33)	-		-	
Earnings (loss) per share for the period profit (loss) attributable to owners of the parent (€ per share)					
Basic earnings (loss) per share	(No. 34)	(0.12)		(0.10)	
Diluted earnings (loss) per share	(No. 34)	(0.12)		(0.10)	

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

(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

Statement of comprehensive income

(€ million)	Note ⁽¹⁾	First quarter 2021	First quarter 2022
Profit (loss) for the period		(120)	(98)
Other items of comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans for employees	(No. 25)	-	-
Change in fair value of equity investments measured at fair value through OCI	(No. 25)	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans	(No. 25)	-	-
Income tax relating to items that will not be reclassified	(No. 32)	-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified according to profit or loss			
Change in the fair value of cash flow hedges	(No. 25)	(73)	(23)
Change in the fair value of financial assets, other than equity investments, measured at fair value through OCI	(No. 25)	-	(1)
Exchange differences arising from the translation into euro of financial statements in currencies other than euro	(No. 25)	29	28
Share of other comprehensive income of equity-accounted investees	(No. 25)	-	-
Income tax relating to items that will be reclassified	(No. 32)	17	5
Total items that may be reclassified subsequently to profit or loss		(27)	9
Total other comprehensive income (expense) net of taxation		(27)	9
Comprehensive income (expense) for the period		(147)	(89)
Attributable to:			
- owners of the parent		(147)	(89)
- non-controlling interests		-	-

(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 earnings (losses) 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, 2020	2,191	553	(46)	88	-	-	107	1	(101)	(35)	1,387	(1,136)	(86)	2,923	25	2,948
Profit (loss) for first quarter 2021	-	-	-	-	-	-	-	-	-	-	-	(120)	-	(120)	-	(120)
Other items of comprehensive income																
Items that will not be reclassified subsequently to profit or loss																
Remeasurements of defined benefit plans for employees net of the tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified according to income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	(56)	-	-	-	-	-	-	(56)	-	(56)
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	-	-	-	-	-	-	-	-	29	-	-	-	-	29	-	29
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	(56)	-	29	-	-	-	-	(27)	-	(27)
Total comprehensive income (loss) for first quarter 2021	-	-	-	-	-	-	(56)	-	29	-	-	(120)	-	(147)	-	(147)
Shareholder transactions																
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings (losses)	-	-	-	-	-	-	-	-	-	-	(1,136)	1,136	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalisation of costs of share capital increase net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	(1,136)	1,136	-	-	-	-
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	1	-	-	(1)	-	-	-	-	-	-
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	1	-	-	(1)	-	-	-	-	-	-
Balance as of March 31, 2021	2,191	553	(46)	88	-	-	52	1	(72)	(36)	251	(120)	(86)	2,776	25	2,801

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 earnings (losses) 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) for first quarter 2022	-	-	-	-	-	-	-	-	-	-	-	(98)	-	(98)	-	(98)
Other items of comprehensive income																
Items that will not be reclassified subsequently to profit or loss																
Remeasurements of defined benefit plans for employees net of the tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity investments measured at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity-accounted investees relating to remeasurement of defined benefit plans for employees, net of tax effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified according to income statement																
Change in the fair value of cash flow hedging derivatives net of the tax effect	-	-	-	-	-	-	(18)	-	-	-	-	-	-	(18)	-	(18)
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	-	-	-	-	-	-	-	-	29	(1)	-	-	-	28	-	28
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	(18)	(1)	29	(1)	-	-	-	(9)	-	(9)
Total comprehensive income (loss) for first quarter 2022	-	-	-	-	-	-	(18)	(1)	29	(1)	-	(98)	-	(89)	-	(89)
Shareholder transactions																
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings (losses)	-	-	-	-	-	-	-	-	-	-	(2,467)	2,467	-	-	-	-
Increase (reduction) of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalisation of costs of share capital increase net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders (payment for future capital increase)	-	-	458	-	-	-	-	-	-	-	-	-	-	458	-	458
Total	-	-	458	-	-	-	-	-	-	-	(2,467)	2,467	-	458	-	458
Other changes in equity																
Recognition of fair value of incentive plans	-	-	-	-	-	-	-	-	-	-	4	-	-	4	-	4
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with companies under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	4	-	-	4	-	4
Balances as of March 31, 2022	2,191	553	412	88	-	-	(60)	-	(24)	(46)	(2,233)	(98)	(84)	699	25	724

For details, see Note 25 "Shareholders' equity".

Statement of cash flows

(€ million)	Note ⁽¹⁾	First quarter 2021	First quarter 2022
Profit (loss) for the period		(120)	(98)
Non-controlling interests		-	-
Adjustments to reconcile profit (loss) to cash flows from operating activities:			
- depreciation and amortisation	(No. 29)	122	131
- net impairment losses (reversals of impairment losses) on property, plant and equipment, intangible assets and Right-of-Use assets	(No. 29)	-	-
- share of profit (loss) of equity-accounted investees	(No. 31)	10	43
- net (gains) losses on disposal of assets		(1)	1
- interest income		(2)	(2)
- interest expense		26	34
- income taxes	(No. 32)	30	33
- other changes		(31)	(18)
Changes in working capital:			
- inventories		1	(6)
- trade receivables		85	236
- trade payables		(112)	(108)
- provisions for risks and charges		(29)	(131)
- contract assets and contract liabilities		(190)	(25)
- other assets and liabilities		122	(158)
<i>Cash flows from working capital</i>		<i>(123)</i>	<i>(192)</i>
Change in the provision for employee benefits		(6)	(3)
Dividends received		13	7
Interest received		1	11
Interest paid		(22)	(38)
Income taxes paid net of refunds of tax credits		(16)	(32)
Net cash flows from operating activities		(119)	(123)
<i>of which with related parties</i> ⁽²⁾	(No. 36)	113	209
Investments:			
- property, plant and equipment	(No. 12)	(67)	(43)
- intangible assets	(No. 13)	-	(2)
- equity investments	(No. 15)	-	-
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
<i>Cash flows from investments</i>		<i>(67)</i>	<i>(45)</i>
Disposals:			
- property, plant and equipment		2	-
- out-of-scope entities and business units		-	-
- equity investments		-	-
- securities for operating purposes		-	-
- loan assets for operating purposes		-	-
<i>Cash flows from disposals</i>		<i>2</i>	<i>-</i>
<i>Net variation of securities and loan assets not related to operations</i>		<i>91</i>	<i>33</i>

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

(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

cont'd **Statement of cash flows**

(€ million)	Note ⁽¹⁾	First quarter 2021	First quarter 2022
Net cash flows from investing activities		26	(12)
<i>of which with related parties</i> ⁽²⁾	(No. 36)	77	32
Increase in non-current loans and borrowings		621	64
Decrease in non-current loans and borrowings		(156)	(98)
Decrease in lease liabilities		(21)	(29)
Increase (decrease) in current loans and borrowings		89	200
		533	137
Net capital contributions by non-controlling interests		-	458
Sale (purchase) of additional interests in consolidated subsidiaries		-	-
Dividend distribution		(26)	-
Sale (purchase) of treasury shares		-	-
Net cash flows from financing activities		507	595
<i>of which with related parties</i> ⁽²⁾	(No. 36)	(1)	638
Effect of changes in consolidation scope		-	-
Effect of exchange differences and other changes on cash and cash equivalents		5	9
Net variation in cash and cash equivalents		419	469
Cash and cash equivalents - opening balance	(No. 5)	1,687	1,632
Cash and cash equivalents - closing balance	(No. 5)	2,106	2,101

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

(2) For an analysis of figures shown as "of which with related parties", see Note 36 "Related party transactions".

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim financial statements" and have to be read jointly with last annual Group financial statements closed as of December 31, 2021. Specific notes are included to explain events and transaction which are relevant to understand variations to the equity and financial position and to the Group performance from the last Annual Report.

The same consolidation principles and accounting policies explained in the preparation of the 2021 Annual Report, to which reference should be made, are applied in the condensed interim consolidated financial statements for the three months ended March 31, 2022, with the exception of the changes to international accounting standards that came into effect on January 1, 2022 explained in the Note 3 "Recently issued international standards".

The management and containment measures adopted by the Company to deal with the current state of uncertainty and crisis, including the changed market conditions, the continuation of the COVID-19 pandemic and the effects deriving from the Russian-Ukrainian crisis, allow the directors to confirm that the assumption of going concern on which the preparation of the condensed interim consolidated financial statements as at March 31, 2022 is based is guaranteed over a period of at least twelve months from the date of approval.

Please refer to Note 2 "Accounting estimates and significant judgements" below for details.

The condensed interim consolidated financial statements as of March 31, 2022 approved by the Board of Directors of Saipem at its meeting held on May 27, 2022, are subject to review by KPMG SpA. A 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 are in millions of euros.

Translation criteria

The financial statements of companies having a functional currency other than euro, which is the functional currency of the parent company, as well as the currency used in the consolidated financial statements of the Group, are converted into euro applying: (i) closing spot rates for assets and liabilities; (ii) historical exchange rates to equity; (iii) the average rates for the period to the income statement and the cash flow statement (source: Banca d'Italia).

Exchange differences resulting from the translation of the financial statements of investees having a functional currency other than euro, and 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 attributable to the owners of the parent¹.

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, 2021	Exchange rate as of March 31, 2022	Average exchange rate 2022
US Dollar	1.1326	1.1101	1.1217
British Pound Sterling	0.84028	0.84595	0.83641
Algerian Dinar	157.4077	158.1629	158.08
Angolan Kwanza	635.082	498.826	569.935
Saudi Arabian Riyal	4.2473	4.1629	4.2063
Argentine Peso	116.3622	123.102	119.4929
Australian Dollar	1.5615	1.4829	1.5491
Brazilian Real	6.3101	5.3009	5.8696
Canadian Dollar	1.4393	1.3896	1.4206
Croatian Kuna	7.5156	7.574	7.5442
Egyptian Pound	17.8012	20.2799	18.0369
Ghanaian New Cedi	7.0086	8.3526	7.4696
Indian Rupee	84.2292	84.134	84.3944
Indonesian Rupee	16,100.42	15,947	16,088.34
Kazakhstan Tenge	492.75	517.53	514.41
Malaysian Ringgit	4.7184	4.6677	4.7027
Nigerian Naira	466.8577	461.5241	465.9828
Norwegian Kroner	9.9888	9.711	9.9247
Peru Nuevo Sol	4.5193	4,1352	4.2739
Qatar Riyal	4.1227	4.0408	4.0829
Romanian New Leu	4.949	4.9463	4.9465
Russian Rouble	85.3004	90.4665	98.605
Singapore Dollar	1.5279	1.5028	1.5169
Swiss Franc	1.0331	1.0267	1.0364

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 March 31, 2022 are influenced not only by the impacts of the persisting COVID-19 pandemic, and of the Russia-Ukraine crisis, but also by the effects of the initiatives underway to mitigate the consequences of climate change and the potential impacts arising from the energy transition (matters discussed in detail in the chapter "Effects of climate change"), which in the medium and long term may significantly affect the Group's business models, cash flows, financial position and financial and economic performance.

As to the details of the accounting estimates and significant judgements adopted by the Management, reference should be made to the contents of the 2021 Annual Report.

Going concern

Following a backlog review initiated by Saipem's management, on January 31, 2022 was announced to the market a significant deterioration in the full-life profit margins of certain projects relating to the Onshore E&C and Offshore wind segments, due to the continuation of the pandemic context, the current and prospective increase in the cost of raw materials and logistics, and the unexpected termination of a long-standing negotiation that provided, among other things, for the recognition of a higher revenue consideration, with consequent significant effects on Saipem's consolidated financial results at December 31, 2021.

As a result, the 2021 statutory financial statements of Saipem SpA showed losses of more than one-third of the share capital, supplementing the conditions required by Article 2446 of the Italian Civil Code.

The uncertainties, as well as the initiatives that Saipem has already taken or is taking to cope with the effects of these uncertainties on the company's ability to continue as a going concern, are outlined below, as well as the evidence that demonstrates the reasonableness of these initiatives. The reasons underlying the decision to continue to prepare the Condensed interim consolidated financial statements as of March 31, 2022 on a going concern basis, despite the significant uncertainties that remain to date.

The events and circumstances that may give rise to significant doubts about the company's ability to continue as a going concern for a period of at least twelve months from the closing date of these Condensed interim consolidated financial statements are grouped under the following points:

- > strategic and operating uncertainties, connected to the current and prospective performance of Saipem operations. These uncertainties determined the need to review the Group's strategic plan compared to the approved version of October 2021;
- > capital and financial uncertainties, mainly attributable to the relevant losses of the fourth quarter of 2021, which determined the need to implement measures to strengthen the capital and financial structure of the Company.

Strategic and operating uncertainties and mitigating actions

The main negative variances recognised at December 31, 2021 compared to the previous outlook of October 2021 that resulted in significant uncertainties regarding Saipem's ability to meet strategic objectives under the previous Strategic Plan approved in October 2021 related to the contraction of consolidated adjusted EBITDA for the second half of 2021 by approximately €1 billion, were due to both the results of the backlog review of Onshore E&C projects (that showed an increase in material and logistics costs that could only be partially recovered) and to additional difficulties encountered for certain Offshore E&C wind projects.

As a result of the above, the 2021 statutory financial statements of the Parent Company showed losses of more than one-third of the share capital, fulfilling the requirements of Article 2446 of the Italian Civil Code.

The mitigations actions undertaken or planned for the resolution of the strategic and operating uncertainties are detailed below:

- > revision of the 2022-2025 Strategic Plan (including the redefinition of strategic and operating business lines), approved on March 24, 2022, based on the following guidelines aimed at the pursuit of a more balanced return risk profile and on a deleveraging level:
 - reduction of structural costs, with an increase in the target for 2022 to over €150 million;
 - increase of focus on the acquisition of offshore operations, both E&C and drilling, marked by a higher profitability thanks to Saipem's consolidated competitive position;
 - increased selectivity in the acquisition of Onshore E&C business, giving priority to higher-tech contracts in the LNG and gas valorisation segments, where Saipem can leverage proprietary technologies;
 - repositioning on low-risk activities in Offshore wind for 2022 and 2023 and adoption of a renewed commercial and executive strategy to benefit from the growth potential of the market in the periods following the Plan;
 - reaffirmed Saipem's industrial focus on energy transition and circular economy, also through the development of modular and industrialised solutions, in particular on CCUS (Carbon Capture Utilization and Storage) supply chain, plastic recycling technologies, and subsea robotics;
 - active management of the asset portfolio, to support cash flow generation for the duration of the 2022-2025 Plan.
- It should be noted that in early 2022 the 2022-2025 Plan was also the subject of an "Independent Business Review" conferred to leading independent consultants, as a result of which no significant critical issues were identified regarding the assumptions used in the preparation of the Plan;
- > changes at the level of the Group's organisational structure, implemented in the first months of 2022, with: (i) the establishment of a new general management with broad operational and management powers; (ii) the establishment of a unit to strengthen the financial planning and control of orders and other management activities; and (iii) a concentration of legal and negotiation activities in a corporate function within the new general management.

Capital and financial uncertainties and mitigating actions

The main elements of capital and financial uncertainty (prior to intervention) are as follows:

- > Saipem's treasury levels are inadequate to support the Company's expected financial commitments for the 12 months following the reporting date and for subsequent years;
- > it is reasonable to expect that, following the reduction of Saipem SpA's share capital by more than one-third at December 31, 2021 (configuring a situation pursuant to Article 2446 of the Italian Civil Code) and in the absence of adequate strategic-operating and capital-strengthening measures, it could undergo further decreases in the future;
- > the continuation of a situation of uncertainty in obtaining from the banking system the signature lines necessary for the continuation of the Group's business;
- > possible negative evolution of the ratings assigned by the main international rating agencies and consequent difficulties in refinancing on capital markets.

In view of these uncertainties, it has become necessary, even in the short term, to involve the Group's joint controlling shareholders and the entire reference banking system, with a view to implementing extraordinary financial and capital measures. In light of the above, Saipem, in addition to drafting the revision of the Plan 2022-2025, has planned to carry out a Financial Package aimed at strengthening the capital and financial structure (the "Financial Package"), in order to overcome the uncertainties that have emerged in the face of the losses detected in the fourth quarter of 2021, with the following objectives:

- > re-establishing the levels of share capital and shareholders' equity in accordance with the company's size;
- > re-establishing adequate levels of cash over the 2022-2025 Plan period;
- > access to availability of endorsement credit lines in order to support company operations;
- > stabilising Saipem's credit rating with a view to ensuring access to debt capital markets to refinance outstanding bonds.

The planned mitigating actions are detailed below:

- on March 24, 2022, the Board of Directors resolved to submit to the Extraordinary Shareholders' Meeting of May 17, 2022 a capital increase of €2 billion to be implemented by March 31, 2023 in relation to which was obtained: (i) a commitment to the pro-rata subscription by the shareholders exercising joint control over the Company Eni SpA and CDP Industria SpA; (ii) a commitment by the financial institutions involved in the capital and financial package, formalised through the signing of a pre-underwriting agreement, to guarantee the subscription of any newly issued shares that may not be subscribed by the market. On May 17, 2022, the Extraordinary Shareholders' Meeting approved the proposals of the Board of Directors;
- willingness of a pool of banks to organise and manage the syndication of a new RCF totalling €1 billion in terms of capital increase;
- obtaining specific waivers on existing financial lines, where necessary.

In the short term, in order to meet the Company's financial needs until the capital increase planned by December 31, 2022, the Financial Package provides:

- obtaining a so-called bridge financing to right issue for a total amount of €1.5 billion, composed as follows: (i) in the amount of €458 million disbursed on March 31, 2022 as a "Capital contribution" to shareholders' equity with a specific "tagged" reserve ("riserva targata") by the shareholder Eni SpA, which exercises joint control over the Company; (ii) in the amount of €188 million disbursed on March 30, 2022 as a "Payment for future capital increase" by the shareholder CDP Industria SpA, which exercises joint control over the Company; (iii) in the amount of €855 million underwritten on March 31, 2022 with a pool of banks backed by a specific guarantee issued by Eni ("Liquidity Facility"). On April 4, 2022, €680 million ("Tranche A") of this facility was disbursed. Once the authorisation process is completed, this credit line guaranteed by Eni will be refinanced through a further liquidity line of €852 million, again provided by the same pool of banks and guaranteed for 70% by SACE under the "Garanzia Italia" instrument, and for a further 18% by Eni;
- availability of signature credits (performance bonds, bid bonds, and AP bonds) from banking institutions to support commercial activities;
- obtaining specific waivers on existing financial lines, where necessary.

The Financial Package also includes:

- the repayment of financial debts maturing in 2022, in accordance with their respective repayment schedules, with the exception of uncommitted financial lines (for revocation) amounting to approximately €170 million on March 31, 2022;
- obtaining the necessary waivers on existing financial lines (lack of further repayments beyond the contractual deadlines);
- a minimum cash level of €700 million, also with a view to enabling normal working capital management;
- the refinancing on the capital market of bonds maturing in subsequent years to 2022.

In light of the mitigating actions implemented and/or planned, the Board of Directors of Saipem SpA believes that all the conditions exist to prepare the Condensed interim consolidated financial statements as of March 31, 2022 using the going concern basis assumption, maintaining the valuation criteria typical of a going concern, as described in the previous Note 1.

Taking into account the final documentation available as of the date of approval of these Condensed interim consolidated financial statements and the additional documents supporting the projected implementation of these mitigating actions, it is believed that, even considering these, certain material uncertainties remain regarding Saipem's going concern assumption. In fact, although from the documentation available it is reasonable to expect, in substance, that the package will be concluded in accordance with the scheduled deadlines, from a formal point of view there is a lack of certain final documents and the existence of commitments subject to events that have not yet been defined. This means that, as of today, it does not appear possible to consider all material uncertainty factors connected with the Financial Package to have been eliminated.

In particular, as of May 27, 2022, the date of approval of the Condensed interim consolidated financial statements by the Board of Directors, uncertainties existed in relation to: (i) the execution of the capital increase, the implementation of which is expected by the end of 2022; (ii) the signing of the Underwriting Agreement by the lenders (also a condition to the execution of the capital increase); (iii) the availability of bonding lines for an amount sufficient to cover the 2022 requirements; (iv) the obtaining of a new RCF for a total amount of €1 billion that will be organised by the start of the capital increase. In this regard, it should be noted that as of today, a pool of banks participating in the Financial Package has confirmed that they have preliminarily approved the participation for approximately €450 million; (v) the achievement by both rating agencies (Standard & Poor's and Moody's) of a rating deemed sufficient for the purpose of future refinancing of bonds maturing from 2023 onward. In this regard, it should be noted that on April 1, 2022, the rating agency Standard & Poor's upgraded Saipem's credit rating from BB- (CreditWatch Neg) to BB (Positive Outlook); (vi) future compliance with contractual clauses, including covenants, also of a financial nature, which will be provided for by the Liquidity Facility mentioned above.

As a consequence of the above, within the scope of the scenarios defined in the document "Going concern - a focus on disclosure" issued in January 2021 by the IASB with reference to the verification of the existence of the going concern assumption, the Company considers it reasonable to conclude that it falls within the case of Scenario 3. Regarding the scenarios defined by the Bank of Italy, Consob and Isvap in Document No. 2 issued on February 6, 2009, the Company believes it is reasonable to conclude that it falls under Scenario 2 relating to the case where significant uncertainties are identified that may cast significant doubt on the Company's ability to continue as a going concern for the foreseeable future, but the Directors consider that it is nonetheless appropriate to use the going concern assumption in preparing the condensed interim consolidated financial statements as of March 31, 2022.

It should be noted that the evaluation by the Board of Directors on the existence of a going concern assumption involves a judgment, at a given time, on the future outcome of events or conditions that are uncertain by nature; therefore, while formulated on the basis of a careful weighting of all the available information, such judgement is liable to be contradicted by the evolution of the facts should the reasonably expected events not take place, or if incompatible facts and conditions should arise that are unknown or not measurable today.

The Board of Directors will constantly monitor the evolution of the factors taken into account, so as to be ready to take the appropriate corrective measures where necessary.

EFFECTS OF COVID-19

The continuation of the COVID-19 pandemic continues to have a negative effect on the global economy and, as a consequence, on Saipem and the energy sector, the latter being among the most impacted worldwide. Despite a turnaround in the macroeconomic scenario since last year, there remain risks of possible slowdowns related to new variants of the virus that may interfere with the growth trajectory of economies and the recovery of energy demand.

During the first few months of the 2022 financial year, the recovery trend of oil commodity prices, particularly Brent and natural gas, is confirmed, in a context particularly characterised by the evolution of international geopolitical tensions following the Ukrainian-Russian crisis.

At an overall level, the positive signs visible to date are estimated to translate into a recovery of investments in the Oil&Gas sector, with the main operators at the same time diversifying their portfolios towards segments linked to the energy transition. The Saipem Group continues to carry out an in-depth and constant analysis of the continuation of the pandemic, in terms of: (i) evolution of the regulatory contexts in the countries where the Group operates, through the monitoring of the containment measures adopted by them; (ii) management of relationships with clients and partners; (iii) management of contracts, both active and passive, through the introduction and/or activation, where possible, of specific contractual clauses to mitigate the potential negative effects of the pandemic; (iv) impacts on project execution activities, and in particular on the operation of shipyards and vessels, due to the changed availability of internal and external resources and/or other circumstances directly or indirectly resulting from the pandemic; (v) performance levels and continuity of service by suppliers, subcontractors and partners.

In order to offset the increase in costs related to the COVID-19 event described above, management is continuing with an appropriate cost containment programme also in relation to the pandemic.

Financial aspects: in this context, the Company continues to pay special attention to the review of expected losses of financial assets with particular regard to: (i) trade receivables; (ii) hedging derivatives; and (iii) financial assets measured at fair value.

The procedures centrally implemented by Saipem's Finance Department are structured to manage the risks associated with the transactions put in place by constantly monitoring the effects caused by uncertainty surrounding future variables and by the risk of the market counterparties with whom contracts are entered into.

With regard to trade receivables related to the risk of customer insolvency, Saipem constantly monitors and assesses risk indicators and the Probability of default of customers with information provided by third parties, in addition to evaluating the recoverability of receivables.

Recoverability of non-financial assets: at the time of the Group's condensed interim consolidated financial statements as of March 31, 2022, the Company verified the absence of significant changes in CGU cash flows and discount rates that could show a potential reduction in the value of CGU assets. As a result of the qualitative and quantitative analyses concisely carried out, no changes were identified in the contextual or internal factors of a significance such as to require a review of the assumptions underlying the updating of the flows of the 2022-2025 Strategic Plan and estimates of discount rates; consequently, the Company did not consider it necessary to carry out the impairment test as at March 31, 2022.

Estimate process: with regard to revenue from contracts with customers as a result of the COVID-19 crisis and changing market conditions, circumstances were assessed relating to the possible: (i) collection of payments that may no longer be highly probable; and (ii) agreements between the parties that could modify certain aspects of the contract related to the scope or price of the transactions.

The enforceability of contractual rights and obligations and the likelihood of collecting the relevant payment are prerequisites for identifying a contract with customers for accounting purposes. In fact, according to IFRS 15, if these conditions are not met, the contract should not exist from an accounting point of view and the revenue may not be recognised. Given the continuing conditions of uncertainty, it therefore continues to be necessary to verify the existence of these prerequisites at contract inception and whenever there is a possible material change in the relevant facts and circumstances.

In addition, the estimate of the revenue variables continues to be reviewed which, given the current situation of uncertainty, is complex and requires a high degree of judgement, due to the limitation ("constraint") established by the standard that allows the revenues to be recognised only for those amounts that are highly probable that they cannot be reversed in the future (so-called "reversal"). Likewise, the effects of the operational implications deriving from the pandemic have been assessed and, where necessary, considered in the cost estimate for the duration of projects.

In terms of the analysis of the possible effects of the COVID-19 pandemic undertaken early in 2020 and still in progress due to the continuous evolution of the phenomenon, Saipem has identified, assessed, and constantly monitored these effects for every project currently under way.

Identifying the COVID-19 economic impact: with reference to contract assets from work in progress assessment, for which revenue are recognised "over time" according to input methods such as "cost to cost", the estimate of the final charges and the timing for fulfilling the performance obligations made it necessary to consider whether the costs linked to COVID-19 should be excluded from project progress.

To this end, Saipem continues to maintain the identification of three 'clusters' into which the costs associated with COVID-19 have been allocated:

1. *Costs directly related to COVID-19 (special items):* these are costs directly related to COVID-19 as incurred, or to be incurred, to manage the emergency at Group companies and at project sites; these costs are borne by Saipem as they are contractually non-reimbursable by the client. These costs are recognised on specific jobs separate from operating jobs and are recognised as costs in the income statement without generating contract progress (and therefore without recognising any contract assets) and without recognising any margin. During the first quarter of 2022, the costs directly attributable to COVID-19 amount to approximately €13 million (among others, for example: costs for resources on standby in compliance with quarantine regulations and in case the activities of operational sites and vessels have been blocked by the authorities, for the purchase of personal protective equipment and devices in addition to standard practices, for the sanitisation of working areas, for the organisation of charter flights for the return of personnel).

2. *Costs indirectly related to COVID-19*: these are costs incurred, or that will be incurred, for which it is impossible to establish with reasonable certainty whether they are due to the pandemic or to other causes such as, for instance, changing market conditions linked to fluctuations in crude oil prices. These are, by way of example, costs due to delays in project or site activities, which have continued notwithstanding the challenges due, for example, to personnel reductions, postponements in materials deliveries or delays by customers. These costs are included in the full-life estimates of job orders.

3. *Costs "to be evaluated case by case"*: these are direct project costs for which the company declares that "force majeure causes" were incurred, or due to staff kept on stand-by due to lockdown, and whose allocation must be assessed on a case-by-case basis because of the peculiarity of the situation, of the customer, of the contract, etc. No specific and quantifiable cases of this type have been identified.

Relevant market: regarding the future prospects that can be hypothesised on market trends, it is noted that uncertainty on the global economic recovery continues despite the signs of recovery in the reference sector, mainly linked to the recovery of energy commodity prices.

It should be noted that Saipem designs and builds plants commissioned by clients on the basis of multi-year investment valuations, with lead times between the initial concept phase of the initiative and the development phase, and then construction, that may be several years, depending on the complexity of the project.

It should also be noted that, due to the nature of the business and diversification into various segments, there is no direct correlation between oil price trends and the financial performance of Saipem, whose E&C backlog, as of March 2022, is approximately 76% characterised by non-oil projects, which include gas, renewables and infrastructure projects.

Even considering the continuation of the COVID-19 pandemic, the going concern assumption used to prepare the condensed interim consolidated financial statements as of March 31, 2022 is not impacted. For details on the going concern, please refer to the section above "Going concern".

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

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

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

With the packages adopted by the EU with Regulations 2022/328 of the Council of February 25, 2022, 334/2022 of February 28, 2022, 336/2022 of March 1, 2022, and 428/2022 of March 15, 2022, a series of restrictive measures have been put in place against the Russian Federation, among which: (i) individual sanctions against the members of the National Security Council of the Russian Federation who supported the Russia's claim to recognise the Ukrainian areas of Donetsk and Luhansk not controlled by the government as independent entities; (ii) financial sanctions that expand the existing restrictions, thus limiting Russia's access to the most important capital markets and forbidding the quotation and provision of services related to shares of Russian state entities within the EU trading venues. New measures have also been introduced to significantly limit the cash flows from Russia to the EU, forbidding the acceptance of deposits higher than a certain amount from Russian citizens or residents, preventing the EU central securities depositories from keeping accounts of Russian clients, and forbidding the sale of shares in euros to Russian clients; (iii) sanctions in the energy sector: ban on selling, supplying, transferring or exporting, directly or indirectly, goods and technologies for oil refining listed in annex X of EU Regulation 2022/328 of the Council of February 25, 2022. This applies also to all above mentioned items originating outside the EU, to any natural or legal person, entity or institution in Russia or destined for use in Russia. The ban does not apply to the execution, until May 27, 2022, of contracts awarded before February 26, 2022 or of ancillary contracts necessary for the execution of said contracts. With the introduction of the ban, the aim is to hit the Russian oil sector and to stop Russia from modernising its oil refineries; (iv) sanctions in the technology sector: restrictions have been put in place on the export of dual-use (civil and military) goods and technologies, as well as restrictions on the export of specific goods and technologies that can contribute to the technological empowerment of Russia's defence and security sector. Again, the prohibition applies to all goods listed in the EU Dual-Use Regulation (821/2021) and those listed in Annex IV of EU Regulation 2022/328 even if not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia. The ban does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts; (v) by EU Regulation 428/2022, the same restrictions as for dual-use goods and technologies also apply to physical exports listed in Annex II of Regulation 833/2014 (goods of particular significance in the energy sector such as pipelines, etc.). The ban also does not apply to the execution, until September 17, 2022, of contracts awarded before March 16, 2022 or of ancillary contracts necessary for the execution of said contracts; (vi) EU Regulation 428/2022 also included a prohibition on entering into any transaction with a number of Russian natural and legal persons, including GazpromNef; this prohibition does not apply until May 15, 2022 for the performance of contracts concluded before March 16, 2022; (vii) EU Regulation 576/2022 further extended the list of goods and technology in Annex X of the former EU Regulation 2022/328 to include those suitable for use in the liquefaction of natural gas.

The EU has also decided to exclude seven Russian banks from the SWIFT system as of March 12, 2022. This will guarantee their exclusion from the international financial system. The seven banks are Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) and VTB Bank.

In particular, the EU has decided to ban the following:

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

► selling, supplying, transferring or exporting euro banknotes to Russia or to any natural or legal person, entity or institution in Russia, included the Russian Government and the Russian Central Bank, or to be used in Russia.

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

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

Saipem's projects involving activities on Russian territory and/or with Russian clients are as follows: (i) Arctic LNG 2 GBS (in JV with Ronasans) - client Arctic LNG 2 - scope of work: EPC; (iii) Arctic LNG 2 Topside Facilities (in JV with Technip) - customer Arctic LNG 2 - scope of work EPC. For both projects, negotiations are underway with the client to close the relevant activities, in line and in full compliance with the timelines stipulated by the above-mentioned EU regulations.

At the time the conflict in Ukraine began, Saipem had two other projects in the Russian Federation: (i) an EPC project for the Moscow Refinery with Client GazpromNeft: the contract for this project has been terminated following the introduction of specific sanctions against GazpromNeft and the project-related pending issues have all been settled by May 15, 2022 as required by EU Regulations; (ii) a gas drilling project in sub-Arctic waters using the Perro Negro 8 drilling rig, for which, as of the date of this document, the relevant contract has been terminated and the rig is in the Middle East area in preparation for a subsequent contract.

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

The consolidated backlog referring to projects in Russia, following the termination of the two contracts, is therefore zeroed out. Pending the development of negotiations, the backlog consists only of the unconsolidated projects described above, amounting to approximately €1.4 billion.

The scenario prepared when drafting the 2022-2025 Strategic Plan, approved by the Board of Directors on March 24, 2022, considered the immediate cancellation of the contracts in Russia with a cumulative impact over the 2022-2025 time horizon on EBITDA and consolidated net income estimated to be insignificant (less than approximately €20 million in terms of EBITDA). In this scenario, the overall financial impact was estimated to be between €100 million and €150 million, taking into account also the expected dividends from the unconsolidated joint ventures. This estimate did not assume the enforcement of guarantees in favour of customers, which was considered a remote event that would in any case be mitigated by the cash availability associated with the advances received from customers. With respect to the scenarios developed at the planning stage, despite the described development, it cannot, in any case, be ruled out that a further deterioration in the geopolitical situation and associated international sanctions could lead to more significant impacts, which could not be estimated as of the date of this document.

Finally, it should be noted that the Strategic Plan 2022-2025 does not envisage the acquisition of any new orders in Russia. Moreover, the current geopolitical context could help the development of new energy infrastructures for the diversification of energy supply in many countries.

It should be noted that the Company uses the probability of customer default for the valuation of trade receivables based on observable market data and on valuations collected by info-providers to quantify the expected losses at the closing date; consequently, these data already incorporate the effects of the Russian-Ukrainian conflict.

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

Currently, commodity prices show globally high volatility, unprecedented in the recent past, which is, among other things, set against a backdrop of high inflation started as early as the second half of 2021.

The Russian crisis increases the uncertainty caused by the pandemic and the current socio-economic scenario makes it difficult for supply chain operators to provide price forecasts and make contractual commitments with long-term estimates. At first suppliers were unable to submit bids because production plants had become extremely selective and only provided relevant quotes to those customers deemed most reliable and financially sound. More recently, the situation has improved but delivery times have significantly lengthened with a direct impact on the projects in the portfolio. High and extremely volatile prices are expected as long as the current situation continues.

Currently the material in transit to Russia is unloaded in intermediate ports as many international carriers refuse to ship to Russian ports.

Saipem has arranged to store the goods at its own logistics bases and/or intermediate storage areas. We are also considering the possibility, wherever possible, for the delivery of materials to the Russian shipyard not yet subject to sanctions.

Saipem does not purchase raw materials directly as its supply chain is long. No direct impacts are foreseen, but it is possible that the availability of steel and more noble metals (nickel, copper, aluminum) will be lower and that prices will be affected by other factors (e.g. gas), which will also have an impact on delivery times and related logistics.

Saipem has a diversified and, where possible, global supply chain approach. There is still a risk, however, for supplies where, for technological reasons, few alternatives are available, typically, if these technologies are supplied by Western producers and are not subject to sanctions.

The Company is closely monitoring its supply chain to identify and take appropriate mitigation actions in relation to potential impacts in terms of material and service costs and delivery times resulting from the evolving conflict in Ukraine. The Company, considering the extreme unpredictability of this situation and the effects on the orders, is already adjusting its execution strategies and has already started discussions with its clients and in general with the entire supply chain to negotiate risk management and risk sharing mechanisms to mitigate the impacts on the ongoing orders and future initiatives.

In addition to the above, our threat intelligence reports an increase in the cyber threat to operators in the above-mentioned markets and their supply chains. As of the date of this document, there have been no incidents of direct cyber attacks against Saipem.

As of 2019, Saipem has implemented a system of protection against cyber attacks, in line with the requirements of the National Cybersecurity Framework, which includes organisational, physical, and logical measures. A major effort was made to define

guidelines for both technology implementation and employee behaviour. Ongoing third-party assessments have been validating the effectiveness of the attack detection and response approach within the company's Crisis Management plan, as well as the technological measures in place to protect business-critical assets.

In March 2021, Saipem obtained the certification under ISO/IEC 27001, for "Cyber security events monitoring and incidents management". This important milestone confirms the validity of the structure Saipem adopted for Cyber Detection & Response activities, and it also makes it possible to proceed in a structured manner in the ongoing improvement of the Saipem security management system. The company's security level is now also a function of the constant training and education of workers. During the past year, Saipem has developed e-learning training focusing on the cyber security management model (standard, high, and critical level).

Saipem coordinates closely with national cyber security institutions, DIS (the Italian Security Intelligence Department), the National Cybersecurity Agency and CNAIPIC (the Italian National Cybercrime Centre for Critical Infrastructure Protection).

Saipem strives to use qualified suppliers for services that are critical and most exposed to the risk of cyber attacks, especially when providing IT services for the support of business activities.

Controlling the supply chain is one of our most difficult challenges. The Security division has defined specific cyber requirements which must be met by the Supply Chain; this will ensure that all suppliers have acceptable resilience characteristics.

EFFECTS OF CLIMATE CHANGE

Climate change and the transition to a low-carbon economy are having an increasing impact on the global economy and the energy sector. Saipem, as a global solution provider in this sector, is aware that these changes may have a significant direct and indirect impact on the activities of its business and consequently on its consolidated financial statements, in terms of the results and value of its assets and liabilities.

On the other hand, these scenarios of change offer companies operating in the energy sector, and therefore Saipem, the opportunity to play an active role in proposing technologically advanced eco-sustainable solutions to their clients, which meet the demand for low carbon solutions and products that is expected to grow in the near future.

Risks related to climate change, to which Saipem's activities are intrinsically exposed, can be classified into physical risks and transition risks. Physical risks are risks arising from physically observable climatic phenomena (e.g. flooding of plants, production sites and construction sites, as well as worsening weather and sea conditions in the offshore operating areas). Transition risks are risks arising from the transition phase that aims to reduce emissions and thus mitigate the effects of climate change. These risks are classified as market risks, in terms of strategic positioning to take advantage of the opportunities provided by the energy transition in a timely manner; technological risks, in terms of insufficient effectiveness in implementing the most efficient technologies applicable; regulatory risks, related to the issuance of laws and regulations to which one must promptly adapt and which may lead to an increase in operating costs; image risks, in terms of a negative assessment by financial stakeholders of the corporate strategy implemented.

For each identifiable risk, whether physical or transitional, Saipem undertakes an action plan that includes its identification and description, assessment in terms of: (i) timeframe; (ii) probability; (iii) magnitude of the final impact, identification of the economic and financial impact and the actions to be put in place for its management.

In this evolutionary and transformational context, Saipem, which has always been oriented towards technological innovation, is today committed, alongside its clients, to energy transition with means, technologies and processes that are increasingly digital and oriented from the start towards environmental sustainability. In this direction, it plans to progressively expand its offer in sectors with a lower impact on the climate and to propose itself as a supplier of innovative solutions to support customers in identifying the best technological choices with reduced carbon emissions.

The evolution of energy demand may affect the recoverable amount of property, plant and equipment and the Group's goodwill. Management will continue to review demand assumptions as the energy transition process progresses, which may lead to additional impairment charges on non-financial assets in the future compared to those made to date. The exposure to risks and impacts arising from climate change is considered in the estimation of future cash flows for the purpose of impairment testing. The energy transition may reduce the expected useful life of assets used in the oil and gas industry, thus accelerating the depreciation expense of assets used in this sector. However, Saipem is gradually positioning itself in non-oil sectors, enhancing the use of its traditional assets where possible; at the same time, it is expected that part of the assets currently owned will be fully depreciated in the medium to long term, during which period demand for services in the oil sector is expected to remain significant.

New laws or regulations introduced in response to climate change may create new requirements that did not previously exist. Consequently, the Company's management monitors the evolution of the relevant regulations in order to assess whether such obligations, even implicit ones, require the recognition of specific provisions or the reporting of related contingent liabilities.

3 Changes to standards and financial risk management

Compared to the 2021 Annual Report, to which reference should be made, there have been no changes in the standards implemented by Saipem.

As regards the adoption of the international accounting standards, refer to the details reported below.

Recently issued international standards

Below are the amendments to international accounting standards endorsed by the European Commission, which have already been reported in the consolidated financial statements as of December 31, 2021, and whose provisions are effective as of January 1, 2022. Amendments made in the first quarter of the current year, both endorsed and not yet endorsed by the European Commission, which take effect on or after January 1, 2023, are also reported.

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

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

At present, the above changes have had no impact on the Group.

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

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

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

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

On May 7, 2021, the IASB issued the document "Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which clarifies how to account for deferred tax assets and liabilities related to certain transactions, such as leases and decommissioning obligations. It also amends IFRS 1 "First-time Adoption of International Financial Reporting Standards" by introducing a specific paragraph on the date of application of those amendments, and certain paragraphs regarding Appendix B of IFRS 1. The amendments shall be effective on or after January 1, 2023.

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

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

Financial risk management

Description and impact

The volatility of market conditions and the possible deterioration of the financial position of clients can cause delays in both payments from the clients for the services provided based on the contractual provisions and acknowledgement and payment of change orders and claims relating to contracts under execution. These cash flow fluctuations may occur despite the fact that the contractor and the client usually cooperate to find agreements that satisfy both parties, to avoid compromising the correct performance of works and delaying the completion of the project. Therefore, the Group is exposed to the risk of deterioration

of working capital, which could lead to economic and financial impacts, as well as a deterioration of the reputation in the industry and in the financial markets.

Furthermore, the Group is exposed to numerous financial risks: (i) fluctuations in interest rates and exchange rates of foreign currency, as well as the volatility of prices for commodities such as petroleum products (e.g. fuel oil, lubricants and marine fuel) and raw materials including, in particular, copper, steel and nickel; (ii) the credit risk deriving from the possible default of a counterparty; (iii) the liquidity risk deriving from the lack of adequate financial resources to face short-term commitments; (iv) the risks connected with the issuance of the bank guarantees required by operating activities; (v) the risk of a downgrading of the credit rating by the main rating agencies; (vi) the loss or limitation of insurance coverage for the country risk, the risk of war and terrorist attacks on onshore assets, and the pandemic risk, in an insurance market characterised by a "hard market" phase. Changes to national tax systems, tax incentives, rulings with tax authorities, international tax treaties and, in addition, risks associated with their application and interpretation in the countries where the Group's companies operate expose Saipem to tax risks, which could lead to fiscal disputes in certain countries.

Moreover, difficulties in obtaining adequate insurance coverage for risks related to war and terrorist attacks (with particular reference to the Group's assets related to Onshore activities), pandemic risk and environmental risks could have a consequent negative impact on the Company's and the Group's business and/or financial position.

In terms of sustainable finance instruments which help to convey to stakeholders the company's strong commitment to ESG practices and to reduce the cost of financing, Saipem is currently monitoring the possibility of obtaining benefits through these financial instruments and is now identifying appropriate ESG targets for the short and medium term.

The financial risks are still negatively affected by the COVID-19 pandemic, triggering a potential worsening of the financial stress scenarios. This could be due to a deterioration of liquidity in general, delays in payments by clients, and the slowing down of operational activities on projects resulting in delays in invoicing customers.

Mitigation

The management, control, and reporting of the financial risks are based on the Financial Risk Policy, issued and periodically updated at corporate level with the aim of defining and coordinating the Saipem Group's financial risk policies. Specifically, financial risks are controlled through the periodic calculation of several Key Risk Indicators (KRI) which are subject to specific attention. These risk indicators and the associated attention thresholds are periodically analysed, and updated if necessary, to verify the consistency between these KRIs and the business context in which the Group operates. The control activities established by the Financial Risk Policy also include escalation procedure to be followed if the risk thresholds set by each KRIs are exceeded.

The Company has adopted various techniques that are implemented from the start of the negotiations with clients with the aim of achieving the most favourable conditions, such as contractually agreed advance payments, and of monitoring its contracts through stringent procedures to obtain the certifications necessary to proceed to invoicing, or by constant reporting all changes to contract or project execution to the client, so as to maintain positive or neutral cash flows during the various phases of the project execution. In addition, the fluctuation of net working capital is constantly monitored by the Group, and the top management is actively engaged in mitigating any situations that could have an impact on the Company's net working capital. 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), and the changes in the "sustainable finance" market, including the way it is regulated.

Furthermore, the Group monitors the developments in the insurance market through a vast network of partners, aiming to identify the evolutions in the insurance and insurance products market (including alternative risk transfer products).

Finally, the Company management is constantly engaged in monitoring the evolution of the financial markets and in strengthening and increasing business relations with partners in the financial and insurance sector, as they are key players in the mitigation of financial risks.

(i) Market risk

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

Market risk - Exchange rates

Currency risk derives from the fact that Saipem's operations are conducted in currencies other than the euro and that revenue and/or costs from a significant portion of projects executed are potentially denominated and settled in non-euro currencies. This impacts on:

- on the results of operations of Group companies due to the effect of the different countervalue of costs and revenues, denominated in currencies other than the functional currency of the companies, at the time of their recognition compared to the time at which the price conditions were defined and due to the conversion and subsequent revaluation of trade or financial receivables/payables denominated in foreign currencies;
- on the consolidated financial statements (economic result and shareholders' equity) as a result of the conversion of operating income and assets and liabilities of companies that prepare their financial statements in currencies other than the Group's functional currency.

The Saipem Group's risk management objective is to minimise the impact of exchange rate fluctuations on the results of Group companies.

The impacts of exchange rate fluctuations arising from the consolidation of the results of companies that prepare their financial statements in a currency other than the Group's functional currency are monitored. On the other hand, the exchange rate risk arising from the translation of assets and liabilities of companies that prepare their financial statements in a currency other than the Group's functional currency is partially managed, at a consolidated level, by designating long-term operating monetary items as 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 these 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 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 the IFRS. 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.

With reference to the currencies other than the euro that potentially generate impacts in terms of exposure to exchange rate risk, a sensitivity analysis was prepared to determine the effect on the income statement and shareholders' equity that would result from a hypothetical 10% positive and negative change in the exchange rates of the aforementioned foreign currencies against the euro.

The sensitivity analysis was carried out in relation to the following financial assets and liabilities expressed in currencies other than the euro:

- > exchange rate derivatives;
- > trade receivables and other assets;
- > loan assets;
- > trade payables and other liabilities;
- > cash and cash equivalents;
- > current and non-current financial liabilities;
- > lease liabilities.

For derivative instruments on exchange rates, the sensitivity analysis on the relative fair value is carried out by comparing the term counter-value fixed in the contracts with the counter-value determined at spot exchange rates, allowing for a 10% positive or negative variation, and adjusted using interest rate curves consistent with the expiration dates of contracts on the basis of market prices at year-end.

The analysis did not examine the effect of exchange rate fluctuations on the measurement of contract assets from work in progress 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 various 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 €29 million (-€59 million as of December 31, 2021) and an overall effect on shareholders' equity, before related tax effect, of -€194 million (-€262 million as of December 31, 2021).

An appreciation of the euro compared to other currencies would have produced an overall effect on pre-tax profit of -€24 million (€62 million as of December 31, 2021) and an overall effect on equity, before tax effect, of €199 million (€264 million as of December 31, 2021).

The increase/decrease with respect to the previous year is essentially due to variations in the exposed financial assets and liabilities.

Market risk - Interest rate

Interest rate fluctuations influence the market value of the group's financial assets and liabilities and the level of net financial expense. The objective of risk management is to minimise the interest rate risk when pursuing financial structure objectives defined in the Financial Risk Policy.

In compliance with established risk management objectives, the Finance Department of Saipem assesses, when stipulating variable rate financing, where appropriate, to enter into Interest Rate Swap (IRS) transactions in order to manage fluctuations in interest rates. In addition, the Finance function of the Saipem Group, if appropriate and based on adequate internal assessments, negotiates derivative contracts to establish the interest rates and stabilise the impacts of the Group currencies hedging.

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 the IAS/IFRS. 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 derivative financial instruments 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 on 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 year-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 the closing of the year 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 €6 million (€3 million as of December 31, 2021) and an overall effect on equity, before tax effect, of €7 million (€4 million as of December 31, 2021). A negative variation in interest rates would have produced an overall effect on pre-tax profit of -€7 million (-€3 million as of December 31, 2021) and an overall effect on equity, before tax effect, of -€7 million (-€4 million as of December 31, 2021).

The increase/decrease with respect to the previous year is essentially due to variations in the financial assets and liabilities exposed to interest rate fluctuations.

Market risk - Commodity

Saipem's results are affected by changes in the prices of oil products (fuel oil, lubricants, bunker oil, etc.) and raw materials (copper, steel, etc.), since they represent associated costs in the running of vessels, offices and yards and the implementation of projects and investments.

In order to reduce its commodity risk, in addition to adopting solutions at a commercial level, Saipem also trades derivatives (swaps and bullet swaps) in particular on the organised ICE, NYMEX and LME markets where the relevant physical commodity market is closely correlated to the financial market and is price efficient.

As regards 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 by the parent 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 fair value by the Finance Department of Saipem on the basis of market standard evaluation algorithms and market prices/contributions provided by primary info providers.

The Saipem Group measures and controls the interest rate risk by calculating and monitoring a KRI that quantifies the maximum potential loss measured with Value at Risk (VaR) models.

With regard to commodity risk hedging instruments, a 10% positive variation in the underlying rates would have produced no effect on pre-tax profit, while it would have produced an effect on equity, before related tax effects, of €7 million. A 10% negative variation in the underlying rates would have produced no effect on pre-tax profit, while it would have produced an effect on equity, before related tax effects, of -€7 million.

(ii) Credit risk

Credit risk represents Saipem's exposure to potential losses deriving from the default of commercial counterparties. As regards counterparty risk in commercial contracts, credit management is the responsibility of the business lines and of specific corporate Finance and Administration departments operating on the basis of standard business partner evaluation and credit worthiness procedures. For counterparty financial risk deriving from the investment of surplus liquidity, from positions in derivative contracts and from commodities contracts with financial counterparties, Group Companies Group companies adopt the provisions defined in the Financial Risk Policy. In spite of the measures implemented by the parent in order to avoid concentrations of risk and/or assets and for identifying the parameters and conditions within which hedging instruments can operate, it is not possible to exclude the possibility that one of the Group's customers may delay payments, or fail to make payments, within the defined terms and conditions. Any delay or default in payment by the main customers may imply difficulties in the execution and/or completion of projects, or the need to recover costs and expenses through legal action.

Assessment of the recoverability of financial assets with counterparties of a trade and financial nature was made on the basis of the so-called "expected credit loss model" illustrated in the paragraph entitled "Impairment losses on financial assets".

The measurement and control of credit risk towards commercial counterparties is carried out by the Saipem Group through the periodic calculation of indicators aimed at measuring the breakdown by Probability of Default ('PD') classes of exposures on trade receivables, backlog and guarantees granted. The effect of these activities is shown in Notes 8 "Trade receivables and other assets" and 9 "Inventories and contract assets" below. Credit risk towards financial counterparties is instead monitored and controlled through the periodic calculation of KRIs aimed at measuring exposure, maximum lending duration and the breakdown of financial assets by rating class.

(iii) Liquidity risk

The liquidity risk represents the risk that, due to the inability to raise new funds ("funding liquidity risk") or to liquidate assets on the market ("asset liquidity risk"), the company is unable to meet its payment commitments, resulting in an impact on the economic result in the event that the company is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that puts the company's business at risk. The objective of the Group's risk management is to create financial structure which, consistent with the business objectives and the limits defined in the Financial Risk Policy, guarantees an adequate level of liquidity of borrowing facilities 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 or advance funding operations, as well as to ensure the availability of an adequate level of financial flexibility for Saipem's development programmes, keeping a balance in terms of debt duration and composition and an adequate structure of bank credit lines.

Saipem measures and controls the liquidity risk by continuously monitoring estimated cash flows, the maturity profile of financial liabilities and the parameters characterising the main bank financing contracts (so-called Financial Covenants), and by periodically calculating KRIs. These indicators measure the level of available cash expected in the short term, the level of maturity concentration of financial liabilities and derivatives, and the ratios between financial sources and uses expected in the short and medium term.

For the control and efficient use of its liquidity, the Saipem Group avails itself, among other things, of a central cash pooling system and automatic reporting tools.

As a result of the significant deterioration in the full-life margins of certain projects in the Onshore E&C and Offshore Wind segments following the backlog review, as well as the possible emergence, in relation to certain loan agreements, of the right of the related bank counterparties to accelerate their maturity due to the occurrence of the conditions set out in Article 2446 of the Civil Code, the Company planned to implement measures aimed at strengthening its equity and financial structure.

In particular, the Financial Package provides for a capital increase of up to €2 billion to be carried out by March 31, 2023 and the subscription of a new Revolving Credit Facility (RCF) of €1 billion, which will be available starting from the capital increase completion date.

In addition, in order to cover short-term financial requirements and preserve an adequate level of available cash, the package envisages immediate liquidity assistance totalling €1.5 billion to be disbursed: (i) in the amount of €458 million by way of a "capital contribution" to equity with a specific "tagged" reserve ("riserva targata") by the shareholder Eni SpA (ii) for an amount of €188 million as a "Payment for future capital increase" by the shareholder CDP Industria SpA; and (iii) for an amount of €855 million from a pool of banks backed by a specific guarantee issued by Eni SpA.

On March 30, 2022 and March 31, 2022, Eni SpA and CDP Industria SpA fulfilled their respective commitments, proceeding to make payments totalling €646 million.

In addition, on March 31, 2022, the loan agreement for the Liquidity Facility was signed. Following the occurrence of the conditions precedent to the first utilisation of the facility, on April 4, 2022 an amount of €680 million was disbursed corresponding to the entire "Tranche A" of the loan.

For further details, reference should be made to the section "Going concern" in Note 2 "Accounting estimates and significant judgements" above.

In certain Group's loan agreements, there are financial covenants that determine, if they are not respected, a right on the part of the respective financial institutions to request the early repayment of the loans, if not remedied through the granting of a waiver.

In particular, the bilateral financing lines and the export credit lines include a financial covenant that provides, with reference to the December 31 of each financial year, that the ratio of the Group's consolidated net financial debt to the Group's consolidated EBITDA shall not exceed 3.5 times.

With regard to the Liquidity Facility entered into by the Company on March 31, 2022, which will be fully repaid through the proceeds of the Capital Increase, the related agreement provides for specific commitments by the Group to maintain certain levels in terms of EBITDA and Gross Financial Debt, monitored on a quarterly basis, starting from June 2022, as well as a certain level of available liquidity monitored on a monthly basis starting from the date the facility was entered into.

It should also be noted that, as of March 31, 2022, there are financing agreements containing express representations and warranties relating to the non-existence of the situation provided for by Article 2446 of the Italian Civil Code. In this regard, the Company is proceeding with appropriate negotiations with its banking counterparties in order to extend the temporary disapplication of such declaration by obtaining specific waivers from the respective financial institutions.

As of March 31, 2022, the Group has structured its financial sources mainly on medium/long-term maturities with an average duration of 2.4 years; the portion of medium/long-term debt maturing in 12 months is €653 million, of which €563 million during the first half of the year and the rest during the second half.

The maturity dates for the five bonds of €500 million each outstanding as of March 31, 2022 are 2022, 2023, 2025, 2026 and 2028.

In view of the financial package described above, the medium/long-term debt maturity plan and the amount of cash available as of March 31, 2022 amounting to €1,398 million, Saipem believes that it has access to more than adequate resources of funding to meet its foreseeable financial needs.

(iv) Downgrading risk

S&P Global Ratings assigned Saipem a "long term corporate credit rating" equal to "BB-", with "outlook positive"; Moody's Investor Services assigned Saipem a "corporate family rating" equal to "B1", with "rating on review for further downgrade".

Saipem believes that, through the implementation of the Finance Package aimed at strengthening its capital and financial structure, it will be able to maintain an adequate rating to allow refinancing on the market of bonds maturing after 2023.

Any downgrade in credit ratings could lead to a reduction in the market value of bonds issued by the Saipem Group, with a negative impact on the value of the bond investment subscribed by bondholders; in addition, any reduction in creditworthiness could limit the Group's ability to access the capital market and increase the cost of raising financial sources, with consequent negative effects on the business, prospects, and the economic, asset, and financial position of the Saipem Group.

Future payments for financial liabilities, trade payables and other liabilities

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

(€ million)	Maturity						Total
	2023 (*)	2024	2025	2026	2027	After	
Non-current financial liabilities	-	1,374	95	566	560	515	3,110
Current financial liabilities	615	-	-	-	-	-	615
Lease liabilities	251	58	30	21	19	59	438
Fair value of derivative instruments	216	-	-	-	-	-	216
Total	1,082	1,432	125	587	579	574	4,379
Interest on loans and borrowings	55	71	50	48	34	32	290
Interests on lease liabilities	20	7	5	4	4	16	56

(*) Includes the second, third and fourth quarters 2022.

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

(€ million)	Maturity			Total
	2023 (*)	2024-2027	After	
Trade payables	2,253	-	-	2,253
Other liabilities	363	-	2	365

(*) Includes the second, third and fourth quarters 2022.

Future payments for outstanding contractual obligations

Investment commitments related to projects for which procurement contracts have already been placed amount to €93 million.

4 Consolidation scope as of March 31, 2022

Parent company

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or cost method principles (%)
Saipem SpA	San Donato Milanese	EUR	2,191,384,693	Eni SpA	30.54		
				CDP Industria SpA	12.55		
				Saipem SpA	2.12		
				Third parties	54.79		

Subsidiaries

Italy

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

Outside Italy

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

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

(**) In liquidation.

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or consolidation principles ^(*)
Saimexicana SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	6,386,529,301	Saipem SA	100.00	100.00	F.C.
Saipem (Beijing) Technical Services Co Ltd	Beijing (China)	USD	6,700,000	Saipem International BV	100.00	100.00	F.C.
Saipem (Malaysia) Sdn Bhd	Petaling Jaya (Malaysia)	MYR	87,033,500	Saipem International BV Third parties	41.94 58.06 ^(a)	100.00	F.C.
Saipem (Nigeria) Ltd	Lagos (Nigeria)	NGN	259,200,000	Saipem International BV Third parties	89.41 10.59	89.41	F.C.
Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	Caniçal (Portugal)	EUR	299,300,000	Saipem International BV	100.00	100.00	F.C.
Saipem America Inc	Wilmington (USA)	USD	1,000	Saipem International BV	100.00	100.00	F.C.
Saipem Argentina de Perforaciones, Montajes y Proyectos Sociedad Anónima, Minera, Industrial, Comercial y Financiera^{(**)(***)}	Buenos Aires (Argentina)	ARS	1,805,300	Saipem International BV Third parties	99.90 0.10	99.90	Co.
Saipem Asia Sdn Bhd	Petaling Jaya (Malaysia)	MYR	238,116,500	Saipem International BV	100.00	100.00	F.C.
Saipem Australia Pty Ltd	West Perth (Australia)	AUD	566,800,001	Saipem International BV	100.00	100.00	F.C.
Saipem Canada Inc	Montreal (Canada)	CAD	100,100	Saipem International BV	100.00	100.00	F.C.
Saipem Contracting Algérie SpA	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 Serviços de Petróleo Ltda	Rio de Janeiro (Brazil)	BRL	2,260,796,299	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Llc^{(**)(***)}	Moscow (Russia)	RUB	6,100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Drilling Norway AS	Sola (Norway)	NOK	120,000	Saipem International BV	100.00	100.00	F.C.
Saipem East Africa Ltd	Kampala (Uganda)	UGX	3,791,000,000	Saipem International BV Snamprogetti Netherlands BV	51.00 49.00	100.00	F.C.
Saipem Finance International BV	Amsterdam (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	607,500,000	Saipem International BV	100.00	100.00	F.C.

(a) Percentage of control. The percentage of ownership including preferential shares is 99.31% held by Saipem International BV and 0.69% by non-controlling investors.

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

(**) In liquidation.

(***) Inactive throughout the year.

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or consolidation principles (*)
Saipem Luxembourg SA	Luxembourg (Luxembourg)	EUR	31,002	Saipem Maritime Asset Management Luxembourg Sàrl	100.00	100.00	F.C.
Saipem Maritime Asset Management Luxembourg Sàrl	Luxembourg (Luxembourg)	USD	378,000	Saipem SpA	100.00	100.00	F.C.
Saipem Misr for Petroleum Services (S.A.E.)	Port Said (Egypt)	EUR	2,000,000	Saipem International BV ERS - Equipment Rental & Services BV Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda	99.92 0.04 0.04	100.00	F.C.
Saipem Moçambique Lda	Maputo (Mozambique)	MZN	535,075,000	Saipem SA Saipem International BV	99.98 0.02	100.00	F.C.
Saipem Norge AS	Sola (Norway)	NOK	100,000	Saipem International BV	100.00	100.00	F.C.
Saipem Offshore México SA de Cv	Delegacion Cuauhtemoc (Mexico)	MXN	998,259,500	Saimexicana SA de Cv	100.00	100.00	F.C.
Saipem Romania Srl	Aricestii Rahtivani (Romania)	RON	29,004,600	Snamprogetti Netherlands BV Saipem International BV	99.00 1.00	100.00	F.C.
Saipem SA	Montigny le Bretonneux (France)	EUR	25,050,000	Saipem SpA	100.00	100.00	F.C.
Saipem Singapore Pte Ltd	Singapore (Singapore)	SGD	116,090,000	Saipem SA	100.00	100.00	F.C.
Saiwest Ltd	Accra (Ghana)	GHS	937,500	Saipem SA Third parties	49.00 51.00	49.00	F.C.
Sajer Iraq Co for Petroleum Services, Trading, General Contracting & Transport Llc	Baghdad (Iraq)	IQD	300,000,000	Saipem International BV Third parties	60.00 40.00	60.00	F.C.
Saudi Arabian Saipem Ltd	Dhahran (Saudi Arabia)	SAR	130,000,000	Saipem International BV	100.00	100.00	F.C.
Saudi International Energy Services Ltd Co	Dhahran (Saudi Arabia)	SAR	1,000,000	International Energy Services SpA	100.00	100.00	F.C.
Sigurd 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 Engineering BV	Schiedam (Netherlands)	EUR	18,151	Saipem Maritime Asset Management Luxembourg Sàrl	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 Snamprogetti Netherlands BV	95.00 5.00	100.00	F.C.
Sofresid Engineering SA	Montigny le Bretonneux (France)	EUR	1,217,783	Sofresid SA Third parties	99.99 0.01	100.00	F.C.
Sofresid SA	Montigny le Bretonneux (France)	EUR	16,699,069	Saipem SA	100.00	100.00	F.C.

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

Associates and jointly controlled companies

Italy

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

Outside Italy

Bally Solar Energy Ltd Δ	Dublin (Ireland)	EUR	100	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Gydan Lng Snc	Nanterre (France)	EUR	9,000	Sofresid SA Third parties	15.00 85.00	15.00	E.M.
Gydan Yard Management Services (Shanghai) Co Ltd	Shanghai (China)	CNY	1,600,000	Saipem (Beijing) Technical Services Co Ltd Third parties	15.15 84.85	15.15	E.M.
Gygaz Snc	Nanterre (France)	EUR	10,000	Sofresid SA third parties	15.15 84.85	15.15	E.M.
Hazira Cryogenic Engineering & Construction Management Private Ltd Δ	Mumbai (India)	INR	500,000	Saipem SA Third parties	55.00 45.00	55.00	E.M.
KWANDA Suporte Logistico Lda	Luanda (Angola)	AOA	25,510,204	Saipem SA Third parties	40.00 60.00	40.00	E.M.
Mangrove Gas Netherlands BV Δ	Amsterdam (Netherlands)	EUR	2,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Novarctic Snc	Nanterre (France)	EUR	9,000	Sofresid SA Third parties	33.33 66.67	33.33	E.M.
Petromar Lda Δ	Luanda (Angola)	USD	357,143	Saipem SA Third parties	70.00 30.00	70.00	E.M.
PSS Netherlands BV Δ	Leiden (Netherlands)	EUR	30,000	Saipem SpA Third parties	36.00 64.00	36.00	E.M.
Sabella SA	Quimper (France)	EUR	12,889,122	Sofresid Engineering SA Third parties	9.00 91.00	9.00	E.M.
SaiPar Drilling Co BV Δ	Amsterdam (Netherlands)	EUR	20,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Saipem Dangote E&C Ltd (***) Δ	Victoria Island - Lagos (Nigeria)	NGN	100,000,000	Saipem International BV Third parties	49.00 51.00	49.00	E.M.

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

(**) In liquidation.

(***) Inactive throughout the year.

Δ Jointly-controlled company

Company	Registered office	Currency	Share capital	Shareholders	% owned	Saipem's consolidation (%)	Method of consolidation or consolidation principles (1)
Saipem - Hyperion Eastmed Engineering Ltd Δ	Nicosia (Cyprus)	EUR	85,000	Saipem International BV Third parties	45.00 55.00	45.00	E.M.
Saipem Taqa Al Rushaid Fabricators Co Ltd	Dammam (Saudi Arabia)	SAR	40,000,000	Saipem International BV Third parties	40.00 60.00	40.00	E.M.
Saipon Snc Δ	Montigny le Bretonneux (France)	EUR	20,000	Saipem SA Third parties	60.00 40.00	60.00	E.M.
SAME Netherlands BV Δ	Amsterdam (Netherlands)	EUR	50,000	Servizi Energia Italia SpA Third parties	58.00 42.00	58.00	E.M.
Saren BV Δ	Amsterdam (Netherlands)	EUR	20,000	Servizi Energia Italia SpA Third parties	50.00 50.00	50.00	E.M.
Saren Llc Δ	Murmansk (Russia)	RUB	10,000	Saren BV	100.00	50.00	E.M.
Société pour la Réalisation du Port de Tanger Méditerranée (****) Δ	Anjra (Morocco)	EUR	33,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
Southern Gas Constructors Ltd Δ	Lagos (Nigeria)	NGN	10,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.
Sud-Soyo Urban Development Lda (****) Δ	Soyo (Angola)	AOA	20,000,000	Saipem SA Third parties	49.00 51.00	49.00	E.M.
TMBYS SAS (****) Δ	Guyancourt (France)	EUR	30,000	Saipem SA Third parties	33.33 66.67	33.33	E.M.
TSGI Mühendislik İnşaat Ltd Şirketi Δ	Istanbul (Turkey)	TRY	594,657,675	Saipem Ingegneria Y Construcciones SLU Third parties	33.33 66.67	33.33	E.M.
TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	Funchal (Portugal)	EUR	5,000	TSKJ - Serviços de Engenharia Lda	100.00	25.00	E.M.
TSKJ - Nigeria Ltd (**) (****)	Lagos (Nigeria)	NGN	50,000,000	TSKJ II - Construções Internacionais, Sociedade Unipessoal, Lda	100.00	25.00	E.M.
TSKJ - Serviços de Engenharia Lda	Funchal (Portugal)	EUR	5,000	Snamprogetti Netherlands BV Third parties	25.00 75.00	25.00	E.M.
Xodus Subsea Ltd (**) (****) Δ	London (United Kingdom)	GBP	7,000,000	Saipem International BV Third parties	50.00 50.00	50.00	E.M.

As of March 31, 2022, the companies of Saipem SpA can be broken down as follows:

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

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

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

(**) In liquidation.

(****) Inactive throughout the year.

Δ Jointly-controlled company

Changes in the consolidation scope

During the first three months of 2022, the following changes occurred in the Group's scope of consolidation compared to the Annual Report as of December 31, 2021.

New incorporations, disposals, liquidations, mergers, change in equity investments, and changes in consolidation method:

- > the company **Saipem Services Mexico SA de Cv**, previously fully consolidated, was merged by incorporation into Saimexicana SA de Cv;
- > the company **Xodus Subsea Ltd**, accounted for using the equity method, was placed into liquidation;
- > the company **Saipem Drilling Llc**, fully consolidated, was placed into liquidation.

5 Cash and cash equivalents

Cash and cash equivalents of €2,101 million increased by €469 million compared to December 31, 2021 (€1,632 million).

Cash and cash equivalents at the end of the quarter, are for 52% denominated in EUR, 33% in USD and 15% in other currencies, and were remunerated at an average rate of 0.14%. The item includes cash on hand of €2 million (€2 million as of December 31, 2021).

Cash and cash equivalents for the first quarter include, for a combined total of €707 million, the following: (i) cash and cash equivalents of €562 million in current accounts of projects executed in partnership or joint ventures; (ii) cash and cash equivalents of €142 million in current accounts denominated in currencies subject to movement and/or convertibility restrictions; and (iii) cash and cash equivalents of €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 March 31, 2022 by geographical area (based on the country of domicile of the relevant company) was as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Italy	738	1,038
Rest of Europe	107	112
CIS	33	14
Middle East	110	68
Far East	138	108
North Africa	10	7
Sub-Saharan Africa	278	223
Americas	218	531
Total	1,632	2,101

6 Financial assets measured at fair value through OCI

Financial assets measured at fair value through OCI amounted to €55 million (€59 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Securities for non-operating purposes		
Listed bonds issued by sovereign states/supranational institutions	7	4
Listed bonds issued by industrial companies	52	51
Total	59	55

Listed bonds issued by sovereign states/supranational institutions as of March 31, 2022 of €4 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating classification
Fixed rate bonds					
Poland	3	4	3.75	2023	A
Total	3	4			

Listed bonds issued by industrial companies as of March 31, 2022 of €51 million were as follows:

(€ million)	Notional amount	Fair value	Nominal rate of return (%)	Maturity	Standard & Poor's rating classification
Fixed rate bonds					
Listed bonds issued by industrial companies	51	51	0.25-5.52	2022-2028	AA/BBB
Total	51	51			

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

Listed bonds issued by sovereign states/supranational institutions and by industrial companies held by the Group fall within the scope of analysis for the determination of expected losses.

Given the high creditworthiness of the issuers (investment grade) the impact of expected losses on such bonds as of March 31, 2022 is irrelevant.

7 Other financial assets

Other current financial assets

Other current financial assets of €538 million (€567 million as of December 31, 2021) consist of the following:

(€ million)	Dec. 31, 2021	March 31, 2022
Financial receivables for operating purposes	1	1
Financial receivables for non-operating purposes	566	537
Total	567	538

Financial receivables for operating purposes of €1 million (€1 million as of December 31, 2021) were related to receivables held by Saipem SpA from Serfactoring SpA.

Financial receivables for non-operating purposes of €537 million (€566 million as of December 31, 2021) were related mainly to the portion attributable to the subsidiary Servizi Energia Italia SpA of cash and cash equivalents recognised in the financial statements of the companies CCS JV Scarl which is carrying out a project in Mozambique (€355 million) and the company SCD JV Scarl which is carrying out a project in Nigeria (€165 million).

Other current financial assets from related parties are shown in Note 36 "Related party transactions".

Other non-current financial assets

The other non-current financial assets that are not instrumental to operations equal to €60 million (€61 million as of December 31, 2021), include mainly the amount of two frozen bank accounts belonging to Saipem Contracting Algérie SpA for a total of €60 million (€61 million before discounting), classified as other non-current financial assets due to the protracted proceedings in Algeria.

8 Trade receivables and other assets

Trade receivables and other assets of €2,194 million (€2,251 million as of December 31, 2021) were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Trade receivables	1,837	1,724
Advances for services	263	313
Other receivables	151	157
Total	2,251	2,194

Receivables are stated net of a loss allowance of €800 million, whose movement is shown below:

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	March 31, 2022
Trade receivables	732	32	(4)	10	-	770
Other receivables	30	-	-	-	-	30
Total	762	32	(4)	10	-	800

Trade receivables amounted to €1,724 million, representing a decrease of €113 million compared to 2021.

The credit exposure to the top five clients is in line with the Group's operations and represents around 42% of total trade receivables.

The Group is closely monitoring revenue since, as is well known, its major clients are the main Oil Companies of reference in the sector.

The recoverability of trade receivables is checked using the so-called "expected credit loss model".

As of March 31, 2022, the effect of expected losses on trade receivables, determined on the basis of the assessment of the creditworthiness of the client, amounted to €149 million (€125 million as of December 31, 2021) on the total loss allowance of €770 million (€732 million as of December 31, 2021).

As of March 31, 2022, Saipem had non-recourse non-notification factoring agreements relating to trade receivables not past due, amounting to €132 million (€38 million at December 31, 2021). Saipem SpA is responsible for managing the collection of the receivables assigned without notice and for transferring the sums collected to the factors.

Trade receivables included retentions guaranteeing contracts of €151 million (€144 million as of December 31, 2021), of which €82 million were due within twelve months and €69 million due after twelve months.

As of March 31, 2022, there were no trade receivables relating to projects in dispute, as was for December 31, 2021.

Advances for services not yet rendered amounted to €313 million as of March 31, 2022, relating mainly to advances to suppliers on ongoing operational projects, an increase of €50 million compared to December 31, 2021.

Other receivables of €157 million were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Receivables from:		
- employees	43	42
- guarantee deposits	11	10
- national insurance/social security contributions	5	10
Other	92	95
Total	151	157

Other receivables amounting to €157 million are shown net of the impairment allowance of €30 million, in line with the previous year, and relates mainly to the write-down of a receivable from a subcontractor.

Trade receivables and other assets from related parties are detailed in Note 36 "Related party transactions".

The fair value of trade receivables and other assets does not produce significant effects considering the short period of time between the origin of the receivable and its maturity.

9 Inventories and contract assets

Inventories

Inventories amounted to €267 million (€258 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Raw and auxiliary materials and consumables	258	267
Total	258	267

The item "Raw and auxiliary materials and consumables" includes spare parts for drilling and construction activities, as well as consumables for internal use and not for sale. The item is stated net of a provision for impairment of €160 million.

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Other changes	March 31, 2022
Raw and auxiliary materials and consumables allowance	160	2	(3)	1	160
Total	160	2	(3)	1	160

Contract assets

Contract assets for €1,454 million (€1,320 million as of December 31, 2021) are examined as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Contract assets (from work in progress)	1,330	1,459
Allowance for impairment on contract assets (from work in progress)	(10)	(5)
Total	1,320	1,454

Contract assets (from valuation of long-term contracts), amounting to €1,459 million, increased by €129 million as a result of the recognition of revenues based on the operational progress of projects to be invoiced during 2022 for €315 million, an amount largely offset by €215 million resulting from the recognition of milestones by customers to which is added the effect of write-downs resulting from the continuous legal and commercial monitoring of the claims and change orders amounts considered in the whole life for the purpose of contract valuation for €2 million and other positive changes, for €29 million, due to the exchange rate effect.

The effects relative to IFRS 9 applied to contract assets amounted to €10 million.

10 Tax assets and liabilities

Current income tax assets and liabilities

Current income tax assets and liabilities consisted of the following:

(€ million)	Dec. 31, 2021		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	54	-	54	-
Foreign tax authorities	221	42	232	40
Current income tax assets and liabilities	275	42	286	40

The increase in assets and decrease in liabilities for current income taxes is entirely attributable to relations with foreign financial administrations, a calculation based on an estimate made on the basis of the expected burden for the year.

Other current tax assets and liabilities

Other current tax assets and liabilities consisted of the following:

(€ million)	Dec. 31, 2021		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	3	35	2	10
Foreign tax authorities	193	157	203	147
Other current tax assets and liabilities	196	192	205	157

Other current tax assets from foreign tax authorities amounting to €203 million (€193 million as of December 31, 2021) relate to VAT asset for €128 million in value-added tax credits (€139 million as of December 31, 2021) and to indirect assets for €75 million (€54 million as of December 31, 2021).

Other current tax liabilities from Italian tax authorities amounting to €10 million (€35 million as of December 31, 2021), related to VAT liabilities for €1 million in value-added tax liabilities (€21 million as of December 31, 2021) and to indirect tax liabilities for €9 million (€14 million as of December 31, 2021).

Other current tax liabilities from foreign tax authorities amounting to €147 million (€157 million as of December 31, 2021) related to VAT liabilities for €80 million (€92 million as of December 31, 2021) and to indirect tax liabilities for €67 million (€65 million euros as of December 31, 2021).

Non-current income tax assets and liabilities

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

(€ million)	Dec. 31, 2021		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Italian tax authorities	-	-	-	-
Foreign tax authorities	20	42	21	42
Total non-current income taxes	20	42	21	42

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 that ensures the maximum compliance with the fiscal legislation in force and established practice. It is, therefore, believed that no significant additional liabilities will arise with respect to those already recognised.

11 Other assets

Other current assets

Other current assets amounted to €257 million (€231 million as of December 31, 2021) and were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Fair value of derivative financial instruments	87	109
Other assets	144	148
Total	231	257

The fair value of derivative financial instruments is commented in Note 23 "Derivative financial instruments".

Other assets as of March 31, 2022, amounted to €148 million, representing an increase of €4 million compared with December 31, 2021, and consisted mainly of prepayments related mostly to the participation of vessels to be used on contracts and insurance costs.

Other non-current assets

Other non-current assets of €35 million (€37 million as of December 31, 2021) were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Fair value of derivative financial instruments	5	3
Other receivables	9	10
Other assets	23	22
Total	37	35

The fair value of derivative financial instruments is commented in Note 23 "Derivative financial instruments".

Other receivables amounted to €10 million, in line with 2021, and related almost exclusively to guarantee deposits of various kinds, mainly guarantee deposits paid for property leases and for the investigation of legal proceedings.

Other assets as of March 31, 2022, amounted to €22 million, a decrease of €1 million compared to December 31, 2021, which mostly include costs not pertaining to the financial year, for the preparation of vessels for the execution of contracts with customers already in backlog.

Other non-current assets from related parties are shown in Note 36 "Related party transactions".

12 Property, plant and equipment

Property, plant and equipment amounted to €3,073 million (€3,113 million as of December 31, 2021) and consisted of the following:

(€ million)	Property, plant and equipment
Gross amount at December 31, 2021	13,074
Depreciation and impairment losses at December 31, 2021	9,961
Carrying amount as of December 31, 2021	3,113
Capital expenditure	43
Depreciation and amortisation	(99)
Net reversals of impairment losses	-
Disposals	-
Change in the consolidation scope	-
Business unit transactions	-
Exchange differences	16
Other changes	-
Carrying amount as of March 31, 2022	3,073
Gross amount at March 31, 2022	13,157
Depreciation and impairment losses at March 31, 2022	10,084

Engineering investments made during the first quarter of 2022 amounted to €43 million (€283 million as of December 31, 2021) and mainly included:

- for Engineering & Construction Offshore €29 million: extraordinary maintenance of the Saipem 7000 vessel and the S45 barge, and cyclical maintenance and upgrading of existing vessels, particularly FDS;
- for Onshore Engineering & Construction €3 million: purchase and cyclical maintenance of equipment;
- for Offshore Drilling €3 million: cyclical maintenance and upgrading interventions on assets;
- for Onshore Drilling €8 million: upgrading of a rig intended to operate in Saudi Arabia, as well as cyclical maintenance and upgrading work on existing rigs.

No financial expenses were capitalised during the quarter.

Exchange rate differences from the translation of financial statements of companies with functional currencies other than the euro were positive in the amount of €16 million.

No collateral was outstanding on property, plant and equipment as of March 31, 2022.

Investment commitments related to projects for which procurement contracts have already been placed amount to €93 million.

Impairment

At the time of the Group's condensed interim consolidated financial statements as of March 31, 2022, the Company verified the absence of significant changes in the cash flows of the CGUs and in the discount rates that could highlight a potential reduction in the value of CGUs' assets. As a result of the qualitative and quantitative analyses concisely carried out, no changes were identified in the contextual or endogenous factors of a significance such as to require a review of the assumptions underlying the updating of the flows of the 2022-2025 Strategic Plan and estimates of discount rates; consequently, the Company did not consider it necessary to carry out the impairment test as of March 31, 2022.

13 Intangible assets

Intangible assets of €698 million (€699 million as of December 31, 2021) consisted of the following:

(€ million)	Intangible assets with finite useful lives	Other intangible assets with indefinite useful lives	Total
Gross amount at December 31, 2021	283	-	283
Depreciation and impairment losses at December 31, 2021	(251)	-	(251)
Carrying amount as of December 31, 2021	32	667	699
Capital expenditure	2	-	2
Depreciation and amortisation	(3)	-	(3)
Net reversals of impairment losses	-	-	-
Exchange differences and other changes	-	-	-
Carrying amount as of March 31, 2022	31	667	698
Gross amount at March 31, 2022	285	-	285
Depreciation and impairment losses at March 31, 2022	(254)	-	(254)

The goodwill of €667 million refers mainly to the difference between the purchase price, including ancillary charges, and the equity of Saipem SA (€629 million), Sofresid SA (€21 million) and Moss Maritime Group (€12 million), as of the respective dates of acquisition of control.

The allocation of goodwill by CGU is shown below:

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

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

The movements during the period of the Right-of-Use assets and lease financial assets and liabilities as of March 31 are shown as follows:

(€ million)	Right-of-Use assets	Lease assets		Lease liabilities	
		Current	Non-current	Current	Non-current
December 31, 2021					
Opening balance	288	16	51	151	270
Increases	105	-	21	1	115
Decreases and cancellations	(15)	(19)	-	(154)	(17)
Depreciation	(106)	-	-	-	-
Net impairment reversals of impairment losses	(15)	-	-	-	-
Exchange differences	4	2	3	5	10
Interest	-	2	-	13	-
Other changes	-	29	(29)	131	(131)
Final value	261	30	46	147	247
March 31, 2022					
Opening balance	261	30	46	147	247
Increases	16	-	-	-	17
Decreases and cancellations	(1)	(4)	-	(38)	(8)
Depreciation	(28)	-	-	-	-
Net impairment reversals of impairment losses	-	-	-	-	-
Exchange differences	1	-	1	1	-
Interest	-	1	-	3	-
Other changes	-	7	(7)	37	(37)
Final value	249	34	40	150	219

The net decrease between current financial lease liabilities and assets is €34 million due to the effect of lease payments for the period and the decrease in debt resulting from the reduction in the Iraq yard area.

Based on business assessments, unexercised renewal options related mainly to land and buildings totalling €22 million (€23 million as of December 31, 2021) are not considered in the determination of the total duration of the contracts and lease liability as of March 31, 2022.

The breakdown of renewal options by year is as follows:

(€ million)	2023	2024	2025	2026	2027	After	Total
Renewal options	-	-	1	1	1	19	22

Lease assets refer to subleases of vessels.

Other changes in financial liabilities for leases refer mainly to the reclassification of financial liabilities from non-current to current.

The analysis by maturity of net lease liabilities as of March 31, 2022 is as follows:

(€ million)	Short-term portion 2022	Non-current portion					Total
		2023	2024	2025	2026	After	
Lease liabilities	150	79	48	23	15	54	369
Lease assets	34	23	15	2	-	-	74
Total	116	56	33	21	15	54	295

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

15 Equity investments

Equity investments accounted for using the equity method

Equity investments accounted for using the equity method of €146 million (€157 million as of December 31, 2021) were as follows:

(€ million)	Opening carrying amount	Acquisitions and subscriptions	Sales and reimbursements	Share of profit of equity-accounted investees	Share of loss of equity-accounted investees	Deduction for dividends	Change in the consolidation scope	Exchange differences	Movements in reserves	Other changes	Closing carrying amount	Loss allowance
December 31, 2021												
Investments in joint ventures	89	-	(1)	26	(30)	(9)	-	2	-	1	78	-
Investments in associates	77	-	-	30	(12)	(18)	-	2	-	-	79	-
Total	166	-	(1)	56	(42)	(27)	-	4	-	1	157	-
March 31, 2022												
Investments in joint ventures	78	-	-	8	(12)	-	-	-	-	-	74	-
Investments in associates	79	-	-	1	(1)	(7)	-	-	-	-	72	-
Total	157	-	-	9	(13)	(7)	-	-	-	-	146	-

Investments accounted for using the equity method are detailed in Note 4 "Consolidation scope as of March 31, 2022".

The share of profit of equity-accounted investees of €9 million included profits for the period of €8 million recorded by the joint ventures and €1 million for the period recorded by associates.

The share of loss of equity-accounted investees of €13 million included losses for the period of €12 million recorded by the joint ventures and €1 million for the period recorded by associates.

Deduction following the distribution of €7 million related to associates.

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

(€ million)	Group interest (%)	Carrying amount as of Dec. 31, 2021	Carrying amount as of March 31, 2022
Petromar Lda	70.00	52	60
Gygaz Snc	15.15	35	28
Saipem Taqa Al Rushaid Fabricators Co Ltd	40.00	24	24
Rosetti Marino SpA	20.00	15	15
TSGI Mühendislik İnşaat Ltd Şirketi	33.33	11	11
Other		20	8
Total equity investments accounted for using the equity method		157	146

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

Other equity investments

Other equity investments are not significant as of March 31, 2022.

16 Deferred tax assets and liabilities

Deferred tax assets of €327 million (€329 million as of December 31, 2021) are shown net of offsettable deferred tax liabilities (offset €84 million).

Deferred tax liabilities of €5 million (€5 million as of December 31, 2021) are shown net of offsettable deferred tax assets of €84 million.

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

(€ million)	Dec. 31, 2021	Accruals	Utilisations	Exchange differences	Other changes	March 31, 2022
Deferred tax assets	329	13	(25)	1	9	327
Deferred tax liabilities	(5)	(1)	5	-	(4)	(5)
Total deferred tax assets (liabilities)	324	12	(20)	1	5	322

The item "Other changes" in deferred tax assets, up by €9 million, includes: (i) the offsetting at the individual company level of deferred tax assets against deferred tax liabilities (increase by €2 million); (ii) the recognition (increase by €7 million) as a balancing entry to equity reserves of the tax effect related to the fair value measurement of hedging derivative contracts (cash flow hedges).

The item "Other changes" in deferred tax liabilities, up by €4 million, includes: (i) the offsetting at individual company level of deferred tax assets against deferred tax liabilities (increase of €2 million); (ii) the recognition (increase of €2 million) with a counter-entry to equity reserves of the tax effect related to the fair value measurement of hedging derivative contracts (cash flow hedge).

Net deferred tax assets consisted of the following:

(€ million)	Dec. 31, 2021	March 31, 2022
Deferred tax liabilities	(91)	(89)
Offsettable deferred tax assets	86	84
Net deferred tax liabilities	(5)	(5)
Non-offsettable deferred tax assets	329	327
Net deferred tax assets (liabilities)	324	322

Deferred tax assets recognised in the financial statements as of March 31, 2022 relating to tax losses amount to €61 million and are considered recoverable in the next 4 years.

Taxes are shown in Note 32 "Income taxes".

17 Trade payables, other liabilities and contract liabilities

Trade payables and other liabilities

Trade payables and other liabilities of €2,616 million (€2,651 million as of December 31, 2021) are analysed as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Trade payables	2,378	2,253
Other liabilities	273	363
Total	2,651	2,616

Trade payables amounted to €2,253 million, representing a decrease of €125 million compared to December 31, 2021.

Trade payables and other liabilities to related parties are shown in Note 36 "Related party transactions".

Other liabilities of €363 million were as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Liabilities to:		
- employees	141	158
- national insurance/social security contributions	63	62
- insurance companies	2	11
- consultants and professionals	4	4
- Directors and Statutory Auditors	1	1
- shareholders	-	-
Other	62	127
Total	273	363

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

Contract liabilities

Contract liabilities of €2,615 million (€2,517 million as of December 31, 2021) are analysed as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Contract liabilities (from work in progress)	1,452	1,561
Advances from clients	1,065	1,054
Total	2,517	2,615

Contract liabilities (from work in progress) of €1,561 million (€1,452 million as of December 31, 2021) relate to adjustments in revenues invoiced on long-term contracts, in order to comply with the principle of accruals, in application of the accounting policies based on the contractual amounts accrued.

In particular, contract liabilities (from work in progress) increased by €109 million as a result of adjustments to revenues invoiced during the first three months of the year following the valuation based on the operating progress of projects for €231 million, plus the impact of the exchange rate effect for €8 million, partially offset by the recognition of revenues for the current period for €130 million adjusted at the end of the previous year.

Advances from clients of €1,054 million (€1,065 million as of December 31, 2021) refer to amounts received, in previous years and during the quarter in relation to contracts in execution, eroded on the basis of contractual milestone.

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

18 Other liabilities

Other current liabilities

Other current liabilities amounted to €247 million (€186 million as of December 31, 2021) and are analysed as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Fair value of derivative financial instruments	175	201
Other liabilities	11	46
Total	186	247

The fair value of derivative financial instruments is commented in Note 23 "Derivative financial instruments".

Other liabilities amounted to €46 million (up €35 million from December 31, 2021) and included mainly the registration of insurance premium reserves.

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

Other non-current liabilities

Other non-current liabilities of €17 million (€30 million as of December 31, 2021) are analysed as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Fair value of derivative financial instruments	28	15
Other liabilities	2	2
Other liabilities	-	-
Total	30	17

19 Financial liabilities

Financial liabilities were as follows:

(€ million)	Dec. 31, 2021				March 31, 2022			
	Current financial liabilities	Current portion of non-current	Non-current financial liabilities	Total	Current financial liabilities	Current portion of non-current	Non-current financial liabilities	Total
Banks	367	151	439	957	274	151	414	839
Ordinary bonds	-	546	1,993	2,539	-	536	1,993	2,529
Other financial institutions	45	-	-	45	341	-	-	341
Total	412	697	2,432	3,541	615	687	2,407	3,709

As of March 31, 2022, there are loan agreements containing Financial Covenant clauses that require compliance with the ratio of net financial debt to EBITDA (as defined in the respective loan agreements), as measured annually based on data as of December 31 of each financial year, not to exceed 3.5 times. It should be noted that the Company agreed with the respective lenders, during the period between October and December 2021, to waive, for the year 2021 only, the Financial Covenant clause in the aforementioned loan agreements. Due to this waiver, the Financial Covenant was not subject to recognition and calculation in relation to the date of December 31, 2021. It should also be noted that, as of March 31, 2022, there are financing agreements containing express representations and warranties relating to the non-existence of the situation provided for by Article 2446 of the Italian Civil Code. It should be noted that the Company has obtained before March 31, 2022 all waivers necessary for the disapplication of this statement valid until the beginning of the next interest period of fiscal year 2022. In this regard, the Company is proceeding with appropriate negotiations with its banking counterparties in order to extend the temporary disapplication of this declaration by obtaining specific waivers from the respective financial institutions.

On March 31, 2022, a Liquidity Facility for a total amount of €855 million was signed with a pool of banks, backed by a specific guarantee issued by Eni SpA. This line includes specific commitments on the part of the Group to maintain certain levels in terms of EBITDA and gross financial debt, monitored on a quarterly basis, as of June 2022, as well as a certain level of available liquidity monitored on a monthly basis as of the date of signing of the financing line expected to be met.

It is also noted that as of March 31, 2022, the Cross-Default clause in some loan agreements in any case did not occur for medium- to long-term debts.

It should be noted that there are "change of control" clauses.

The analysis by maturity of non-current financial liabilities as of March 31, 2022 is as follows:

(€ million)							
Type	Maturity range	2023	2024	2025	2026	After	Total non-current financial liabilities
Banks	2023-2027	180	92	67	60	15	414
Ordinary bonds	2023-2028	497	-	497	499	500	1,993
Total		677	92	564	559	515	2,407

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

(€ million)	Carrying amount value as of March 31, 2022	Short-term maturity March 31, 2023	Long-term maturity					Total future payments as of March 31, 2022
			2023	2024	2025	2026	After	
Banks	565	153	182	95	66	60	15	571
Ordinary bonds	2,529	539	500	-	500	500	500	2,539
Other financial institutions	-	-	-	-	-	-	-	-
Total	3,094	692	682	95	566	560	515	3,110

The difference of €16 million between the carrying amount of the non-current financial liabilities recognised in the financial statements as of March 31, 2022 and the total of future payments is due to the measurement using the amortised cost method. The analysis of financial liabilities by currency with an indication of the interest rate is as follows:

Currency	Dec. 31, 2021						March 31, 2022					
	Current financial liabilities	Interest rate %		Non-current (including current portion)	Interest rate %		Current financial liabilities	Interest rate %		Non-current (including current portion)	Interest rate %	
		from	to		from	to		from	to		from	to
Euro	244	0.00	0.50	3,129	0.80	3.75	440	0.00	1.00	3,094	0.79	3.75
US Dollar	-	-	-	-	-	-	-	-	-	-	-	-
Other	168	variable		-	-	-	175	variable		-	-	-
Total	412			3,129			615			3,094		

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

As of March 31, 2022, Saipem had unused uncommitted short-term credit lines amounting to €196 million (€207 million at December 31, 2021) and unused committed long-term credit lines amounting to €855 million (€1,000 million at December 31, 2021).

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 €2,905 million (€3,152 million as of December 31, 2021) and was calculated by discounting the actual future cash flows in the main currencies of the loan at the following, approximate rates:

(%)	Dec. 31, 2021	March 31, 2022
Euro	0.56-3.42	6.25-7.09

The market value of listed financial instruments was calculated using the closing stock price at the last available date of the period.

The following table lists the comparison between the notional value, the carrying amount and the fair value of non-current financial liabilities:

(€ million)	Dec. 31, 2021			March 31, 2022		
	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Banks	597	590	583	571	565	529
Ordinary bonds	2,500	2,539	2,569	2,500	2,529	2,376
Other financial institutions	-	-	-	-	-	-
Total	3,097	3,129	3,152	3,071	3,094	2,905

Following is the reconciliation between liability changes and the flow of financing activities:

(€ million)	Dec. 31, 2021	Changes in cash flows	Changes without impact on cash flows				March 31, 2022
			Acquisitions	Exchange differences	Change in the fair value	Other non-monetary changes	
Current financial liabilities	412	200	-	2	-	1	615
Non-current financial liabilities and current portion thereof	3,129	(34)	-	-	-	(1)	3,094
Net lease liabilities (assets)	318	(29)	-	-	-	6	295
Total net liabilities from financing activities	3,859	137	-	2	-	6	4,004

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

20 Analyses of net financial debt

The statement of financial debt prepared in accordance with the provisions set forth in Consob Document 5/21 of April 29, 2021, which implements ESMA guidelines, is reported:

(€ million)	Dec. 31, 2021			March 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	1,632	-	1,632	2,101	-	2,101
B. Cash and cash equivalents	-	-	-	-	-	-
C. Other current financial assets:						
- Financial assets measured at fair value through OCI	59	-	59	55	-	55
- Loan assets	566	-	566	537	-	537
D. Liquidity (A+B+C)	2,257	-	2,257	2,693	-	2,693
E. Current financial debt:	559	-	559	765	-	765
- Current bank loans and borrowings	367	-	367	274	-	274
- Current financial liabilities to related parties	18	-	18	198	-	198
- Other current financial liabilities	27	-	27	143	-	143
- Lease liabilities	147	-	147	150	-	150
F. Current portion of the non-current financial debt:	697	-	697	687	-	687
- Non-current bank loans and borrowings	151	-	151	151	-	151
- Ordinary bonds	546	-	546	536	-	536
G. Current financial debt (E+F)	1,256	-	1,256	1,452	-	1,452
H. Net current financial debt (G-D)	(1,001)	-	(1,001)	(1,241)	-	(1,241)
I. Non-current financial debt:	-	686	686	-	633	633
- Non-current bank loans and borrowings	-	439	439	-	414	414
- Non-current financial liabilities to related parties	-	-	-	-	-	-
- Lease liabilities	-	247	247	-	219	219
J. Debt instruments:	-	1,993	1,993	-	1,993	1,993
- Ordinary bonds	-	1,993	1,993	-	1,993	1,993
K. Trade payables and other non-current debts	-	-	-	-	-	-
L. Non-current financial debt (I+J+K)	-	2,679	2,679	-	2,626	2,626
M. Total financial debt as per Consob Document No. 5/21 of April 29, 2021 (H+L)	(1,001)	2,679	1,678	(1,241)	2,626	1,385

Reconciliation of net financial debt

(€ million)	Dec. 31, 2021			March 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
M. Total financial debt as per Consob Document No. 5/21 of April 29, 2021 (H+L)	(1,001)	2,679	1,678	(1,241)	2,626	1,385
N. Non-current loan assets	-	61	61	-	60	60
O. Lease assets	30	46	76	34	40	74
P. Net financial debt (M-N-O)	(1,031)	2,572	1,541	(1,275)	2,526	1,251

Net financial debt before net lease liabilities as of March 31, 2022 amounted to €956 million, which, net of the payment made by the shareholder Eni for €458 million, increased by €191 million compared to December 31, 2021 (€1,223 million), mainly due to the slowdown of some projects under execution and the postponement of the contribution of recently acquired projects. Net financial debt inclusive of IFRS 16 lease liabilities (€295 million) amounted to €1,251 million.

Financial receivables are commented on in Note 7 "Other financial assets".

21 Provisions for risks and charges

Provisions for risks and charges of €1,263 million (€1,353 million as of December 31, 2021) are analysed as follows:

(€ million)	Opening balance	First application of IFRIC 23	Accruals	Utilisations	Other changes	Final value
December 31, 2021						
Provisions for taxes	13	-	2	(2)	1	14
Provisions for disputes	74	-	294	(109)	6	265
Provisions for losses on investments	26	-	23	(18)	(1)	30
Provision for contractual expenses and losses on long-term contracts	144	-	858	(31)	2	973
Provisions for redundancy incentives	-	-	21	(2)	(2)	17
Other provisions	38	-	21	(9)	4	54
Total	295	-	1,219	(171)	10	1,353
March 31, 2022						
Provisions for taxes	14	-	-	-	-	14
Provisions for disputes	265	-	-	(20)	1	246
Provisions for losses on investments	30	-	39	-	-	69
Provision for contractual expenses and losses on long-term contracts	973	-	4	(113)	-	864
Provisions for redundancy incentives	17	-	-	(2)	1	16
Other provisions	54	-	3	(3)	-	54
Total	1,353	-	46	(138)	2	1,263

The **provisions for taxes** amounted to €14 million and related principally to disputes concerning indirect taxes with foreign tax authorities that are ongoing and take into account the results of recent assessments.

The Group operates in numerous countries with complex tax laws to which it adheres thanks also to the support of local tax consultants. In some of these jurisdictions, the Group is handling, through appeals, some requests made by the tax authorities, from which the Directors believe that no further significant charges will arise with respect to what has already been set aside.

The **provision for disputes** amounted to €246 million and refers to provisions made by the Parent Company and some foreign subsidiaries for charges arising from pending litigation, of which €12 million are related to disputes with personnel. The provision mainly includes an estimate of contingent liabilities arising from settlements and legal proceedings.

The **provisions for losses on investments** amounts to €69 million and includes losses of investee companies accounted for under the equity method. The increase in the provision that occurred in the period is mainly attributable to contractual changes in a project executed in JV in the Far East.

The **provision for contractual expenses and losses on long-term contracts** amounts to €864 million and includes estimated losses on long-term contracts in the amount of €855 million and the provision for final project costs in the amount of €9 million related to Offshore and Onshore Engineering & Construction projects.

The **provisions for redundancy incentives** amounted to €16 million and referred to provisions made by the Parent Company and two foreign subsidiaries.

Other provisions amounted to €54 million and are for other contingencies.

For further information, see Note 27 "Guarantees, commitments and risks".

22 Employee benefits

Employee benefits amounted to €236 million (€238 million as of December 31, 2021).

23 Derivative financial instruments

(€ million)	Dec. 31, 2021		March 31, 2022	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Derivatives qualified for hedge accounting				
<i>Interest rate contracts (Spot component)</i>				
- purchases	-	1	-	-
- sales	-	-	-	-
<i>Currency forwards (Spot component)</i>				
- purchases	54	19	53	24
- sales	4	110	3	129
<i>Currency forwards (Forward component)</i>				
- purchases	3	2	(1)	1
- sales	(1)	5	1	(5)
<i>Commodity forwards (Forward component)</i>				
- purchases	-	1	10	-
- sales	-	-	-	-
Total derivatives qualified for hedge accounting	60	138	66	149
Derivatives not qualified for hedge accounting				
<i>Currency forwards (Spot component)</i>				
- purchases	27	12	36	11
- sales	3	48	5	53
<i>Currency forwards (Forward component)</i>				
- purchases	2	1	2	1
- sales	-	5	3	2
<i>Commodity forwards (Forward component)</i>				
- purchases	-	-	-	-
- sales	-	-	-	-
Total derivatives not qualified for hedge accounting	32	66	46	67
Total derivatives	92	204	112	216
Of which:				
- current	87	175	109	201
- non-current (including IRS, Note 20 "Analyses of net financial debt")	5	29	3	15

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

(€ million)	Dec. 31, 2021		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Purchase commitments				
Derivatives qualified for hedge accounting:				
- interest rate derivatives	-	75	-	75
- currency contracts	1,393	1,444	1,235	1,224
- commodity contracts	-	30	-	59
Derivatives not qualified for hedge accounting:				
- currency contracts	736	1,897	824	1,494
	2,129	3,446	2,059	2,852
Sale commitments				
Derivatives qualified for hedge accounting:				
- currency contracts	755	2,424	184	2,491
Derivatives not qualified for hedge accounting:				
- currency contracts	1,258	2,185	1,492	1,528
	2,013	4,609	1,676	4,019

The fair value of derivative instruments was determined using valuation models commonly used in the financial sector and based on year-end market data (exchange and interest rates).

The fair value of forward contracts (forwards, outright and currency swaps) was determined by comparing the net present value at contractual conditions of forward contracts outstanding as of March 31, 2022, with their present value recalculated at year-end market conditions. The model used is the Net Present Value model, which is based on the forward contract exchange rate, the year-end exchange rate and the respective forward interest rate curves.

The fair value related to the IRS, amounting to a liability of €0.1 million (€1 million as of December 31, 2021), is shown in Note 20 "Analyses of net financial debt". The fair value of the interest rate swaps was calculated by comparing the net present value under the negotiated terms of the outstanding transactions as of March 31, 2022 with the recalculated present value under the terms quoted by the market as of 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). Recognition of the effects on the income statement and realisation of the economic flows of highly probable future hedged transactions as of March 31, 2022 are expected to occur over a period of time up to 2023.

During the first quarter of 2022, there were no significant instances in which the realisation of the hedged item was no longer considered highly probable from transactions previously qualified as hedges.

The fair value asset on qualified hedging derivative contracts as of March 31, 2022 amounted to €66 million (€60 million as of December 31, 2021). Against these derivatives, the spot component, amounting to €56 million (€58 million as of December 31, 2021), was suspended in the hedging reserve in the amount of €58 million (€53 million as of December 31, 2021) and accounted in financial income and expense in the amount of -€2 million (€5 million as of December 31, 2021), while the forward component, not designated as a hedging instrument, was accounted in financial income and expense (€2 million as of December 31, 2021). Regarding commodity contracts, the fair value of €10 million was suspended in the hedging reserve.

The fair value liability on qualified hedging derivative contracts as of March 31, 2022 amounted to €149 million (€138 million as of December 31, 2021). Against these derivatives, the spot component, amounting to €153 million (€129 million as of December 31, 2021), was suspended in the hedging reserve in the amount of €164 million and accounted in financial income and expenses in the amount of -€11 million (no component as of December 31, 2021), while the forward component was accounted in financial income and expenses in the amount of -€4 million (€7 million as of December 31, 2021).

The hedging reserve, related to currency contracts, amounted to a negative amount of €101 million with a weighted average exchange rate of hedging instruments of 1.1942 on the U.S. Dollar (USD), 0.2385 on the Saudi Riyal (SAR) and 49.9 on the Russian ruble (RUB). The hedging reserve, related to commodity contracts, is a positive amount of €22 million, with a weighted average price of hedging instruments of 5,688 USD/MT for copper hedges and 658 USD/MT for fuel hedges.

During the first quarter of 2022, costs and revenues from ordinary operations were adjusted by a net negative amount of €3 million against the hedges made.

24 Assets held for sale

As of March 31, 2022, there were no assets held for sale.

25 Equity

Non-controlling interests

Minority shareholders' capital and reserves amounted to €25 million as of March 31, 2022 (€25 million as of December 31, 2021).

Shareholders' equity of Saipem

Saipem's shareholders' equity amounted to €699 million as of March 31, 2022 (€326 million as of December 31, 2021) and is broken down as follows:

(€ million)	Dec. 31, 2021	March 31, 2022
Share capital	2,191	2,191
Share premium	553	553
Legal reserve	88	88
Hedging reserve	(42)	(60)
Fair value reserve	1	-
Translation reserve	(53)	(24)
Reserve for defined benefits for employees	(45)	(46)
Other	(46)	412
Retained earnings	230	(2,233)
Profit (loss) for the year	(2,467)	(98)
Negative reserve for treasury shares in portfolio	(84)	(84)
Total	326	699

As of March 31, 2022, there are no distributable reserves.

Share capital

As of March 31, 2022, Saipem SpA's fully paid-up share capital amounted to €2,191,384,693, corresponding to 1,010,977,439 shares all with no indication of par value (1,010,977,439 as of December 31, 2021), of which 1,010,966,841 were ordinary shares (1,010,966,841 as of December 31, 2021) and 10,598 were savings shares (10,598 as of December 31, 2021).

Share premium

Amounted to €553 million as of March 31, 2022 (€553 million as of December 31, 2021).

Other reserves

Other reserves as of March 31, 2022, were positive €370 million (negative €97 million as of December 31, 2021) and consisted of the following:

(€ million)	Dec. 31, 2021	March 31, 2022
Legal reserve	88	88
Hedging reserve	(42)	(60)
Fair value reserve	1	-
Translation reserve	(53)	(24)
Reserve for defined benefits for employees	(45)	(46)
Other	(46)	412
Total	(97)	370

Legal reserve

As of March 31, 2022, the legal reserve stood at €88 million. This represents the portion of profits of the parent Saipem SpA, accrued in accordance with Article 2430 of the Italian Civil Code, that cannot be distributed as dividends.

Hedging reserve

The reserve is negative €60 million (negative €42 million as of December 31, 2021) and relates to the fair value measurement of interest rate hedging contracts, commodity risk hedging contracts, and the spot component of foreign exchange risk hedging contracts outstanding as of March 31, 2022.

The hedging reserve is shown net of tax effects of €19 million (€14 million as of December 31, 2021).

Fair value reserve

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

Translation reserve

The reserve is negative €24 million (negative €53 million as of December 31, 2021) and relates to foreign exchange differences from the translation into euros of financial statements expressed in currencies other than the Euro (mainly the U.S. Dollar).

Reserve for defined benefits for employees

The reserve shows a negative balance of €46 million (negative €45 million as of December 31, 2021), net of the tax effect of €13 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 re-measurements are not allocated to the income statement. The reserve for defined employee benefit plans includes a negative value of €1 million related to equity investments accounted for under the equity method.

Other

Positive other reserves of €412 million (negative €46 million as of December 31, 2021) are broken down as follows:

- > a positive €2 million related to the revaluation reserve consisting of the positive revaluation balance resulting from the application of Law No. 413 of December 30, 1991, Article 26 (in case of distribution, 5% of the reserve contributes to the taxable income of the Company and is subject to the rate of 24%);
- > negative €48 million due to the effect recognised in reserves following the acquisition of minority interests relating to shares in consolidated equity investments;
- > payment on account of future capital increase in the amount of €458 million; amount received from the shareholder Eni SpA, which exercises joint control over the company, by way of payment on account of future capital increase with a commitment to convert the share into a special "tagged" reserve ("riserva taggata").

Negative reserve for treasury shares in portfolio

The negative reserve for treasury shares in portfolio, established pursuant to Article 2357-ter of the Civil Code as amended to implement Legislative Decree No.139/2015, amounted to €84 million (€84 million as of December 31, 2021) for 21,379,496 ordinary shares and included the value of treasury shares allocated for the implementation of long-term incentive plans for the benefit of Group executives.

Specifically, 15,397 shares were granted during the year to implement the 2016-2018 long-term incentive plan.

In light of the above, the detail of treasury shares is as follows:

	Number of shares	Average cost (€)	Average cost (€ million)	Share capital (%)
Treasury shares held as of January 1, 2022	21,394,893	3.910	84	2.12
Purchases in 2022	-	-	-	-
Allocation	(15,397)	3.910	-	-
Treasury shares held as of March 31, 2022	21,379,496	3.910	84	2.12

As of March 31, 2022, the number of shares in circulation is 989,597,943 (989,582,546 as of December 31, 2021).

26 Additional information

Disclosure on the statement of cash flows

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

27 Guarantees, commitments and risks

Guarantees

Guarantees amounted to €7,974 million (€7,995 million as of December 31, 2021), and were as follows:

(€ million)	Dec. 31, 2021			March 31, 2022		
	Unsecured	Other personal guarantees	Total	Unsecured	Other personal guarantees	Total
Joint ventures and associates	120	407	527	120	400	520
Consolidated companies	60	1,001	1,061	59	1,057	1,116
Own	-	6,407	6,407	-	6,338	6,338
Total	180	7,815	7,995	179	7,795	7,974

Other personal guarantees issued for consolidated companies amounted to €1,057 million (€1,001 million as of December 31, 2021), which are related to independent guarantees given to third parties mainly to bid bonds and performance bonds. Guarantees issued to/through related parties are detailed in Note 36 "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 are performance obligations, guarantee contracts whose overall value amounted to €74,870 million (€73,659 million as of December 31, 2021), including both work already performed and the relevant portion of the backlog of orders as of March 31, 2022.

The repayment obligations of bank loans granted to Saipem Group companies are generally supported by guarantees issued by the parent company Saipem SpA and other Group companies. The repayment obligations of the Group's bond issues are covered by guarantees issued by the parent company Saipem SpA, and other Group companies.

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:

- level 1: prices (not subject to variations) listed on active markets for the same financial assets or liabilities;
- 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
- level 3: inputs not based on observable market data.

In relation to the above, the financial instruments measured at fair value as of March 31, 2022 were as follows:

(€ million)	March 31, 2022			Total
	Level 1	Level 2	Level 3	
Financial assets (liabilities) held for trading:				
- non-hedging derivatives	-	(21)	-	(21)
Financial assets available for disposal:				
- financial assets measured at fair value through OCI	55	-	-	55
Net hedging derivative assets (liabilities)	-	(83)	-	(83)
Total	55	(104)	-	(49)

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

Legal proceedings

The Group is a party in some judicial proceedings. Provisions for legal risks are made on the basis of information currently available, including information acquired by external consultants providing the Group with legal support. Information available to the Group for the purposes of risk assessment regarding criminal proceedings at the preliminary investigation phase is by its very nature incomplete due to the principle of pre-trial secrecy. A summary of the most important disputes is provided below.

ALGERIA

Investigations in Italy: on February 4, 2011, the Milan Public Prosecutor's office, through Eni, requested the transmission of documentation pursuant to Article 248 of the Code of Criminal Procedure. This related to the activities of Saipem Group companies in Algeria in connection with an allegation of international corruption. The crime of "international corruption" specified in the request is one of the offences punishable under Legislative Decree No. 231 of June 8, 2001 in connection with the direct responsibility of collective entities for certain crimes committed by their own employees.

Collection of documentation commenced immediately to comply with the request, and on February 16, 2011, Saipem filed such documentation.

On November 22, 2012, Saipem received a notification of inquiry from the Milan Public Prosecutor's office related to alleged unlawful administrative acts arising from the crime of international corruption pursuant to Article 25, paragraphs 2 and 3 of Legislative Decree No. 231/2001, together with a request to provide documentation regarding a number of contracts connected with activities in Algeria. This request was followed by the notification to Saipem of a seizure order on November 30, 2012, two further requests for documentation on December 18, 2012 and February 25, 2013, as well as the issue of a search warrant on January 16, 2013.

On February 7, 2013, a search was conducted, also at Eni offices, to obtain additional documentation relating to intermediary agreements and subcontracts entered into by Saipem in connection with its Algerian projects. The subject of the investigations are allegations of corruption which, according to the Milan Public Prosecutor, occurred up until and after March 2010 in relation to a number of contracts the Company was awarded in Algeria.

Several former employees of the Company were involved in the proceedings, including the former Deputy Chairman and CEO in office until December 5, 2012, the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 and the former Chief Financial Officer in office until August 1, 2008. The Company collaborated fully with the Prosecutor's Office. Saipem rapidly implemented decisive managerial and administrative restructuring measures, irrespective of any liability that may have resulted in the course of the proceedings. In agreement with the Board of Statutory Auditors and the Internal Control Bodies, and having duly informed the Prosecutor's Office, Saipem looked into the contracts that are subject to investigation, and to this end appointed an external legal firm. On July 17, 2013, the Board of Directors analysed the conclusions reached by the external consultants following an internal investigation carried out in relation to a number of brokerage contracts and subcontracts regarding projects in Algeria. The internal investigation was based on the examination of documents and interviews of personnel from the Company and other companies in the Group, excluding those, that to the best knowledge of the Company, would be directly involved in the criminal investigation so as not to interfere in the investigative activities of the Prosecutor. In July 2013, the Board of Directors, confirming its full cooperation with the investigative authorities, decided to convey the findings of the external consultants to the Public Prosecutor of Milan, for any appropriate assessment and initiatives under its responsibility in the wider context of the ongoing investigation. The consultants reported to the Board: (i) that they found no evidence of payments to Algerian public officials through the brokerage contracts or subcontracts examined; (ii) that they found violations, deemed detrimental to the interests of the Company, of internal rules and procedures – in force at the time – in relation to the approval and management of brokerage contracts and subcontracts examined and a number of activities in Algeria.

In July 2013, the Board of Directors decided to initiate legal action against certain former employees and suppliers in order to protect the interests of the Company, reserving the right to take any further action necessary should additional information emerge. As part of these legal proceedings, on February 11, 2021, the Milan Court of Appeal ordered the former Chief Operating Officer of the Engineering & Construction Business Unit, in office until December 5, 2012, to pay Saipem the sum of €10 million as compensation for damages, plus interest and revaluation from the due date to the date of settlement and Saipem is currently taking enforcement action to recover this amount.

On June 14, 2013, January 8, 2014 and July 23, 2014, the Milan Public Prosecutor's office submitted requests for extensions to the preliminary investigations. On October 24, 2014, notice was received of a request from the Milan Public Prosecutor to gather evidence before trial by way of questioning the former Chief Operating Officer of the Saipem Engineering & Construction Business Unit in office until December 5, 2012, and another former manager of Saipem, who are both under investigation in the

criminal proceedings. After the request was granted, the Judge for the Preliminary Hearing in Milan set hearings for December 1 and 2, 2014. On January 15, 2015, Saipem defence counsel received notice from the Milan Public Prosecutor's office of the conclusion of the preliminary investigations, pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure. Notice was also received by Saipem, by eight physical persons and the legal person of Eni. In addition to the crime of "international corruption" specified in the request from the Milan Public Prosecutor's office, the notice also contained an allegation against seven individuals of a violation of Article 3 of Legislative Decree No. 74 of March 10, 2000 concerning the filing of fraudulent tax returns, in connection with the recording in the books of Saipem of "*brokerage costs deriving from the agency agreement with Pearl Partners signed on October 17, 2007, as well as Addendum No. 1 to the agency agreement entered into August 12, 2009*", which is alleged to have led subsequently "*to the inclusion in the consolidated tax return of Saipem of profits that were lower than the real total by the following amounts: 2008: -€85,935,000; 2009: -€54,385,926*".

Criminal proceedings in Italy: on February 26, 2015, Saipem defence counsel received notice from the Judge for the Preliminary Hearing of the scheduling of a preliminary hearing, together with a request for committal for trial filed by the Milan Public Prosecutor's office on February 11, 2015. Notice was also received by Saipem, by eight physical persons and the legal person of Eni. The hearing was scheduled by the Judge for the Preliminary Hearing for May 13, 2015. During the hearing, the Italian Revenue Office appeared as plaintiff in the proceedings whereas other requests to be admitted as plaintiff were rejected. On October 2, 2015, the Judge for the Preliminary Hearing rejected the questions of unconstitutionality and those relating to the statute of limitations presented by the defence attorneys and determined as follows:

- ruling not to proceed for lack of jurisdiction in regard to one of the accused;
- ruling of dismissal in regard to all of the accused in relation to the allegation that the payment of the commissions for the MLE project by Saipem (approximately €41 million) may have served to enable Eni to acquire the Algerian ministerial approvals for the acquisition of First Calgary and for the expansion of a field in Algeria (CAFC). This measure also contains the decision to acquit Eni, the former CEO of Eni and an Eni executive in regard to any other charge;
- a decree that orders trial, among others, for Saipem and three former Saipem employees (the former Deputy Chairman and CEO in office until December 5, 2012, the former Chief Operating Officer of the Engineering & Construction Business Unit in office until December 5, 2012 and the former Chief Financial Officer in office until August 1, 2008) with reference to the charge of international corruption formulated by the Public Prosecutor's office according to which the accused were complicit in enabling Saipem to win seven contracts in Algeria on the basis of criteria of mere favouritism. For the physical persons only (not for Saipem) the committal for trial was pronounced also with reference to the allegation of fraudulent statements (tax offences) brought by the Public Prosecutor's office.

On the same date, at the end of the hearing relating to a section of the main proceedings, the Judge for the Preliminary Hearing of Milan issued a plea-bargaining sentence in accordance with Article 444 of the code of criminal procedure for a former executive of Saipem.

On November 17, 2015, the Public Prosecutor of Milan and the Prosecutor General at the Milan Court of Appeal filed an appeal with the Court of Cassation against the first two measures. On February 24, 2016, the Court of Cassation upheld the appeal lodged by the Public Prosecutor of Milan and ordered the transmission of the trial documents to a new Judge for the Preliminary Hearing at the Court of Milan for a new preliminary hearing.

With reference to this branch of the proceedings (the so-called "Eni branch"), on July 27, 2016, the new Judge for the Preliminary Hearing ordered the committal for trial of all the accused parties.

On November 11, 2015, on the occasion of publication of the 2015 corporate liability report of the office of the Public Prosecutor in Milan, it was disclosed that: "*a ruling was recently issued by the Judge for the Preliminary Investigation for the preventive seizure of assets belonging to the accused parties for the sum of €250 million. The ruling confirms the freezing previously decided upon by the foreign authorities of monies deposited in bank accounts in Singapore, Hong Kong, Switzerland and Luxembourg, totalling in excess of €100 million*". Saipem was not target of such measures; it came to its attention, however, that the seizure in question involved the personal assets of the Company's former Chief Operating Officer in office until December 5, 2012 and of two other persons accused.

At the same time, following the decree ordering the trial pronounced on October 2, 2015 by the Judge for the Preliminary Hearing, the first hearing before the Court of Milan in the proceedings of the so-called "Saipem branch" was held on December 2, 2015. During said hearing, Sonatrach asked to be admitted as plaintiff only against the physical persons charged. The Movimento cittadini algerini d'Italia e d'Europa likewise put forward a request to be admitted as plaintiff. The Italian Revenue Office confirmed the request for admission as plaintiffs only against the physical persons accused of having made fraudulent tax returns. At the hearing of January 25, 2016, the Court of Milan rejected the request put forward by Sonatrach and the Movimento cittadini algerini d'Italia e d'Europa to be admitted as plaintiff. The Court adjourned to February 29, 2016, reserving the right to pass judgement on the claims put forward by the accused of invalidity of the committals to trial.

At the hearing of February 29, 2016, the Court combined the proceedings with another pending case against a sole defendant (a physical person against whom Sonatrach had appeared as a plaintiff) and rejected the claims of invalidity of the committal to trial, calling on the Public Prosecutor to reformulate the charges against a sole defendant and adjourning the hearing to March 21, 2016. The Court then adjourned the proceedings to the hearing of December 5, 2016 in order to assess whether to combine it with the proceedings described earlier (the so-called Eni branch) for which the Judge for the Preliminary Hearing ordered the committal for trial of all the accused parties on July 27, 2016.

With the order of December 28, 2016, the President of the Court of Milan authorised the abstention request of the Chairman of the Panel of judges.

At the hearing on January 16, 2017, the two proceedings (the so-called Saipem branch and the so-called Eni branch) were combined before a new panel appointed on December 30, 2016.

Once the hearings on evidence finished with the hearing of February 12, 2018, in the subsequent hearings of February 19, 2018 and February 26, 2018, the Public Prosecutor proceeded with the indictment.

Given that generic extenuating circumstances were not considered to be initially attributable to the defendants and, conversely, that the aggravating circumstance of the transnational crime allegedly subsisted, the Public Prosecutor formulated sentencing requests for the accused individuals.

With regard to Saipem and Eni the Public Prosecutor requested a fine of €900,000 as the sentence for each company. Furthermore, the Public Prosecutor requested a "seizure of assets", equal to currently seized assets, relating to some seizures previously carried out against certain natural persons accused. Therefore, the request for seizure of assets did not concern Saipem.

At the hearing of March 5, 2018:

- (i) the Italian Revenue Agency has requested the conviction of only the physical persons indicted as was requested by the Public Prosecutor with the conviction of only the physical persons charged for compensation of the pecuniary and non-pecuniary damage in favour of the Italian Revenue Agency to be liquidated on an equitable basis and with a provisional amount of €10 million;
- (ii) Sonatrach has requested the conviction of the accused Samyr Ourayed and sentencing of the latter to the compensation of the damage to be liquidated in equitable way.

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

The first instance ruling of the Court of Milan: on September 19, 2018, the Court of Milan pronounced the first instance ruling.

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

The former managers of Saipem who were convicted by the Court of Milan had all left the Company between 2008 and 2012. The Court also ordered the confiscation of, as alleged profit from the crime, the total sum of approximately €197 million from all the individuals who were convicted (and among them some of the former managers of the Company).

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

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

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

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

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

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

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

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

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

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

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

Request for documents from the US Department of Justice: at the request of the US Department of Justice ("DoJ"), in 2013 Saipem entered into a "tolling agreement" which extended by 6 months the limitation period applicable to any possible violations

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

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

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

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

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

The Algiers Public Prosecutor requested that Saipem Contracting Algérie be fined 5 million Algerian dinars (approximately €40,000 at the current rate of exchange).

The Algiers Public Prosecutor also requested the confiscation of the alleged profit ascertained by the Court, of all 19 parties whose conviction has been requested (including Saipem Contracting Algérie).

For the offence with which Saipem Contracting Algérie is charged, local regulations prescribe a fine as the main punishment (up to a maximum of approximately €40,000) and allow, in the case of the alleged offence, additional sanctions such as the confiscation of the profit arising from the alleged offence (which would be the equivalent of the amount allegedly over the market price of the GK3 contract as far as the profit is ascertained by the judicial authority) and/or disqualification sanctions.

On February 2, 2016, the Court of Algiers issued the first instance ruling. Amongst other things, this ruling ordered Saipem Contracting Algérie to pay a fine of approximately 4 million Algerian dinars (corresponding to approximately €30,000). In particular, Saipem Contracting Algérie was held to be responsible, in relation to the call for bids for the construction of the GK3 gas pipeline, of "an increase in price during the awarding of contracts signed with a public company of an industrial and commercial character in a way that causes benefit to be derived from the authority or influence of representatives of said company", an act punishable under Algerian law. The ruling also returned two bank accounts denominated in local currency to Saipem Contracting Algérie. These held a total of about €61.6 million (amount calculated at the exchange rate as of December 31, 2021), which were frozen in 2010.

The client Sonatrach, which appeared as plaintiff in the proceedings, reserved the right to pursue its claims in the civil courts. The request by the Algerian Trésor Civil to appear as plaintiff was rejected.

Pending the filing of the reasons thereof, the ruling of February 2, 2016 of the Court of Algiers was challenged in the Court of Cassation: by Saipem Contracting Algérie (which requested acquittal and had announced that it would challenge the decision); by the Prosecutor General (who had requested the imposition of a fine of 5 million Algerian dinars and the confiscation, requests that were rejected by the Court, which, as said, fined Saipem Contracting Algérie the lesser amount of approximately 4 million Algerian dinars); by the Trésor Civil (whose request to be admitted as plaintiff against Saipem Contracting Algérie had been – as already stated – rejected by the Court); by all the other parties sentenced, in relation to the cases concerning them.

Owing to these challenges, the decision of the Court of Algiers was fully suspended and pending the ruling of the Court of Cassation:

- > the payment of the fine of approximately €30,000 is suspended; and
- > the unfreezing of the two bank accounts is suspended, containing a total of about €61.6 million (amount calculated at the exchange rate as of December 31, 2021). Sonatrach has not challenged the decision of the Court, consistently with its request, accepted by the Court, to be allowed to claim compensation subsequently in civil proceedings. This civil action was not initiated by Sonatrach.

With the judgement handed down on July 17, 2019, the Algerian Court of Cassation has fully overruled the decision of the Tribunal of Algiers of February 2, 2016, meaning that the Court of Appeal of Algiers will have to rule on the matter following a new trial. The future Court of Appeal's decision can be challenged before the Algerian Court of Cassation.

The reasons for the judgement of the Algerian Court of Cassation were made available on October 7, 2019. The sentence of the Algerian Court of Cassation decrees the total annulment of the decision of the Court of Algiers of 2016, following the acceptance of the appeals filed by all applicants (including the appeal by Saipem Contracting Algérie). The beginning of the new proceedings before the Court of Appeal is neither known nor predictable at the date of the preparation of this report.

The Court of Appeal of Algiers has initially set the hearing for the case on February 17, 2021.

At the hearing of February 17, 2021, the Court of Appeal of Algiers postponed the hearing to a date to be determined. The Court of Appeal of Algiers has subsequently scheduled the hearing for June 16, 2021.

At the hearing of February 16, 2021, the Court of Appeal of Algiers postponed the hearing to the 2021 fall session. At the hearing on December 2, 2021, the Court of Appeal of Algiers postponed the proceedings to the next criminal session. The Court of Appeal of Algiers has set the beginning of the proceedings at the hearing of June 23, 2022.

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

LNG3 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 LNG3 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 LNG3 Arzew contract awarded by Sonatrach in 2008.

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

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

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

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

In September 2021, it became known that the Court of Algiers – Sidi Mhamed pole economic et financier – having taken note of the closure of the investigations, issued an order to seize certain bank accounts of Saipem Group companies in Algeria. These accounts have a balance of approximately €790,000.

The commencement of the trial relating to the 2008 award of the Arzew LNG3 contract was initially set before the Court of Algiers pole economic et financier for the hearing of December 6, 2021, which was first postponed to December 20, 2021, then to January 3, 2022. At the hearing of January 17, 2022, the trial was first postponed to January 24, 2022, then to the hearing of January 31, 2022.

In these criminal proceedings, which involve 38 individuals (including the former Algerian Ministry of Energy, certain former executives of Sonatrach and Algerian customs officials) and legal persons, the Public Prosecutor alleges that – with regard to the award in 2008 and the execution of the contract for the LNG3 Arzew contract project (the original value of which was approximately €2.89 billion) – the following alleged offences were committed, inter alia, by Saipem Algerian branch, Snamprogetti SpA Algerian branch, Saipem Contracting Algérie, two former employees of the Saipem Group and an employee of the Saipem Group:

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

Sonatrach, the Algerian Tresor Public and the Customs Agency requested to appear as plaintiff. The trial was declared open at the hearing of January 31, 2022. At the hearing of February 1, 2022 the judge closed the hearing stage. The ruling was due on February 14, 2022. The Saipem Group will defend itself on the merits, stating the lack of grounds for the charges, noting among other things the final acquittal verdict pronounced by the Italian judicial authority regarding matters that included the award of the Arzew LNG3 contract and in any case the effects of the settlement signed with Sonatrach on February 14, 2018, which also concerned the arbitration previously pending regarding the same project.

With the press release dated February 15, 2022, Saipem has disclosed what follows:

"The Court of Algiers yesterday has ruled in first instance on the legal proceeding ongoing since 2019 in Algeria concerning, among other things, the award of the 2008 project LNG3 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 LNG3 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, benefiting 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 about €192 million. The ruling determined the recognition in the financial statements ad 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 LNG3 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”.

On February 16, 2022, the companies Saipem, Saipem Contracting Algérie and Snamprogetti SpA Algeria Branch have appealed the sentence of February 14, 2022.

On April 4, 2022, the grounds of ruling were made available by the Court of Algiers.

The first hearing in the appeal judgment, initially scheduled for April 12, 2022, was postponed to May 10, 2022 and then to May 24, 2022.

On May 24, 2022 hearing, the Judge scheduled for June 14, 2022 the first hearing.

Amicable Settlement of Mutual Differences - Saipem Sonatrach agreement: on February 14, 2018, Sonatrach and Saipem announced the amicable settlement of mutual differences, decided to settle their mutual differences amicably and signed an agreement to put an end to litigations in course concerning the contract for the construction of a gas liquefaction plant in Arzew (Arzew); the contract for the realisation of three trains of LPG, of an oil separation unit (LDPH) and of installations for the production of condensates in Hassi Messaoud (LPG); the contract for the realisation of the LZ2 24” LPG pipeline (line and station) in Hassi R'Mel (LZ2); and the contract for the construction of a gas and production unit in the Menzel Ledjmet field on behalf of the association Sonatrach/FCP (MLE). This agreement is the result of constructive dialogue and represents an important step forward in relations between the two companies. Sonatrach and Saipem have expressed their satisfaction at having reached a definitive agreement that puts an end to litigations that were detrimental to both parties.

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

On August 12, 2015, the Public Prosecutor's office of Milan served Saipem with a notice of investigation and a request for documentation in the framework of new criminal proceedings, for the alleged crime of international corruption, initiated by the Court of Milan in relation to a contract awarded in 2011 by the Brazilian company Petrobras to Saipem SA (France) and Saipem do Brasil (Brazil). Investigations are still underway.

According to what was learned only through the press, this contract is being looked into by the Brazilian judicial authorities in relation to a number of Brazilian citizens, including a former associate of Saipem do Brasil.

In particular, on June 19, 2015, Saipem do Brasil learned through the media of the arrest (in regard to allegations of money laundering, corruption and fraud) of a former associate, as a result of a measure taken by the Brazilian Public Prosecutor's office of Curitiba, in the framework of a judicial investigation in progress in Brazil since March 2014 ("Lava Jato" investigation). On July 29, 2015, Saipem do Brasil then learned through the press that, in the framework of the conduct alleged against the former associate of Saipem do Brasil, the Brazilian Public Prosecutor's office also alleges that Petrobras was unduly influenced in 2011 to award Saipem do Brasil a contract called "Cernambi" (for a value, at the current exchange rate, of approximately €56 million). This has been purportedly deduced from the circumstance that in 2011, in the vicinity of the Petrobras headquarters, said former associate of Saipem do Brasil claims to have been the target of a robbery in which approximately 100,000 reais (approximately €26,000) just withdrawn from a credit institution were stolen from him. According to the Brazilian Prosecutor, the robbery allegedly took place in a time period prior to the award of the aforesaid "Cernambi" contract.

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

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

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

Saipem do Brasil's former associate, with regard to the theft of 100,000 Brazilian reais (approximately €26,000) in October 2011, said that money was needed to pay the costs of real estate for a company he was managing on behalf of a third party vis-à-vis Saipem (that is, the former Petrobras official charged in the same proceeding who confirmed that statement).

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

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

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

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

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

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

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

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

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

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

On November 30, 2020, Saipem SA and Saipem do Brasil submitted further defence statements before the Brazilian Administrative Authority (Controladoria-Geral da União through the Corregedoria-Geral da União).

The administrative proceeding is still ongoing.

On June 8, 2020, the Brazilian Federal Prosecutor's office issued a press release informing of a new charge against a former President of Saipem do Brasil, who left the Saipem Group on December 30, 2009. The charge concerns alleged episodes of corruption and money laundering that allegedly occurred between 2006 and 2011 in relation to two contracts awarded by Petrobras Group companies to Saipem Group companies (the Mexilhao contract signed in 2006 and the Uruguá-Mexilhao contract signed in 2008).

The new charge was made only against individuals (not Saipem Group companies) and involves, in addition to the former President of Saipem do Brasil, some former Petrobras officials.

The Brazilian Federal Court of Curitiba on July 6, 2020 accepted the complaint filed by the Brazilian Federal Prosecutor's Office against the former Chairman of Saipem do Brasil (who left the company on December 30, 2009) and a former Petrobras official against whom a criminal trial was opened in Brazil. Petrobras was admitted as plaintiff ("Assistente do Ministerio Publico") in the same proceeding against the two accused persons. No company of the Saipem Group is party to this proceeding.

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

On August 2, 2018, the Public Prosecutor of the Court of Milan notified Saipem of a request for documents relating to previous activities (2010-2014) of Saipem Group in Iraq and in particular to relations with the Unaoil group. The request also contained information that - with regard to these past activities - Saipem was subject in Italy to investigations for international corruption. In January 2019, the US Department of Justice, which claimed to have an ongoing investigation into the activities and relations of Unaoil for some time and to be aware of a pending investigation in Italy against Saipem by the Public Prosecutor's office of Milan, asked Saipem if it would be willing to provide "voluntary production" of documents relating to previous activities of Saipem Group in Iraq with the involvement of Unaoil and, more in general, the previous between Saipem and the Unaoil group. Saipem has confirmed that it is willing to provide such "voluntary production". The "voluntary production" is without prejudice to any question concerning possible US jurisdiction, an aspect for which the US Department of Justice has not indicated at the moment any supporting evidence, asking only for Saipem to cooperate in the assessments that the US Department of Justice has under way. Within the context of the aforementioned "voluntary production", Saipem in March 2019, through its US lawyers, delivered to the US Department of Justice the files delivered in 2018 to the Milan Public Prosecutor's office in order to fulfil the above-mentioned request for documents received on August 2, 2018. It was later learned during 2021 that the proceedings in Italy were settled against, among others, Saipem with a dismissal order following the transfer ex Article 746-*quater* of 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%), Technimont SpA (49%) and Sofregaz SA (1%). On July 11, 2011, the parties signed a mediation memorandum pursuant to the rules of Conciliation and Arbitration of the Paris ICC. The mediation procedure ended on December 31, 2011 without agreement having been reached, because Fosmax LNG refused to extend the deadline.

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

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

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

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

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

By letter dated November 16, 2020, Fosmax's defence jointly notified Tecnimont SpA and Saipem SA to pay the outstanding part of the award within 15 days, quantifying the interest and VAT at €11,374,761. However, there is no consensus on how to calculate interest, and the issue is still under discussion between the parties. Tecnimont subsequently paid its capital share. 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.

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

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

- (i) offence pursuant to Article 185 TUF (in conjunction with Article 114 TUF and Article 68, paragraph 2, of the Issuers Regulation), allegedly committed on October 24, 2012, with reference to the press release published for the approval of the quarterly report as of September 30, 2012, by Saipem and the related conference call of October 24, 2012, with external analysts;
- (ii) offence pursuant to Article 2622 of the civil code (continuing illegal offence with Article 2622 paragraphs 1, 3 and 4, old civil code formulation in force at the time of the facts), allegedly committed on April 30, 2013, with reference to the 2012 consolidated and statutory financial statements of Saipem approved by the Board of Directors on March 13, 2013 and by the Shareholders' Meeting on April 30, 2014;

(iii) offence pursuant to Article 185 TUF, allegedly committed from March 13, 2013 to April 30, 2013, with reference to press releases issued to the public regarding the approval of the 2012 consolidated and statutory financial statements of Saipem. In addition to the Company, the following physical persons were also investigated in relation to the same allegations as those above:

- for the alleged crime under (i): the two Chief Executive Officers and the Chief Operating Officer of the Engineering & Construction Business Unit of Saipem in office at the date of the press release of October 24, 2012, as they *"through the press release dated October 24, 2012 issued on the occasion of the approval by the Board of Directors of the quarterly report as of September 30, 2012 and during the related conference call..., they spread false news – which was incomplete and reticent – concerning the economic and financial situation of Saipem, ..., capable of causing a significant alteration of the price of its ordinary shares"*; and
- for the alleged crimes under (ii) and (iii): the Chief Executive Officer and the e Officer responsible for financial reporting, who was in office at the date of approval of the 2012 consolidated and separate financial statements of Saipem as they:
 - in relation to the alleged offence (ii), they would have *"disclosed in the consolidated and statutory financial statements 2012 of Saipem, approved by the Board of Directors and by the Shareholders' Meeting on March 13, 2013 and April 30, 2013, material facts that do not correspond to the truth, although subject to evaluation, as well as the omission of information on the economic, asset and financial situation of Saipem, the reporting of which is required by law, ..., and, in particular:*
 - *in contrast to the provisions of paragraphs 14, 16, 17, 21, 23, 25, 26 and 28 of IAS 11, no extra costs related to delays in the execution of activities and late penalties were recorded in the costs for the entire lifespan of the project, [...] for a total of €245 million:*

and the effect was:

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

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

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

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

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

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

At the hearing of March 1, 2019, the Preliminary Hearing Judge ordered the indictment of Saipem for an alleged administrative offence pursuant to Articles 5, 6, 7, 8, 25-ter, lett. b) and 25-sexies of Legislative Decree No. 231/2001, allegedly committed until April 30, 2013 *"for failing to provide a suitable organisational model to prevent criminal acts"* with regard to the following alleged crimes: (i) offence pursuant to Article 2622, of the Civil Code ("false accounting") allegedly committed on April 30, 2013 in relation to the separate and statutory 2012 financial statements of Saipem; and (ii) offence under Article 185 TUF ("manipulation of the market"), allegedly committed from March 13, 2013 to April 30, 2013, with reference to press releases issued to the public regarding the approval of the 2012 consolidated and statutory financial statements of Saipem.

The Judge for the Preliminary Hearing ruled in favour of Saipem, because the statute of limitations had passed regarding charge of an administrative offence pursuant to Articles 5, 6, 7, 8, 25-ter, lett. b) and 25-sexies of Legislative Decree No. 231/2001, *"for failing to provide a suitable organisational model to prevent criminal acts"* with regard to the following alleged crime: (iii) offence pursuant to Article 185 TUF ("manipulation of the market"), allegedly committed on October 24, 2012, with reference to the press release published for the approval of the quarterly report as at September 30, 2012 by Saipem and the related conference call of October 24, 2012.

The Judge for the Preliminary Hearing ordered the committal for trial of the following individuals: (a) for the alleged crimes under (i) and (ii): the Chief Executive Officer and the Officer responsible for financial reporting who was in office at the date of approval of the 2012 consolidated and statutory financial statements of Saipem; (b) for the alleged crime under (iii): the Chief Executive Officer and the Chief Operating Officer of the Engineering & Construction Business Unit of Saipem in office at the date of the press release of October 24, 2012.

All individuals committed for trial by the Judge of the Preliminary Hearing of Milan have long since left the Company.

On May 23, 2019, the first instance proceedings began before the Criminal Court of Milan (R.G.N.R. 5951/2019). The hearing was postponed on June 4, 2019 as the first instance proceedings were assigned to a new section of the Criminal Court of Milan. On June 4, 2019, after the formalities of the first hearing including the filing of the requests for the admission as plaintiffs by some parties, the Court adjourned the proceedings to the September 26, 2019 hearing, in order to allow the parties to better understand the terms and the conditions of the requests for the admission as plaintiffs and the requests to summon Saipem as the civilly liable party ("responsabile civile"). At the hearing scheduled on September 26, 2019, the Court merely postponed the ruling following the request for the admission as plaintiffs and on the request to summon Saipem as the civilly liable party

("responsabile civile") to a hearing on October 17, 2019. The requests for the admission as plaintiffs have been proposed by more than 700 private investors. The overall amount referred to in the requests has not been determined.

At the hearing of October 17, 2019, at the request of the plaintiffs, the Court ordered the summons of Saipem as the civilly liable party at the hearing of December 12, 2019.

At the hearing of December 12, 2019, Saipem was admitted as the civilly liable party in the proceedings.

The Court also invited the parties to formulate their preliminary statements.

The Public Prosecutor and the lawyers of the other parties and of Saipem have requested the admission of witnesses indicated in their lists.

During the debate phase, continuing from 2019 to 2021, the Court proceeded with calling the witnesses indicated by the Prosecutor and the parties' lawyers.

On May 13, 2021, the Prosecutor submitted their conclusions summarised below: (i) ruling of acquittal under Article 530, section 2, Code of Criminal Procedure, because the fact was not committed against the Chief Operating Officer of Saipem Business Unit Engineering & Construction, in office at the date of October 24, 2012, in relation to the offence charged under Article 185 TUF; (ii) sentence to 4 years detention and a €90,000 fine against the CEO in office at the date of October 24, 2012, in relation to the offence under Article 185 TUF; (iii) ruling not to proceed for lack of jurisdiction in regard to the CEO and the Manager in charge of preparing the accounting and corporate documents in office at the date of the approval of the December 31, 2012 consolidated and statutory financial statements of Saipem in relation to the offence under Article 2622 of the Civil Code; (iv) sentence to 2 years detention and the payment of a €60,000 fine against the CEO and the Manager in charge of preparing the accounting and corporate documents in office at the date of the approval of the December 31, 2012 consolidated and statutory financial statements of Saipem in relation to the offence under Article 185 TUF; (v) sentence to the payment of a €600,000 fine against Saipem in relation to administrative offences under Articles 5, 6, 7, 8, 25-ter, lett. b) and 25-sexies of Legislative Decree No. 231/2001.

Also on May 13, 2021, the 49 plaintiffs admitted by the Court filed written conclusions, specifically:

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

At the hearing of June 10, 2021 and July 6, 2021, the defence of Saipem as civilly liable party was discussed, as well as the defence of Saipem as defendant under Legislative Decree No. 231/2001, and the defence of the individual defendants. Lastly, the Court adjourned the hearing to September 28, 2021, for the parties' replies and for the judgment.

With the press release dated September 28, 2021, Saipem informed as follows:

"The Criminal Court of Milan (Section X) ruled today in the proceedings relating to alleged offences committed in the preparation and dissemination to the market of the press release of October 24, 2012, with the results as of September 30, 2012 and the consolidated and statutory financial statements as of December 31, 2012.

In relation to the aforementioned proceedings, at the hearing of May 13, 2021, the Public Prosecutor had submitted the following conclusions to the Court against the Company and certain former employees who had long since left the Company:

- *sentence to pay a fine of €600,000 against Saipem in relation to the administrative offences referred to in Articles 5, 6, 7, 8, 25-ter, lett. b) ("fraudulent accounting") and 25-sexies, of Legislative Decree No. 231/2001 ("market abuse");*
- *acquittal, pursuant to Article 530, paragraph 2, of the Italian Criminal Code, for not having committed the act with regard to the former General Manager of the Saipem Engineering & Construction Business Unit, in office as of October 24, 2012 (and who left the company in December 2012), in relation to the offence charged pursuant to Article 185 of Legislative Decree No. 58/1998 ("market manipulation");*
- *sentence of 4 years' imprisonment and €90,000 fine against the former CEO in office on October 24, 2012 (and who left the company in December 2012), in relation to the offence under Article 185 of Legislative Decree No. 58/1998 ("market manipulation");*
- *judgment of non-application of the statute of limitations to the former Chief Executive Officer (who left the Company in April 2015) and the former Manager responsible for preparing the Company's accounting and corporate documents (who left the Company in December 2013) in office at the date of approval of the consolidated and statutory financial statements for the year ended December 31, 2012 of Saipem in relation to the offence under Article 2622 of the Italian Civil Code ("fraudulent accounting"); and*
- *a sentence of two years' imprisonment and a fine of €60,000 against the former Chief Executive Officer (who left in April 2015) and the former Manager responsible for preparing the company's financial reports (who left in December 2013) in office at the date of approval of the consolidated and statutory financial statements as of December 31, 2012 of Saipem in relation to the offence under Article 185 of Legislative Decree No. 58/1998 ("market manipulation").*

The Court of Milan, accepting in full the requests of the defence, acquitted the Company and all the individuals charged because the fact does not exist and rejected the claims for compensation filed by 49 retail shareholders who had joined the proceedings as civil parties.

Saipem expresses satisfaction with the decision of the Court of Milan".

The Court of Milan filed the grounds of the first instance ruling on December 21, 2021. The first instance ruling became final on February 11, 2022.

On July 28, 2014, Saipem lodged an appeal at the Court of Appeal of Milan against the above mentioned Consob Resolution No. 18949 dated June 18, 2014 to impose a monetary fine. By decree filed on December 11, 2014, the Court of Appeal of Milan rejected the opposition made by Saipem which then appealed to the Court of Cassation against the Decree issued by the Court of Appeal of Milan. The appeal was discussed on November 7, 2017. On February 14, 2018, the Court of Cassation filed its decision rejecting Saipem's petition on the grounds of the *"absolute uniqueness of the situation concerning the interpretation of the phrase 'without delay' in the text of the paragraph 1 of Article 114 TUF"*.

Current legal proceedings: on April 28, 2015, a number of foreign institutional investors initiated legal action against Saipem before the Court of Milan, seeking judgement against the Company for the compensation of alleged loss and damage (quantified in approximately €174 million), in relation to investments in Saipem shares which the claimants alleged that they had made on the secondary market. In particular, the claimants sought judgement against Saipem requiring the latter to pay compensation for alleged loss and damage which purportedly derived from the following: (i) with regard to the main claim, from the communication of information alleged to be "imprecise" over the period from February 13, 2012 to June 14, 2013; or (ii) alternatively, from the allegedly "delayed" notice, only made on January 29, 2013, with the first "profit warning" (the so-called "First Notice") of privileged information which would have been in the Company's possession from July 31, 2012 (or such other date to be established during the proceedings, identified by the claimants, as a further alternative, on October 24, 2012, December 5, 2012, December 19, 2012 or January 14, 2013), together with information which was allegedly "incomplete and imprecise" disclosed to the public over the period from January 30, 2013 to June 14, 2013, the date of the second "profit warning" (the so-called "Second Notice"). Saipem appeared in court, case number R.G. 28789/2015, fully disputing the adverse party's requests, challenging their admissibility and, in any case, their lack of grounds.

As per the order made by the Judge at the hearing of May 31, 2017, the parties proceeded to file the briefs referred to in Article 183, paragraph 6, Civil Procedure Code. With the same order, the Court set a hearing for February 1, 2018 for the possible admission of the evidence.

With the same order of May 31, 2017, the Court ordered the separation of the judgement for five of the parties involved in the proceedings and this separate proceeding – number R.G. 28177/2017 – was discontinued pursuant to Article 181 of the Civil Procedure Code on November 7, 2017.

At the hearing of February 1, 2018, the Judge, by order dated February 2, 2018, postponed the proceeding to the hearing of July 19, 2018, pursuant to Article 187, paragraph 2, Civil Procedure Code. During the hearing, after the parties clarified the conclusions, the judge assigned said parties the deadline for filing the final briefs and the replies.

On October 2, 2018, Saipem filed the final brief and on October 22, 2018 Saipem filed the reply.

On November 9, 2018, the Court filed the first instance ruling No. 11357 rejecting the merit of the request by the parties. The Court has indeed ruled that there is lack of evidence of ownership of Saipem shares by said actors in the period indicated above and has condemned them to pay €100,000 in favour of Saipem, by way of reimbursement of legal expenses.

On December 31, 2018, the institutional investors challenged the aforementioned sentence before the Court of Appeal of Milan, requesting that Saipem be ordered to pay approximately €169 million. The first hearing before the Court of Appeal of Milan was held on May 22, 2019. The Appeal's Judge adjourned the hearing to July 15, 2020, for the parties to file their final conclusions. At the hearing of July 15, 2020, the parties clarified their respective conclusions and the Court of Appeal fixed the terms of October 14, 2020 for filing their final conclusions and of November 3, 2020 for filing their replies.

The Court of Appeal, with an order issued on November 16, 2020, requested the remittal by parties of the translation of some documents to be filed at an ad-hoc hearing set for January 20, 2021.

At the hearing on January 20, 2021, the Judge, after verifying the filing of the required documents, set a new hearing for February 10, 2021. At that hearing, the case was held in decision without terms for further conclusive statements. On February 23, 2021, the Judge ordered an integrative evidence phase.

On April 15, 2022, the court technical expert ("CTU") filed his technical report, in which he deemed, favourably to Saipem, that: (i) the 2013 forecast data, later reflected in the press release on the profit warning of January 29, 2013, could not be considered known, sufficiently reliable and definitive before the date of the aforementioned press release; and that (ii) Saipem could not notify the market reliably about the revision of the guidance in the press release on the profit warning of June 14, 2013 before the date. The court technical expert ("CTU") did not consider to proceed with the quantification of any (alleged) damage complained of by investors. At the final conclusion hearing of May 4, 2022, the Milan Court of Appeal held the case in decision, setting the deadline for the filing of the final briefs and replies respectively on July 4 and July 24, 2022.

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

Saipem liability was calculated pursuant to Article 1218 of the Civil Procedure Code (contractual liability) or pursuant to Article 2043 of Civil Code (non-contractual liability) or pursuant to Article 2049 of the Civil 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 and the other defendants remarked, in particular, on the lack of evidence regarding the acquisition of Saipem shares on the secondary markets by the

plaintiffs. Therefore, due to this lack of evidence from the plaintiffs, all the defendants asked the Court to set a hearing to clarify the conclusions pursuant to Article 187, 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 and the other defendants in the case under consideration, in particular with reference to the failed proof of purchase of Saipem shares. On November 9, 2019, Saipem produced in the proceedings the order of the Criminal Court of Milan dated October 17, 2019, with reference to the pending criminal judgment R.G.N.R. 5951/2019, in which the constitution of approximately 700 civil parties was declared inadmissible in that case, with reasons similar to those of judgment No. 11357 issued by the Court of Milan on November 9, 2018 at the outcome of case R.G. No. 28789/2015.

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

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

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

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

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

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

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

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

For these investors whose claims amount to approximately €38 million, the case will continue at first instance, with a continuation hearing scheduled for February 9, 2021. The hearing for the first instance judgement is scheduled on May 9, 2022.

On January 21, 2022, Saipem has appealed the ruling of November 20, 2021, insofar as it remanded the claims of these plaintiffs for investigation. On January 24, 2022, the investors whose claims were rejected have appealed the ruling of November 20, 2021. At May 9, 2022 hearing, all the defendants asked primarily to the Judge to provide the legal terms in order to rebate to the latest investors notes relating to the decision dated December 21, 2021 issued in the criminal proceedings R.G.N.R. 5951/2019 and to illustrate the relevance of the court expert report ("CTU"), requesting that the case could be held in decision ("trattenuta in decisione"), in the alternative, should the Court still intends to continue with the evidence phase, it could be focused on the results of the aforementioned criminal sentence and the court expert report ("CTU").

In a further alternative, the defence of the company declared itself available to immediately discuss the outcomes of the court expert report ("CTU") and the aforementioned criminal sentence.

The plaintiffs, 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 evidence phase.

The Judge did not discuss the merits and reserved its decision.

Demands for out-of-court settlement and mediation proceedings: in relation to alleged delays in providing information to the market, Saipem received a number of out-of-court claims and requests for mediation during the period 2015-2022.

With regard to out-of-court requests, the following were made: (i) in April 2015 by 48 institutional investors on their own behalf and/or on behalf of the funds respectively managed for a total amount of approximately €291.9 million, without specifying the value of the claims of each investor/fund (subsequently, 21 of these institutional investors together with 8 others proposed a request for mediation, for a total amount of approximately €159 million; 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (ii) in September 2015 by 9 institutional investors on their own behalf and/or on behalf of the funds respectively managed, for a total amount of approximately €21.5 million, without specifying the value of the claims of each investor/fund (subsequently 5 of these institutional investors together with 5 others proposed a request for mediation, for a total amount of approximately €21.9 million); (iii) during 2015 by two private investors respectively for approximately €37,000 and for approximately €87,500; (iv) during July 2017 by some institutional investors for approximately €30 million; (v) on December 4, 2017 by 141 institutional investors for an unspecified amount (136 of these investors on June 12, 2018 renewed their out-of-court request, again for an unspecified amount); (vi) on April 12, 2018 for approximately €150-200 thousand by a private investor; (vii) on July 3, 2018 by a private investor for approximately €330 thousand; (viii) on October 25, 2018 for approximately €8,800 from a private investor; (ix) on November 2, 2018 for approximately €48,000 from a private investor; (x) on May 22, 2019 for approximately €53,000 from a private investor; (xi) on June 3, 2019 for an unspecified amount from a private investor; (xii) on June 5, 2019 for an unspecified amount from two private investors; (xiii) in February 2020 by a private investor who claims to have suffered damages worth €1,538,580; (xiv) in March 2020 by two private investors who did not indicate the value of their claims; (xv) in April 2020 by two private investors who did not indicate the value of their claims and by a private investor claiming alleged damages of approximately €40,000; (xvi) in May 2020 by a private investor who did not indicate the value of his claim; (xvii) in June 2020 by one private investor who did not indicate the value of its claim for damages; (xviii) in June 2020 by twenty-three private investors who did not indicate the value of their claim for damages; (xix) in July 2020 by eighteen investors claiming damages of approximately €22.4 million; (xx) in July 2020 by thirty-four private investors who did not indicate the value of their claim for damages; (xxi) in August 2020: (a) by four private investors who did not indicate the value of their claim; (b) by three institutional investors in their own right and/or on behalf of the funds respectively managed for an amount of approximately €7.5 million; (xxii) in September 2020 by ten private investors who did not indicate the value of their claim; (xxiii) in October 2020 by: (a) twelve private investors who have not indicated 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 have not indicated 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 has indicated the value of his claim in a total amount of approximately €84,000; (xxx) in July 2021 by a private investor who has 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 have indicated the value of their claim in a total amount of €3.9 million; (xxxiv) in May 23-24, 2022 by 51 private investors who have indicated the value of their claim in a total amount of €3,731,008.47; (xxxv) in May 25-26, 2022 by 11 private investors who have indicated the value of their claim in a total amount of €682,064.

Those applications where mediation has been attempted, but with no positive outcome, involve seven main demands: (a) in April 2015 by 7 institutional investors acting on their own behalf and/or for the funds managed by them, in relation to about €34 million; (b) in September 2015 by 29 institutional investors on their own behalf and/or for the funds managed by them respectively, for a total amount of about €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 about €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 about €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 about €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 about €159 million without specifying the value of the compensation sought by each investor/fund); (e) from a private investor in April 2017 for approximately €40,000; (f) in 2018-2019 by a private investor for approximately €48,000; (g) in December 2020, a private investor initiated an attempt at mediation aimed at the request of compensation for an undetermined value. Saipem verified the aforementioned requests for out-of-court claims and mediation and found them to be groundless and denying all liability. As of today, the aforementioned requests carried out out of court and/or through mediation have not been the subject of legal action, except as specified above in relation to the two lawsuits pending before the Court of Milan and the Court of Appeal of Milan, respectively, another lawsuit, with a claim value of approximately €3 million, in which Saipem had been summoned during 2018 by the defendant in the action and for which (after the claim against Saipem was rejected by the Court of First Instance in the first instance and the Court of Appeal in the second instance, accepting Saipem's defence, rejected the counterparty's appeal, ordering the latter to pay Saipem the costs of the litigation) is pending before the Supreme Court, another case with a claim value of approximately €40 thousand – which ended with a ruling in favour of Saipem, and another case served on Saipem with a claim value of approximately €200 thousand which also ended in favour of Saipem.

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

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

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

for a total of KWD 55,425,010 (equal to approximately €153,065,479 on the basis of the exchange rate at December 31, 2017). Kharafi responded to Saipem's request for arbitration rejecting the claims therein and demanding, by way of counterclaim, that Saipem be sentenced to pay an amount not yet quantified but including, among other things:

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

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

On November 14, 2018, the parties filed their expert reports. At that time, Kharafi produced a report prepared by an external consulting company in which, for the first time, it claimed that the company would have suffered damages for equal to

approximately €1.3 billion, allegedly attributable to Saipem related to the failure of the Jurassic and BS171 projects (in which Kharafi was a subcontractor of Saipem). Subsequently, Saipem filed an appeal with the Arbitral Tribunal requesting that the expert report in question, as well as the related request, be thrown out as late and without foundation.

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

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

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

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

ARBITRATION WITH CPB CONTRACTORS PTY LTD (FORMERLY LEIGHTON CONTRACTORS PTY LTD) ("CPB")

- GORGON LNG JETTY PROJECT

In August 2017, CPB notified Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda (together "Saipem Companies" or, for the purpose of this section, "Saipem") of a request for arbitration.

The dispute stems from the construction of the jetty of an LNG plant for the Gorgon LNG project in Western Australia. The main contract for engineering and construction of the pier ("Jetty Contract") was signed on November 10, 2009 by CPB, Saipem SA, Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda and Chevron Australia Pty Ltd ("Chevron").

CPB, based on alleged contractual breaches by Saipem SA and Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda, has requested that Saipem Companies be ordered to pay approximately AUD 1.39 billion (approximately €900 million). Saipem sustains that the CPB claims are totally unfounded and has filed its statement in which it has requested the rejection of all the claims made by CPB and filed a counterclaim for AUD 37,820,023 (approximately €24.5 million), subsequently increased to approximately AUD 50 million (approximately €32.4 million), for payments related to the consortium agreement, extra costs related to non-compliance and delays by CPB in the execution of the works and backcharges. Subsequently, the parties specified their claims. In particular: (i) CPB clarified its demands by making a claim of approximately AUD 1 billion (approximately €649 million) for alleged violations of the consortium agreement between the parties and another alternative claim of approximately AUD 1.46 billion (approximately €948 million) based on the assumption that CPB would not have entered into the Jetty Contract (and would not have suffered the related damages), if Saipem had not violated the consortium contract; (ii) Saipem has now quantified its claims in a total amount of approximately AUD 30 million (approximately €19.4 million). During 2020 and 2021, the first tranches of hearings were held, while the last was held from March 28 to April 1, 2022. Oral closing submissions are scheduled for July 5 to 7, 2022.

It is noted that, with reference to the same project, in 2016 Chevron initiated a separate arbitration proceeding against the consortium between CPB and Saipem, requesting payment of liquidated damages and back-charges for an amount currently equal to approximately AUD 54 million (approximately €35 million). In this arbitration, both CPB and Saipem filed separate counterclaims against Chevron, quantified, respectively, at AUD 1.9 billion (approximately €1.2 billion) (it is noted that the items of damages proposed by CPB against Chevron appear, in large part, superimposable to those proposed by CPB against Saipem in the arbitration between the latter two, referred to in the first part of this paragraph) and AUD 23 million (approximately €14.9 million). The hearings of these proceedings were held in November 2019.

On October 20, 2020, the partial award was notified in this second arbitration (it is a partial ruling as it did not rule on the Australian GST - goods and services tax - interest and arbitration costs). This award recognised: (i) to Saipem, USD 8,835,710 (approximately €7.3 million) and €99,460; (ii) to CPB, AUD 65,803,183 (approximately €42.7 million); and (iii) to Chevron, AUD 34,570,936 (approximately €22,465,976). The award, however, does not distinguish between Saipem and CPB, treating the two parties as a single entity. By offsetting the credits and debits indicated above, the Arbitration Panel therefore indicated the Saipem/CPB consortium as the creditor for the following amounts: AUD 31,232,247 (approximately €20,296,323), USD 8,835,710 (approximately €7.3 million) and €99,460, leaving it to the members of the Saipem/CPB Consortium to agree on the relevant sharing of these sums between them. The members of the Saipem/CPB Consortium have then reached an internal agreement based on which the amounts due to Saipem are equal to €99,460.47 and USD 7,464,454.02 (approximately €6.1 million), without prejudice to the rights of the members of the consortium to claim a different split in court. Saipem collected the amount it was owed by Chevron. On April 21, 2021, the Arbitral Tribunal issued the final award on costs and interests. By applying setoffs among the credits and debits of the parties, the tribunal has established that Chevron shall pay the Consortium: AUD 6,560,564.84 (approximately €4,220,638), USD 2,894,266.25 (approximately €2,410,530) and €38,136.56. However, the tribunal has not distinguished between the amounts to be assigned to each of the Consortium parties, leaving it to Saipem and CPB to agree on the relevant split. Saipem and CPB agreed to divide equally the amounts of costs and interest settled in the ruling. Each party therefore received from Chevron AUD 3,280,282, USD 1,447,133 and €19,068.

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

On March 18, 2019, the International Chamber of Commerce of Paris, at the request of the National Company for Infrastructure Projects Development Construction and Services KSC (Closed) (formerly Kharafi National KSC, for convenience, hereinafter

"Kharafi") notified Saipem of a request for arbitration, in which Kharafi requested that Saipem be ordered to pay sums of at least KWD 38,470,431 (approximately €104,843,488) as extra-costs deriving from alleged breaches of contract, in addition to KWD 8,400,000 (approximately €22,893,337) by way of refund of the amount collected by Saipem in 2016 following the enforcement (illegitimate according to Kharafi) of the bond issued by Kharafi to guarantee project performance.

The dispute pertains to subcontract No. 526786 signed by Saipem and Kharafi on August 27, 2010, relating to the BS171 project (final client KOC) terminated by Saipem on July 30, 2016 for serious breaches and delays by Kharafi in the execution of the works, with consequent enforcement of the aforementioned performance guarantee.

Appearing in court, on May 17, 2019, Saipem filed its response to the request for arbitration, contesting the requests by Kharafi and making a counterclaim, which involves: (i) a payment of KWD 14,964,522 (approximately €40,783,154); and (ii) the recognition of Saipem's enforcement of the performance bond and the consequent rejection of the reimbursement claim for the same amount (KWD 8,400,000) made by Kharafi.

In the Schedule of Loss filed by Kharafi in March 2020, the claim was reduced to KWD 31,824,929 (approximately €86,734,625) in addition to interest and costs, including KWD 8,400,000 (approximately €22,893,337) by way of return of the performance bond. Saipem should have filed its Statement of Defence and Counterclaim on April 9, 2020. However, the deadline was postponed due to the COVID-19 emergency. Finally, on September 18, 2020, Saipem filed its defence and counterclaim, contesting the opposing claims and quantified its counterclaim in KWD 23,431,109 (approximately €63,861,514) plus interest and expenses. Kharafi should have filed its reply by December 4, 2020; however, on the same date, Kharafi's lawyers sent a letter to the ICC Arbitral Tribunal in which they informed that, due to economic difficulties, Kharafi would no longer have any legal representation in the BS171 arbitration, would not be able to produce further documentation in the proceeding and would not participate in any future arbitration hearings. Despite this, Kharafi invited the Court not to consider its claim as withdrawn or Saipem's claim as admitted, asking that the arbitration proceeding be continued in absentia and that the Arbitral Tribunal rule on the basis of the deeds and documents filed to the date of the registration document by both parties. On December 16, 2020, Saipem sent its response to the Court, asking that the Court: (i) reject Kharafi's request of a proceeding tried in absentia to be decided on the sole basis of the available documentation; and (ii) reject Kharafi's claims, as Kharafi was no longer able to support such claims in the proceedings. The Arbitral Tribunal gave Kharafi a deadline of January 7, 2021 to respond to Saipem's request, then extended it to January 18, 2021, given Kharafi's inaction. Kharafi, however, did not file any replies. On February 1, 2021, the Arbitral Tribunal decided to proceed in Kharafi's absentia and to set three hearing days (instead of three weeks in March 2022, as initially foreseen by the arbitration calendar), inviting the parties to provide comments on the decision. Saipem expressed its agreement. Following the filing of technical reports by the parties' experts, Kharafi's claim has been maintained at KWD 34,554,608 (approximately €104,938,937), while Saipem's counterclaim is now quantified at KWD 20,604,294 (approximately €62,587,844). Hearings were held from March 14 to March 16, 2022. At the time of the date of the registration document, the award has not yet been issued.

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

HRH Eze Jacob O Ugwuwueli, Chief Tobin Irebundah, 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 Co Nigeria Ltd ("SPCD"), Patyco Global Concept Ltd, the Nigerian Federal Ministry of Environment and the Nigerian Department of Petroleum Resources before the Federal High Court of Port Harcourt (Nigeria) alleging that toxic substances deriving from the realisation of the Southern Swamp Associated Gas Solutions project in Nigeria were illegally spilled into the territory of their community by the Nigerian company Patyco Global Concept Ltd, a subcontractor appointed by SCNL/SPDC to dispose of the waste deriving from the realisation of this project. The Plaintiffs requested that all the defendants be sentenced to pay, jointly and severally, compensation of: (i) USD 60 million (approximately €49.5 million) for the alleged damage to the environment and the health/life of the Plaintiffs; (ii) USD 3 billion (approximately €2.47 billion) for the alleged special damages for all of the related consequences and recovery activities that would allegedly derive from them; (iii) legal fees and interest at 20%. The defendants contest any responsibility vis-à-vis the claims put forth by the Plaintiffs. After several postponements, the first hearing was held on March 30, 2022. At the hearing the judge postponed to the hearing of June 23, 2022 the discussion of some preliminary issues.

CONSOB RESOLUTION OF MARCH 2, 2018

With reference to Consob Resolution No. 20324 of March 2, 2018 (the "Resolution"), Saipem Board of Directors, in disagreement with the Resolution of Consob, resolved on March 5, 2018 to appeal the Resolution in the competent courts.

The appeal to the TAR-Lazio was filed on April 27, 2018. Following access to the administrative proceedings, on May 24, 2018 Saipem filed with the TAR-Lazio additional grounds for appeal against the aforementioned Resolution.

On June 15, 2021, a hearing was held before the TAR-Lazio to discuss Saipem's appeal against the Consob Resolution of March 2, 2018.

On July 6, 2021, the TAR-Lazio rejected the appeal filed by Saipem on April 27, 2018.

On July 6, 2021, Saipem issued the following press release:

"Saipem: The Regional Administrative Court of Lazio rejects the appeal against Consob Resolution No. 20324 of March 2, 2018. San Donato Milanese (MI), July 6, 2021: Saipem informs that with the judgment filed today the Tribunale Amministrativo Regionale ("TAR") of Lazio rejected the appeal submitted by the Company on April 27, 2018 against Consob Resolution No. 20324 of March 2, 2018 (disclosed to the market in the press release of March 5, 2018, the "Resolution").

With the Resolution (the contents of which are described in paragraph "Information regarding censure by Consob under Article 154-ter, paragraph 7, Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018", of Saipem Annual Report as of December 31, 2020) Consob has stated the non-compliance of Saipem's 2016 Annual Statutory and Consolidated Reports with the regulations which govern their preparation, concerns in particular: (i) the incorrect application of

the accrual basis of accounting affirmed by IAS 1; (ii) the non-application of IAS 8 in relation to the correction of errors with reference to the financial statements of 2015; and (iii) the estimation process of the discount rate pursuant to IAS 36.

With the Resolution, Consob has therefore asked the Company, under Article 154-ter, paragraph 7, Legislative Decree No. 58/1998, to disclose the following elements of information to the markets: (A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above; (B) the applicable international accounting standards and the violations detected in relation thereto; (C) the illustration, in an appropriate pro forma consolidated income statements and balance sheet – with comparative data – of the effects that accounting in compliance with the regulations would have produced on the 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.

Saipem on April 16, 2018 issued a press release providing a pro forma consolidated income statements and balance sheet as of December 31, 2016 with the only aim to comply with the Resolution.

The TAR of Lazio has rejected the appeal presented by Saipem requesting the annulment of the Resolution.

Saipem reserves its right to appeal the decision of the TAR of Lazio before the Council of State".

On November 6, 2021, Saipem filed its own appeal before the Council of State against decision of the TAR-Lazio.

CONSOB RESOLUTION OF FEBRUARY 21, 2019

With reference to Consob Resolution No. 20828 of February 21, 2019 communicated to Saipem on March 12, 2019 ("the Resolution") the contents of which are described in paragraph "Information regarding censure by Consob pursuant to Article 154-ter, paragraph 7, Legislative Decree No. 58/1998 and the notice from the Consob Offices dated April 6, 2018". The Board of Directors of Saipem resolved on April 2, 2019 to appeal before the Court of Appeal of Milan the Resolution No. 20828. On April 12, 2019, Saipem appealed against the Resolution before the Court of Appeal of Milan, under Article 195 TUF, requesting the Resolution cancellation. A similar appeal was filed by the two individuals sanctioned under the Resolution, i.e. the Chief Executive Officer of Saipem and the Chief Financial Officer and Officer responsible for financial reporting in office at the time of the events. The first hearing before the Milan Court of Appeal was held on November 13, 2019.

On that day, the Milan Court of Appeal postponed the discussion on November 4, 2020.

On October 23, 2020, Saipem and the two individuals sanctioned submitted an application to the Court of Appeal, to be allowed to file documents required to debate the appeal by November 4, 2020.

On November 2, 2020, the Court of Appeal authorised the filing of the documents requested on October 23, 2020 by the parties, also granting Consob a deadline to submit any counter-arguments on those documents by December 15, 2020 and postponed the hearing to discuss the appeal to January 27, 2021.

On January 20, 2021, Saipem and the two individuals sanctioned presented a new application to the Court of Appeal, to be allowed to file additional documents required to debate the appeal by January 27, 2021 and to be authorised to propose new grounds for the appeal. which came to light when new documents were found.

On January 21, 2021, the Court of Appeal accepted the applications by Saipem and the individuals and authorised the filing of the documents requested on January 20, 2021. The Court also upheld the proposal of additional grounds, to be submitted through written filings by February 26, 2021, and also granted Consob the right to submit its counter filings by March 25, 2021. The Court set the hearing for April 21, 2021.

At the hearing of April 21, 2021, the appeals were discussed.

The Milan Court of Appeal has partially upheld the appeals, whilst it rejected the remaining:

- > reducing from €200,000 to €150,000 the administrative financial fine imposed by Consob in 2019 against the former Chief Executive Officer of the Company in office from April 30, 2015 to April 30, 2021;
- > reducing from €150,000 to €115,000 the administrative financial fine imposed by Consob in 2019 against the ex CFO and Officer responsible for the Company's financial reporting in office at the time of the capital increase of 2016 and until June 7 2016; and
- > consequentially reducing from a total of €350,000 to a total of €265,000 the condemnation of Saipem to the payment of the afore mentioned administrative financial fines, as the party jointly and severally liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance.

On January 20, 2022, Saipem has filed an appeal to the Supreme Court against the sentence of the Court of Appeal of Milan.

On March 1, 2022, Consob has notified Saipem of its cross-appeal with counterclaim.

Saipem's cross-appeal against Consob's counterclaim was notified on April 8, 2022.

ONGOING INVESTIGATIONS. PUBLIC PROSECUTOR'S OFFICE OF MILAN - 2015 AND 2016 FINANCIAL STATEMENTS.

PROSPECTUS OF THE JANUARY 2016 CAPITAL INCREASE

On January 22, 2019, the Public Prosecutor's Office of Milan notified Saipem of a "local search warrant and seize and notice of indictment", in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-ter - lett. B), Legislative Decree No. 231/2001, based on the alleged crime of false accounting allegedly committed from April 2016 to April 2017, as well as in relation to the alleged unlawful administrative act pursuant to Articles 5, 6, 7, 8 and 25-sexies of Legislative Decree No. 231/2001, based on the alleged crime of manipulation of the market, allegedly committed from October 27, 2015 to April 2017. At the same time, the Public Prosecutor's office of Milan had notified the following individuals that they were under investigation: the Chief Executive Officer of the Company pro tempore (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018 and in office until April 30, 2021), as well as, for various reasons, one manager and two former managers (the former Officer responsible for financial reporting in office until June 7, 2016 and the former Officer responsible for financial reporting in office until May 16, 2019). The investigation concerns the following offences: (i) false accounting relating to the 2015 and 2016 financial statements; (ii) manipulation of the market allegedly committed from October 27, 2015 to April 2017; and (iii) false statements in the prospectus issued with reference to the documentation for the offer of the capital increase in January 2016. On December 18, 2020, the Milan Public Prosecutor's office served the notice of conclusion of the preliminary investigations to

the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), to a former executive (the Officer responsible for financial reporting in office until June 7, 2016) and to Saipem.

Saipem is charged with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8 and 25-ter of Legislative Decree No. 231/2001, "for having failed to prepare an organisational model suitable to prevent the crimes of false accounting", pursuant to Article 2622 of the Code of Civil Procedure, allegedly committed from March 16, 2016 to July 27, 2016 in relation to the financial statements as of December 31, 2015 and the interim financial statements as of June 30, 2016, as well as the administrative offence pursuant to Articles 5, 6, 7, 8 and 25-sexies of Legislative Decree No. 231/2001 "for having failed to provide an organisational model suitable to prevent the crimes of false statements in the prospectus", pursuant to Article 173-bis of the Financial Law, and "market manipulation", pursuant to Article 185 TUF, allegedly committed from October 27, 2015 until July 27, 2016.

From the notice of conclusion of the preliminary investigations in relation to the two individuals still under investigation (the Company CEO appointed by the Shareholders' Meetings of April 30, 2015 and May 3, 2018 and a former manager who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016) shows the following alleged offences: (i) false accounting pursuant to Article 2622 of the Italian Code of Civil Procedure, in relation to the financial statements as of December 31, 2015 (with reference to both individuals under investigation) and the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders Meeting of April 30, 2015 and May 3, 2018); (ii) false statements in the Prospectus pursuant to Article 173-bis of the Financial Law with reference to both individuals under investigation, in relation to the documentation for the offer of capital increase in January 2016 from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 TUF, allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016.

On March 29, 2021, the Judge for the preliminary hearing of the Court of Milan has notified to Saipem that the preliminary hearing is scheduled for May 10, 2021, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-ter - lett. B) of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the offence of false accounting, allegedly committed from March 16, 2016 to July 27, 2016, as well as in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-sexies of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the crimes of false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.

This notification follows the issue of the notice of completion of the preliminary investigations and the subsequent request for indictment by the Public Prosecutor of Milan, notified together with the decree scheduling the preliminary hearing, against Saipem, the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former executive of the Company (the CFO and Officer responsible for the Company's Financial Reporting in office until June 7, 2016).

The Public Prosecutor of Milan in its request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Code of Civil Procedure, in relation to the financial statements of December 31, 2015, charged to both individuals, and to the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders' Meeting of April 30, 2015 and May 3, 2018); (ii) market manipulation pursuant to Article 185 TUF allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for Financial Reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016; and (iii) false statement in the prospectus pursuant to Article 173-bis TUF brought against both individuals under investigation, with reference to the documentation for the offer of capital increase of January 2016, from January 22, 2016 to February 5, 2016.

At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications were filed, both in the name and on behalf of Saipem shareholders, and on behalf of associations representing diffuse interests. The Judge of the Preliminary Hearing adjourned the next hearings to September 21, 2021, in order to allow the parties lawyers to review the plaintiff applications filed and to formulate their remarks, and consequentially to decide on their admissibility. Given the assignment of the aforementioned judge to another post, the file was assigned to a new judge who, at the hearing of January 20, 2022, adjourned the case to the next hearing on February 28, 2022.

At the hearing of February 28, 2022, the Judge for Preliminary Hearings granted 503 plaintiff applications (all of them natural persons) in the case.

At the hearing on March 15, 2022, the defence was discussed. On April 12, 2022, the Judge for the preliminary hearing at the Court of Milan, who acquitted "because the fact does not exist" the Company, the former Chief Executive Officer of the Company (in office from April 30, 2015 to April 30, 2021) and the former CFO and Manager in charge of preparing accounting and corporate documents (in office from December 6, 2013 to June 7, 2016) in relation to the charges of: (i) false corporate communications, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false prospectus and market manipulation, allegedly committed from October 27, 2015 to July 27, 2016. The grounds for the decision will be filed within 90 days from April 12, 2022. It should be noted, in any case, that the decision made by the Judge for the preliminary hearing at the Court of Milan is appealable in the Court of Appeal by the Public Prosecutor's office.

28 Revenue

The following is a summary of the main components of revenue.

Core business revenue

Core business revenue was as follows:

(€ million)	First quarter 2021	First quarter 2022
Revenue from sales and E&C services	1,462	1,695
Revenue from sales and Drilling services	156	247
Total	1,618	1,942

Net sales by geographical area were as follows:

(€ million)	First quarter 2021	First quarter 2022
Italy	41	79
Rest of Europe	184	184
CIS	126	82
Middle East	449	767
Far East	190	243
North Africa	16	52
Sub-Saharan Africa	476	367
Americas	136	168
Total	1,618	1,942

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 by the management. Amounts higher than €30 million are recognised only if supported by outside technical-legal expert opinions.

The accumulated amount of change orders and claims (pending revenues) of the Engineering & Construction sector as of March 31, 2022, produced in relation to the progress of projects also in previous years, is equal to €243 million (€176 million as of December 31, 2021 and €275 million as of March 31, 2021). There are no additional amounts relating to ongoing legal proceedings.

The amount of revenues for leasing services included in the item "Core business revenue" does not have significant impacts on the total amount of core business revenue, as it is less than 3% and refers to the Drilling and Leased FPSO sectors.

Revenue from related parties is shown in Note 36 "Related party transactions".

29 Operating expenses

The following is a summary of the main components of operating expenses.

Purchases, services and other costs

Purchases, services and other costs included the following:

(€ million)	First quarter 2021	First quarter 2022
Raw, ancillary and consumable materials and goods	253	456
Services	831	923
Use of third party assets	112	135
Net accruals to (utilisation of) the provisions for risks and charges	(32)	(129)
Other expenses	-	-
less:		
- internal work capitalised	(9)	(3)
- changes in inventories of raw, ancillary and consumable materials and goods	1	(6)
Total	1,156	1,376

During the first quarter of 2022 no brokerage fees were incurred.

Costs for research and development that do not meet the requirements for capitalisation amounted to €5 million (€7 million in the first quarter of 2021).

Use of third party assets for €135 million is referred to lease contracts for €132 million.

Net accruals to/utilisations of the provisions for risks and charges for a total of €129 million refer to the provisions for risks for disputes, the provisions for contract expenses and losses on long-term contracts and other funds detailed in Note 21 "Provisions for risks and charges".

Purchases, services and other costs to related parties are shown in Note 36 "Related party transactions".

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

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

(€ million)	First quarter 2021	First quarter 2022
Trade receivables	(3)	(28)
Other receivables	-	-
Contract assets	-	5
Total	(3)	(23)

Personnel expenses

Personnel expenses were as follows:

(€ million)	First quarter 2021	First quarter 2022
Personnel expenses	390	413
less:		
- internal work capitalised	(2)	(1)
Total	388	412

Personnel expenses includes net accruals to/utilisation of provisions for redundancy incentives which amounted to €2 million.

Share-based incentive plans

In order to create a system of incentives and loyalty among Group's Senior Managers, Saipem SpA, defined, among other things, incentive plans starting from 2016, through the free allocation of Saipem SpA ordinary shares which was implemented in three-year cycles.

As of March 31, 2022, existing plans include (i) long-term incentive plans (2016-2018 and 2019-2021) and (ii) short-term incentive plans (2021-2023), respectively approved by the Ordinary 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.

The 2021-2023 short term plan provides for the awarding of monetary incentives for the three-year period 2021-2023 to resources who achieve the annual performance goals assigned. In this paragraph only the share-based component will be discussed.

The cost is determined with reference to the fair value of the option assigned to the manager, while the portion is determined pro-rata temporis throughout the period associated to incentive (so-called vesting period and co-investment period/retention premium).

The fair value for the period as of March 31, 2022 relative to all the implementations made, is €5 million.

The composition of the fair value as of March 31, 2022 is represented as follows:

(€)	Fair value of payroll costs
ILT Plan 2016-2018: Implementation for 2017	182,222
ILT Plan 2016-2018: Implementation for 2018	130,551
ILT Plan 2019-2021: Implementation for 2019 (a)	3,210,542
ILT Plan 2019-2021: Implementation for 2020	470,617
ILT Plan 2019-2021: Implementation for 2021	645,322
IBT Plan 2021-2023: Implementation for 2021	136,103
	4,775,357

(a) The fair value for the 2019 implementation reflects the annulment of the same, as per resolution of the Board of Directors of Saipem SpA of March 24, 2022.

On the assignment date, the classification and number of beneficiaries, the respective number of shares allocated and the subsequent fair value calculation of the two latest approved implementations, are analysed as follows:

ILT Implementation for 2021

	No. of managers	No. of shares ⁽¹⁾	Share portion (%)	Unit fair value TSR E&C (weight 35%)	Unit fair value TSR Drilling (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 skills as of March 31, 2021 ⁽²⁾	Fair value skills as of March 31, 2022
Strategic senior managers (vesting period)	80	3,835,900	75	1.84	1.86	2.18	2.18	2.18	4,418,466	-	308,968
Strategic senior managers (Retention Premium period)			25	3.68	3.67	2.18	2.18	2.18			
Non-strategic senior managers	304	3,863,800	100	1.84	1.86	2.18	2.18	2.18	3,566,244	-	296,753
Chief Executive Officer (vesting period)	1	491,700	75	1.84	1.86	2.18	2.18	2.18	566,377	-	39,601
Chief Executive Officer (co-investment period)			25	3.68	3.67	2.18	2.18	2.18			
Total	385	8,191,400							8,551,087	-	645,322

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used for the total fair value and fair value calculation as of March 31, 2022, on the other hand, is 4,095,700 shares, and reflects the forfeited rights due to unilateral/consensual resignations, as well as the percentage of achievement of the estimated non-market conditions.

(2) The fair value for the period is measured as of the observation date.

IBT Implementation for 2021

	No. of managers	No. of shares ⁽¹⁾	Share portion (%)	Unit fair value	Total fair value	Fair value skills as of March 31, 2021 ⁽²⁾	Fair value skills as of March 31, 2022
Senior managers	132	918,150	100	2,15	1,733,496	-	136,103
Total	132	918,150			1,733,496	-	136,103

(1) The number of shares shown in the table corresponds to the number assigned at the right assignment date. The number of shares used in the calculation of total fair value and fair value as of March 31, 2022, is 759,850 shares, which reflects rights forfeited due to termination of employment 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:

	2021			2022		
	Number of shares	Average strike price ^(a) (€ thousand)	Market price ^(b) (€ thousand)	Number of shares	Average strike price ^(a) (€ thousand)	Market price ^(b) (€ thousand)
Grants outstanding as of January 1	19,481,230	-	42,956	21,698,787	-	40,034
New grants granted	9,289,750	-	19,627	-	-	-
(Grants exercised during the period) ^(c)	(3,622,984)	-	7,655	(15,397)	-	21
(Grants expiring during the period)	(3,449,209)	-	7,287	(3,644,103)	-	4,987
Grants outstanding at the end of the period	21,698,787	-	40,034	18,039,287	-	20,673
Of which:						
- exercisable as of March 31, 2022	-	-	-	-	-	-
- exercisable at the end of the vesting period	18,245,407	-	-	14,830,382	-	-
- exercisable at the end of the co-investment period/Retention Premium	3,723,380	-	-	3,208,905	-	-

(a) As these are grants, the strike price is zero.

(b) The market price of shares underlying the options granted, exercised or expiring during the year corresponds to the average market value; the market price of shares underlying the grants.

(c) The options exercised in 2021 chiefly represent the shares allocated to the beneficiaries of the 2018 implementation of the 2016-2018 plan, in accordance with the plan rules. In addition, shares awarded in cases of consensual termination of employment are included. The 2016-2018 plan, in fact, provides that the beneficiary retains the right to the incentive to a reduced extent, in relation to the period elapsed between the assignment of the shares and the occurrence of this event (Article 4.8 of the Plan Regulations).

The long-term incentive plans for Saipem SpA employees are shown in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity.

The fair value of allocated options for employees of subsidiaries is shown at the date of option grant in the item "Personnel expenses" and as a counter-item to "Other reserves" of equity. In the same year the corresponding amount is charged to affiliated companies, as a counter-item to the item "Personnel expenses".

In the case of Saipem SpA personnel who provides service to other Group companies, the cost is charged pro-rata temporis to the company where the beneficiaries are in service.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are detailed below:

(€ million)	First quarter 2021	First quarter 2022
Depreciation and amortisation:		
- property, plant and equipment	94	100
- intangible assets	3	3
- Right-of-Use assets	25	28
Total depreciation and amortisation	122	131
Impairment losses:		
- property, plant and equipment	-	-
- intangible assets	-	-
- Right-of-Use assets	-	-
Total impairment losses	-	-
Total	122	131

30 Financial income (expense)

This item includes:

(€ million)	First quarter 2021	First quarter 2022
Financial income (expense)		
Financial income	102	76
Financial expense	(85)	(70)
Total	17	6
Derivative financial instruments	(48)	(29)
Total	(31)	(23)

Net financial income (expense) was as follows:

(€ million)	First quarter 2021	First quarter 2022
Net exchange gains (losses)	43	40
Exchange gains	100	73
Exchange losses	(57)	(33)
Financial income (expense) related to net financial debt	(24)	(32)
Interest income from banks and other financial institutions	1	1
Interest income on leases	1	1
Interest and other expense due to banks and other financial institutions	(22)	(30)
Interest expense on leases	(4)	(4)
Other financial income (expense)	(2)	(2)
Other financial income from third parties	-	1
Other financial expense to third parties	(2)	(2)
Financial income (expense) on defined benefit plans	-	(1)
Net financial income (expense)	17	6

Net gains (losses) on derivatives consisted of the following:

(€ million)	First quarter 2021	First quarter 2022
Exchange rate derivatives	(48)	(29)
Interest rate derivatives	-	-
Total	(48)	(29)

Net losses on derivatives of €29 million (losses of €48 million in the first quarter of 2021) mainly related to the recognition in profit or loss of the change in fair value of derivatives that do not qualify for hedge accounting under IFRS and the recognition of the forward component of derivatives that qualify for hedge accounting.

Financial income (expense) with related parties is shown in Note 36 "Related party transactions".

31 Gains (losses) on equity investments

Effect of accounting using the equity method

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

(€ million)	First quarter 2021	First quarter 2022
Share of profit of equity-accounted investees	12	9
Share of loss of equity-accounted investees	(21)	(13)
Net utilizations of (accruals to) the provisions for losses related to equity-accounted investees	(1)	(39)
Total	(10)	(43)

The share of profits (losses) of equity-accounted investees is commented in Note 15 "Equity investments".

32 Income taxes

Income taxes are calculated based on the estimated expected tax burden for the year and are analyzed as follows:

(€ million)	First quarter 2021	First quarter 2022
Current taxes:		
- Italian subsidiaries	-	3
- foreign subsidiaries	10	22
Net deferred taxes:		
- Italian subsidiaries	29	12
- foreign subsidiaries	(9)	(4)
Total	30	33

(€ million)	First quarter 2021	First quarter 2022
Income taxes recognised in the income statement	30	33
Income tax related to items of other comprehensive income that will be reclassified to profit or loss	17	5
Of which:		
- tax effect due to the change in the fair value of cash flow hedges	17	5
- 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	-	-
Of which:		
- tax effect due to the remeasurement of defined benefit plans for employees	-	-
Tax on comprehensive income (loss)	47	38

33 Non-controlling interests

There was no income by non-controlling interests in the first quarter of 2022 as was in the first quarter of 2021.

34 Earnings (loss) per share

Basic earnings (loss) per ordinary share are 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 average number of outstanding shares used for the calculation of basic and diluted earnings per share is as follows:

	March 31, 2021	March 31, 2022
Weighted average number of outstanding shares used for the calculation of the basic earnings (loss) per share	993,435,771	989,580,502
Number of potential shares following long-term incentive plans	19,471,630	18,039,287
Number of savings shares convertible into ordinary shares	10,598	10,598
Weighted average number of outstanding shares used for the calculation of the diluted earnings (loss) per share ^(a)	993,446,369	989,591,100
Earnings (loss) attributable to the owners of the parent	(€ million) (120)	(98)
Basic earnings (loss) per share	(€ per share) (0.12)	(0.10)
Diluted earnings (loss) per share	(€ per share) (0.12)	(0.10)

(a) It should be noted that, with reference to the first quarter of 2021 and 2022, 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 earnings (loss) per share.

35 Information by sector of activity and geographical area

Since January 2022, the Company has had a new organisation based on 4 business lines: Asset-Based Services, Energy Carriers, Robotics and Industrialized Solutions, and Sustainable Infrastructures. The new organisation goes beyond the divisional structure, with the aim of increased efficiency, centralised risk control and development of innovative and flexible execution models, in line with the needs of the energy transition.

In order to facilitate the financial market's understanding of the evolution of the economic-financial performance during 2022, also in the context of the capital increase, the Company maintains, in continuity with previous years, the reporting structure based on Offshore Engineering & Construction, Onshore Engineering & Construction, Offshore Drilling and Onshore Drilling.

The new business lines of business will reflect the following structure:

- > Asset Based Services will include the Offshore E&C Division (excluding the Offshore Wind segment), Offshore Drilling and Onshore Drilling;
- > Energy Carriers will include the Onshore E&C Division (excluding the Sustainable Infrastructure segment);
- > Robotics and Industrialized Solutions will include the Offshore Wind segment and those resulting from the supply of modular plants and monitoring and maintenance services;
- > Sustainable Infrastructures will include the Sustainable Infrastructure segment and those resulting from the provision of services related to sustainable mobility.

Reporting by business segment

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Unallocated	Total
(€ million)						
First quarter 2021						
Core business revenue	770	1,007	136	91	-	2,004
less: intra-group sales	213	102	58	13	-	386
Net revenue	557	905	78	78	-	1,618
Operating result	(63)	24	5	(15)	-	(49)
Depreciation, amortisation and impairment losses	60	18	15	29	-	122
Gains (losses) on equity investments	4	(14)	-	-	-	(10)
Capital expenditure	34	2	26	5	-	67
Property, plant and equipment and intangible assets	2,551	441	554	430	-	3,976
Right-of-Use assets	169	84	12	9	-	274
Equity investments	92	54	-	1	-	147
Current assets	1,290	2,369	207	169	2,901	6,936
Current liabilities	1,487	2,676	123	86	725	5,097
Provisions for risks and charges	124	118	3	8	19	272
First quarter 2022						
Core business revenue	1,142	937	194	139	-	2,412
less: intra-group sales	310	74	65	21	-	470
Net revenue	832	863	129	118	-	1,942
Operating result	(14)	(5)	21	(1)	-	1
Depreciation, amortisation and impairment losses	66	15	19	31	-	131
Gains (losses) on equity investments	7	(50)	-	-	-	(43)
Capital expenditure	29	4	4	8	-	45
Property, plant and equipment and intangible assets	2,424	423	541	383	-	3,771
Right-of-Use assets	153	75	10	11	-	249
Equity investments	101	45	-	-	-	146
Current assets	1,453	2,223	312	209	3,194	7,391
Current liabilities	1,932	3,359	203	129	1,504	7,127
Provisions for risks and charges	686	539	15	5	18	1,263

Reporting by geographical area

Since Saipem's business involves the deployment of a fleet on a number of different projects over a year, it is difficult to allocate assets to a specific geographic area. As a result, certain assets have been deemed not directly attributable.

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 area is provided in Note 28 "Revenue".

	Italy	Rest of Europe	CIS	Rest of Asia	North Africa	Sub-Saharan Africa	Americas	Unallocated	Total
(€ million)									
December 31, 2021									
Capital expenditure	18	17	-	44	-	2	22	195	298
Property, plant and equipment and intangible assets	61	35	30	389	-	33	225	3,039	3,812
Right-of-Use assets	58	70	1	62	1	8	16	45	261
Identifiable assets (current)	1,467	457	209	2,309	54	1,126	562	635	6,819
First quarter 2022									
Capital expenditure	3	3	-	8	-	1	3	27	45
Property, plant and equipment and intangible assets	59	39	30	371	-	33	225	3,014	3,771
Right-of-Use assets	49	66	1	65	7	6	16	39	249
Identifiable assets (current)	1,756	559	150	2,235	68	1,002	961	660	7,391

Current assets were allocated by geographical area 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 area to which the related project belonged.

Non-current assets were allocated on the basis of the country in which the asset operates, except for offshore drilling and construction vessels, which were included under "Unallocated".

36 Related party transactions

From January 22, 2016, following the entry into force of the transfer of 12.5% of Saipem SpA's share capital from Eni SpA to CDP Equity SpA (formerly Fondo Strategico Italiano SpA), Eni SpA no longer has sole control over Saipem SpA, which has been replaced by the joint control exercised by Eni SpA and CDP Equity SpA (taken over on December 13, 2019 by CDP Industria SpA), on the basis of the shareholders' agreement, with a resulting variation in the scope of related parties.

Eni SpA and CDP Industria SpA do not exercise sole control over Saipem pursuant to Article 93 of TUF.

Both Eni SpA and CDP Industria SpA are subject to the indirect joint control of the Italian Ministry of Economy and Finance ("MEF"). Specifically: (i) MEF, directly and indirectly, holds a 30.33% stake in Eni SpA's share capital, approximately a 4.37% stake is held directly and a 25.96% stake is held through CDP SpA, a company also controlled by MEF, which holds a stake of approximately 82.77% in it; (ii) CDP SpA holds a direct 100% stake in the share capital of CDP Industria SpA.

Transactions with related parties entered into by Saipem SpA and/or companies within the consolidation scope concern mainly the supply of services, the exchange of goods with joint ventures, associates and subsidiaries not fully consolidated, with subsidiaries, jointly-controlled entities and associates of Eni SpA, with several jointly-controlled entities and associates of CDP Industria SpA (who took the place of CDP Equity SpA from December 13, 2019), and with entities controlled by the Italian State, in particular companies of the Snam Group. These transactions are an integral part of ordinary day-to-day business and are carried out under market conditions which would be applied between independent parties. All transactions were carried out for the mutual benefit of the Saipem SpA companies involved.

Directors, auditors, general managers and key management personnel must declare, every 6 months, any transactions they enter into with Saipem SpA or its subsidiaries, directly or through a third party. Directors and Statutory Auditors release every six months and/or in the event of a change, a statement in which each potential interest is represented in relation to the parent and the Group and in any case report to the Chief Executive Officer (or the Chairman where the Chief Executive Officer is involved), who informs the other directors and the Board of Statutory Auditors of the individual transactions that the parent intends to perform, in which they have direct interests.

Saipem SpA is not under the management or coordination of any other company. Saipem SpA manages and coordinates its subsidiaries pursuant to Article 2497 of the Italian Civil Code.

Within the framework of related party transactions and pursuant to disclosure requirements of Consob Regulation No. 17221 of March 12, 2010, during the first quarter of 2022 the following transactions were carried out, which exceeded the relevance threshold in compliance with the aforementioned Regulation in the Saipem SpA, Management System Guideline "Transactions with Related Parties and Subjects of Interest" for transactions of greater importance.

Indemnity agreement

> On January 13, 2022, Saipem, as guarantor, signed an indemnity and guarantee agreement (the "**Agreement**") with the Italian Export Credit Agency ("**SACE**") with the following terms.

For the implementation of the Engineering, Procurement & Construction Project ("**EPC**" or the "**Project**"), contract No. 406-10p/2018 (the "**Contract**") between Arctic LNG 2 Llc (the "**Client**"), a Russian limited liability company established by Novatek (60% share holder) and participated by Total, CNPC, CNOOC and a consortium consisting of Mitsui/JOGMEC with a 10% share each, and Saren BV, a Dutch-registered company established with a 50% share each by:

- Servizi Energia Italia SpA (entirely controlled by Saipem); and
- RHI Russia BV, a Dutch company part pf the Turkish holding Ronesans Holding AS (the "**JV Partner**").

The Project entails starting the production of Liquefied Natural Gas ("**LNG**") exploiting an important Offshore field in Russia.

The value of the Contract, to the Date of the Registration Document, is of approximately €2.7 billion, including change orders, compared to an initial value of €2.2 billion.

The estimated duration of works is approximately 82 months.

The Project and part of the amount of the Contract will be partly refinanced through an Export Financing scheme supported by SACE, implemented through a financing contract ("**Financing Convention**") of €500 million signed by the Client, the Intesa Sanpaolo Group and the Cassa Depositi e Prestiti SpA ("**CDP**"). For that, a Memorandum of Understanding (MoU) was signed by SACE and Novatek in December 2018.

Among the contractual obligations of Saren BV is the duty to cooperate actively with the Client to obtain and utilise the funding supported by the Export Credit Agencies, among which SACE.

The availability of the bank and CDP to extend funding is based on the assumption that the reimbursement of the sums financed in view of the Financing Convention will be assured at 95% by SACE against certain risks, better explained in the insurance policy (the "**Cover**").

In order to grant the Cover and to allow the Client to use the credit line, SACE, in accordance with its own regulations and established practice for Export Finance transactions, required Saren BV, Saipem e Ronesans Holding AS (as "guarantors") to sign the above-mentioned Indemnity and Guarantee Agreement.

Under the Agreement, Saren BV, and both Saipem and Ronesans Holding AS, separately from each other and in proportion to their participation in the project (50% and 50% respectively), and solidarily with Saren BV, are irrevocably obliged to indemnify

SACE (with a maximum limit for Saipem of €225 million) from any damage, expense, charges or disbursement that SACE may incur as a direct consequence:

- a) of the falsehood, inaccuracy or incompleteness of the statements made, and/or of the violation of the commitments and obligations undertaken by them (i.e. Saren BV, Saipem and Ronisans Holding AS) with reference to the compliance with the legislation on international corruption, pursuant the OECD Convention, the national legislation pursuant Legislative Decree No. 231 of June 8, 2001 or the applicable legislation concerning restrictive measures against Russia, including EU Regulation No. 833/2014; and/or
- b) of the non-compliance (established by final or recognised judgement) by Saren BV of the contract obligations.

In view of the fact that:

- i. Saren BV is qualified as company jointly controlled by Saipem through Servizi Energia Italia SpA, the latter directly controlled by Saipem SpA;
 - ii. Saipem is jointly controlled by Eni and CDP Industria, the latter controlled by CDP;
 - iii. SACE SpA is also a company controlled by CDP,
- the transaction concerning the aforementioned Agreement qualifies as a related party transaction, as it is concluded between jointly controlled companies together with Saipem.

The signing of the Agreement with SACE, although qualified as a "major significance" transaction, since it exceeds the value significance index (amounting to €53 million, with reference to Saipem's market capitalisation as of September 30, 2021) – qualifies as an "ordinary" transaction completed at equivalent market or standard conditions, and is, therefore, exempt from the procedural and reporting obligations established for major significance transactions, under the Regulation and the Procedure implemented by Saipem in light of the following:

- i. SACE's involvement was reported to the Client from the pre-contractual phase, as an element of support of the commercial offer;
- ii. the need of said involvement is included in the Contract as an obligation toward the Client;
- iii. the content of the Agreement is based on a standard model applied by SACE on every initiative involving their support, both in Italy and abroad, to issue of the respective insurance cover;
- iv. the indemnity is granted within the Agreement in relation to a project for which the realisation falls within Saipem's ordinary activities, and in particular the Onshore Engineering and Construction activities;
- v. for operations falling within the scope of the framework agreement "Consensus Guidelines for export credit" by OECD, other Export Credit Agencies unrelated from Saipem (for example the English company UKEF and the Korean KSURE) require the signing of indemnities similar to their national exporters.

For the sake of completeness, it should be noted that Saipem signed in 2021 identical indemnity agreements in favour of SACE in relation to two other projects financed by SACE: Bonny LNG Train 7 in Nigeria and Total Mozambique Area 1 LNG Project in Mozambique. Both qualified as "ordinary" major significance related party transactions and concluded with conditions equivalent to market conditions or standard.

Financial Package

- > The Board of Directors of Saipem SpA on March 24, 2022 approved the 2022-2025 Plan Update and the manoeuvre to strengthen the Company's financial and capital structure (the "**Financial Package**").

In this context, and also in order to support the Company's short-term financial needs until the capital increase to be offered to shareholders of €2 billion is completed by the end of the current financial year, the financial package provides for an immediate liquidity intervention, for a total amount of €1.5 billion, to be made available as follows:

- i. an amount of €646 million, by March 31, 2022, by way of "Payment on account of future capital increase" by the shareholders exercising joint control over the Company - Eni SpA and CDP Industria SpA (hereinafter "**Shareholders**"); and
- ii. for the residual amount, in accordance with timeframes substantially similar to the Shareholders' intervention above and subject to such intervention, through financial support from leading Italian and international banks. In view of that it should be noted that on March 24, 2022, Saipem and a pool of financing banks (the "**Financiers**") signed a mandate letter that includes, inter alia:
 - a liquidity facility in favour of the Company of an amount equal to €855 million, secured by a parent company guarantee for a maximum of €898 million issued by the shareholder Eni (the "**Liquidity Facility**"); this facility, together with the related guarantee by Eni, will remain in place until the potential disbursement of the loan referred to in the next point;
 - a loan in favour of the Company of an amount of €851.6 million, secured by "Garanzia Italia" to be issued by SACE SpA ("SACE") and, at 18%, by a parent company guarantee to be issued by the shareholder Eni (the "**SACE Facility**" and, together with the Liquidity Facility, the "**Guaranteed Loans**") and to be used, in accordance with the reference regulations for the intervention of SACE under the "Garanzia Italia", for the purpose of refinancing the amounts drawn by the Company under the Liquidity Facility.

For the purposes of the above, it should be noted that Saipem SpA is jointly controlled by Eni and CDP Industria, the latter controlled by Cassa Depositi e Prestiti SpA ("CDP"), all companies subject with Saipem to joint control (Article 9 of the OPC Procedure).

As part of the overall Financial Package, the Saipem Related Parties Committee analysed, with the support of one of its legal advisors and one of its financial advisors, the possible relevance, for the purposes of the rules governing related party transactions, of the commitments made by Shareholders to Saipem SpA.

Foreword

In particular, the Related Parties Committee of Saipem SpA met on March 1, March 8, March 18 and March 23, 2022 to verify the existence and, therefore, the management of any profiles of the Financial Package being finalised by the Company that could appear relevant with regard to related parties.

The Committee was assisted in the analysis process by a legal counsel and a financial advisor, both independent.

Analyses carried out

From the analyses, the following has emerged regarding profiles of the above mentioned Financial Package, potentially relevant with reference to related parties:

- regarding the payment commitment on future capital increase from Shareholders exercising joint control (Eni e CDP Industria) for the foreseen capital increase of €2 billion, it was assumed that the payment supplemented a transaction exempted from the rules on related parties, by reason of a direct or analogue application of the forecast pursuant Article 13, section 1-*bis*, lett. a), of the Regulation, since the payment is comparable to the proportional subscription of a capital increase offered to all shareholders, with the only difference that it was carried out in advance;
- regarding the irrevocable commitment of Eni to Saipem SpA to issue a first demand guarantee to cover the Liquidity Facility that will be issued by the banks for a total of €855 million, it is assumed that the issuing of the guarantee was within the scope of the exemption established for ordinary transactions and transactions concluded on terms equivalent to market conditions (pursuant Article 13 of Consob Regulation regarding related parties and Article 9 of Saipem Procedure regarding related parties), on the assumption that the guarantee is functional and linked to the preservation of the Company's operational activity. In particular, the Company has deemed substantial the exemption criteria described in the Interpretative Communication by Consob No. DEM/10078683 of September 24, 2010, namely the connection with Saipem's operational activity and the alignment of remuneration with market conditions.

Documents examined by the Related Parties Committee

The Related Parties Committee has read the letter received on March 18, 2022 from the Company and of a subsequent email of March 23, 2022, in which Saipem's management qualified as ordinary transaction concluded on terms equivalent to market conditions (yearly interest rate of 7.5%) the first demand guarantee issued by Eni to cover 100% of the temporary financing to Saipem, that will be issued by the banks for a total of €855 million, noting that:

- i. the Eni guarantee will make it possible for the Company to obtain the financing necessary to carry out operations related to its operating activities;
- ii. the cost of Eni guarantee (yearly interest rate of 7.5%) is in line with market conditions;
- iii. the foreseen use of the above mentioned financing aims to meet the following Company needs:
 - a) labour costs of the Italian companies for approximately €200 million;
 - b) payment to suppliers of the Italian companies for approximately €655 million.

The Related Parties Committee's financial consultant released on March 24, 2022 the following conclusions:

"In light of the above, based on data and information received and used for the analyses, with the aforementioned limitations and qualifications, and considering that:

- *the total unavailability of the credit institutions to supply emergency finance within the end of March to the Company has been recorded, unless (i) the shareholders Eni and CDP show a direct "ready" commitment, and (ii) there are suitable guarantees such as the Corporate Guarantees by Eni and/or the SACE Guarantee;*
- *the Corporate Guarantees ensure new finance with a bridge to equity function;*
- *the annual cost of the Corporate Guarantees is of 750 basis points, value that sits within the range of the yields on unsecured bonds of the Company taken as reference, and below the ranges determined for risk capital cost analysis of Saipem;*

we deem the economic and financial terms of the Transaction in line with market conditions, as represented by Saipem".

Assessments by the Related Parties Committee

On the outcome of its investigation, the Related Parties Committee of Saipem, during the meeting of March 23, 2022 confirmed the reception of a continued information flow about the discussion between the Company, banks and shareholders exercising joint control regarding the development of the Financial Package. The Committee noted also the correct application in terms of information and procedures, by management, of the exemption conditions on the transaction regarding Eni's commitment of issuing the aforementioned guarantees, that was qualified by management as major significance transaction (with reference to the established threshold for such transactions of €46 million with reference to Saipem's market capitalisation as of December 31, 2021) defined as ordinary. The Related Parties Committee shared in particular, with the support of the Committee's financial advisor, the Company's assessment that the transaction can be considered concluded on terms equivalent to market conditions.

The Board of Directors of the Company during the meeting of March 24, 2022, has taken note of the communication by shareholder Eni regarding the aforementioned commitments of guarantee of March 24, 2022 and of the assessments carried out by the Related Parties Committee, sharing the information to be included in the press release issued by the Company on March 25, 2022 to inform regarding the analyses and assessments carried out by the Related Parties Committee of Saipem.

The tables below show the value of transactions of a trade, financial or other nature entered into with related parties. The analysis by company is based on the principle of relevance in relation to the total amount of transactions. Transactions not itemised because they are immaterial are aggregated under the following captions:

- > subsidiaries not fully consolidated;
- > joint ventures and associates;
- > companies controlled by Eni and CDP Industria SpA;
- > associates and jointly-controlled companies of Eni and CDP Industria SpA;
- > companies controlled by the State and other related parties.

Trade and other transactions

Trade and other transactions consisted of the following:

(€ million)

Name	Dec. 31, 2021			First quarter 2021			
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Unconsolidated subsidiaries							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total unconsolidated subsidiaries	5	4	-	-	-	-	-
Joint ventures and associates							
ASG Scarl ⁽²⁾	1	3	-	-	-	-	-
CCS JV Scarl ⁽²⁾	208	479	-	-	236	300	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due ⁽²⁾	100	327	468	-	15	17	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno ⁽²⁾	-	-	59	-	-	-	-
Gydan Lng Snc	1	-	-	-	-	3	-
Gydan Yard Management Services (Shanghai) Co Ltd	1	-	-	-	-	-	-
Gygaz Lng Snc	1	-	-	-	-	1	-
KWANDA Suporte Logistico Lda	1	6	-	-	-	1	-
Novarctic Snc	1	-	-	-	-	1	-
Petromar Lda	6	1	-	-	-	1	-
PSS Netherlands BV	31	18	-	-	-	13	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	16	12	-	-	(2)	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	20	-	-	-	-	-	-
Saren BV	61	1	-	-	-	17	-
SCD JV Scarl ⁽²⁾	14	203	-	-	5	16	-
TSGI Mühendislik İnşaat Ltd Şirketi	3	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	466	1,050	527	-	254	370	-
Companies controlled by Eni/CDP Industria SpA							
Eni SpA ⁽³⁾	16	2	16	-	-	10	-
Eni Angola SpA	30	1	57	-	-	9	-
Eni Congo SA	18	7	-	-	(1)	10	-
Eni East Sepinggan Ltd	-	-	7	-	-	25	-
Eni Ghana E&P	-	-	2	-	-	-	-
Eni Kenya	4	-	-	-	-	-	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	9	-
Eni New Energy SpA	1	-	-	-	-	-	-
EniProgetti SpA	1	-	-	-	-	1	-
Eni Rewind	-	-	-	-	-	1	-
EniServizi SpA	-	2	-	-	4	-	-
Floaters SpA	2	-	-	-	-	-	-
Naoc - Nigerian Agip Oil Co Ltd	-	120	-	-	-	(1)	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	84	132	82	-	3	64	-

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

(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the client and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

(3) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

Trade and other transactions:

(€ million)

Name	Dec. 31, 2021			First quarter 2021			
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Eni/CDP Industria SpA associates and jointly-controlled companies							
Greenstream BV	-	-	-	-	-	1	-
Mellitah Oil&Gas BV	-	-	4	-	-	-	-
Mozambique Rovuma Venture SpA	7	-	-	-	-	21	-
Petrobel Belayim Petroleum Co	18	28	103	-	-	7	-
PetroJunin SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	-	-
Transmediterranean Pipeline Co Ltd	1	-	-	-	-	-	-
Var Energy AS	1	-	-	-	-	23	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly-controlled companies	27	28	110	-	-	52	-
Total Eni/CDP Industria SpA companies	111	160	192	-	3	116	-
Companies controlled or owned by the State	24	25	47	-	1	5	-
Total related party transactions	606	1,239	766	-	258	491	-
Overall total	2,251	5,168	7,995	253	943	1,618	2
Incidence (%)	26.92	23.97	9.58	-	27.36	30.35	-

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

Trade and other transactions as of March 31, 2022 consisted of the following:

(€ million)

Name	March 31, 2022			First quarter 2022			
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Unconsolidated subsidiaries							
Smacemex Scarl	5	4	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total unconsolidated subsidiaries	5	4	-	-	-	-	-
Joint ventures and associates							
ASG Scarl ⁽²⁾	1	3	-	-	-	-	-
CCS JV Scarl ⁽²⁾	(108)	330	-	-	33	40	-
CEPAV (Consorzio Eni per l'Alta Velocità) Due ⁽²⁾	105	322	461	-	59	34	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno ⁽²⁾	-	2	59	-	-	-	-
Gydan Lng Snc	2	-	-	-	-	2	-
Gydan Yard Management Services (Shanghai) Co Ltd	2	-	-	-	-	-	-
Gygaz Lng Snc	1	-	-	-	-	-	-
KWANDA Suporte Logistico Lda	1	7	-	-	1	-	-
Novarctic Snc	1	-	-	-	-	1	-
Petromar Lda	10	1	-	-	-	4	-
PSS Netherlands BV	20	2	-	-	-	4	-
Saipem Taqa Al Rushaid Fabricators Co Ltd	17	14	-	-	1	-	-
Saipon Snc	1	-	-	-	-	-	-
SAME Netherlands BV	-	-	-	-	-	15	-
Saren BV	80	-	-	-	-	18	-
SCD JV Scarl ⁽²⁾	157	209	-	-	56	66	-
TSGI Mühendislik İnşaat Ltd Şirketi	3	-	-	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total joint ventures and associates	293	890	520	-	150	184	-

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

(2) Revenue from limited liability consortium companies refer to the retrocession of fees that these companies invoice to the client and that on the basis of the consortium nature of the investee company are attributed to the consortium partner.

Trade and other transactions:

(€ million)

Name	March 31, 2022			First quarter 2022			
	Trade receivables and other assets	Trade payables, other liabilities and contract liabilities	Guarantees	Expenses		Revenues	
				Goods	Services ⁽¹⁾	Goods and services	Other
Companies controlled by Eni/CDP Industria SpA							
Eni SpA ⁽²⁾	13	1	11	-	-	1	-
Eni Angola SpA	35	2	44	-	3	60	-
Eni Congo SA	13	9	-	-	(1)	2	-
Eni Costa d'Avorio	1	8	-	-	-	1	-
Eni East Sepinggan Ltd	-	-	7	-	-	-	-
Eni Ghana E&P	-	-	2	-	-	-	-
Eni Kenya	12	-	-	-	-	19	-
Eni México, S. de R.L. de Cv	12	-	-	-	-	11	-
Eni New Energy SpA	1	-	-	-	-	1	-
EniProgetti SpA	1	-	-	-	-	1	-
EniServizi SpA	1	-	-	-	1	-	-
Eni US Operating Co Inc	21	35	-	-	-	24	-
Floaters SpA	7	-	-	-	-	6	-
leoc Production BV	1	-	-	-	-	1	-
Naoc - Nigerian Agip Oil Co Ltd	-	122	-	-	-	1	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total companies controlled by Eni/CDP Industria SpA	118	177	64	-	3	128	-
Eni/CDP Industria SpA associates and jointly-controlled companies							
Greenstream BV	-	-	-	-	-	1	-
Mellitah Oil&Gas BV	7	1	4	-	-	6	-
Mozambique Rovuma Venture SpA (ex Eni East Africa SpA)	7	-	117	-	-	-	-
Petrobel Belayim Petroleum Co	49	28	-	-	-	37	-
PetroJunin SA	-	-	2	-	-	-	-
Raffineria di Milazzo	-	-	1	-	-	-	-
Solenova Ltd	9	2	-	-	-	7	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-	-
Total Eni/CDP Industria SpA associates and jointly-controlled companies	72	31	124	-	-	51	-
Total Eni/CDP Industria SpA companies	190	208	188	-	3	179	-
Companies controlled or owned by the State	18	30	46	-	2	8	-
Total related party transactions	506	1,132	754	-	155	371	-
Overall total	2,194	5,231	7,974	456	1,048	1,942	-
Incidence (%)	23.06	21.64	9.46	-	14.79	19.10	-

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

(2) The item "Eni SpA" includes also the transactions with Eni SpA Divisione Exploration & Production, Eni SpA Divisione Gas & Power, Eni SpA Divisione Refining & Marketing.

The figures shown in the tables refer to Note 8 "Trade receivables and other assets", Note 17 "Trade payables, other liabilities and contract liabilities", Note 27 "Guarantees, commitments and risks", Note 28 "Revenue (core business revenue and other revenue and income)", and Note 29 "Operating expenses (purchases, services and other costs)".

The Saipem Group provides services to Eni Group companies in all sectors in which it operates, both in Italy and abroad. Existing relations with entities controlled or owned by the State are mainly in relation to the Snam Group.

Other transactions consisted of the following:

(€ million)	Dec. 31, 2021		March 31, 2022	
	Other assets	Other liabilities	Other assets	Other liabilities
CCS JV Scarl	20	-	20	-
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	5	-	1	-
Eni Angola SpA	-	-	2	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-
Total related party transactions	25	-	23	-
Overall total	268	216	292	264
Incidence (%)	9.33	-	7.88	-

Related party transactions include also funds for employee benefits for €7 million as of March 31, 2022 (€7 million as of December 31, 2021).

Financial transactions

Financial transactions, excluding net lease liabilities, for 2021 consisted of the following:

(€ million)	Dec. 31, 2021			First quarter 2021		
	Loan assets ⁽¹⁾	Loans and borrowings	Commitments	Expenses	Income	Derivatives
Name						
CCS JV Scarl	344	-	-	-	-	-
Saren BV	-	8	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	208	-	-	-	-	-
Serfactoring SpA	1	-	-	-	-	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
TSGI Mühendislik İnşaat Ltd Şirketi	-	9	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-
Total related party transactions	554	18	-	-	-	-

(1) Shown in the statement of financial position under "Other current financial assets".

Financial transactions, excluding net lease liabilities, as of March 31, 2022 consisted of the following:

(€ million)	March 31, 2022			First quarter 2022		
	Loan assets ⁽¹⁾	Loans and borrowings	Commitments	Expenses	Income	Derivatives
Name						
CCS JV Scarl	355	-	-	-	-	-
CDP Industria SpA	-	188	-	-	-	-
Société pour la Réalisation du Port de Tanger Méditerranée	1	-	-	-	-	-
Saipon Snc	-	1	-	-	-	-
SCD JV Scarl	165	-	-	-	-	-
Serfactoring SpA	1	-	-	-	-	-
TSGI Mühendislik İnşaat Ltd Şirketi	-	9	-	-	-	-
Other (for transactions not exceeding €500 thousand)	-	-	-	-	-	-
Total related party transactions	522	198	-	-	-	-

(1) Shown in the statement of financial position under "Other current financial assets".

The incidence of financial transactions and positions with related parties was as follows:

(€ million)	Dec. 31, 2021			March 31, 2022		
	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Current financial liabilities	412	18	4.37	615	198	32.20
Non-current financial liabilities (including current portion)	3,129	-	-	3,094	-	-
Total	3,541	18	-	3,709	198	-

(€ million)	First quarter 2021			First quarter 2022		
	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Financial income	102	-	-	76	-	-
Financial expense	(85)	-	-	(70)	-	-
Derivative financial instruments	(48)	-	-	(29)	-	-
Other operating income (expense)	-	-	-	1	-	-
Total	(31)	-	-	(22)	-	-

Financial lease transactions

Financial lease transactions for 2021 were as follows:

(€ million)	Dec. 31, 2021		First quarter 2021		
	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Name					
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	-	1	-	-	-

Financial lease transactions as of March 31, 2022 consisted of the following:

(€ million)	March 31, 2022		First quarter 2022		
	Loan assets	Loans and borrowings	Commitments	Expenses	Income
Name					
Consorzio F.S.B.	-	1	-	-	-
Total related party transactions	-	1	-	-	-

The incidence of transactions or positions with related parties relating to financial lease transactions is as follows:

(€ million)	Dec. 31, 2021			March 31, 2022		
	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Long-term lease liabilities (including portion of short-term leases)	394	1	0.25	369	1	0.27
Total	394	1		369	1	

The main cash flows with related parties were as follows:

(€ million)	March 31, 2021	March 31, 2022
Revenue and income	491	371
Costs and other expenses	(258)	(155)
Financial income (expenses) and derivatives	-	-
Change in trade receivables and payables	(120)	(7)
Net cash flows from operating activities	113	209
Change in loan assets	77	32
Net cash flows from investing activities	77	32
Change in loans and borrowings	(1)	180
Net capital contributions by non-controlling interests	-	458
Net cash flows from financing activities	(1)	638
Total cash flows with related parties	189	879

The incidence of cash flows with related parties was as follows:

(€ million)	March 31, 2021			March 31, 2022		
	Total	Related parties	Incidence %	Total	Related parties	Incidence %
Cash flows from operating activities	(119)	113	(94.96)	(123)	209	(169.92)
Cash flows from investing activities	26	77	296.15	(12)	32	(266.67)
Cash flows from financing activities (*)	533	(1)	(0.19)	595	638	107.23

(*) Cash flows from financing activities do not include dividends distributed, net repurchases of treasury shares by non-controlling interests.

Information on jointly controlled entities

Jointly-controlled companies classified as joint operations do not have a significant value.

37 Significant non-recurring events and operations

Please refer to Note 2 "Accounting estimates and significant judgements" for more information about the management and containment measures adopted by the Group to address the current state of uncertainty and crisis, including the market uncertainty, the COVID-19 pandemic and the effects of the Russia-Ukraine crisis.

38 Transactions deriving from atypical or unusual transactions

No atypical and unusual transactions were reported in the first quarter of 2021 and of 2022.

39 Events after the reporting period

Update on the Saipem 7000 crane accident

On the morning of April 14, 2022, as communicated to the market on the same day, offshore Amoyfjorden (Norway), an incident occurred involving the vessel Saipem 7000. After completing dynamic positioning tests, Saipem 7000 was conducting the five-year crane lift test of the crane No. 1, in presence of the classification company RINA. Nobody was injured during the incident. Further to a preliminary assessment, the main block wire of crane No. 1 broke during the test for reasons yet to be determined, and the testing load (two cargo barges) with the main block of the crane were released in the water. The unit, after an initial tilting caused by the load release, promptly returned to a stable position and safe condition.

The assessments carried out so far have not shown any significant structural damage other than those to crane No. 1. In particular, the integrity of the ship's hull is confirmed. Crane No. 2, which was not involved in the test operations, can be put into service at the end of the precautionary checks in progress.

Based on the information available, it is reasonable to expect that the Saipem 7000 vessel will be able to return to operation starting from June, even if with partial use of the lifting capacity.

Financing Package

On April 4, 2022, the entire "Tranche A" of the Liquidity Facility was disbursed to the Company, for an amount of €680 million.

On April 5, 2022, the Company carried out the repayment of a maturing bond in the amount of €500 million. For more details, please refer to the section "Going concern".

EPC project for the Moscow Refinery

The project contract was terminated on May 11, 2022, due to the introduction of specific penalties against GazpromNeft, and the project-related pending issues were all settled by May 15, 2022, as required by the EU Regulations. For more details, please refer to the section "Effects of the Russian-Ukrainian crisis: EU restrictive measures and sanctions".

Reverse stock split

As per the resolution of the Extraordinary Shareholders' Meeting held on May 17, 2022, on May 23, 2022, Saipem's ordinary shares were regrouped at a ratio of 21 new ordinary shares for every 100 outstanding ordinary shares. There was no change in the savings shares.

The share capital reduction became necessary as a result of the operating losses incurred in 2021, which resulted in an erosion of Saipem's share capital by more than one-third.

The reduction of the share capital involved regrouping in order to maintain the same implied accounting parity of ordinary shares and savings shares (taking into account that the latter are subordinated in losses pursuant to Article 6 of the Articles of Association).

As a result of the reduction of the share capital, the number of ordinary shares was reduced by a total of 798,663,813 shares (including 798,663,772 shares as a result of the regrouping of ordinary shares and 41 shares as a result of the cancellation of treasury shares held by the Company), with no indication of par value.

As a result, at present, Saipem's subscribed and paid-up share capital amounts to €460,208,914.80, divided into 212,303,028 ordinary shares (number equal to 1,010,966,841 before the reverse split) and 10,598 savings shares (number unchanged from the situation before the reverse split), all of which lack the indication of par value. In the transaction, 41 treasury shares held by Saipem were cancelled to enable the overall balancing of the regrouping operation. In the same context and for mere accounting balancing purposes, profits of €10,250,383.50 were carried forward.

Valorisation of onshore drilling

It should be noted that, in February 2022, as part of the additional actions to the strategic plan that could bring additional liquidity, a negotiation agreement on an exclusive non-binding basis was signed with a leading international operator oriented to the possible disposal of Onshore Drilling.

Drilling Onshore assets consist of the provision of Onshore Drilling services aimed at the exploration and development of oil and/or natural gas fields. The Onshore Drilling assets, which are being divested, consist of 66 units available for operations in addition to 17 rigs present in Venezuela that are unsuitable for use and totally impaired. The areas of operational presence are Latin America (Peru, Bolivia, Colombia, Ecuador and Argentina), the Middle East (Saudi Arabia, Kuwait and the United Arab Emirates) and Africa (Congo and Morocco). Drilling activities consist of drilling so-called "wells" with full control over safety conditions and environmental impact.

The possible disposal transaction, with almost the entirety of the Onshore Drilling Business Line as the subject of the transaction, following contacts already in place in previous years, was restarted in the first half of 2021, was carried out in accordance with market practices, and was the subject of cross-over due diligence, by the parties involved, which ended positively only in May 2022. The transaction, in exchange for a cash consideration of USD 550 million plus 10% stake in the acquiring company upon completion of the transaction itself, does not involve the recognition of a loss.

On May 27, 2022, Saipem's Board of Directors resolved to accept the offer received for the sale of the Onshore Drilling, delegating management to sign the sales contract. The execution of the contract (Closing), subject to the successful execution of the capital increase and additional conditions precedent in practice, is expected to occur by October 31, 2022 for the activities in Middle East and by March 31, 2023 for Americas.

New contracts

As announced in the April 6, 2022, press release, Saipem has been awarded a contract by Coral FLNG SA, Special Purpose Entity incorporated in Mozambique by Area 4 Partners (Eni as Delegated Operator, ExxonMobil, CNPC, GALP, KOGAS and ENH), for maintenance services of the floating facility Coral Sul FLNG (Floating Liquefied Natural Gas) for liquefied natural gas offshore Mozambique.

As announced in the May 24, 2022, press release, Saipem has been awarded a contract by Shell and Petrobras for the utilisation of its FlatFish subsea drone in two pilot projects encompassing the inspection campaigns of two ultra-deepwater fields offshore Brazil, operated respectively by the two energy companies.

As announced in the May 27, 2022, press release, Saipem awarded, in joint venture with Clough, an EPC contract with Perdaman Industries for the development of the urea plant on the Burrup Peninsula, northwest of Karratha, on the coastline of Western Australia.

The agreement replaces the one previously announced on December 30, 2020 – which was removed from Saipem's backlog at the end of March 2022 – and reflects the changed market scenario which has developed globally in recent months.

INFORMATION REGARDING CENSURE BY CONSOB PURSUANT TO ARTICLE 154-TER, SUBSECTION 7, LEGISLATIVE DECREE N. 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 as of December 31, 2016, informed Saipem that it has detected non-compliances in "the Annual Report as of December 31, 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, paragraph 7, 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 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, paragraph 7, Legislative Decree No. 58/1998, to disclose the following elements of information to the market:

- (A) the weaknesses and non-compliance identified by Consob in relation to the accounting correctness of the financial statements mentioned above;
- (B) the applicable 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 period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period" and par. 42 according to which "the entity shall correct the material prior period 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 accounting standards and the violations encountered in relation thereto.

Consob holds that the 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 remarks refer to the methods used to estimate the cash flows expected from the use of said assets for the purposes of the application of the impairment test with respect to 2015 and specifically to the incorrect application of IAS 36: (a) par. 33, lett. a), according to which "in measuring 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) par. 34 in the part that requires that management assesses 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 current cash flows, and ensuring that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes; (c) par. 35 in the part that refers to the approach to be followed when using cash flow projections over a period longer than five years, highlighting that said 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 a 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) par. 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) par. 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" [...]; par. 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 where it states, at par. 9, that "inventories shall be measured at the lower of cost and net realisable value" and at par. 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 par. 34 that "a deferred tax asset shall be recognised for the carryforward 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. Illustration, in appropriate pro-forma consolidated statement of financial position and income statement – supported by comparative data – of the effects that accounting in compliance with the regulations would have produced on the company's financial position and on equity as of December 31, 2016 and the income statement for the year then ended, 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 Articles 14 and 16 of Legislative Decree No. 39 of January 27, 2010, and the report 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 S.p.A 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, July 6, 2021: Saipem SpA 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 the Annual Report of Saipem SpA of December 31, 2020) Consob ascertained the non-compliance of the Saipem's Annual Report 2016 with the regulations governing their preparation, in reference to the following: (i) the incorrect application of the principle of accrual basis of accounting established in IAS 1; (ii) failure to apply 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, subsection 7, Legislative Decree No. 58/1998, to disclose the following elements of information to the market: (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, according to Consob, incorrect information was supplied.

On April 16, 2018, Saipem SpA 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.

The TAR Lazio rejected Saipem SpA request to cancel the Resolution.

Saipem reserves to appeal to the Council of State the TAR Lazio sentence".

On November 6, 2021, Saipem SpA filed its own appeal before the Council of State against decision of the Lazio Regional Administrative Court's.

On April 16, 2018, Saipem issued a press release regarding the pro-forma consolidated income statements and statement of financial position as at December 31, 2016 for the sole purpose of complying with the Resolution.

Furthermore, on April 6, 2018, after closure of the stock market, the Offices of Consob (Issuers 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) forecasts 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 as a result of the administrative sanctioning procedure 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 before the Court of Appeal of Milan the Resolution No. 20828. 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 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:

- reduced from €200,000 to €150,000 the fine issued by Consob in 2019 against the former CEO of the Company in office from April 30, 2015 to April 30, 2021;
- reduced from €150,000 to €115,000 the fine issued by Consob in 2019 against the former CFO and Officer in charge of Financial Reporting in office at the time of the capital increase of 2016 and until June 7, 2016; and
- then reduced from a total of €350,000 to a total of €265,000 the sentence against Saipem SpA for the payment of the fines above, as jointly liable pursuant to Article 195, paragraph 9, of the Italian Consolidated Law on Finance.

On January 20, 2022, Saipem has filed an appeal to the Supreme Court against the sentence of the Court of Appeal of Milan.

On March 1, 2022, Consob has notified Saipem SpA of its cross-appeal with counterclaim.

Saipem’s cross-appeal against Consob’s counterclaim was notified April 8, 2022.

Ongoing investigations. Public Prosecutor's Office of Milan - 2015 and 2016 Financial Statements. Prospectus of the January 2016 capital increase

On January 22, 2019, the Public Prosecutor's Office of Milan notified Saipem SpA of a *"local search warrant and seize and notice of indictment"*, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-ter - lett. B), Legislative Decree No. 231/2001, based on the alleged crime of false accounting allegedly committed from April 2016 to April 2017, as well as in relation to the alleged unlawful administrative act pursuant to Articles 5, 6, 7, 8 and 25-sexies of Legislative Decree No. 231/2001, based on the alleged crime of manipulation of the market, allegedly committed from October 27, 2015 to April 2017. At the same time, the Public Prosecutor's office of Milan had notified the following individuals that they were under investigation: the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), as well as, for various reasons, one manager and two former managers (the former Officer responsible for financial reporting in office until June 7, 2016 and the former Officer responsible for financial reporting appointed on June 7, 2016 and in office until May 16, 2019). The investigation concerns the following offences: (i) false accounting relating to the 2015 and 2016 financial statements; (ii) manipulation of the market allegedly committed from October 27, 2015 to April 2017; and (iii) false statements in the prospectus issued with reference to the documentation for the offer of the capital increase in January 2016.

On December 18, 2020, the Milan Public Prosecutor's office served the notice of conclusion of the preliminary investigations to the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018), to a former executive (the Officer responsible for financial reporting in office until June 7, 2016) and to Saipem SpA.

Saipem SpA is charged with reference to the hypothesis of an administrative offence referred to in Articles 5, 6, 7, 8 and 25-ter of Legislative Decree No. 231/2001, *"for having failed to prepare an organisational model suitable to prevent the crimes of false accounting"*, pursuant to Article 2622 of the Civil Code, allegedly committed from March 16, 2016 to July 27, 2016 in relation to the financial statements as of December 31, 2015 and the interim financial statements as of June 30, 2016, as well as the administrative offence pursuant to Articles 5, 6, 7, 8 and 25-sexies of Legislative Decree No. 231/2001 *"for having failed to provide an organisational model suitable to prevent the crimes of false statements in the prospectus"*, pursuant to Article 173-bis of the Financial Law, and *"market manipulation"*, pursuant to Article 185 TUF, allegedly committed from October 27, 2015 until July 27, 2016.

From the notice of conclusion of the preliminary investigations in relation to the two individuals still under investigation (the Company CEO appointed by the Shareholders' Meetings of April 30, 2015 and May 3, 2018 and a former manager who held the role of Executive Officer responsible for financial reporting in office until June 7, 2016) shows the following alleged offences: (i) false accounting pursuant to Article 2622 of the Italian Civil Code, in relation to the financial statements as of December 31, 2015 (with reference to both individuals under investigation) and the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders Meeting of April 30, 2015 and May 3, 2018); (ii) false statements in the prospectus pursuant to Article 173-bis of the Financial Law with reference to both individuals under investigation, in relation to the documentation for the offer of capital increase in January 2016 from January 22, 2016 to February 5, 2016; (iii) market manipulation pursuant to Article 185 TUF, allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016.

On March 29, 2021, the Judge for the preliminary hearing of the Court of Milan has notified to Saipem SpA that the preliminary hearing is scheduled for May 10, 2021, in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-ter - lett. B) of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the offence of false accounting, allegedly committed from March 16, 2016 to July 27, 2016, as well as in relation to the alleged administrative offence pursuant to Articles 5, 6, 7, 8 and 25-sexies of Legislative Decree No. 231/2001, for failing to implement an organisational model capable of preventing the crimes of false statement in the prospectus and manipulation of the market, allegedly committed from October 27, 2015 to July 27, 2016.

This notification follows the issue of the notice of completion of the preliminary investigations and the subsequent request for indictment by the Public Prosecutor of Milan, notified together with the decree scheduling the preliminary hearing, against Saipem SpA, the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) and a former executive of the Company (the CFO and Officer responsible for the Company's Financial Reporting in office until June 7, 2016).

The Public Prosecutor of Milan in its request for indictment alleges the following offences: (i) false accounting pursuant to Article 2622 of the Italian Civil Code, in relation to the financial statements of December 31, 2015, charged to both individuals, and to the interim financial statements of June 30, 2016 (only for the CEO of the Company appointed by the Shareholders' Meeting of April 30, 2015 and May 3, 2018); (ii) market manipulation pursuant to Article 185 TUF allegedly committed by the Chief Executive Officer of the Company (appointed by Shareholders' Meeting on April 30, 2015 and on May 3, 2018) from October 27, 2015 to July 27, 2016 and by the CFO and Officer responsible for financial reporting in office until June 7, 2016 from October 27, 2015 until June 7, 2016; and (iii) false statement in the prospectus pursuant to Article 173-bis TUF brought against both individuals under investigation, with reference to the documentation for the offer of capital increase of January 2016, from January 22, 2016 to February 5, 2016.

At the May 10, 2021, hearing before the Milan Judge of the Preliminary Hearing, more than 500 plaintiff applications (*"richieste di costituzione di parte civile"*) were filed, both in the name and on behalf of Saipem SpA shareholders, and on behalf of associations representing diffuse interests. The Judge of the Preliminary Hearing adjourned the next hearings to September 21, 2021, in order to allow the parties lawyers to review the plaintiff applications filed and to formulate their remarks, and consequentially to decide on their admissibility. As the aforementioned judge has been assigned to different duties, the file has been handed to a new judge who, at the hearing of January 20, 2022, adjourned the case to February 28, 2022.

At the hearing of February 28, 2022, the Judge for Preliminary Hearings granted 503 plaintiff applications (all of them natural persons) in the case.

At the hearing on March 15, 2022, the defence was discussed. The trial was postponed to a hearing on April 12, 2022 for a decision on the indictment. On April 12, 2022, Saipem SpA issued the following press release:

"Saipem expresses satisfaction with the decision of the GUP of Milan that cleared all the defendants.

San Donato Milanese (MI), April 12, 2022 - Saipem SpA expresses its satisfaction with today's decision of the Judge for the preliminary hearing at the Court of Milan, who acquitted 'because the fact does not exist' the Company, the former Chief Executive Officer of the Company (in office from April 30, 2015 to April 30, 2021) and the former CFO and Manager in charge of preparing accounting and corporate documents (in office from December 6, 2013 to June 7, 2016) in relation to the charges of: (i) false corporate communications, allegedly committed from March 16, 2016 to July 27, 2016; (ii) false prospectus and market manipulation, allegedly committed from October 27, 2015 to July 27, 2016".

INDEPENDENT AUDITORS' REVIEW REPORT



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the board of directors of
 Saipem S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Saipem Group (the "Group"), comprising the statement of financial position as at 31 March 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the three months then ended and notes thereto. The directors of Saipem S.p.A. (the "parent") are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

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

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Saipem Group
Independent auditors' report
31 March 2022

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Saipem Group as at and for the three months ended 31 March 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Material uncertainties about going concern

We draw attention to the "Going concern" section of the notes to the condensed interim consolidated financial statements, where the directors state that there are material uncertainties which may cast significant doubts on the parent's and group's ability to continue as a going concern. Our conclusion is not qualified in this respect.

Other matters

The group's condensed interim consolidated financial statements present the corresponding figures as at and for the three months ended 31 March 2021, which were neither audited nor reviewed.

Milan, 7 June 2022

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit



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Publications

Financial statements as of December 31 (Italian), prepared in accordance
to Legislative Decree of April 9, 1991, No. 127
Annual Report (in English)

Bilancio consolidato trimestrale abbreviato

al 31 marzo (in Italian)
Condensed Interim Consolidated Financial Statements
as of March 31 (in English)

Condensed Interim Consolidated Financial Statements
as of June 30 (in Italian)

Interim Financial Report as of June 30
(in English)

Sustainability Report 2021 (in Italian and English)

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