TREVI - Finanziaria Industriale S.p.A.

Annual Report and Accounts at 31 December 2022

TREVIGroup

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Annual Report and Accounts
at 31 December 2022

TREVI – Finanziaria Industriale S.p.A.
Registered office in Cesena (FC) – Via Larga di Sant'Andrea 201 – Italy
Share capital of Euro 123.044.339,55 fully paid-up
Forlì - Cesena Chamber of Commerce Business Register No. 201.271
Tax code, VAT number and Forlì - Cesena Register of Companies No. : 01547370401
Website: www.trevifin.com

Cover photo: Trevi Philippines, Cebu Bridge Connection

SUMMARY

MEMBERS OF THE CORPORATE BODIES

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

Chairperson

Anna Zanardi *

Chief Executive Officer

Giuseppe Caselli

Board of Directors

Paolo Besozzi (non-executive and independent) **

Davide Contini (non-executive and independent)

Bartolomeo Cozzoli (non-executive and independent)

Cristina De Benetti (non-executive and independent)

Manuela Franchi (non-executive and independent)

Sara Kraus (non-executive and independent)

Davide Manunta (executive)

Elisabetta Oliveri (non-executive and independent)

Alessandro Piccioni (non-executive and independent)

Board of Statutory Auditors

Standing auditors

Marco Vicini (Chairman)

Francesca Parente

Mara Pierini

* In office as Chairperson as of 1 January 2023 following the resignation of Mr. Di Stefano from his position

** Co-opted on 8 March 2023 following the resignation of Mr. Di Stefano from his position

Other Corporate Bodies

Committee for the appointment and remuneration of Directors

Alessandro Piccioni (Chairman)

Bartolomeo Cozzoli

Elisabetta Oliveri

Control, Risks and Sustainability Committee

Manuela Franchi (Chairperson)

Elisabetta Oliveri

Davide Manunta

Related Party Committee

Cristina De Benetti (Chairperson)

Sara Kraus

Davide Contini

Director of Administration, Finance and Control

Massimo Sala
Appointed manager in charge of financial reporting by resolution of the Board of Directors on 11 August 2022.

Independent Auditors

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

Supervisory Body of the Organisational Model 231/01

Floriana Francesconi (Chairperson)

Yuri Zugolaro

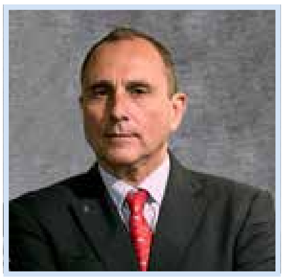
Valeria Sarti ***

*** appointed with Board resolution of 17 November 2022 to replace Mr·Tradii who resigned from his position within the Group on 15 September 2022.

The Trevi Group is a world leader in all-round underground engineering (special foundations, soil consolidation and reclamation of polluted sites), in the design and marketing of specialised technologies in the sector. Born in Cesena in 1957, the Group has about 65 companies and is present in approximately 90 countries with its dealers and distributors. Among the reasons for the success of the Trevi Group are the internationalisation, integration and continuous interchange between the two divisions: Trevi, which carries out special foundation and soil consolidation works for large infrastructure projects (subways, dams, ports and docks, bridges, railway and motorway lines, industrial and civil buildings) and Soilmec, which designs, manufactures and markets machinery, plants and services for the soil engineering.

Trevi -Finanziaria Industriale S.p.A. (TreviFin) has been listed on the Milan stock exchange since July 1999. Trevifin is listed on Euronext Milan that supersedes the old term MTA, as a result of the market rebranding activities that followed the acquisition of Borsa Italiana by Euronext N.V.

Chairman and CEO | Trevi Group



Anna Zanardi

TREVI
Finanziaria Industriale S.p.A.

Chairman

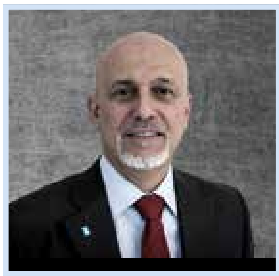
Giuseppe Caselli

TREVI
Finanziaria Industriale S.p.A.

CEO
Soilmec SpA Chairman
Trevi SpA Chairman

Management Team | Trevi Group






Massimo Sala
Group CFO

Pio Franchini
Corporate Organization and HR Director

Alessandro Vottero
Legal and Contractual Director

Andrea Acerbi
General Manager TREVI Division

Massimiliano Battistelli
General Manager SOILMEC Division

Donato Angelillo
Risk Manager

Franco Cicognani
Corporate Communication and Sustainability Director

Luca Garavini
Corporate QHSE Director

Valeria Sarti
Internal Audit Director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SUMITOMO

DIRECTORS' REPORT

Dear Shareholders,

2022 was a full and intense year for the Trevi Group that opened up glimmers of optimism. I say this comforted by the results of the financial statements submitted for your approval and by the encouraging signs coming from the first months of 2023. We are going through an extremely important phase because, thanks to the constant and unconditional commitment of the men and women of our organisation, we have managed to earn the trust of our shareholders and the lending banks, and we are able to glimpse comforting signs of recovery, such as the significant increase in the order intake (up by 16.5% compared to 2021), which reached Euro 699.2 million in 2022, and in the order backlog, which increased by 29% at 31 December 2022 compared to 31 December 2021; the increase in revenue achieved during the year of 15%, and a growth in recurring Gross Operating Profit of 30%.
After a few complicated and complex years, I thought it was right to send this communication to our shareholders with a positive message and with the full reassurance that the Group is working even harder, with dedication and passion, to regain the role it deserves in the global soil engineering market, in terms of experience, ability to innovate, and to manage and solve complex problems.

Briefly reviewing the past year, we ought to remember at least three fundamental steps: the renewal of the Board of Directors, the update of the business plan and the completion of the capital strengthening process, which took place between the end of 2022 and the beginning of 2023. Broadening our reflections to a larger scenario, we can say that also in 2022 the Trevi Group measured itself against a market still affected by some residual problems due to the Covid-19 pandemic and, above all, the war in Ukraine. It should be emphasised that the conflict in the centre of Europe did not directly impact our organisation, nevertheless the tensions it generated increased the sense of uncertainty throughout the world. Despite an objectively complex situation, the Trevi Group continued to consolidate its position as a leading multinational company in the all-round soil engineering segment (special foundations, soil consolidations, remediation of polluted sites, design and marketing of specialised technologies in the segment such as pile driving rigs, diaphragms and consolidations). The Comapny, Trevi Finanziaria Industriale S.p.A., operates through two main subsidiaries: the Trevi S.p.A. Division, active in services, and the Soilmec S.p.A. Division, active in mechanical engineering. All the Group's activities benefit from the increasing synergies and close technical/engineering collaboration between these two divisions, thus ensuring that the Trevi Group can act and be recognised as an innovative and highly specialised operator capable of providing high value-added underground engineering products, for any specific situation and/or need, always with an ever-increasing focus on sustainability issues.

Internally, we are proceeding swiftly in the renewal process undertaken a few months ago. I am referring in particular to the implementation of activities aimed at reviewing the organisational structure, fostering the digital transition and promoting a corporate culture that operates by objectives and in a sustainable manner, increasing awareness of operating safely and respecting the environment and human rights. Our first Sustainability Plan, which outlines a strategy and defines objectives in the area of Environmental, Social & Corporate Governance for the next three years, goes in this direction. All these actions are enabling the Group to control operating costs and to position itself well on international markets.

I would like to seize this opportunity to mention that some of our companies have achieved significant milestones: Trevilcos Corporation reached 25 years of business in the United States, Swissboring Overseas Piling Corp. Ltd reached 50 years of activity in the United Arab Emirates and Pilotes Trevi Sacims in Argentina celebrated its 45thanniversary. These are rather significant milestones because they testify to the solidity, consideration and ability of our organisation to remain a benchmark in the construction and infrastructure market over time.

I would like to close with my personal thanks, and, I am sure, those of the entire Board of Directors, to all the stakeholders of the Trevi Group and to all the women and men of our organisation. We are ready and ever more determined to face the new challenges ahead, and above all to seize all the opportunities that the construction and infrastructure market is offering by leveraging our recognised design, technological and construction capacity, both in foundation works and in the construction of machinery for large infrastructure projects. While waiting for the infrastructure development plans to be fully and adequately implemented, I would like to greet you with the hope that worldwide tensions can be resolved as soon as possible.

Giuseppe Caselli

In the photo on the previous page: CAMANA jobsite, Philippines

Group financial highlights

Methodological note

The Directors' Report includes information concerning the revenue, profitability, financial position and financial performance of the Trevi Group as at and for the year ended 31 December 2022.
Unless otherwise indicated, all amounts are expressed in thousands of Euro. The Financial Statements items were compared with the amounts of the previous year.
Any differences detected in some tables are due to the rounding effects of amounts expressed in thousands of Euro. The Company, Trevi - Finanziaria Industriale S.p.A., is referred to with its full company name or simply as Trevifin or the Company; the Group headed by the same is hereinafter referred to as the Trevi Group or simply as the Group

Significant accounting policies:

The 2022 Annual Report was prepared in compliance with Art. 154-ter, paragraph 5 of Italian Legislative Decree 58/98 – T.U.F. [Italian Consolidated Law on Finance] - and subsequent amendments and additions - and pursuant to Art. 2.2.3. of the Italian Market Regulation.

The accounting standards, the basis of consolidation and the accounting policies used in preparing the 2022 Annual Report are the same as those used in the 2021 Annual Report, available on the website www.trevifin.com, under the section "Investor Relations".

The Company and the Group applied the "International Financial Reporting Standards" endorsed by the European Union, the provisions of Italian Legislative Decree 38/2005 and other CONSOB provisions concerning financial statements.
Some of the interim indicators of profitability mentioned in this report are not identified as accounting measures by the IFRS endorsed by the European Union and, therefore, the quantitative determination of such indicators may not be univocal. Such indicators are measures used by Management to monitor and evaluate the operating performance of the Group. Management believes that said indicators are an important measurement of the operating performance insofar as they are not affected by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortisation and depreciation policies. The criterion used by the Group for determining said indicators may not be consistent with the one adopted by other groups or companies and, therefore, their value may not be comparable with the one determined by the latter.

The Trevi Group key financial highlights at 31 December 2022 are shown below:

Reclassified statement of profit or loss

The Statement of Profit or Loss of the Group included in this Directors' Report was reclassified according to the presentation method deemed useful by Management to represent interim indicators of profitability such as Total Revenue, Gross Operating Profit (EBITDA) and Operating Profit/(Loss) (EBIT).

(in thousands of Euro)

	2022	2021	Change	% Change
Total revenue (*)	569.209	494.616	74.593	15,1%
Recurring gross operating profit (*)	64.471	49.580	14.890	30,0%
Gross operating profit	63.851	42.484	21.367	50,3%
Operating profit/(loss)	20.127	(5.631)	25.758	
Loss from continuing operations	(15.177)	(51.295)	36.118	70,4%
Loss for the year	(15.177)	(51.295)	36.118	70,4%
Loss for the year attributable to the owners of the Parent	(19.127)	(52.977)	33.850	63,9%

(*) Amounts are net of non-recurring revenue and costs as detailed in the section below "Key financial highlights".

(in thousands of Euro)

ORDER BACKLOG AND ORDER INTAKE	31/12/2022	31/12/2021	Change	% Change
Order backlog	587.364	454.593	132.771	29%
	2022	**2021**	**Change**	**Variazione %**
Order intake	699.193	600.197	98.996	16%

GROUP NET FINANCIAL DEBT	31/12/2022	31/12/2021	Change	% Change
Net Financial Debt	(251.179)	(251.805)	626	0%

GROUP'S WORKFORCE	31/12/2022	31/12/2021	Change	% Change
Number of employees	3.274	3.218	56	2%

Key financial highlights

Total revenue for 2022 amounted to approximately Euro 569.2 million, compared to Euro 494.6 million for 2021, marking an increase of approximately Euro 74.6 million (15.1%).

This item is net of non-recurring revenue attributable to the capital gain on the sale of a business branch of the subsidiary Parcheggi S.p.A. for approximately Euro 1.5 million.

Recurring gross operating profit for 2022 was Euro 64.5 million, increased by 30% compared to the previous year and Gross operating profit was Euro 63.9 million (up by 50% compared to 2021).

Recurring gross operating profit is net of the above non-recurring revenue and non-recurring costs of Euro 2.1 million, of which Euro 1.5 million attributable to personnel expense and Euro 0.6 million attributable to services.
The Operating profit for 2022 amounted to Euro 20.1 million, with an increase of Euro 25.8 million compared to a loss of Euro 5.6 million in the previous year.

The Loss for the year was significantly reduced to Euro 15.2 million, compared to the loss of Euro 51.3 million showed in 2021, while the Loss attributable to the owners of the Company in 2022 totalled Euro 19.1 million compared to a loss of Euro 52.9 million in 2021.
The Net Financial Debt amounted to Euro 251.2 million at 31 December 2022, marking a slight improvement compared to Euro 251.8 million at 31 December 2021.

The order intake in 2022 amounted to approximately Euro 699.2 million, up by approximately Euro 98.9 million compared to the previous year (up by 16.5%). The order backlog at 31 December 2022 amounted to Euro 587.4 million (Euro 454.6 million at 31 December 2021). The significant increase in the order intake made it possible to increase the order backlog compared to the end of the previous year, restoring it to such a level to allow the Group to continue its economic and financial recovery phase throughout 2023.

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

The financial performance of the Group in 2022 and the order backlog available at the end of the year, together with the conclusion of the negotiations with the Lending Banks at the end of November 2022 that led to the definition of the New Financial Restructuring (described below and in the section "Main risks and uncertainties to which the Trevi Group is exposed and assessments on the going concern assumption"), resulted in the capital strengthening transaction concluded with the capital increase that took place between

December 2022 and January 2023 and allow us to confidently continue the Group's recovery process.
In 2022, negotiations were carried out to reach agreements relating to the New Financial Restructuring. On 31 December 2021, the Standstill Agreement (as defined) signed in August 2021 expired and was not formally renewed. However, the Company and the Lending Banks (as defined) continued the relevant negotiations in relation to the New Financial Restructuring, operating under a *"de facto"* standstill regime, and the Lending Banks continued to support the Group by not reducing the utilisation of the self-liquidating lines and by allowing the issuance of certain guarantees identified as urgent by the Company in the context of the projects to which the Group companies are party, and by continuing to make cash lines of credit available.

Concurrently, with the support of its advisors, Management continued negotiations both with the Lending Banks and the institutional shareholders aimed at defining the New Financial Restructuring. In this regard, on 26 April 2022, the Board of Directors approved a proposal of financial restructuring, partially different from the one approved in December 2021. This proposed restructuring was later further modified in order to take into account the ongoing discussions with the Lending Banks. The latest version of the financial restructuring was approved by the Board of Directors on 17 November 2022 (the **"New Financial Restructuring"**), which provides, in a nutshell:

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

(b) a capital increase against consideration to be offered with option right to shareholders pursuant to Article 2441 paragraph 1 of the Italian Civil Code, for a total maximum amount of Euro 25,106,155.28, to be paid on an indivisible basis up to Euro 24,999,999.90 – amount fully guaranteed by the subscription commitments undertaken by CDPE Investimenti S.p.A. (**"CDPE"**) and Polaris Capital Management LLC (**"Polaris"** and, together with CDPE, the **"Institutional Shareholders"**) – and on a divisible basis for the excess amount, inclusive of share premium, through the issuance of a total maximum of 79,199,228 new ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, of which Euro 0.1585 to be allocated to share capital and Euro 0.1585 to be allocated to share premium reserve (the **"Capital Increase with Option Right"**);

(c) a capital increase against consideration to be paid on an indivisible basis, for a maximum amount of Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, to be offered with exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to some of the Lending Banks identified in the New Agreement, to be paid through a debt-to-equity swap of certain, liquid and collectable receivables, in the manner and to the extent provided for in the New Agreement, in relation to the subscription of the capital increase with exclusion of the option right, at a conversion ratio of 1.25 to 1 (the **"Capital Increase by Conversion"** and, together with the Capital Increase with Option Right, the **"Capital Increase"**);

(d) the subordination and postponement of a portion of the bank debt for Euro 6.5 million;

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

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

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

Also on 17 November 2022, the Company's Board of Directors approved: (i) the final version of the recovery plan pursuant to Articles 56 and 284 of CCII, based on the New Consolidated Plan and the New Financial Restructuring, relating to Trevifin and the Trevi Group; (ii) pursuant to the proxy granted by the Shareholders' Meeting of 11 August 2022 - the Trevifin capital increase transaction envisaged by the New Financial Restructuring, as amended with a subsequent resolution of 28 November 2022; (iii) the signing of the New Agreement; and (iv) the signing of the further agreements in the context of the debt restructuring and capital strengthening transaction in accordance with the aforementioned certified plan, including the agreement with which the Institutional Shareholders undertook to subscribe for their entire share of the Capital Increase with Option Right, as well as any unexercised rights in proportion to the shareholdings held (the **"Letter of Commitment"**).

Subsequently, on 29 and 30 November 2022, the Company signed the contracts relating to the implementation of the New

Financial Restructuring, such as, in particular, the New Agreement and the Letter of Commitment, which subsequently became effective on 16 December 2022 after the relevant conditions precedent have been met, including the obtaining, on that date, of the CONSOB's authorisation to publish the prospectus relating to the notice of rights of Trevifin shares as part of the Capital Increase with Option Right.

On 11 January 2023, the Company informed the market about the successful completion of the Capital Increase, in the context of which 161,317,259 newly issued ordinary shares of the Company were subscribed, for a total amount of Euro 51,137,571.10 *(of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve).* Upon completion of the Capital Increase, the new share capital of Trevifin amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares. In particular: **(i)** the Capital Increase with Option Right was subscribed against consideration for Euro 24,999,999.90, of which Euro 17,006,707 paid for the subscription of 53,648,918 shares by the Institutional Shareholders, and the remaining Euro 7,993,292.90 were paid for the subscription of 25,215,435 shares by other shareholders; and **(ii)** the Capital Increase by Conversion was fully subscribed for Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares.

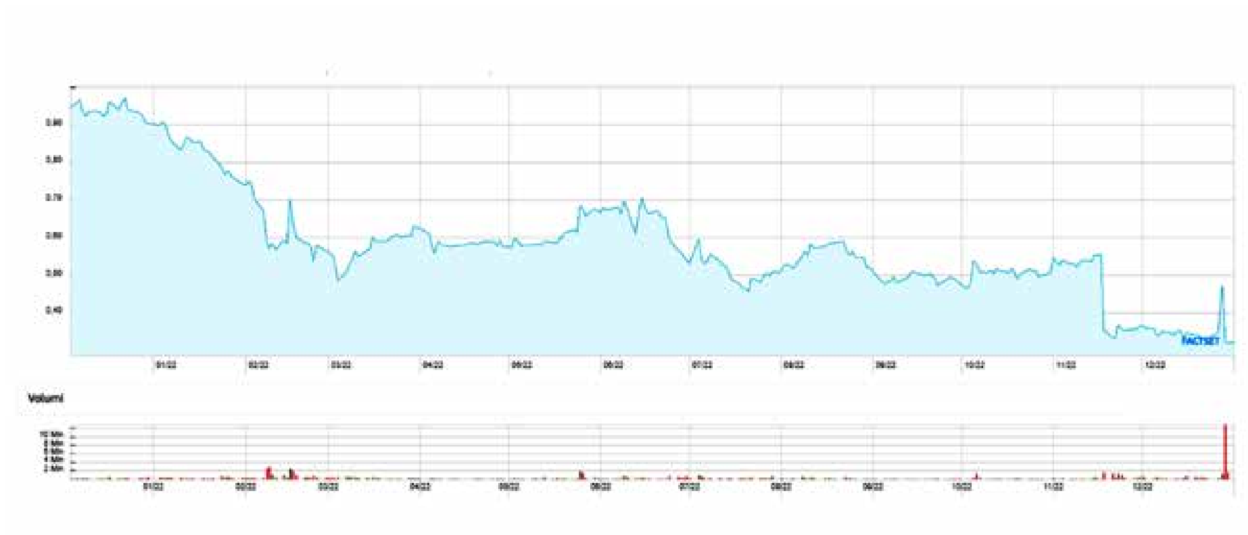
Upon completion of the transaction for the capital strengthening of Trevifin and the debt restructuring transaction of the Group - despite the fact that the accounting effects have been recognised in 2023 as the capital increase was completed in January 2023:

- the equity attributable to the owners of the Company, which at 31 December 2022 amounted to Euro 89.6 million, increased by approximately Euro 52 million;

- the Group's Net Financial Debt, which at 31 December 2022 amounted to Euro 251.2 million, decreased by approximately Euro 52 million in January 2023; and

- the residual debt of the Group was almost entirely rescheduled, providing for the rescheduling, up to 31 December 2026, of a substantial portion of the medium/long-term debt towards the Lending Banks after the capital increase by conversion, for approximately Euro 185 million, and for the subordination and rescheduling of Euro 6.5 million up to 30 June 2027.

The performance of the Trevi Finanziaria Industriale share on the stock exchange in 2022 is shown below:



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

Statement of Profit or Loss

(in thousands of Euro)

	2022	2021	Change
TOTAL REVENUE	**569.209**	**494.616**	**74.593**
Change in finished goods and work in progress	10.297	(6.525)	16.822
Internal work capitalised	9.464	12.850	(3.386)
PRODUCTION REVENUE [1]	**588.970**	**500.941**	**88.029**
Consumption of raw materials and external services [2]	(403.049)	(325.242)	(77.808)
VALUE ADDED [3]	**185.921**	**175.699**	**10.221**
Personnel expense	(121.450)	(126.119)	4.669
RECURRING GROSS OPERATING PROFIT [4]	**64.471**	**49.580**	**14.890**
Non-recurring expenses	(620)	(7.096)	6.476
GROSS OPERATING PROFIT [5]	**63.851**	**42.484**	**21.367**
Depreciation and amortisation	(31.098)	(33.937)	2.839
Provisions and impairment losses	(12.626)	(14.178)	1.552
OPERATING PROFIT/LOSS [6]	**20.127**	**(5.631)**	**25.758**
Net financial expense [7]	(17.130)	(19.382)	2.252
Net exchange losses	(7.460)	(8.282)	822
Adjustments to financial assets	(280)	(460)	180
LOSS BEFORE TAXES	**(4.743)**	**(33.755)**	**29.012**
Profit/(Loss) from assets held for sale	0	0	0
Income taxes	(10.434)	(17.540)	7.106
LOSS FOR THE YEAR	**(15.177)**	**(51.295)**	**36.118**
Attributable to:			
Owners of the Parent	(19.127)	(52.977)	33.850
Non-controlling interests	3.950	1.682	2.268
LOSS FOR THE YEAR	**(15.177)**	**(51.295)**	**36.118**

The Statement of Profit or Loss shown above is a reclassified summarised version of the Statement of Profit or Loss

Total revenue is net of non-recurring revenue attributable to the capital gain on the sale of a business branch of the subsidiary Parcheggi S.p.A. for approximately Euro 1.5 million.
Recurring gross operating profit is net of the above non-recurring revenue and non-recurring costs of Euro 2.1 million, of which Euro 1.5 million attributable to personnel expense and Euro 0.6 million attributable to services.

1 *"Production revenue" includes the following items: revenue from sales and services, internal work capitalised, other operating revenue and change in finished goods and work in progress.*
2 *"Consumption of raw materials and external services" includes the following items: raw materials and consumables, change in raw materials, consumables, supplies and goods and other operating expenses not including other operating costs. This item is shown net of non-recurring expenses.*
3 *"Value added" is the sum of production revenue, consumption of raw materials and external services and other operating costs.*
4 *"Recurring gross operating profit" (recurring EBITDA) represents the normalised EBITDA by eliminating non-recurring operating income and expense from the EBITDA calculation.*
5 *"Gross operating profit" (EBITDA) is a financial indicator not defined in the IFRS, adopted by the Trevi Group starting from the consolidated financial statements at 31 December 2005. EBITDA is a measure used by TREVI's Management to monitor and measure the operating performance of the Group. Management believes that EBITDA is an important measurement of the Group performance insofar as it is not affected by the various factors used in determining taxable*

(In migliaia di Euro)

income, by the amount and nature of capital employed and by amortisation and depreciation policies. To date (subject to a subsequent in-depth analysis connected with the development of alternative corporate performance measurement criteria), EBITDA is defined by Trevi as Profit/Loss for the year, gross of depreciation of property, plant and equipment, amortisation of intangible assets, provisions, impairment losses, financial income and expense and income taxes.

[6] *"Operating profit/(loss)" (EBIT) is a financial indicator not defined in the IFRS, adopted by the Trevi Group starting from the consolidated financial statements at 31 December 2005. EBIT is a measure used by TREVI's Management to monitor and evaluate the operating performance of the Group. Management believes that EBIT is an important measurement of the Group performance insofar as it is not affected by the volatility generated by the various factors used in determining taxable income, by the amount and nature of capital employed and by amortisation and depreciation policies. EBIT is defined by the Trevi Group as Profit/Loss for the year, gross of financial income and expense and income taxes.*

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

TREVI GROUP

REVENUE BY GEOGRAPHICAL SEGMENT

(In thousands of Euro)

Geographical segment	2022	%	2021	%	Change	%
Italy	49.535	9%	65.311	13%	(15.776)	-24%
Europe	44.574	8%	84.055	17%	(39.481)	-47%
U.S.A. and Canada	83.425	15%	114.136	23%	(30.711)	-27%
Latin America	26.226	5%	16.258	3%	9.968	61%
Africa	79.587	14%	69.781	14%	9.806	14%
Middle East and Asia	166.457	29%	59.999	12%	106.458	177%
Far East and Rest of the World	119.406	21%	85.076	17%	34.330	40%
Total revenue	**569.209**	**100%**	**494.616**	**100%**	**74.593**	**15%**

REVENUE BY BUSINESS SEGMENT

(In thousands of Euro)

Activity	2022	%	2021	%	Change	% Change
Special foundation works	438.013	77%	358.778	72%	79.235	22%
Manufacturing of special machinery for foundations	133.319	23%	141.050	28%	(7.731)	-5%
Intradivisional eliminations and adjustments	(4.197)		(5.235)		1.037	
Sub-Total of Foundations Segment	**567.135**	**100%**	**494.593**	**100%**	**72.542**	
Parent	**18.478**		**12.624**		**5.854**	**46%**
Intradivisional and Parent eliminations	(16.404)		(12.602)		(3.803)	
TREVI GROUP	**569.209**	**100%**	**494.616**	**100%**	**74.593**	**15%**

Total revenue is net of non-recurring revenue attributable to the capital gain on the sale of a business branch of the subsidiary Parcheggi S.p.A. for approximately Euro 1.5 million.

For any further details on the business segment, reference should be made to the relevant segment reporting.

The table below provides an analysis of the Statement of Financial Position; inventories take account of contract work in progress:

TREVI GROUP

Statement of Financial Position

(in thousands of Euro)

		31/12/2022	31/12/2021	Change
A)	**Non-current assets**			
	- Property, plant and equipment	164.602	173.144	(8.542)
	- Intangible assets	17.483	15.999	1.484
	- Financial assets	903	647	256
		182.988	**189.790**	**(6.802)**
B)	**Net working capital**			
	- Inventories	195.248	139.875	55.373
	- Trade receivables	199.518	222.068	(22.550)
	- Trade payables (-)	(140.641)	(115.655)	(24.986)
	- Payments on account	(42.255)	(31.439)	(10.816)
	- Other liabilities	(42.454)	(51.800)	9.346
		169.417	**163.049**	**6.368**
C)	**Assets held for sale and liabilities associated with assets held for sale**			**0**
D)	**Invested capital, less current liabilities (A+B+C)**	**352.405**	**352.839**	**(434)**
E)	Post-employment benefits (-)	(11.347)	(11.109)	(238)
F)	**NET INVESTED CAPITAL (D+E)**	**341.058**	**341.730**	**(672)**
	Financed by:			
G)	**Equity attributable to the owners of the Parent**	**89.618**	**91.556**	**(1.938)**
H)	Equity/(Deficit) attributable to non-controlling interests	260	(1.632)	1.892
I)	**Net financial debt**	**251.179**	**251.806**	**(626)**
L)	**TOTAL SOURCES OF FINANCING (G+H+I)**	**341.058**	**341.730**	**(672)**

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

Reconciliation of the reclassified Statement of Financial Position with the Consolidated Financial Statements relating to the reclassification of contract work in progress

The scope of IFRS 15 relates to the accounting of contract work in progress in the financial statements of contractors. The standard requires that contract work in progress be expressed net of the relevant payments on account received from customers and that this net balance be represented by trade receivables or other liabilities, respectively depending on whether the progress of the work is greater than the payment on account received or lower.

Below is a reconciliation between the figures shown in the reclassified Statement of Financial Position that does not take into account the presentation required by IFRS 15 with respect to the Consolidated Financial Statements in which this effect is reflected.

Net working capital	31/12/2022	Reclassification	31/12/2022 Statement of Financial Position	31/12/2021	Reclassification	31/12/2021 Statement of Financial Position
- Inventories	195.248	(74.468)	120.779	139.875	(25.265)	114.609
- Trade receivables	199.518	80.926	280.444	222.068	30.110	252.178
- Trade payables (-)	(140.641)	0	(140.641)	(115.655)	0	(115.655)
- Payments on account (-)	(42.255)	7.585	(34.669)	(31.439)	2.403	(29.036)
- Other liabilities	(42.454)	(14.043)	(56.496)	(51.800)	(7.248)	(59.048)
Total	**169.417**	**0**	**169.417**	**163.049**	**0**	**163.049**

Net invested capital amounted to Euro 341.1 million at 31 December 2022, in line with the previous year marking a decrease of Euro 0.7 million compared to Euro 341.7 million at 31 December 2021.

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

TREVI GROUP

Net Financial Debt

(in thousands of Euro)

	31/12/2021	31/12/2020	Change
Short-term loans and borrowings	(149.807)	(201.135)	51.328
Short-term loans and borrowings from other financial backers	(136.984)	(63.786)	(73.198)
Current derivatives	0	0	0
Current financial assets	17.545	10.847	6.698
Short-term cash and cash equivalents	94.965	77.647	17.318
Total short-term	**(174.281)**	**(176.427)**	**2.146**
Medium/Long-term loans and borrowings	(8.007)	(12.697)	4.690
Medium/Long-term loans and borrowings from other financial backers	(67.602)	(72.699)	5.097
Non-current derivatives	0	0	0
Trade payables and other non-current liabilities	(1.290)		(1.290)
Total medium/long-term	**(76.899)**	**(85.396)**	**8.497**
Net financial debt (Consob warning notice No. 5/21 of 29 April 2021)	**(251.179)**	**(261.823)**	**10.643**
Non-current financial assets	0	10.017	(10.017)
Total net financial debt	**(251.179)**	**(251.806)**	**626**

At 31 December 2022, the Net Financial Debt amounted to Euro 251.2 million, compared with the total Net Financial Debt at 31 December 2021 equal to Euro 251.8 million, improving by Euro 0.6 million.

With reference to financial debt, in compliance with IRFS 9, loans and borrowings subjected to the New Financial Restructuring with the Lending Banks of the Group were also shown with a short-term maturity in the tables of the Net Financial Debt at 31 December 2022 since the New Financial Restructuring became effective in January 2023, and from that month onwards loans and borrowings subjected to the New Agreement were reclassified with medium-long term maturity following their rescheduling at 31 December 2026.

Performance of the year

The market context

The recovery of the world construction market in 2022 was partly conditioned by the problems induced by the limitations of the Covid-19 in 2021, but mainly by other factors, such as: the economic repercussions of the war between Russia and Ukraine, the difficulty of supplying raw materials and natural gas and energy sources, with a consequently sharp rise in the prices of energy, fuel, materials and consumer prices in general. Moreover, there was the effect on the international economic scenario generated by the increase in interest rates as a measure taken by central banks to contain the inflationary spiral.

Despite these issues, the world construction market grew by 1.7% in 2022 (growth had been 4% in 2021) and, excluding the growth of the Chinese market, the growth would have been 0.4 %; it is also estimated that the global production of the construction segment will grow by 1.8% in 2023.
The infrastructure segment, however, showed a brighter performance, with an estimated growth of 3.8% in 2022 (up by 4.2% in 2021), thanks to governments' efforts on investments that foster economic growth. Growth in the infrastructure segment, thanks to investments in road, energy, railway, port and airport projects, which will therefore be the main drivers of growth in the construction segment, is estimated to develop at 6.7% in 2023, and then remain at an average growth rate of 5.4% between 2024 and 2026. (source: Globaldata plc).

The rise in oil product prices that began in 2021 and continued in 2022 (the price of Brent oil, which stood at USD 51.72/barrel at the end of 2020, had risen to USD 77.86/barrel at 31 December 2021, stood at USD 109.21/barrel at 30 June 2022 and fell to USD 86/barrel at 31 December 2022) will continue to generate significant income flows for countries in the Middle East and North Africa, which will help finance infrastructure development projects.

Soaring natural gas prices increased the need to diversify energy supplies and develop independent supply sources. In this light the growing global political will to "decarbonise" the economy and the consequent push to invest in renewable energy sources such as wind, solar and nuclear energy, could potentially resulting in major public and private projects and investments.

Despite the fact that in the first half of 2022, the Trevi Group experienced slowdowns in the acquisition of new projects and in the execution of some projects already underway, delays in the start-up of some orders and the need to renegotiate some contractual components due to the increase in material prices, in the second half of the year and with effects on the results for the entire 2022, the Group effectively continued its recovery phase, particularly in the Trevi Division, in terms of important orders acquired, the expansion of the order backlog and revenue growth.

Order intake and order backlog

The order intake in 2022 amounted to Euro 699.2 million, an increase of 16.5% compared to 2021. Specifically, the Trevi Division acquired orders for Euro 553.4 million, up by 21.8% compared to the previous year, while the Soilmec Division acquired orders for Euro 158.2 million, up by 3.6% compared to 2021. The order backlog reached Euro 587.4 million (compared to Euro 454.5 million at 31 December 2021), with a significant increase of 129% compared to the previous year, of which Euro 531 million attributable to the Trevi Division (Euro 413 million at 31 December 2021) and Euro 59 million attributable to the Soilmec Division (Euro 42 million at 31 December 2021).

Investments

Gross investments by the Trevi Group in 2022 amounted to Euro 27 million attributable to property, plant and equipment and Euro 5.6 million attributable to intangible assets.
In terms of property,plant and equipment the main investments were made in order to carry out the newly acquired projects:

- in **Australia**: two hydromills, a rope shovel, a desanding plant and ancillary equipment;
- in **Saudi Arabia**: three large-diameter drilling rigs and ancillary equipment for bored piles;
- in **Tajikistan**: rigs and ancillary equipment for grouting and consolidation in tunnels;
- in the **United States**: drilling rigs, high-pressure pumps and tools for Deep Soil Mixing.

The remaining part of the investments was mainly characterised by purchases of minor equipment to support production.
In terms of divestments, the process of selling obsolete equipment continued, with a substantial increase in sales of minor equipment and spare parts present in the various warehouses. In the Middle East segment, a reduction in cranes and micropiling rigs continued. Sales volumes in 2022 were in line with those of previous years.

The sale of the Profuro's property (Mozambique) was successfully completed.

Among the most significant transactions there were also the sale of 5 high-pressure pumps located in the United States and an SC-90 Tiger hydromill owned by Trevi Finanziaria.

The main segments involved in these processes were the Latin American segment, the Middle East segment, Italy, the United States and Algeria, allocating sales to new markets.

Segment-based analysis

Performance of the Parent

The services provided by the Parent in relation to the subsidiaries include management and administration, management of the human resources service, management of the IT service, including the rights to use the integrated business management software, management of the group's communications service, management of equity investments and granting of loans to subsidiaries, in addition to rental of equipment.

The Parent's 2022 Separate Financial Statements, drawn up in accordance with IFRS-EU, closed with revenue from sales and services of approximately Euro 13.7 million (Euro 11.3 million in the previous year, with an increase of approximately Euro 2.5 million), while other operating revenue was equal to approximately Euro 4.7 million (Euro 1.4 million in the previous year, showing an increase of Euro 3.3 million).

The gross operating profit (EBITDA) amounted to approximately Euro 1.7 million (compared to a loss of Euro 8.1 million in 2021), while the operating loss (EBIT) for 2022 amounted to approximately Euro 4.4 million (compared to a loss of Euro 19.7 million in 2021), inclusive of amortisation and depreciation for approximately Euro 4.14 million and provisions and impairment losses for approximately Euro 2 million.

With regard to financial management, in 2022, as in 2021, no income was received from equity investments; financial income amounted to approximately Euro 7.5 million (Euro 4.4 million in the previous year), of which interest income related receivables recognised under non-current assets, mainly loans granted by the Parent to its subsidiaries, was approximately Euro 1.5 million in 2022 compared to Euro 2.6 million in 2021. Financial expense was also characterised by interest expense of approximately Euro 15 million (Euro 13.5 million in 2021) and net exchange losses of Euro 0.3 million (net exchange losses of Euro 0.6 million in the previous year). Adjustments to financial assets were negative for approximately Euro 1.2 million (positive for Euro 5.4 million in the previous year).

The Parent therefore reported a loss before taxes of Euro 13.4 million in 2022, whereas the loss for the year amounted to approximately Euro 13.3 million (loss of Euro 23.3 million in 2021).

With regards to non-current assets, disinvestments for Euro approximately 0.5 million were made (against investments for Euro 3.6 million in the previous year). For detailed comments on the individual items of the separate financial statements, reference should be made to the Notes to the Separate Financial Statements of TREVI Finanziaria Industriale S.p.A. The table at the end of this section provides a reconciliation of the loss for the year and the equity of the Group with the figures of the Parent (DEM/6064293 of 28 July 2006). Further information regarding the composition of the Board of Directors and the Board of Statutory Auditors is given in other sections of the Report and in the Report on Corporate Governance.

Trevi Division

Site operations at the Trevi Division level are particularly diversified:

- In the **Far East,** the expansive trend in revenue continued (up by 28% compared to 2021, equal to Euro 18 million), thanks to the start of construction of the North East Link Project in Australia and the positive contribution of the Philippines, despite the time slippage of some critical works and the occurrence of some stand-bys due to the failure to grant work areas. On the other hand, growth in revenue was lower in Hong Kong, where the International Airport expansion project is coming to an end, and the client has cancelled the new urban development project with Chung Wo.
- In **Africa** there was a marked increase in volumes compared to the previous year (up by 53%, or approximately Euro 25 million), mainly in Nigeria, thanks to the acquisition of the "Berth 3 extension at Jetty 2 MOF" project in Bonny Island, with the owner Saipem – Daewoo, to the "PTML Berth11 extension" project and to other minor projects, while in Algeria revenue was down as the projects commissioned by Cosider for the Algiers metro are nearing completion.

KEY FINANCIAL INDICATORS

To date, to sum up, the Company's key financial indicators are as follows:

(in unit of Euro

Description	31/12/2022	31/12/2021	Change
Revenue from sales and services	13.734.597	11.266.767	2.467.830
Other operating revenue	4.743.158	1.357.110	3.386.048
Total revenue	**18.477.755**	**12.623.877**	**5.853.878**
Value added	8.299.775	(1.879.996)	10.179.771
% of total revenue	44,92%	(14,89)%	59,81%
Gross operating profit/(loss)	**1.764.444**	**(8.076.706)**	**9.841.150**
% of total revenue	9,55%	(63,98)%	N/A
Operating loss	**(4.378.222)**	**(19.718.111)**	**15.339.889**
% of total revenue	(23,69)%	(156,20)%	132,50%
Loss from continuing operations	**(13.340.242)**	**(23.293.569)**	**9.953.327**
% of total revenue	**(72,20)%**	**(184,52)%**	**112,32%**
Net investments/(divestments)	(509.807)	3.648.630	(4.158.437)
Net invested capital	210.494.950	220.429.851	(9.934.901)
Net financial debt	**118.647.980**	**115.223.005**	**3.424.974**
Equity	91.867.416	105.206.844	(13.339.428)
Operating loss / Net invested capital (R.O.I.)	(2,08)%	(8,95)%	6,87%
Loss from continuing operations / Equity (R.O.E.)	(14,52)%	(22,14)%	7,62%
Operating loss / Total revenue (R.O.S.)	(23,69)%	(156,20)%	132,50%
Net financial debt / Equity	129,15%	109,52%	19,63%

The following table shows a reconciliation between the Company's equity and loss for the year and the Group's consolidated equity and loss for the year.

RECONCILIATION OF THE EQUITY AND LOSS FOR THE YEAR FROM THE COMPANY'S SEPARATE FINANCIAL STATEMENTS WITH THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Euro)

Description	Equity at 31/12/2022	Profit/(Loss) for the year
TREVI-Finanziaria Industriale S.p.A.	**91.867**	**(13.340)**
Difference in equity of consolidated equity investments and their carrying amount in the Separate Financial Statements of the Parent	(18.874)	84.825
Effect of elimination of impairment gains/(impairment losses) on consolidated investments, loans and dividends	55.003	(77.906)
Application of IFRS and other adjustments	(67.539)	(11.139)
Translation difference	17.714	0
Elimination of intragroup profits and capital gains	11.706	2.385
Equity and loss for the year	**89.878**	**(15.175)**
Equity and profit for the year attributable to non-controlling interests	**260**	**3.950**
Equity and loss for the year attributable to the owners of the Parent	**89.618**	**(19.126)**

• In **Europe**, there was a decrease in revenue compared to the previous year (down by 46%, or Euro 43 million), mainly due to the completion of some major projects (the Drammen tunnel in Norway, the Seli high-speed rail project in Lonato, the project for ST Microelectronics in Catania) and the early termination of the Alte Akademie project in Germany.

The Dach segment (Germany and Austria), where the restructuring is almost completed, remained critical. In France, all the Paris metro projects were operationally completed although the settlement of some contractual claims is still under definition.

• There was a strong growth in revenue in the **Middle East** compared to December 2021 (an increase of approximately Euro 101 million, or 200%), particularly in Saudi Arabia (an increase of Euro 93 million compared to 2021) due to the acquisition of orders related to the major Neom project. Volumes in the United Arab Emirates also recovered compared to the same period in 2021, mainly due to the acquisition of the City Tower project in Dubai.

• In **North America**, the second half of the year was also characterised by a drop in revenue in 2022 compared to 2021 (down by 27% compared to the previous year, or approximately Euro 23 million) due to the slowdown in the launch/finalisation of new projects. The scarcity of opportunities led to fierce competition, characterised by a very aggressive pricing policy; in addition, the year recorded slowdowns in the material procurement and acquisition processes of new projects and delays in the start of the mobilisation and test programme in Roxboro (North Carolina) and other projects.

• In **South America**, sales volumes increased compared to 2021 (up by 45% or Euro 5.2 million), thanks to a partial recovery in the Puerto Capurro project in Uruguay, despite the poor performance in the Panama City metro project and some mobilisation difficulties at construction sites in Argentina. Galloping inflation continued to plague Argentina, with difficulties in controlling costs and obtaining contract tariff updates.

The main orders acquired or order variations obtained in 2022 by the Trevi Division broken down by geographical segment are as follows:

ITALY

• **Carron – Merano Tunnel (BZ) – Owner Consorzio San Benedetto Scarl, led by Carron Bau S.r.l.** - worth approximately Euro 17.7 million. The project consists of foundation and consolidation works for the new 3.3-km-long underground connection between the Merano-Bolzano motorway and the Val Passiria, the main asset of the new north-west bypass. This project will allow reducing the size of traffic and travel times as well as improving air quality in the city.

• **Florence South - Incisa - Owner Pavimental S.p.A.** - worth approximately Euro 5.0 million. This project involves the execution of bored piles for the widening of the third motorway lane in the Florence South - Incisa section of the A1 Motorway Milan - Naples.

• **Menarini Sesto Fiorentino - Menarini Manufacturing Logistics and Services S.r.l.** - worth approximately Euro 3.8 million. Project involving the execution of foundation piles and anchors for the construction of a new production site of the Menarini Industrie Farmaceutiche Riunite.

• **Ferrari E-Building – Ferrari S.p.A.** – worth approximately Euro 6.4 million.
The project consists of foundation works for the new plant to be used for the construction of electric motors for their cars in the municipality of Maranello (MO). Approximately 40,000 metres of bored piles with a diameter of 800 mm and an average length of 40 metres each were executed.

• **Autostrade Assessment Tender - Autostrade per l'Italia** - This is a framework agreement directly acquired from Autostrade per l'Italia, concerning works for the repair and restoration of motorway tunnels by means of renovation and/or reconstruction and safety works on the tunnels, including milling, riveting, grouting of cement mixtures and resins, spritz beton, steel mesh, drainage and the installation of sheets for water collection and conveyance. Start-up is scheduled by October 2023.

TAJIKISTAN

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

HONG KONG

• **Hong Kong International Airport** - expansion project of the Hong Kong airport with **Gammon Engineering and Construction Co Ltd and Penstone Hong Kong Limited.**

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

PHILIPPINES

• Malolos-Clark Railway NSCR CPN-02 (Zone 2+Zone 4) - with Acciona-Daelim JV (contractual changes) - contractual changes for a total worth approximately Euro 14.9 million. The project is part of the new 161-km North-South Commuter Railway line, which will connect the cities of Clark and Calamba, located north and south of Manila, respectively. The execution of bored piles entrusted to Trevi Foundations Philippines will constitute the deep foundations of the main railway viaduct, the San Fernando station and three other service buildings.

• **MRT-7 Stations with NSCR MRT-7 - (contractual changes)** - increasing contractual changes. The railway project runs between the northern area of Manila and the province of Bulacan and involves the execution of foundation bored piles for six stations of the urban railway line and the main viaduct.

• C3-R10 Port Extension - Owner SMC SALEX - initial value and contract changes totalling approximately Euro 23.8 million. This is a 4.6 km long 4-lane elevated urban highway, part of the Southern Access Link Expressway (SALEX), which aims at reducing traffic congestion along the main roads of Metro Manila and connect the capital to the new Manila International Airport. Large-diameter bored piles (3.5 m), awarded to Trevi Foundations Philippines, will support the viaduct columns.

• NSCR CPN-04 – Owner Acciona-EEI JV - worth approximately Euro 3 million. The project is a new section of the North-South Commuter Railway line, which will connect the cities of Clark and Calamba, located north and south of Manila, respectively. The execution of ground anchors entrusted to Trevi Foundations Philippines will support the temporary soil retaining structure, necessary for the construction of the underground section of the railway and the Clark International Airport station.

AUSTRALIA

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

MIDDLE EAST

Saudi Arabia

• **NEOM Main Piling** – The subsidiary Arabian Soil Contractors (ASC) signed a contract with NEOM COMPANY, which consists of several work orders under a framework agreement, three of which were signed in 2022 for a **total worth of approximately Euro 156 million.** The project consists in the execution of foundation piles for "The Line", a major futuristic and eco-friendly project of several years' duration, which is currently under construction in the province of Tabuk. The futuristic city will host nine million inhabitants in the future and will consist of a series of communities arranged on a straight line, "The Line", which is 170 kilometres long, running from the Red Sea coast in the north-west of the country to the inland, crossing deserts and mountains. The construction pattern of The Line moves underground, at two distinct levels, high-speed rail and infrastructures.

• Zuluf - Site with ALKHODARI & SONS CO. - worth approximately Euro 4.4 million. Ground improvement work, preparatory for the ZULUF's Central Processing Facility. The technologies employed are: RDC (Rapid dynamic compaction) / DC/DR (Dynamic compaction & Dynamic Replacement).

• **Doubletree by Hilton -Taiba Investment** - worth approximately Euro 12.7 million. The project involves special foundation activities for the Hilton Hotel in Jeddah, in addition to shoring, excavation, diaphragms walls, piles and dewatering works.

United Arab Emirates

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

• **Living and Innovation Hub East** - Owner DIFC - worth approximately Euro 7 million. The Living and Innovation Hub East will become an essential part of the Innovation Hub of the Dubai International Financial Centre (DIFC), the leading global financial centre in the Middle East area, the most significant innovation community in the region, currently home to over 600 expanding technology companies, including established innovation companies, digital labs, venture capital firms and educational institutions. The Hub is generating new economic value by promoting innovation, initiative and talent in various segments, focusing on future-oriented industries; this expansion is expected to be completed by the end of next year, reflecting the rapid pace of growth that DIFC is experiencing. Swissboring Dubai will carry out special foundation works for the Hub East: shoring, excavation, diaphragms, piling, and dewatering.

Kuwait

• **Sea City Project – Laala** - worth approximately Euro 8.5 million. Sabah Al Ahmad Sea City is a city in Ahmadi, Kuwait, built with canals forming 200 kilometres of artificial shoreline. The Owner will build a warehouse with four underground basements. The purpose of Trevi's work is the installation of approximately 2,000 tension piles with a diameter of 800 mm and a length of 20.0 m to withstand the uplift of water.

• **Hunday Showroom - Combined Grou**p - worth approximately Euro 4.8 million. The Hyundai Showroom project will be built in the Shuwaikh Industrial Area in Kuwait City. Trevi's work consists of the complete enabling works for Hyundai, including temporary shoring, dewatering, diaphragm wall excavation and piling.

Oman

• **Construction of Dual Carriage National Road nr. 32 – Galfar Engineering & Contracting SAOG** - worth approximately Euro 5.6 million. The project consists in the construction of No. 1172 reinforced concrete foundation piles, 1 m in diameter, with an average length of approximately 30 m, bored and cast-in-situ, with bucket and auger, for the construction of the National Road. No. 32 with dual carriageway and the construction of 3 bridges for the motorway junctions in Duqum.

AFRICA

Nigeria

During the year, the market was characterised by infrastructure development at state and non-federal levels. Trevi Foundation Nigeria was very active in Port Harcourt, where, under the leadership of Julius Berger, it built five flyovers and also a small bridge in Yenagoa, Bayelsa State.

The construction segment in the private sector is booming; in particular, Trevi Nigeria has taken on high-end residential development works, the most important of which is:

• **Bourdillon Road Tower, Ikoyi, Lagos - Kaizen Properties** - contract worth approximately Euro 4 million. The project consists in the execution of foundation piles for residential buildings.

Activities in the industrial segment were still and solely driven by the private segment: work was acquired for the BUA Group in several port expansion factories in Port Harcourt. Trevi Nigeria acquired the following project:

• **Pop Plant At Port Harcourt, Rivers State –** with **Bua International Ltd.** - worth approximately Euro 2.3 million.

Algeria

Some contractual changes were made to the contract for the project of the **Metro C1 Ain Naja Baraki extension with Cosider** and for the **Constantine Tunne**l, in addition to a new project for the **Tosyali Steel Plant in Oran** involving jet grouting works.

Nord America

•Landmark Phase III - Suffolk Construction Co building – contract worth Euro 10.5 million. The third phase of the Landmark Center Redevelopment project involves the replacement of the existing facility, located at the intersection of Brookline Avenue and Park Drive, with

offices and a life science building of approximately 550,000 square feet.

• **Roxboro – Owner Trans Ash,** worth approximately USD 50 million. The project consists of a preventive environmental protection measure for the construction of containment dikes, Deep Material Mixing (DMM), in the landfill of the coal-fired Roxboro power plant in North Carolina. The coal ash within the waste boundary of the Roxboro landfill must be stabilised to allow the excavation of the ash basin.

• **Massachusetts General Hospital (MGH) Phase 1 - Turner Construction Co.,** a leading construction company in the US market - worth approximately Euro 18 million. The project consists of foundation works for the first phase of the expansion of the MGH in Boston, which will significantly change the entire hospital layout to accommodate increasing patient demand and replace outdated beds with evolving technology. The new project includes the construction of a 12-storey two-tower building with connecting bridges and open spaces and a second building adjacent to the larger one to house administrative, mechanical and support services spaces on its seven floors. The project also includes six floors of underground parking.

South America

Acquisition of minor projects in Argentina:

• **Remoción Dolfin D1 Y ejecución de nuevo cabezal - ACA** - Asociación Cooperativas Argentinas - worth approximately Euro 2.5 million.

• **Pantalla Pilotes secantes – Barrio Rodrigo Bueno - MIAVASA** – worth approximately Euro 1.1 million.

Performance order backlog

Below is a description of the main contracts executed or underway in 2022, broken down by geographical segment:

• **Italy: Scapigliato - Rosignano Marittimo – Livorno - Scapigliato S.r.l.** - executed within a few months. Scope: construction of a bulkhead of trelicons and tie rods to stem the slide of a landfill wall.

• **Italy: Ferrari E-Building – Ferrari S.p.A. -** The project consists of foundation works for the new plant to be used for the construction of electric motors. The work was completed.

• **Italy: High Speed Tunnel in Lonato (BS) - Owner Cepav Due,** implementing body for the High Speed/High Capacity line of the Brescia East-Verona section, customer Seli Overseas S.p.A.: ground consolidation works by means of drilling and cement injections to protect the A4 Motorway and some buildings in correspondence with the excavation of the new High Speed tunnel in the Brescia East-Verona section, in Lonato (BS). The project was completed in the first half of the year with excellent performance.

• **Italy: Menarini Sesto Fiorentino - Menarini Manufacturing Logistics and Services S.r.l.** - executed within a few months. The project involved the execution of foundation piles and anchors for the construction of a new production site of the Menarini Industrie Farmaceutiche Riunite.

• **Italy: Works for the "Marcegaglia quay renovation" at the port of Ravenna, commissioned by the Autorità di Sistema Portuale del Mare Adriatico Centro Settentrionale.** The technologies used consist of: soil vibroflotation, driving of steel pilings, tie-rods.

• **Italy: High Speed Tunnel in Lonato (BS) - Owner Cepav Due,** implementing body for the High Speed/High Capacity line of the Brescia East-Verona section, client Seli Overseas S.p.A.

• **Tajikistan: Rogun Dam HPP project - Owner Webuild S.p.A. TJ Branch** - The work consists in the execution of the consolidation, jet grouting and drainage of the wall of the Rogun Main Dam Foundation.

• **Hong Kong: Contract No. 3310 for the Hong Kong Airport project with Penstone Hong Kong Limited**, is part of the expansion project of the Hong Kong airport and involves the execution of jet grouting columns.

• **Hong Kong: NL/2017/03 Tung Chun New Town Extension –** The order is part of the current Tung Chung major expansion project, which aims at building a new city, to accommodate the growing population and to provide it with adequate local and regional services and infrastructure. It suffered delays due to the re-design requested by the Owner.

• **Philippines: MRT-7 Stations – Owner SCM MRT-7** - The railway project runs between the northern area of Manila and the province of Bulacan and involves the execution of bored piles for six stations of the urban railway line and the main viaduct.

• **Philippines: Malolos-Clark Railway NSCR CPN-02 (Zone 2+Zone 4) - with Acciona-Daelim JV** - The project is part of the new 161-km North-South Commuter Railway line, which will connect the cities of Clark and Calamba, located north and south of Manila, respectively.

• **Philippines: 205MLD CAMANA WRF – Owner D.M. Consunji, Inc. (DMCI)** - execution of foundation works for the expansion of a water reclamation facility (WRF) of Maynilad Water Services, Inc. (Maynilad), located in Caloocan-Malabon-Navotas (CAMANA). The work consists of bored piles, which will be used to support the foundations of the wastewater treatment plant, and a diaphragm wall as a containment system to support the excavation of the circular shaft for the intake pumping station.

• **Philippines: Laguna Lake 150 MLD Water Treatment Plant - Owner D.M. Consunji, Inc. (DMCI)** - Scope: installation of bored piles to build the deep foundations of a new water treatment plant. The plant will treat water from the adjacent Laguna Lake, producing 150 million litres (MLD) of drinkable water per day.

• **Saudi Arabia: NEOM Main Piling Works (WO. No. 1- 2 -3) – with NEOM COMPANY** - An impressive project consisting of foundation piles for "The Line", a series of communities laid out in a straight line stretching 170 kilometres long, running from the Red Sea coast in the northwest of the country to the hinterland.

• **Saudi Arabia: Zuluf - Site with ALKHODARI & SONS CO.** - Ground improvement work, preparatory for the Central Processing Facility in ZULUF.

• **Arab Emirates - UAE: City Tower - Pilling Project – DCC** - The project involves a series of special foundation activities (dewatering, digging and reinforcement work, piling, shoring) to build an 83-storey tower to develop a commercial and residential centre in the first Trade Centre in Dubai. The project was completed.

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

• **Nigeria: Bourdillon Road Tower, Ikoyi, Lagos - Kaizen Properties** – The project consists in the execution of foundation piles for residential buildings.

• **USA: 401 Congress (10 World Trade Center) - Owner Suffolk Construction Co. -** the project involves the construction of new Class A office buildings and a life science building for important public uses in South Boston. The project was completed.

• **USA: Florida - Herbert Hoover Dike - MATOC#2 with USACE** - The contract makes part of the rehabilitation programme for the banks of Lake Okeechobee in Florida.

• **USA: Florida - Herbert Hoover Dike – MATOC TO#4 with USACE** - Further tranches of the Lake Okeechobee levee rehabilitation project in Florida.

• **USA: Landmark Phase III - Suffolk Construction Co building** – contract worth Euro 10.5 million. The third phase of the Landmark Center Redevelopment project involves the replacement of the existing facility, located at the intersection of Brookline Avenue and Park Drive, with offices and a life science building.

• **USA: Roxboro – Owner Trans Ash** - The project consists of a preventive environmental protection measure for the construction of containment dikes, Deep Material Mixing (DMM), in the landfill of the coal-fired Roxboro power plant in North Carolina.

• **South America: Metro Panama Line 3 – Owner: Ministry of Public Works, main contractor: Hyundai Engineering & Construction Co. Ltd.** - The project aims at the construction of the Panama Metro Line 3, which will connect Panama City with the western side of the Panama Canal.

The work consists in the execution of foundations, using the onshore large diameter bored pile technology for the viaduct, stations and urban planning.

• **South America: Argentina Aña Cua Project - Owner Consorcio Aña Cua A.R.T. (Astaldi (Italy)** – Rovella Carranza (Argentina) – Tecnoedil (Paraguay) - The project involves the execution of civil works and some electromechanical parts of the expansion of the Yacyretá hydroelectric plant on the left bank of the Aña Cuá arm. Pilotes Trevi was awarded two subcontracts: a contract for the construction of slurry walls, which will penetrate the watertight cores of the existing dam, in order to connect the dam's sealing components, and a drilling and grouting contract.

• **South America: Uruguay Puerto Capurro** – The project recovered good margins during the year and is almost completed.

SOILMEC DIVISION

For the Division, the year 2022 was about consolidating its growth process.
During the year, the Soilmec Division launched a plan

to restructure, transform and relaunch the business and organisational set-up, with indirect cost improvements and efficiencies underway as early as 2021 and consolidated in the second half of the year.

A reduction in margins was experienced due to the different inertia of the increase in the cost of raw materials/ manufactures compared to the effect on revenue resulting from the increase in list prices of machinery sales.
Regarding market expansion, the Soilmec Division acquired orders for approximately Euro 158 million (up by 4.5% compared to 2021), increasing its order backlog to Euro 58.8 million, about 46% higher than in December 2021.
In particular, there was a substantial volume of orders from the Asia Pacific segment in 2022, with an increase of 48%. Conversely, there was a decrease of 10% in orders from the EMEA segment and about 48% from the North American segment.

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

Other Companies

TREVI Energy S.p.A.

The company, incorporated on 16 July 2007 to design, engineer and develop industrial plants for the production of electricity from renewable sources, in particular wind power, and to design and build wind turbines, was put into voluntary liquidation in 2020, appointing Elisa Monari as liquidator. However, on 27 September 2022, the company was entirely sold to third parties for a provisional price of Euro 50,000, subject to price adjustment according to the contractual schedule. The buyers determined and paid for the final adjustment value in early 2023. The company, which was deconsolidated and removed from the scope of consolidation, did not significantly impact the 2022 consolidated financial statements.

PARCHEGGI S.p.A.

On 21 December 2021, Trevi S.p.A. acquired from Sofitre S.r.l. 60% of the share capital of Parcheggi S.p.A., a company active in the management and maintenance of car parks. During 2022, a business branch of this company was sold, generating a capital gain, classified among non-recurring revenue, of approximately Euro 1.5 million.

Group transactions with unconsolidated subsidiaries, associates, parents, subsidiaries of parents and with other related parties

In the course of 2022, Sofitre S.r.l, a company 100% controlled by Trevi Holding S.E. and the companies headed by it, which are related to some former directors of the Parent, were removed from the register of related parties.

The existing Trevi Group's related party transactions mainly consist of the commercial transactions of the subsidiary Trevi S.p.A. with its consortia, regulated at market conditions, as detailed under point 34 of the Notes.

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

Overview

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

Starting from the approval of the Separate and Consolidated Financial Statements at 31 December 2020, due to some deviations from the previous business plan, Management identified some going concern risk factors on which specific analyses were carried out. Specifically: **(a)** the risk linked to the failure to comply with the covenants set out in the

Restructuring Agreement (as defined) and the possible consequences arising from this circumstance, also in light of the relationships with the Lending Banks (as defined); **(b)** the risks, if any, associated with the Group's liquidity for a period of at least 12 months from the reporting date of these financial statements; and **(c)** the risk arising from any failure to achieve the recovery goals, as set out in the New Consolidated Plan (as defined).

In this regard, as widely shown in the notes to these financial statements to which reference should be made, in the context of the Directors' Reports accompanying the 2020 financial statements (separate and consolidated) and the following reports up to the Interim Financial Report at 30 June 2022, the Board of Directors after having carefully and exhaustively assessed the risks to which the going concern was exposed, as summarised above, had deemed it appropriate to adopt the going concern basis, although it pointed out that the residual significant uncertainty was the positive conclusion of the negotiations with the Lending Banks in relation to the necessary interventions to be carried out on the existing agreements with them (reference should be made to the accompanying Directors' Reports). For the purposes of this report, the going concern is assessed based on the above-mentioned circumstances and information available about their development after the date of approval of the Interim Financial Report, to be taken into account up to the date of preparation of these financial statements, considering the events that have occurred in the meantime and, in particular, the successful conclusion of the negotiations with the Lending Banks and the implementation of the transactions envisaged within the scope of the relating financial restructuring agreed upon with them, as better described below.

Group recapitalisation and debt restructuring transaction completed in 2020

• In order to overcome the serious situation of economic and financial tension that affected the Company and the Group it heads (the **"Trevi Group"** or the **"Group"**), starting from 2017, the Company initiated a process of recapitalisation and restructuring of the Group's debt that resulted, on 5 August 2019, in the subscription of a restructuring agreement pursuant to Art. 182-*bis* of the Italian Bankruptcy Law signed, *inter alios*, by the Company, Trevi and Soilmec, on the one hand, and by the Lending Banks of the Group (the **"Lending Banks"**) on the other, which was subsequently approved by the Court of Appeal of Bologna on 10 January 2020 (the **"Restructuring Agreement"**).

• This Restructuring Agreement and the related financial restructuring were based on a business and financial plan relating to the Trevi Group for the period 2018-2022 (the **"Original Consolidated Plan"**) - drawn up during 2018 and 2019 - which was approved, in its final version, by the Company's Board of Directors on 2 August 2019.

• After the approval of the Restructuring Agreement, the Group fully implemented all the main statutory/non-recurring transactions set out therein, such as, *inter alia:*

(i) a capital increase of Euro 150.8 million (the **"Capital Increase 2020"**), of which, (i) a tranche offered with right of option to shareholders was fully subscribed for Euro 130 million, of which Euro 87.7 million through cash payment (approximately Euro 77.4 million attributable to CDPE Investimenti S.p.A. and Polaris Capital Management LLC) and Euro 42.3 million through conversion of bank loans by the main Lending Banks, at a conversion ratio of 4.5:1; and (ii) a tranche reserved to the Lending Banks, with the exclusion of the right of option, was subscribed for Euro 20.8 million by converting bank loans, at the same conversion ratio of 4.5:1;

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

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

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

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

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

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

• on 31 January 2021, the Company announced to the market that, based on preliminary information available at that date, it was foreseeable that deviations from the Original Consolidated Plan would occur in view of the negative effects of Covid-19 pandemic on the worldwide economy, which conditioned the business of the Group, and that, as a result, one of the financial covenants set out in the Restructuring Agreement, would not be met.

This circumstance implied the following possible consequences, which constituted risks for the Company's ability to continue as a going concern: ***(i)*** the formal declaration by the Lending Banks of the occurrence of a "Significant Event" under the Restructuring Agreement, and the consequent implementation of the remedies contractually provided for, including the acceleration clause in relation to the financial debt covered by the Restructuring Agreement, and the request for immediate early repayment of such debt; ***(ii)*** the interruption by the Lending Banks of the short-term lines of credit in the form of cash and guarantee facilities provided for in the Restructuring Agreement, thereby terminating the necessary financial support to the Group. The foregoing required a formal undertaking by the Lending Banks not to avail themselves of any of such remedies and a waiver of the exercise thereof as a consequence of such breaches, as well as the commitment of the same Lending Banks to allow using short-term lines of credit, both in the form of cash and guarantee facilities to support the business of the Group, as described in detail below.

• In view of the above, on 24 February 2021, Trevi Finanziaria informed the market about the start of discussions with the Lending Banks aimed at identifying the amendments to the existing agreements necessary to deal with the foreseeable failure to comply with one of the financial covenants already set out in the Restructuring Agreement, at the approval of the 2020 Consolidated Financial Statements. The Company also communicated that, based on the preliminary information available at that date relating to the performance for 2020 and further analyses then underway on the Parent's outlook in the current market context, strongly affected by the spread of the Covid-19 pandemic, a general slowdown emerged in the achievement of the goals identified in the Original Consolidated Plan, which did not seem to be entirely achievable within the time frame taken into account. In consideration of the above, in the discussions initiated with the Lending Banks, the Parent envisaged both the granting of the usual waivers and changes to the financial covenants originally set in the Restructuring Agreement, as well as the recalculation of some due dates scheduled for the current year relating to some exposures, based on a new business plan considering the current situation, to be incorporated into a new agreement with the Lending Banks.

Discussions with the Lending Banks resulted in what follows:

(i) the preparation of an independent business review (**"IBR"**), to verify the reasonable validity of the business and market assumptions underlying the New Consolidated Plan (as defined);

(ii) the signing of a moratorium and standstill agreement on 5 August 2021 (the **"Standstill Agreement"**) between the Company, the subsidiaries Trevi, Soilmec and PSM and the Lending Banks, to ensure the continued management of the business while preparing and negotiating the proposal of financial restructuring, through: (a) a general suspension of obligations relating to compliance with financial covenants; (b) the suspension of the obligations to pay the amounts due during 2021; (c) the maintenance of existing lines of credit, both in the form of cash and guarantee facilities, and (d) the commitment not to avail themselves of the remedies resulting from the occurrence of the "Significant Events" relating to the circumstances described above;

(iii) the approval of the New Consolidated Plan by the Board of Directors of the Company on 29 September 2022;

(iv) the definition of a proposal of financial (and, if appropriate, capital) restructuring, to support the New Consolidated Plan, incorporating the requests made by the Company, to be submitted to the Lending Banks for the purposes of signing a new agreement with them; and

(v) the signing of a New Agreement (as defined).

Assessments relating to the going concern assumption

In assessing whether the going concern assumption was appropriate or not also with regard to these financial statements, the Directors took into account all the available information about the future, relating at least - without limitation - to 12 months following the reporting date of the consolidated financial statements at 31 December 2022. Significant risk indicators that may raise doubts about the ability of the Group to continue to operate on a going concern basis were taken into account, also considering what mentioned above and the developments that have taken place.

In particular, the Board of Directors took into consideration the assessments that had been carried out as of the approval of the 2020 financial statements, paying particular attention to the circumstances that had been identified as possible risk factors at that time, in order to verify their status. In line with what observed as early as the approval of the 2020 financial statements, the risk indicators to be assessed with particular attention in the case of Trevifin and the Trevi Group are those falling within the financial area.

It is therefore necessary to analyse with particular attention the relationships with the Lending Banks and the relevant existing agreements with them, as well as the consequences of the breaches already occurred (with reference to the previous Restructuring Agreement) and those that may occur in the future, also as a result of the failure to achieve the goals set forth in the new plan (with reference to the new agreements signed at the end of 2022).

The definitive overcome of the previous existing uncertainties, as described in the paragraphs below, should be assessed in the light of the completion of the New Agreement with the Lending Banks, which incorporates the contents of the New Financial Restructuring and takes into account the provisions of the New Consolidated Plan.

Assessments of the achievement of the New Consolidated Plan goals

With the aim of assessing the risks linked to the achievement of the New Consolidated Plan's projected goals, it is appropriate, as a preliminary step, to review the causes that had previously led to the identification of the specific risk factors worthy of examination by the Board of Directors and, in the following paragraphs, to carry out the appropriate analyses to verify that they have been overcome.

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

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

The New Consolidated Plan considers the 2022-2026 period as its time frame while the Original Consolidated Plan considered the 2019-2022 period (assuming that, at the end of that period, the Group final recovery goals would have been achieved). Therefore, the New Consolidated Plan time frame exceeds that of the Original Consolidated Plan. This circumstance clearly implies that the achievement of the Trevi Group's recovery goals, which, under the Original Consolidated Plan, were envisaged for the end of 2022, should be assessed over a longer time frame in the context of the New Consolidated Plan. Consistently with assessments made as of the approval of the 2020 financial statements, one of the elements taken into account in order to evaluate the uncertainties regarding the going concern is whether the forecasts of the New Consolidated Plan, also in light of the latest results regarding the Group's performance, appear anyhow suitable to allow, within the related time frame of reference, a financial rebalancing to be achieved.
Specifically:

- the New Consolidated Plan seems to have been drawn up in accordance with reasonable and prudent criteria that include actions aimed at increasing volumes and improving profitability and shows the possibility of having, at the end of the plan, a balanced financial position and performance, such as to allow the refinancing of the remaining debt at market conditions;

• the IBR carried out by Alvarez & Marsal on the New Consolidated Plan and shared with the Lending Banks confirmed the reasonableness and feasibility of the same;

• the New Financial Restructuring reflected within the New Agreement, whose content has been subject to comments of both institutional shareholders (i.e., CDPE and Polaris) and the Lending Banks, allowed, with the capital strengthening transaction, to further strengthen the financial position and performance of the Group, also giving a boost to the business as well as to the achievement of the recovery goals in accordance with the New Consolidated Plan;

Furthermore, the reasonableness and feasibility of the New Consolidated Plan are further supported by the fact that, on 28 November 2022, it was certified by the appointed expert, Mario Ravaccia, who meets the requirements provided for by the Italian Bankruptcy Law, thus representing an additional form of protection for Directors and the other stakeholders involved.

The feasibility of the New Consolidated Plan is also confirmed by figures at 31 December 2022, in line with the forecast of the New Consolidated Plan, which confirm the forecast of revenue and recurring EBIDTA for 2022, order intake in 2022 amounting to approximately Euro 699 million increasing by 16.5% compared to the previous year and an order backlog of Euro 587 million, marking a significant increase of 29.6% with respect to 31 December 2021. This trend continued in the first quarter of 2023, with a slight decrease in the Net Financial Debt of Euro 0.7 million that fell from Euro 251.8 million at 31 December 2021 to Euro 251.2 million at 31 December 2022 (before the implementation of the New Financial Restructuring). The Group's performance in the first few months of 2023, as shown under "Significant events after the reporting period", as regards order intake, production revenue and order backlog was in line with the forecasts for 2023, part of the 2022-2026 Plan. The continued implementation of the New Plan, while depending only in part on internal variables and factors controllable by Management, will allow the financial covenants of the New Restructuring Agreement to be met. With reference to considerations regarding potential impacts arising from the Russia-Ukraine conflict and the prolonged health emergency from Covid-19, reference should be made to the sections on "Impacts of the Russia-Ukraine Conflict", "COVID-19" and "Risk related to the trend in raw material prices" of this report.

The uncertainties, all traced back to an overall category of "financial risk", reflect the Company's ability to meet its financial commitments as well as to generate and/or raise sufficient resources to meet its financial requirements to support the business, the investment programme and the objectives of the New Consolidated Plan. The definitive overcome of these uncertainties, as described in the paragraphs below, should be assessed in the light of the completion of the New Agreement (as defined) with the Lending Banks, which incorporates the contents of the New Financial Restructuring and takes into account the provisions of the New Consolidated Plan.

More specifically, Management continued negotiations, supported by its advisors, both with the Lending Banks and the institutional shareholders aimed at defining the New Financial Restructuring. The definition of a financial restructuring that would find the consensus of both the institutional shareholders and the Lending Banks took several months. The final and binding version of the financial restructuring was approved by the Board of Directors on 17 November 2022 (the **"New Financial Restructuring"**), which provided, in a nutshell:

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

(b) a capital increase against consideration to be offered with option right to shareholders pursuant to Article 2441 paragraph 1 of the Italian Civil Code, for a total maximum amount of Euro 25,106,155.28, to be paid on an indivisible basis up to Euro 24,999,999.90 – amount fully guaranteed by the subscription commitments undertaken by CDPE Investimenti S.p.A. (**"CDPE"**) and Polaris Capital Management LLC (**"Polaris"** and, together with CDPE, the **"Institutional Shareholders"**) – and on a divisible basis for the excess amount, inclusive of share premium, through the issuance of a total maximum of 79,199,228 new ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, of which Euro 0.1585 to be allocated to share capital and Euro 0.1585 to be allocated to share premium reserve (the **"Capital Increase with Option Right"**);

(c) a capital increase against consideration to be paid on an indivisible basis, for a maximum amount of Euro

26,137,571.21, through the issuance of 82,452,906 ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, to be offered with exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to some of the Lending Banks identified in the New Agreement, to be paid through a debt-to-equity swap of certain, liquid and collectable receivables, in the manner and to the extent provided for in the New Agreement, in relation to the subscription of the capital increase with exclusion of the option right, at a conversion ratio of 1.25 to 1 (the **"Capital Increase by Conversion"** and, together with the Capital Increase with Option Right, the **"Capital Increase"**);

(d) the subordination and postponement of a portion of the bank debt for Euro 6.5 million;

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

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

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

Also on 17 November 2022, the Company's Board of Directors approved: (i) the final version of the recovery plan pursuant to Articles 56 and 284 of CCII, based on the New Consolidated Plan and the New Financial Restructuring, relating to Trevi Finanziaria and the Trevi Group; (ii) pursuant to the proxy granted by the shareholders' meeting of 11 August 2022 - the Company's capital increase transaction envisaged by the New Financial Restructuring, as amended with a subsequent resolution of 28 November 2022; (iii) the signing of the New Agreement; and (iv) the signing of the further agreements in the context of the debt restructuring and capital strengthening transaction in accordance with the aforementioned certified plan, including the agreement with which the Institutional Shareholders undertook to subscribe for their entire share of the Capital Increase with Option Right, as well as any unexercised rights in proportion to the shareholdings held (the "Letter of Commitment"). Subsequently, on 29 and 30 November 2022, the Company signed the contracts relating to the implementation of the New Financial Restructuring, such as, in particular, the New Agreement and the Letter of Commitment, which subsequently became effective on 16 December 2022 after the relevant conditions precedent have been met, including the obtaining, on that date, of the CONSOB's authorisation to publish the prospectus relating to the notice of rights of Trevi Finanziaria shares as part of the Capital Increase with Option Right, it being understood that the fulfilment of the commitments undertaken by the Lending Banks with reference to the Capital Increase by Conversion was subject to the proper execution of the Capital Increase with Option Right up to the indivisibility threshold - of Euro 24,999,999.90 - which occurred on 10 January 2023, thus allowing the conversion of bank loans into Trevifin shares and the consequent execution of the Capital Increase by Conversion, which took place on 11 January 2023, following which the Capital Increase was definitively implemented.

On 11 January 2023, the Company informed the market about the successful completion of the Capital Increase, in the context of which 161,317,259 newly issued ordinary shares of the Company were subscribed, for a total amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). Upon completion of the Capital Increase, the new share capital of Trevi Finanziaria amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares.
In particular: (i) the Capital Increase with Option Right was subscribed against consideration for Euro 24,999,999.90, of which Euro 17,006,707 paid for the subscription of 53,648,918 shares by the Institutional Shareholders, and the remaining Euro 7,993,292.90 were paid for the subscription of 25,215,435 shares by other shareholders; and (ii) the Capital Increase by Conversion was fully subscribed for Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares.

Below are the main financial position and financial performance figures upon completion of the transaction for the capital strengthening of the Company and the debt restructuring transaction of the Group – specifying that the related accounting effects have been recognised in 2023 as the capital increase was completed in January 2023:

- the equity attributable to the owners of the Company, which at 31 December 2022 amounted to Euro 89.6 million, increased by approximately Euro 52 million;
- the Group's Net Financial Debt, which at 31 December 2022 amounted to Euro 251.2 million, decreased by approximately Euro 52 million in January 2023 as a result of the Financial Restructuring; and
- the residual debt of the Group was almost entirely rescheduled. Specifically, a substantial portion of the

medium/long-term debt towards the Lending Banks after the capital increase by conversion, for approximately Euro 185 million, was rescheduled at 31 December 2026, while approximately Euro 6.5 million was subordinated and rescheduled at 30 June 2027.

Expected liquidity trend over the next 12 months
Consistently with assessments made as of the approval of the 2020 financial statements, an element that has been assessed with particular attention, in light of the lower cash generation foreseen in the New Consolidated Plan, is the suitability of the cash levels foreseen in the next 12 months to guarantee the ordinary operations of the Group, the financing of the relevant contracts and the regular payment of suppliers. To this end, as will be discussed in more detail below, Management updated the cash flow forecasts that had been made at the time of approval of the interim financial report on the basis of actual data and extended these forecasts until 31 March 2024. The reasonable expectation of a positive cash flow position for the Group emerges from that year and until then, assuming, among other things, the use of line of credit - including the use of unsecured lines of credit, necessary for the job orders in which the Group Companies take part - provided for in the New Agreement, thus enabling the implementation of the New Financial Restructuring (as described below) and the New Consolidated Plan.

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

First of all, the Company's Management constantly monitors the Group's cash flows, also at the level of the individual Trevi and Soilmec Divisions. In particular, Management prepares a treasury plan until the end of the year that analyses the cash flows on a weekly basis for the first three months and on a monthly basis for the following months, a document that is updated every 4 weeks based on actual available data from all the Group's legal entities. This tool, the results of which are analysed and discussed with the local Management, allows short-term cash flows to be monitored and any shortfalls to be known well in advance, so that the necessary actions can be taken. This treasury plan was last updated on 21 March 2023 (with figures updated at that date), analysing the expected liquidity trend up to 31 March 2024. This analysis shows the maintenance of an adequate liquidity margin to guarantee the normal operations of the Group and the repayments provided for by the New Agreement, throughout the period under analysis.

Furthermore, in accordance with the provisions of the New Agreement, the Company continues to provide the Lending Banks with a cash plan and cash flow analysis for each company of the Group relating to the immediately preceding calendar quarter. This disclosure requirement was also validated and verified by Paolo Rinaldi, a professional appointed by the Lending Banks on 26 January 2023, in accordance with what provided for by the New Agreement, in order to carry out, inter alia, monitoring activities with reference to the implementation of the New Consolidated Plan and the New Agreement (the **"Monitoring Supervisor"**). The latest updated cash plan and cash flow analysis was provided to the Lending Banks on 15 February 2023, based on which no critical issues arose with respect to the cash position of the Group and/or individual divisions in the relevant period.

Furthermore, on 14 March 2023, again in accordance with the requirements of the New Agreement, the Company provided the Lending Banks with a forecast budget for the current year, broken down by calendar quarters.
These analyses confirmed the absence of critical situations from a cash point of view, and highlighted a liquidity situation suitable to allow the Group's ordinary operations in the period of reference.

The Board of Directors, for the purposes of approving these draft financial statements, examined the update of this liquidity analysis up to 31 March 2024, which corresponds to the time period covered by this analysis. Therefore, based on these projections, it is reasonable to expect that, in the period under analysis, cash and cash equivalents will allow the Group to continue operating on a going concern basis and to meet its financial needs.

Management's monitoring of the Group's liquidity trend, therefore, appears adequate to the situation and the results of the analysis carried out do not currently show situations of liquidity tensions and/or shortfalls until March 2024. Forecasts appear to have been drawn up in a prudent manner.

Finally, given that **(i)** cash-flow forecasts are prepared with methods consolidated over the years, **(ii)** these forecasts are subject to verification by a third-party (i.e., the Monitoring

Supervisor) and are shared on a periodical basis with the Lending Banks, and **(iii)** at 31 December 2022, the Trevi Division acquired orders equal to approximately 80% of the revenue expected to be generated in 2023 and the Soilmec Division acquired orders equal to approximately 38% of the revenue expected to be generated in 2023, at present, it is believed that the risk related to cash-flow forecasts is adequately monitored and mitigated.

Concluding remarks

In conclusion, in the light of the considerations above and of the analysis of risks and uncertainties to which the Company and the Group are exposed, although in the presence of normal uncertainties factors associated with the implementation of the Consolidated Plan, the Directors deem it appropriate to adopt the going concern basis for preparing the separate financial statements of Trevi Finanziaria Industriale S.p.A. and the Consolidated Financial Statements of the Trevi Group at 31 December 2022.

COVID 19

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

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

In 2022, the number of cases reported that affected the Trevi Group staff decreased, none of which was critical to the health of the people concerned.

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

Other risks and uncertainties

The risk management process is aimed at ensuring a proper management of the main threats and opportunities with respect to the objectives of the Group Business Plan shown below.

Aims, management strategies and identification of financial risks

The Company's Finance Department and the Finance Managers of the individual subsidiaries manage the finance risks to which the Group is exposed, in accordance with the directives contained in the Group's Treasury Risks Policy.
The Group's financial assets are mainly represented by cash and short-term deposits, directly derived from operating activities.
Financial liabilities, on the other hand, include bank loans, bonds and finance leases, the main function of which is to finance operations.

The risks generated by these financial instruments are represented by interest rate risk, currency risk, liquidity risk and credit risk.
The Trevi Group carries out a systematic monitoring activity of the financial risks mentioned above, being allowed to use derivatives to minimise these risks only after the effectiveness of the new Restructuring Agreement. However, at the present time, there are no lines of credit for financial instruments.

The definition of the optimal composition of debt structure between the fixed rate component and the variable rate component is established at a consolidated level. The management of currency, liquidity and interest rate risks is performed primarily by the Company and the sub-holding companies of the divisions, while credit risk management is delegated to the individual operating companies of the Group.

Liquidity risk

Liquidity risk can manifest itself due to the inability to find, at affordable conditions, the financial resources necessary for the Group's operations. The two main factors that influence the Group's liquidity are on the one hand the resources generated or absorbed by the operating and investing activities and, on the other, the expiry and renewability characteristics of the debt or the liquidity of the financial investments. The liquidity requirements are monitored by the central functions of the Group with a view to guaranteeing an effective retrieval of financial resources and/or an adequate investment of liquidity.

The Group continuously monitors the liquidity situation and draws up the periodic and forecast revolving cash flows prepared by all the Group companies, which are then consolidated and analysed by the Company.
Cash and cash equivalents are partially subject to currency restrictions in some countries in which the Group operates, as detailed in the following table:

Division	Company	Country	Restriction	Eur mln 31/12/2022
Trevi	Treviicos	USA	CRA - Bonding Company (Subject to Covenant)	9.4
Trevi	Trevi Foundations Nigeria Ltd	Nigeria	Currency Restrictions	6.7
Trevi	Foundation Construction Ltd	Nigeria	Currency Restrictions	0.2
Trevi	Swissboring Overseas Piling Corp. Ltd (Dubai)	Dubai	Cash collateral on a revolving line	3.4
Total				**19.7**

To date, most of the lines of credit with the Lending Banks are governed by the New Agreement, which was finalised on 16 December 2022, with the conclusion of the capital increase and the debt-to-equity swap of bank debt occurred on 11 January 2023.

The geographical distribution of the Group's cash and cash equivalents at 31 December 2022 is shown below:

Description	31/12/2022	31/12/2021	Change
Italy	16.139	*14.031*	2.108
Europe (excluding Italy)	3.605	8.630	(5.025)
United States and Canada	21.581	26.870	(5.289)
South America	2.884	4.378	(1.494)
Africa	16.846	14.922	1.924
Middle East and Asia	26.845	6.368	20.477
Far East and Rest of the World	7.065	2.448	4.617
Total	**94.965**	**77.647**	**17.318**

Loans and borrowings of the Group at the reporting date are broken down as follows:

SHORT-TERM LOANS AND BORROWINGS	31/12/2022	31/12/2021	Change
Italy	135.714	188.052	(52.338)
Europe (excluding Italy)	0	0	0
United States and Canada	6.563	6.180	383
South America	467	547	(80)
Africa	110	113	(3)
Middle East and Asia	0	0	0
Far East	6.943	5.457	1.486
Rest of the world	10	786	(776)
Total	**149.807**	**201.135**	**(51.328)**

MEDIUM/LONG-TERM LOANS AND BORROWINGS	31/12/2022	31/12/2021	Change
Italy	4.935	5.135	(200)
Europe (excluding Italy)	1.833	1.790	43
United States and Canada	0	0	0
South America	0	0	0
Africa	0	4.142	(4.142)
Middle East and Asia	0	0	0
Far East	1.238	1.630	(392)
Rest of the world	0	0	0
Total	**8.007**	**12.697**	**(4.690)**

The geographical breakdown of all the financial liabilities, including loans and borrowings, finance leases and loans and borrowings from other financial backers, is given in the following tables:

CURRENT FINANCIAL LIABILITIES	31/12/2022	31/12/2021	Change
Italy	268.604	245.879	22.725
Europe (excluding Italy)	278	824	(546)
United States and Canada	7.378	6.611	767
South America	666	1.288	(622)
Africa	938	457	481
Middle East and Asia	524	1.071	(547)
Far East	7.899	7.911	(11)
Rest of the world	504	881	(377)
Total	**286.791**	**264.921**	**21.870**

NON-CURRENT FINANCIAL LIABILITIES	31/12/2022	31/12/2021	Changei
Italy	68.259	74.385	(6.126)
Europe (excluding Italy)	2.367	2.662	(295)
United States and Canada	41	194	(153)
South America	126	132	(6)
Africa	967	4.756	(3.789)
Middle East and Asia	1.428	1.146	282
Far East	1.344	2.117	(773)
Rest of the world	1.077	3	1.074
Total	**75.609**	**85.395**	**(9.786)**

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in the market price. The market price includes four types of risk: interest rate risk, currency risk, raw material price risk and other price risks, as well as price risk on equity securities (equity risk). Financial instruments affected by market risk include loans and financing, deposits, available-for-sale equity investments and derivatives.

Interest rate risk

The exposure to risk of changes in market interest rates is connected to short-term and long-term financing transactions, with a variable interest rate.
At 31 December 2022, following the signing of the New Agreement of 16 December 2022, a large part of the Group loans were with variable interest rate, except for the Bond Issue and some loans of Italian and foreign subsidiaries as shown below:

Description	31/12/2022		31/12/2022
	Fixed rate	**Variable rate**	**Total**
Loans and Leases	93,321	200,045	293,366
Bond issue	50,000		50,000
Total financial liabilities	**143,321**	**200,045**	**343,366**

•Following the effectiveness of the New Agreement and in accordance with its application, interests were recalculated retroactively starting from 30 September 2022 at a variable rate of EURIBOR 6 months plus 2% of margin (previously a fixed rate of 2%).
For further details on financial liabilities, reference should be made to the Notes and specifically to point (14), (20) and (21).

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates as these affect its financial position and financial performance. Currency risk exposure can be:

- **Transaction-related:** changes in the exchange rate between the date on which a financial commitment between counterparties becomes highly probable and/or certain or the date of settlement of the commitment, resulting in a variation between expected and actual cash flows;
- **Translation-related:** fluctuations in the exchange rate cause changes in figures of financial statements expressed in a given currency when these are translated into the Parent's currency (Euro). These changes do not lead to an immediate deviation between expected and actual cash flows, but to an accounting effect on the Group's consolidated equity. The effect on cash flows only manifests itself if operations are performed on the assets of the Group company that prepares the financial statements in foreign currency.

The Group assesses its exposure to the currency risk; instruments used are the correlation of cash flows of the same currency but of the opposite sign, the decrease in commercial and financial advance loans in the same currency with the sales contract. The Group does not use instruments of an explicitly speculative nature for its hedging against the currency risk. However, if such instruments are used and if derivatives do not meet the conditions required for the accounting treatment of the hedging instruments required by IFRS 9 or the Group decides not to avail of the possibility of hedge accounting, their changes in fair value are recognised in the statement of profit or loss as financial expense/income.

Specifically, the Group can manage transaction-related risks by entering into non-speculative derivatives following the signing of the New Agreement of 16 December 2022: however, at 31 December 2022, there were no lines of credit for managing derivative contracts. Exposure to fluctuations in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular the US dollar and currencies linked to the US dollar. Since there are significant transactions in countries in the Dollar area, the Group's consolidated financial statements may be affected considerably by changes in the Euro/USD exchange rates.

The fair value of a forward contract is determined as the difference between a forward exchange rate of the contract and that of a transaction of the opposite sign of the same amount and with the same maturity, assumed at exchange rates and interest rate differentials at 31 December.

Credit risk

The Group is subject to the risk that the creditworthiness of a financial or commercial counterparty becomes insolvent.

Due to the nature of its activity, divided into several segments, with a marked geographical diversification of the production units and for the plurality of countries in which systems and equipment are sold, the Group has no concentrated customer or country risk. In fact, credit risk is spread over a large number of counterparties and customers.

Credit risk associated with the normal course of commercial transactions is monitored both by the individual companies and by the Group's Finance Department.

The objective is to minimise counterparty risk by maintaining exposure within limits consistent with the creditworthiness assigned to each of them by the various Credit Managers of the Group based on historical information on the insolvency rates of the counterparties themselves.

The Group sells mainly abroad and uses financial instruments available on the market, in particular Letters of Credit, to hedge credit risks and uses prepayment and letter of credit instruments for significant projects.

Risks connected to overseas transactions

The development of economic and geo-political scenarios has always influenced the Group's financial and industrial activities.

The Trevi Group's revenue from overseas transactions maintained a strong trend in terms of consolidation abroad, amounting to approximately 91% of the total revenue. The Group's growth mostly occurred in Middle East, USA, Far East and Africa.

Further details on revenue located in segments with medium to high political and commercial risk - where the risk of insolvency of public and private operators is linked to the geographical segment of origin and is beyond their control - and with risk associated to the origin of a specific financial instrument - dependent on political, economic and social variables - are provided below, with specific reference to the countries where Trevi operates, which are more exposed to this type of risk:

Algeria

In the first half of 2022, Algeria became Italy's largest supplier of natural gas. Its abundant natural gas and oil resources allow the country to offer low costs for electricity and petroleum products. Moreover, the demographic indicators are of interest, considering that the population already exceeds 47 million, with an annual growth rate of almost 2%. Furthermore, 54 % of the population is under 30 years of age. A young and growing market, projected with its infrastructure also to the African one, which certainly offers excellent opportunities for investors. Algeria's economy is still heavily dependent on hydrocarbons, which account for approximately 93% of exports, 60% of tax revenues and 30% of GDP. Italy has a traditional presence in this segment, as well as in public works. However, alongside the traditional hydrocarbon segment, there are a number of other investment opportunities, such as energy from renewable sources, pharmaceuticals, energy efficiency, mechanics, agro-industry, tourism and start-ups. In this regard, Algeria has initiated a process of economic diversification that will continue in the coming years and, therefore, offers undeniable advantages. In addition to the "non-hydrocarbon" segments, the new investment was adopted aiming at facilitating foreign investment.

Argentina

Argentina, which is one of the most important economies in Latin America, seems to have reached economic collapse. The country had already been in economic recession for two years, with GDP falling between 2% and 3% in 2018 and 2019. Once again, Covid-19 has only exacerbated this precarious situation: Argentina has suffered more than other countries in Latin America and the world from the crisis caused by the pandemic, with GDP falling by just over 10% and inflation rising by 36.1%. Such alarming figures have not been seen since the 2001-2002 corralino crisis, considered the worst in Argentine history, when GDP fell by 10.9%. In addition, the prices of basic necessities have now risen by 4%, the rate of people under the poverty line has reached 44%, and the value of the currency has halved, so much so that while in January 2020 the dollar was bought with 78 pesos, today it is bought with 160 pesos, and the financial market has fallen from USD 350 billion to USD 20 billion, indicating that many companies have lost value and others have left the country.

Tajikistan

The Republic of Tajikistan is the smallest of the Central Asian Republics (an area of 140,000 sq. km with a population of about 10 million). Torn apart by a bloody civil war in the aftermath of independence, it has enjoyed substantial political stability since 1997, based on the memory of the conflict and the balance achieved at the time with the Islamic opposition (for which a portion of the parliamentary seats was reserved). This stability is now ensured by the autocratic nature of the power exercised by President Rahmon.

Presidential elections were held in October 2020 and saw the foregone re-election of President Rahmon for another seven years, with a plebiscite majority of 90.92%. In 2016, an amendment to the Constitution, confirmed by a popular referendum, allowed the President to run again in the future without term limits. Another significant change was the reduction of the age of possible future presidential candidates from 35 to 30. The rule, intended to open the way for the succession of the President's son Rustam, the current Mayor of Dushanbe, has so far not been implemented, although the question remains open.

In March 2020, the parliamentary elections showed the clear victory of the President's political group, the People's Democratic Party, with 50.4% of the votes and 47 of the 63 seats in the Legislative Assembly. In 2015, Rahmon banned the only existing opposition party, the Islamic Renaissance Party of Tajikistan (IRPT), which was accused of terrorist activities and of organising a coup attempt in the summer of 2015. With the IRPT's elimination, no opposition is actually present in parliament.

In this context, there are weaknesses in the area of the rule of law, and there is little room for dissent and, more generally, for civil society that is subject to close and pervasive police control, particularly with regard to the IRPT's area of consensus. On this latter front, Tajikistan remains far behind in international rankings (according to Transparency International, it ranked 149th out of 180 in 2020).

The most severe problems that the country faces are essentially economic due to the hardship in which a large part of the population lives, grappling with poverty, unemployment and precarious jobs, many of which are provided by the informal economy and water and energy shortages during the winter months.

The ratio of revenue from the aforementioned segments to the Group's total is less than 3%.

Risk related to the supply of raw materials

The issues relevant to the supply of raw materials are divided into the following categories in the Risk Model:

- Supply Chain
- Supply
- Raw materials

The following considerations are defined according to standard criteria appropriately benchmarked with respect to the Divisions

(Soilmec and Trevi) and the Company (Trevi Finanziaria Industriale).

For the Soilmec Division, a possible event in the Raw Materials segment, i.e., that connected to possible inefficiencies in the procurement process of goods, services, and subcontracts due to adverse price fluctuations that could cause losses and/or reduction in margins, was estimated to be above the acceptance threshold (risk appetite). The increase in the cost of materials was significant in the first part of 2022. From the third quarter onwards, the sharp increase in energy expenditure, which was particularly impactful for our supplier companies, was a factor that more than offset the decrease in the price of the raw material to be processed. Should this dynamic continue in 2023, it could cause "an increase in supply, utility and logistics costs". The event would therefore lead to a reduction in the contribution margin and worsening cash flow if it were not balanced by an adequate adjustment of the sales price list that was promptly adopted by the market.

The issue is not estimated to be as critical for the Trevi Division, where it is avoided by the possibility of contractually excluding the supply of materials from the scope of work or mitigated by the definition of an adequate compensation mechanism in the event of significant cost variations. In addition, the average duration of job orders is between six and nine months and, therefore, the bids can consider updated costs in relation to the projects to be carried out.

Climatic risks

The main environmental aspects associated with the activity of the Trevi Group – unlikely but with potentially high impact – are related to the drilling and foundation activities in the Trevi Division construction sites. In order to reduce the significance of these potential impacts, Trevi applies environmental management principles in line with standard ISO14001, where specific environmental surveys are carried out prior to the start of contracts and periodic checks are carried out during activities. Furthermore, the activities carried out on the construction sites also have an impact on the climate as they require the use of combustion engine operating machines. Trevi is committed to reducing the environmental impact associated with emissions from such machines through systems of efficiency such as raising awareness among operators of the correct use of equipment, replacing the machinery fleet with more efficient or electric machines of new generation (see Soilmec's High-Tech and E-Tech lines) and using bio-diesel fuels. Moreover, in the event of weather damage or direct environmental damage, there are Contractor's all-risks (CAR) insurance on each site, which includes RCT (third Party liability) insurance with accidental pollution coverage and all-risks insurance coverage on the machinery and equipment used. As part of the non-financial reporting environmental aspects (Non-financial Statement) that the Group has been drafting since 2017, four indicators have been identified, including "managing emissions and fighting against climate change". The topic refers to the promotion of strategies to reduce atmospheric emissions and develop renewable energies, with the aim for the Group of gradually reducing its dependence on the fossil fuel sector and lessening its impact on the environment. The Trevi Group has been qualified among the top 100 companies that have distinguished themselves most in reducing their CO2 emission intensity. The research was carried out by Corriere della Sera with Agenzia Statista and was based on a sample of over 700 Italian companies during 2022.

Cyber risk

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

The IT Corporate Department, which provides services for all the companies of the Group, continues pursuing strategies based on the implementation of infrastructures with Hybrid Cloud technologies that, thanks to a specific Disaster Recovery and Business Continuity Plan, make it possible to significantly increase the likelihood of safeguarding full business operations, even in the event of a hacker attack or malfunction of the systems that ensure that services are delivered.

Along with an accurate and meticulous use of new technologies to make Cyber Security processes more efficient, the Group is continuing to adopt specific training courses to suggest suitable behaviour to users in order to avoid involvement in "malicious" processes. Furthermore, the Group continues to issue "information pills" to report concrete cases of computer fraud that users might come across if they do not follow the correct procedures and instructions.

The Corporate IT Department started the process to allow Trevi Finanziaria Industriale S.p.A. to obtain, by mid-2023, the ISO 27001:2022 certification, which defines the international standard that describes best practices for an ISMS (Information Security Management System). Obtaining an accredited ISO 27001 certification demonstrates that the Company is following best practices on information security and provides independent and qualified control that information security is managed in line with international best practices and business objectives.

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

Impact of the Russia - Ukraine conflict

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

With regard to the supply – denominated in Euro – which was ongoing in the first quarter of 2022 for a Russian customer in a third country, the amount of which was less than 1% of the Group's total revenue, there were no issues with the inhibition of international payment systems from Russia. At 31 December 2022 the supply mentioned above was completed and the proceeds fully collected.
Orders still included in the backlog for the Russian segment were neglegible. The New Consolidated Plan does not envisage any developments in these segments.

No financing difficulties are expected since there are no exposures to Russia and Ukraine.

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

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

Impairment Test at 31 December 2022

The Group checked the existence of impairment indicators at 31 December 2022 that could indicate impairment losses. This test was carried out both with reference to external sources (market capitalisation and discount and growth rates) and in relation to internal sources (indications, deriving from the internal information system, about expected results). Having found assumptions of impairment, the Company proceeded to perform the impairment test at 31 December 2022: see the specific paragraph on "Impairment" included in the Notes to the Consolidated Financial Statements at 31 December 2022.

Staff and Organisation

Workforce at 31 December 2022

The Group workforce at 31 December 2022 was 3,274, with a net increase of 56 units compared to 3,218 at 31 December 2021.
The average workforce in 2022 was 3,246 units.

(in units)

Description	31/12/2022	31/12/2021	Change	Average
Executives	68	62	6	65
of which Managers	42	46	(4)	44
White-collar workers & Middle managers	1.084	1.237	(153)	1161
Blue-collar workers	2.122	1.919	203	2021
Total workforce	**3.274**	**3.218**	**56**	**3.246**

The workforce broken down by geographical segment is as follows:

(in units)

	Workforce		
Area Geografica	**31/12/2022**	**31/12/2021**	**Change**
Italy	709	862	(153)
Europe *(escluding Italy)*	27	82	(55)
United States and Canada	112	103	9
South America	295	269	26
Africa	535	493	42
Middle East and Asia	687	585	102
Far East and Rest of the World	909	824	85
Total	**3.274**	**3.218**	**56**

Risorse umane

The Group has always paid great attention to the management of its human resources, which represent a priceless heritage of skills and the Group's greatest success factor.
The Code of Ethics, the main instrument for formalising the corporate commitments on these issues, defines human resources as a central element of the corporate strategy, identifying as key elements for all the Trevi Group companies the protection of equal opportunities, the promotion of merit and talent, and the creation of a safe working environment that is serene, stimulating and rewarding.

The Trevi Group dedicates a lot of energy to personnel development and the construction of resources that meet the requirements of excellence, it measures and evaluates the performance and rewards the achievement of results. The use of the Performance Management System (PMS), as a practice that has now become the "backbone" of the Trevi Group's method of evaluating resources, has been active since 2016 and over the years its implementation methods have been refined and its application scope broadened.

During 2022, the PMS was applied for white-collar workers through the Oracle HCM management software, involving the following geographical segments: Europe, Italy, Middle East, Far East, North America and, for the first time, also the white-collar workers of the Group's subsidiaries in Latin-America. In these geographical segments, the Oracle system is running and available. For the branches in Algeria and Nigeria, the evaluation process takes place outside the system, but in the same way; in the long term, the aim is to implement Oracle HCM (Human Capital Management) - and consequently, the evaluation process for white-collar workers - also in these two branches.

On the other hand, for part of the workforce - namely, the blue-collar workers - an offline evaluation campaign was conducted for Italian expatriate and non-expatriate personnel in 2022. Evaluations are underway to bring also this evaluation process into the system, creating ad hoc forms for the different types of workers: office workers and site workers.
A novelty introduced in 2021 and consolidated during 2022 was the inclusion of "Behaviours" as an object of evaluation,

marking the importance also of technical roles such as those of workers, of adherence to values and the personification of the corporate policy through one's actions.
The PMS assessment forms provide a complete view of a person's performance and their adherence to the values and behaviours promoted by the Group. The sections dedicated to reporting training, development and remuneration needs provide the indispensable elements for the launch of human resources management policies, capable of guaranteeing full support in the development of the individual, business continuity and ensuring mutual satisfaction between the company and the employee. As a further development for 2022, new Oracle HCM modules such as Learning and Compensation have been implemented.

During 2022, in addition to the position mapping project carried out in 2020, the digitisation of activities relating to meritocratic policies (Compensation Plan, Salary Review and Management by Objectives - MBO) was completed through the implementation of these processes on the Human Capital Management Software adopted by the Group. Processes were thus revisited in a digital & smart key, through an accurate and consistent analysis of the corporate needs and the refinement of a standardised worldwide process. Reporting tools (turnover/in-out, improvement of master data changes, etc.) have also been implemented, and will be further revised and developed in 2023, to provide up-to-date data according to common logic and standards. During 2023, a large part of the personnel of the Trevi Group will be trained in using these modules. Implementing these modules increasingly enables the Group companies to act, according to standard guidelines, through a single tool, in compliance with standard and univocal logics and formats.

Information on remuneration policies is provided within the report on remuneration drawn up by the Company pursuant to Art. 123-ter of Italian Legislative No. 58 of 24 February 1998, available under the terms of current legislation at the Company's registered office, at Borsa Italiana S.p.A. and on the website **www.trevifin.com.**

Job Catalogue
At the end of 2022, the Trevi Group revised the Group's Job Catalogue, allowing a rationalisation and simplification of validated job titles, aligning their logic and standardising their nomenclatures.

Learning
A specific e-learning platform was launched in 2022 to enable the development of staff soft skills, consistent with the 2021 launch of the Model of Behaviours. Through the e-learning platform, with a view to proactivity, each employee can independently take advantage of an extensive catalogue of courses, accessing those they consider helpful for developing their soft skills and management competencies.

The Trevi Group's internal Academies - Foundations Technology Academy (FTA), dedicated to technical training, and Trevi Group Academy (TGA), dedicated to managerial training - have been in operation for several years now with the aim of enhancing and preserving the skills of the people who work in the Group, not only by collecting and enhancing best practices and know-how, but also by supporting innovation and the management of continuous change. The Trevi Group also relies on external suppliers for training services such as language, IT and professional training courses. The cost of organising and delivering the training coursesoffered to its employees is financed in part or in full through interprofessional funds such as Fondimpresa (for white-collar workers, middle managers and blue-collar workers) and Fondirigenti (for executives).

Technical Training
Since 2004, the Trevi Group has had a Technical Academy dedicated to training in-house personnel to continuously inform them about technologies and equipment. This allowed ensuring that the corporate know-how is not dispersed and that the technical skills of its employees are enhanced, thus fostering business development.

In 2022, following the slowdown due to the Covid-19 events, activities returned to focus on the technical-practical parts, the e-learning development of training courses and the job site experience, in order to share the lessons and experiences learnt from the most complex construction sites and thus develop the staff's skills and turn them into company assets. The aim is to ensure continuous and structured training for technical staff within a "LifeLong Learning" framework.

Managerial Training
In 2022, the activities of the Trevi Group Academy, created in 2016 to promote management and operational training for Group personnel and to develop all those skills considered strategic for the company, were consolidated. There are four main pillars on which the provision of its training activities is based:
People Management, Client Management, Project Management and Finance For Non-Financial People.

Environmental awareness and occupational health and safety

The Trevi Group is strongly committed to ensuring the health and safety of its personnel, of the people who use its products, or who live in the communities where it operates. Furthermore, every activity is carried out with the utmost attention to the protection of the environment.

This commitment is expressed:

- Exercising leadership at all levels of the organisation.
- Acting on people's values and mindset, in order to create a "Zero Accident" working environment.
- Managing the HSE system as an operational responsibility with clear authority and responsibility.
- Applying a systematic approach to the management of risks and opportunities, to achieve continuous improvement in HSE performance.
- Developing working procedures to eliminate hazards and reduce health and safety risks.
- Encouraging the reduction of the environmental impact of activities, with particular emphasis on the efficient use of resources, waste minimisation and pollution prevention.
- Carrying out continuous monitoring of all processes to ensure the effectiveness of products and services.
- Providing training and development to enable people to fully understand their role and operating environment.
- Establishing consultation and participation processes for workers.
- Observing compliance with applicable requirements, standards, regulations and laws.
- Working to achieve the expected HSE results and continually learning from experience.
- Promoting a culture in which all people in the Trevi Group share this commitment.

In so doing, the Trevi Group aims at achieving HSE performance it can be proud of, generating satisfaction among customers and other stakeholders and ensuring sustainable growth of its business.

Non-financial statement (NFS)

Trevi Finanziaria Industriale S.p.A. is exempt from the obligation to draw up the individual non-financial statement referred to in Article 3 of Italian Legislative Decree 254/2016 (hereinafter also "the Decree"), as it draws up a consolidated non-financial statement, pursuant to Article 4 of the aforementioned decree. In compliance with the provisions of Art. 5, paragraph 3, b) of the Decree, Trevi Finanziaria Industriale S.p.A. prepared the Consolidated Non-Financial Statement, which is a separate report. The aforementioned report is drafted "in compliance" with Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) updated in 2021, with the "referenced to" option, and is subject to limited assurance engagement conducted by PricewaterhouseCoopers S.p.A. and is available on the Company's website, in the "Investor relations" section, under "Non-financial statement" and in the "Sustainability" section, under "Non-financial statement".

The Trevi Group considers Sustainability as an integral and essential part of its governance strategy and, as a direct result, of its business, as it is a way to ensuring the creation of long-term growth and value for all its stakeholders and beyond.

Since the very beginning, the Trevi Group, given the nature of its business, the complexity of its activities and its global presence, has paid particular attention to occupational safety, environmental and social aspects.

In compliance with the Italian Decree, implementing European Directive 2014/95/EU, the Trevi Group has also prepared the 2022 "Consolidated Non-Financial Statement", in which it reports and informs its stakeholders about its policies and performances in relation to a set of material topics (prioritised through the concept of relevance and "impact assessment") that fall within the following five areas of reference: environmental aspects, social aspects, personnel management, protection of human rights, anti-corruption.

In the second part of 2022, following the latest GRI updates and in light of the renewal of the Trevi Group Board of Directors, the Communication & Sustainability Department, in line with existing best practices, decided to update the Materiality Analysis. The update aims at identifying and prioritising the sustainability-related aspects, the so-called "material topics", that are most relevant to the Company and its stakeholders; these topics will be the subject of a detailed disclosure in the 2022 Non-Financial Statement. In light of the results that emerged, there were no significant deviations from previous assessments and identifications of material topics for the Trevi Group.

With reference to 2022, the Non-Financial Statement is intended to ensure a clear and comprehensive understanding for all stakeholders of the corporate activities, performance, results and impacts produced.

The Sustainability Plan

In line with its mission, with the sustainable development goals set out in the United Nations Agenda and in synergy with the business plan, the Group defined its Sustainability Plan at the end of 2022. In this document, the Trevi Group aimed at communicating its sustainability strategy for the next 2-3 years to its stakeholders and others, summarising it in goals defined in the short and medium term, in the three pillars of reference: environment, social and governance (ESG). The Plan specifies the implementation methods and timeframes. A choice of transparency so that stakeholders can understand and verify our process towards sustainable development.

Relations with local communities

The Trevi Group is present in over 40 countries and manages its activities in close contact with local populations, in geographically and culturally heterogeneous situations and often in delicate socio-political scenarios. Particularly in the countries where the presence of Trevi job sites is consolidated, the Group plays an active role in local communities, contributing to the social and economic development of the area, which is not limited to job creation but involves long-term relationships with communities based on mutual support. The most relevant examples are partnerships with local bodies and organisations in order to develop community development and support programmes, such as "Social Value".

Since its establishment at the end of 2007, "Social Value" has aimed to provide national and international promotion and support for solidarity initiatives, particularly for children and the most vulnerable classes of the population, with the aim of promoting their social and cultural growth.

There are many examples of partnerships that demonstrate the Group's ability to adapt to different local cultures and its wide-ranging project management skills in the most important orders.

Another of the Group's strengths in relation to local communities is represented by the ever-increasing degree of diversity in the composition of its staff, which include a multitude of ethnic groups of young talented people who became part of the corporate population.
The call to behave responsibly and with integrity, which derives from the Code of Ethics, and the reference to the creation of a sustainable value is fully expressed by the Group's mission:
"We design and build solid and safe structures and foundations for major infrastructures to improve people's quality of life".

The adopted Social Responsibility model reflects these principles and is expressed specifically through:

- the Non-Financial Statement (NFS), which provides an accurate and transparent account of the economic, environmental and social impact of the corporate business;
- contributions to the development of the community of reference, through investments in initiatives of social, educational, cultural and sporting importance. In this context, the project that the Trevi Group developed together with the Pascal Comandini Technical Institute in Cesena stands out. As part of this innovative project some business professionals took on the role of teacher. The idea was to bring to the classroom, in addition to knowledge, the work experience gained in the field and transfer to young students experiences and notions that usually elude educational programmes;
- the increasing attention to the environment through a programme that monitors and helps reduce the environmental impact of its businesses. This commitment was also recognised by the annual survey "The most climate-conscious companies" conducted by the Italian newspaper Corriere della Sera with Statista, which featured the Trevi Group in both 2021 and 2022;
- the contribution of the Organisation dedicated to the well-being of employees not only in the workplace but also, in the case of expatriates, to the living conditions and logistics regarding families and children education;
- full compliance with the principles of the Code of Ethics while carrying out its business.

During 2022 the Group - also through its Companies - continued to support projects of a social nature despite the fact that the national and international contingency was not very favourable to the sector and the restructuring phase of the Trevi Group imposed a significant reduction in the resources for social and solidarity activities. Among the projects carried out within the scope of Social Value it is worth mentioning:

- In Italy, at the request of the Trevi Group, the University of Bologna set up a study grant named in memory of Alberto Antonelli, for many years head of Soilmec's technical department and a point of reference for many young designers, who died prematurely in the spring 2020. The initiative will benefit students enrolled in the first year of the Master's Degree Course in Electronic Engineering at the University of Bologna;

• Initiatives were also carried out by the US branch Treviicos as well as by the branches in Australia and Argentina.

Altre informazioni
In accordance with Consob notice of 28 July 2006 No. DEM/6064293, it is stated that, in 2022, the Trevi Group did not carry out any atypical and/or unusual transactions, as defined in the notice itself.

Governance and resolutions adopted during the year

• With resolution of the Shareholders' Meeting held on 11 August 2022, the Board of Directors was granted the power, pursuant to Article 2443 of Italian Civil Code, to carry out a divisible capital increase against consideration, in one or more instalments, for a maximum period of 24 months from the date of the resolution and for a maximum amount of Euro 100 million, through the issue of ordinary shares without nominal value having the same characteristics as the outstanding shares, subject to verification of the existence of and compliance with the conditions provided for by law, entrusting the same Board of Directors with the task of structuring the capital increase, also in different tranches, which can be subscribed against consideration and/or by means of conversion of bank loans and/or to service financial instruments convertible into shares, to be offered with option right to shareholders and/or to be reserved with the exclusion of the option right to the Lending Banks, in accordance with the provisions of a certified restructuring plan pursuant to art. 67, paragraph 3(d), of the Italian Royal Decree No. 267 of 16 March 1942 or to art. 56 of Italian Legislative Decree No. 14 of 12 January 2019, with the Board being entitled to determine the issue price and any share premium, the conversion ratio, the details of the terms for the relevant subscription and the number of new shares to be issued from time to time.

• On 30 September 2022, the Board of Directors resolved on the approval of the 2022 - 2026 Consolidated Business Plan, updated in order to incorporate the accounting figures at 31 December 2021.

• On 24 October 2022, the Bondholders' Meeting of the bond issue named "TREVI-FINANZIARIA INDUSTRIALE S.P.A. 2014 - 2024" ISIN CODE IT0005038382 (the "Bond"), approved the change of the maturity date of the Bond from 31 December 2024 to 31 December 2026 in order to align the maturity date of the Bond with the maturity date that is expected to be applied to most of the financial debt towards the Lending Banks as part of the New Financial Restructuring, as well as to make this repayment consistent with the Company's current situation and the forecasts of the 2022-2026 business plan.

• On 17 November and 28 November 2022, the Board of Directors partially executed the proxy granted by the Shareholders' Meeting of 11 August 2022. Specifically, in accordance with what provided for by the New Agreement, the Board resolved on the following: (i) a capital increase against consideration for a total maximum amount of Euro 25,106,155.28, inclusive of share premium, to be paid on an indivisible basis up to the amount of Euro 24,999,999.90 and on a divisible basis for the excess amount, through the issue of a total maximum of 79,199,228 shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), to be offered with option right to shareholders pursuant to art. 2441, paragraph 1 of the Italian Civil Code, by 31 March 2023; (ii) a further capital increase against consideration to be paid on an indivisible basis for a total amount of approximately Euro 26,137,571.00, inclusive of share premium, through the issue of a total of 82,452,906 ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), to be offered with exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to some of the Lending Banks identified in the New Agreement, to be paid through a debt-to-equity swap of certain, liquid and collectable receivables by 31 March 2023, in the manner and to the extent provided for in the said New Agreement.

Report on Remuneration
To comply with regulatory requirements and to give shareholders further information for an understanding of the Company, a Report on Remuneration was prepared in compliance with Article 123-ter of the Italian Consolidated Law on Finance, which has been made publicly available at the same time as this Annual Report at the registered office of the Company and Borsa Italiana and on the Company's website www.trevifin.com under the Investor Relations - Corporate Governance section; this notice was filed with Borsa Italiana S.p.A. and with the authorised storage mechanism, E Market Storage, (www.emarketstorage.it), as required by the rules.

The Report on Remuneration was approved by the Board of Directors at its meeting on 29 March 2023 and complies with the guidelines of Consob Resolution No. 18049 of 23 December 2011, published in the Italian Official Gazette

(G.U.) No. 303 on 30 December 2011, and Italian Legislative Decree No. 49/2019 implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (hereinafter, the **"Decree"**) which, with regard to reports on remuneration, amended: (i) Legislative Decree No. 58 of 24 February 1998 (the **"Italian Consolidated Law on Finance"**) and (ii) the Italian Regulation No. 11971 of 14 May 1999 on issuers (the **"Issuer Regulation"**).

Additional information

Breakdown of the share capital
The share capital of TREVI - Finanziaria Industriale S.p.A. at 31 December 2022 amounted to Euro 97,475,554.00, fully subscribed and paid up, and was made up of 150,855,693 ordinary shares without nominal value.

At the reporting date and as a result of the Capital Increase completed on 11 January 2023, the share capital of TREVI - Finanziaria Industriale S.p.A. amounted to Euro 123,044,339.55, fully subscribed and paid up, and was made up of 312,172,952 ordinary shares without nominal value.

At the reporting date, the share capital structure was as follows:

- CDPE Investimenti S.p.A., company controlled by Cassa Depositi e Prestiti S.p.A., that directly holds 66,418,769 shares, equal to approximately 21.276% of the share capital;
- Polaris Capital Management, LLC that holds 61,200,814 shares, equal to approximately 19.605% of the share capital, also in its quality as Registered Investment Advisor pursuant to the US Investment Advisers Act of 1940, on behalf of its investors;
- KERDOS SPV S.r.l., company controlled by Stichting Angeles, that directly holds 25,694,312 shares, equal to approximately 8.231% of the share capital;
- SC LOWY PI S.r.l., company controlled by Stichting Pitagora, that directly holds 19,642,163 shares, equal to approximately 6.292% of the share capital;
- AMCO ASSET MANAGEMENT COMPANY S.P.A. that directly holds 15,623,109 shares, equal to approximately 5.005% of the share capital;
- Banco BPM S.p.A. that directly holds 15,082,159 shares, equal to approximately 4.831% of the share capital;
- UniCredit S.p.A. that directly holds 14,738,512 shares, equal to approximately 4.721% of the share capital;
- SACE S.p.A. that directly holds 10,540,171 shares, equal to approximately 3.376% of the share capital.

Treasury shares and shares of the Company
At 31 December 2022 and the date of preparation of this report, the Company held 20 treasury shares, representing 0.00001% of the share capital of the same Company.

Internal Dealing
During 2022, the Company did not receive notices relating to transactions on the investment from the relevant entities.

Research and development
Research and development activities carried out by the companies of the Group in 2022 were in the pursuit of the following objectives:

- Management, promotion and protection of the Group's intellectual property and expertise;
- Study of the application of electrification on machines;
- Preliminary study of drilling rigs automation systems.

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

Related party transactions
On 30 May 2021, the Board of Directors updated, with the favourable opinion of the Related Party Committee, the related party procedure, previously approved by the Board of Directors on 30 May 2018, implementing what envisaged by Art. 2391 bis of the Italian Civil Code, the Related Party Transaction Regulation adopted by CONSOB Resolution No. 17221 of 12 March 2010, as subsequently amended and clarified by CONSOB notices.

The Procedure for Related Party Transactions of the Company is available on the Parent's website http://www.trevifin.com.

In accordance with Consob Regulation 11971 of 14 May 1999, at 31 December 2021 there were no investments held personally by Directors and standing Auditors and alternate Auditors, in the Company and in the subsidiaries.

Management and coordination activities

With regard to reporting, pursuant to Art. 2497 of the Italian Civil Code, relating to management and coordination activities possibly performed by parent companies, it is reported that at 31 December 2022 and on the date of this Report, the Company had not made any statements regarding any management and coordination activities on behalf of Parent companies, as at the date of this Report, none of the shareholders exercised any management or coordination activity or held any controlling interest.

- At the reporting date, TREVI - Finanziaria Industriale S.p.A. is the Parent of the TREVI Group (and therefore it is the reporting entity of the Group's Consolidated Financial Statements) and, pursuant to Art. 2497 of the Italian Civil Code, it manages and coordinates the directly controlled companies:
- Trevi S.p.A., 99.78% directly held.
- Soilmec S.p.A., 99.92% directly held.
- R.C.T. S.r.l., 99.78% indirectly held (100% owned by Trevi S.p.A.).
- PSM S.p.A., indirectly held (100% owned by Soilmec S.p.A.).
- Parcheggi S.p.A., indirectly held (60% owned by Trevi S.p.A.).

Significant events after the reporting period at 31 December 2022

During the first two months of 2023, the Group acquired orders for approximately Euro 80 million, compared to approximately Euro 97 million acquired in the same period of 2022. The Trevi Division, in particular, acquired orders for approximately Euro 76 million (Euro 55 million in 2022), while the Soilmec Division acquired orders for Euro 16 million (Euro 42 million in the first two months of 2022). The order backlog at 28 February 2023 amounted to Euro 557 million, compared to Euro 482 million at 28 February 2022 (it was Euro 455 million at 31 December 2021 and Euro 587 million at 31 December 2022).

The Group's performance in the first months of the year in terms of order intake, production revenue and backlog was in line with the forecasts for the year 2023, part of the 2022-2026 Plan.

The Group's Net Financial Debt at 31 January 2023 was Euro 201.4 million compared to Euro 251.2 million at 31 December 2022. The completion of the Group's overall capital strengthening and debt restructuring transaction, finalised on 11 January 2023, significantly affected this reduction. This transaction resulted, inter alia, in the collection of Euro 25 million in the form of a capital increase against consideration, as well as in the conversion of bank debt by the Lending Banks for Euro 32.7 million at a conversion ratio of 1.25 to 1, in addition to a consequent improvement on bank debt following the application of IFRS9 for approximately Euro 23.4 million.

As part of the capital increase, 161,317,259 newly issued ordinary shares of Trevi - Finanziaria Industriale S.p.A., were subscribed for a total equivalent amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). The new share capital of Trevifin, therefore, amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares.

With reference to the Neom Project – "The Line", the subsidiary Trevi Arabian Soil Contractor was ranked best contractor for quality. Based on the scoring process of the "NEOM Project Quality Index", Trevi ASC emerged as the best contractor for quality among the contractors working on the "NEOM - The Line" project, being the top pile contractor in December 2022.

As was already the case in 2022, the Italian newspaper Corriere della Sera included the Trevi Group among "The most climate-conscious companies 2023". The survey carried out in collaboration with Statista, a renowned German company that manages one of the world's leading portals for statistics and business intelligence, involved about 600 Italian companies and selected the most virtuous ones in terms of their ability to reduce their corporate CO2 emissions.

Allocation of the loss for the year attributable to the Company

The loss for the year resulting from the Separate Financial Statements of Trevi Finanziaria Industriale S.p.A. was Euro 13,340 thousand and it is hereby proposed to carry this loss forward.

Outlook

During the year, the Group revenue is expected to increase compared to 2022 at a rate between 3% and 6%, confirming the forecasts for 2023 for the execution of the 2022-2026 Plan.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
(Euro '000)

(in thousands of Euro)

ASSETS	Notes	31/12/2022	31/12/2021
Non-current assets			
Property, plant and equipment			
Land and buildings		40,226	47,430
Plant and machinery		98,704	95,065
Industrial and commercial equipment		18,131	14,173
Other assets		5,286	14,027
Assets under construction and payments on account		2,255	2,449
Total property, plant and equipment	(1)	**164,602**	**173,144**
Intangible assets			
Development costs		8,737	7,452
Industrial patents and intellectual property rights		425	532
Concessions, licences and trademarks		8,226	187
Goodwill		5	6
Assets under development and payments on account		0	7,432
Other intangible assets		90	390
Total intangible assets	(2)	**17,483**	**15,999**
Equity investments	(4)	903	647
- Equity-accounted investments in associates and joint ventures		359	80
- Other equity investments		544	567
Deferred tax assets	(5)	25,420	28,455
Non-current derivatives			0
Other non-current financial assets	(6)	1,987	11,735
- of which from related parties	*(34)*		*0*
Trade receivables and other non-current assets	(7)	2,477	1,728
Total non-current assets		**212,872**	**231,708**
Assets held for sale		**0**	**0**
Current assets			
Inventories	(8)	120,779	114,609
Trade receivables and other current assets	(9)	307,786	272,601
- of which from related parties	*(34)*	3,262	7,084
Current tax assets	(10)	6,562	5,637
Current derivatives			0
Current financial assets	(11)	17,545	10,847
- of which from related parties	(34)	4,403	1,319
Cash and cash equivalents	(12)	94,965	77,647
Total current assets		**547,637**	**481,341**
TOTAL ASSETS		**760,509**	**713,049**

The Notes are an integral part of these consolidated financial statements.

In the photo on the previous page: Soilmec equipment at work at NEOM "The Line"project, Saudi Arabia

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
(Euro '000)

(in thousands of Euro)

EQUITY	Notes	31/12/2022	31/12/2021
Share capital and reserves			
Share capital		97,374	97,374
Other reserves		29,031	34,959
Retained earnings/(Losses carried forward)		(17,660)	12,200
Loss for the year		(19,127)	(52,977)
Equity attributable to the owners of the Parent	(13)	**89,618**	**91,556**
Share capital and reserves attributable non-controlling interests		(3,690)	(3,314)
Profit attributable to non-controlling interests		3,950	1,682
Equity/(Deficit) attributable to non-controlling interests		**260**	**(1,632)**
Total equity		**89,878**	**89,924**
LIABILITIES	**Notes**	**31/12/2022**	**31/12/2021**
Non-current liabilities			
Long-term loans and borrowings	(14)	8,007	12,697
Long-term loans and borrowings from other financial backers	(14)	67,602	72,698
Non-current derivatives	(14)	0	0
Deferred tax liabilities	(15)	18,751	26,209
Post-employment benefits	(17)	11,347	11,109
Non-current provisions	(16)	25,631	26,736
Other non-current liabilities	(17.1)	2,852	6,965
Total non-current liabilities		**134,190**	**156,414**
Liabilities associated with assets held for sale		**0**	**0**
Current liabilities			
Trade payables and other current liabilities	(18)	231,747	186,938
- of which to related parties	*(34)*	*881*	*1,115*
Current tax liabilities	(19)	15,940	9,863
Short-term loans and borrowings	(20)	149,807	201,135
Short-term loans and borrowings from other financial backers	(21)	136,984	63,786
Current derivatives	(22)	0	0
Current provisions	(23)	1,963	4,989
Total current liabilities		**536,441**	**466,711**
TOTAL LIABILITIES		**670,631**	**623,125**
TOTAL EQUITY AND LIABILITIES		**760,509**	**713,049**

The Notes are an integral part of these consolidated financial statements.

STATEMENTS OF PROFIT OR LOSS
(Euro ‘000)

(in thousands of Euro)

	Notes	2022	2021
Revenue from sales and services	(24)	556,611	479,868
- of which from related parties	*(34)*	*1,082*	*440*
Other operating revenue	(24)	14,078	14,748
- of which from related parties	*(34)*	*37*	*2,344*
Sub-total of revenue		**570,689**	**494,616**
Changes in inventories of finished and semi-finished products		10,297	(6,525)
Internal work capitalised	(25)	9,464	12,850
Raw materials and consumables		(219,779)	(174,494)
Change in raw materials, consumables, supplies and goods		(2,900)	(5,609)
Personnel expense	(26)	(122,951)	(127,818)
Other operating expenses	(27)	(180,969)	(150,536)
- of which to related parties		(174)	(191)
Depreciation and amortisation	(1 - 2)	(31,098)	(33,937)
Provisions and impairment losses	(16-23-28)	(12,626)	(14,178)
Operating profit/(loss)		**20,127**	**(5,631)**
Financial income	(29)	7,210	3,429
(Financial expense)	(30)	(24,340)	(22,811)
Net exchange losses	(31)	(7,460)	(8,282)
Net financial expense		**(24,590)**	**(27,664)**
Adjustments to financial assets		(280)	(460)
Loss before taxes		**(4,743)**	**(33,755)**
Income taxes	(32)	(10,434)	(17,540)
Loss from continuing operations		**(15,177)**	**(51,295)**
Profit/(Loss) from assets held for sale		**0**	**0**
Loss for the year		**(15,177)**	**(51,295)**
Attributable to:			
Owners of the Parent	(33)	(19,127)	(52,977)
Non-controlling interests		3,950	1,682
Basic losses per share		(0.13)	(0.35)
Diluted losses per share		(0.11)	(0.32)

The Notes are an integral part of these consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Euro)

Description	2022	2021
Loss for the year	(15,177)	(51,295)
Items that are or may be reclassified to profit or loss for the year		
Hedging reserve		
Income taxes		
Change in the hedging reserve		
Translation reserve	16,217	23,352
Items that are or may be reclassified to profit or loss for the year net of taxes	**16,217**	**23,352**
Items that will not be reclassified to profit or loss for the year		
Actuarial gains/(losses)	487	(31)
Income taxes	(136)	
Items that will not be reclassified to profit or loss for the year net of taxes	**351**	**(31)**
Comprehensive income/(expense) net of taxes	**1,391**	**(27,974)**
Owners of the Parent	(1,872)	(29,717)
Non-controlling interests	3,263	1,743

The Notes are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY
(Euro '000)

(in thousands of Euro)

Description	Share capital	Other reserves	Retained earnings/(Losses carried forward)	Owners of the Parent	Non-controlling interests	Total Equity
01/01/2021	**97,374**	**247,974**	**(221,989)**	**123,359**	**(3,318)**	**120,041**
Loss for the year			(52,977)	(52,977)	1,682	**(51,295)**
Actuarial losses		(31)		(31)		**(31)**
Other comprehensive income		23,292		23,292	59	**23,352**
Total comprehensive expense		**23,261**	**(52,977)**	**(29,716)**	**1,741**	**(27,974)**
Allocation of 2020 profit and distribution of dividends		(236,261)	236,539	278	56	334
Capital increase					(111)	(111)
Acquisitions/disposals and other changes		(14)	(2,351)	(2,365)		(2,365)
31/12/2021	**97,374**	**34,960**	**(40,778)**	**91,556**	**(1,632)**	**89,924**

(in thousands of Euro)

Description	Share capital	Other reserves	Retained earnings/(Losses carried forward)	Owners of the Parent	Non-controlling interests	Total Equity
01/01/2022	**97,374**	**34,960**	**(40,778)**	**91,556**	**(1,632)**	**89,924**
Loss for the year			(19,127)	(19,127)	3,950	**(15,177)**
Actuarial gains		351		351		**351**
Other comprehensive income		16,880		16,880	(663)	**16,217**
Total comprehensive income		**17,231**	**(19,127)**	**(1,896)**	**3,287**	**1,391**
Allocation of 2021 loss and distribution of dividends		(23,333)	23,340	7	(1,443)	(1,437)
Capital increase						
Acquisitions/disposals		173	(222)	(48)	48	
31/12/2022	**97,374**	**29,031**	**(36,787)**	**89,618**	**260**	**89,878**

The Notes are an integral part of these consolidated financial statements.

As specified under paragraph "Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption", as a result of the failure to meet financial covenants at 31 December 2020 relating to loans and borrowings under the Restructuring Agreement existing at that date, in accordance with IFRS 9, these have been presented in the financial statements with a short-term maturity, although the original maturity date of 2024 remains unchanged. Upon completion of the Capital Increase in January 2023 and the occurrence of the conditions precedent of the New Agreement signed with the Lending Banks at the end of November 2022, short-term loans and borrowings will be reclassified with medium-long term maturity following their rescheduling at 31 December 2026.

STATEMENT OF CASH FLOWS
((Euro '000)

(in thousands of Euro)

Description	2022	2021
Loss for the year attributable to the owners of the Parent and non-controlling interests	(15,177)	(51,295)
Income taxes	10,434	17,540
Loss before taxes	**(4,743)**	**(33,755)**
Amortisation, depreciation and impairment losses	31,797	34,210
Net financial income	17,129	19,382
Change in provisions for risk and charges and for post-employment benefits	(1)	(616)
Provisions for risks and charges	12,733	14,825
Use of provisions for risks and charges	(11,024)	(1,928)
Adjustments to financial assets and discontinued operations	280	460
(Gains)/losses from the sale of or impairment losses on non-current assets	(2,463)	703
(A) Cash flows from continuing operations before changes in the Working Capital	**43,708**	**33,281**
(Increase)/Decrease in inventories	(7,608)	10,096
Increase in trade receivables	(32,964)	(32,358)
Decrease in trade payables	32,330	30,775
(Increase)/Decrease in other assets/liabilities	(43)	14,121
(B) Changes in working capital	**(8,285)**	**22,634**
(C) Financial income collected/Interest expense paid	(2,799)	(5,853)
(D) Taxes paid	(10,155)	(3,550)
(E) Cash flows from continuing operations (A+B+C+D)	**22,469**	**46,512**
Investing activities		
Investments	(22,277)	(22,303)
Net exchange gains	3,282	5,392
Net change in financial assets	3,723	(4,194)
(F) Cash flows used in investing activities	**(15,272)**	**(21,105)**
Financing activities		
Increase/(Decrease) in Share Capital and reserves for the repurchase of treasury shares	0	0
Other changes including those in non-controlling interests*	6,446	0
Changes in loans, financing, derivatives, finance leases and other financing	2,488	(19,517)
Dividends paid	(970)	(620)
(G) Cash flows used in financing activities	**7,964**	**(20,137)**
(H) Change in assets/(liabilities) associated with discontinued operations	**0**	0
Net Change in Cash Flows (E+F+G+H)	**15,161**	**5,270**
Opening cash and cash equivalents	**77,647**	**69,810**
Change in cash flows for assets held for sale	0	0
Effects of exchange fluctuations on cash and cash equivalents	2,204	2,188
Scope change effect	(47)	379
Net change in cash flows	15,161	5,270
Closing cash and cash equivalents	**94,965**	**77,647**

** The amount refers to the payment made by CDP for the capital increase with option right on 20 December 2022. The capital increase process was completed on 11 January 2023.*

The Notes are an integral part of these consolidated financial statements.

Nella foto: Trevi Algerie, Metro Algeri

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2022

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

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

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

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

Basis of preparation

These Consolidated Financial Statements were approved by the Board of Directors on 29 March 2023.

The 2022 Consolidated Financial Statements were prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and with the provisions of Article 9 of Italian Legislative Decree No. 38/2005. IFRS means also all International Accounting Standards (IAS) that have been reviewed and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The Consolidated Financial Statements were prepared in accordance with the historical cost principle except for derivatives, which were measured at fair value. The Consolidated Financial Statements are presented in thousands of Euro, unless otherwise indicated. The Consolidated Financial Statements provide comparative information in relation to the previous year.

The Consolidated Financial Statements of the Trevi Group were prepared on a going concern basis.

Specifically, at the time of the approval of the draft of the 2022 financial statements, the Board of Directors carried out all the necessary assessments relating to the going concern assumption also taking into account, to this end, all the available information referring to foreseeable future events.
In assessing whether the going concern assumption was appropriate or not also with regard to these financial statements, the Directors took into account all the available information about the future, relating at least - without limitation - to 12 months following the reporting date of the consolidated financial statements at 31

December 2022. Significant risk indicators that may raise doubts about the ability of the Group to continue to operate on a going concern basis were taken into account.

In the light of what mentioned under paragraph “Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption”, the Directors prepared the Consolidated Financial Statements at 31 December 2022 on a going concern basis.

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

Overview

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

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

In this regard, as widely shown in the notes to these financial statements to which reference should be made, in the context of the Directors' Reports accompanying the 2020 financial statements (separate and consolidated) and the following reports up to the Interim Financial Report at 30 June 2022, the Board of Directors after having carefully and exhaustively assessed the risks to which the going concern was exposed, as summarised above, had deemed it appropriate to adopt the going concern basis, although it pointed out that the residual significant uncertainty was the positive conclusion of the negotiations with the Lending Banks in relation to the necessary interventions to be carried out on the existing agreements with them (reference should be made to the accompanying Directors' Reports). For the purposes of this report, the going concern is assessed based on the above-mentioned circumstances and information available about their development after the date of approval of the Interim Financial Report, to be taken into account up to the date of preparation of these financial statements, considering the events that have occurred in the meantime and, in particular, the successful conclusion of the negotiations with the Lending Banks and the implementation of the transactions envisaged within the scope of the relating financial restructuring agreed upon with them, as better described below.

Group recapitalisation and debt restructuring transaction completed in 2020

- In order to overcome the serious situation of economic and financial tension that affected the Company and the Group it heads (the "**Trevi Group**" or the "**Group**"), starting from 2017, the Company initiated a process of recapitalisation and restructuring of the Group's debt that resulted, on 5 August 2019, in the subscription of a restructuring agreement pursuant to Art. 182-*bis* of the Italian Bankruptcy Law signed, *inter alios*, by the Company, Trevi and Soilmec, on the one hand, and by the Lending Banks of the Group (the "**Lending Banks**") on the other, which was subsequently approved by the Court of Appeal of Bologna on 10 January 2020 (the "**Restructuring Agreement**").

- This Restructuring Agreement and the related financial restructuring were based on a business and financial plan relating to the Trevi Group for the period 2018-2022 (the "**Original Consolidated Plan**") - drawn up during 2018 and 2019 - which was approved, in its final version, by the Company's Board of Directors on 2 August 2019.
- After the approval of the Restructuring Agreement, the Group fully implemented all the main statutory/non-recurring transactions set out therein, such as, *inter alia*:

(i) a capital increase of Euro 150.8 million (the "**Capital Increase 2020**"), of which, **(i)** a tranche offered with right of option to shareholders was fully subscribed for Euro 130 million, of which Euro 87.7 million through cash payment (approximately Euro 77.4 million attributable to CDPE Investimenti S.p.A. and Polaris Capital Management LLC) and Euro 42.3 million through conversion of bank loans by the main Lending Banks, at a conversion ratio of 4.5:1; and **(ii)** a tranche reserved to the Lending Banks, with the exclusion of the right of option, was subscribed for Euro 20.8 million by converting bank loans, at the same conversion ratio of 4.5:1;
(ii) the divestment occurred on 31 March 2020 of Drillmec S.p.A., Petreven S.p.A. and of all the companies at the time belonging to the Trevi Group and operating in the Oil & Gas segment in favour of the Indian group headed by Megha Engineering & Infrastructures Ltd., a leading Indian operator in the infrastructure segment ("**MEIL**"), among the leaders of the industry. The proceeds of this divestment have been used to repay part of the debt of the companies in the Oil & Gas Division, while the remaining part of this debt has been taken over by Trevi Finanziaria and rescheduled consistently with the debt subject to the restructuring;
iii) the disbursement by some Lending Banks of a new loan for a total of Euro 12,878,866.00, of which Euro 12,000,000.00 paid before the approval, by virtue of application of the authorisation of the Court of Forlì pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law, and Euro 878,866.00 paid after the approval, pursuant to Article 182-*quater* of the Italian Bankruptcy Law;
(iv) the consolidation and rescheduling of most of the bank debt to 31 December 2024 and the reduction of the related interest rate;
(v) the confirmation of the existing lines of credit and the granting of new unsecured lines of credit aimed at allowing the Group to issue the guarantees required by its ordinary business activities, for a total of approximately Euro 200 million, a part of which - corresponding to Euro 14.7 million - disbursed also during the period prior to the approval date of the Restructuring Agreement pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law; and
(vi) the rescheduling until 31 December 2024 and the amendment of the related terms and conditions of the bond issue called "*Trevi-Finanziaria Industriale S.p.A. 2014 – 2019*" issued by Trevi Finanziaria in 2014 for Euro 50 million (the "**Bond Issue**").

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

- on 31 January 2021, the Company announced to the market that, based on preliminary information available at that date, it was foreseeable that deviations from the Original Consolidated Plan would occur in view of the negative effects of Covid-19 pandemic on the worldwide economy, which conditioned the business of the Group, and that, as a result, one of the financial covenants set out in the Restructuring Agreement, would not be met.

  This circumstance implied the following possible consequences, which constituted risks for the Company's ability to continue as a going concern: ***(i)*** the formal declaration by the Lending Banks of the occurrence of a "Significant Event" under the Restructuring Agreement, and the consequent implementation of the remedies contractually provided for, including the acceleration clause in relation to the financial debt covered by the Restructuring Agreement, and the request for immediate early repayment of such debt; ***(ii)*** the interruption by the Lending Banks of the short-term lines of credit in the form of cash and guarantee facilities provided for in the Restructuring Agreement, thereby terminating the necessary financial support to the Group. The foregoing required a formal undertaking by the Lending Banks not to avail themselves of any of such remedies and a waiver of the exercise thereof as a consequence of such breaches, as well as the commitment of the same Lending Banks to allow using short-term lines of credit, both in the form of cash and guarantee facilities to support the business of the Group, as described in detail below.
- In view of the above, on 24 February 2021, Trevi Finanziaria informed the market about the start of discussions with the Lending Banks aimed at identifying the amendments to the existing agreements necessary to deal with the foreseeable failure to comply with one of the financial covenants already set out in the Restructuring Agreement, at the approval of the 2020 Consolidated Financial Statements. The Company also communicated that, based on the preliminary information available at that date relating to the performance for 2020 and further analyses then underway on the Company's outlook in the current market context, strongly affected by the spread of the Covid-19 pandemic, a general slowdown emerged in the achievement of the goals identified in the Original Consolidated Plan, which did not seem to be entirely achievable within the time frame taken into account. In consideration of the above, in the discussions initiated with the Lending Banks, the Company envisaged both the granting of the usual waivers and changes to the financial covenants originally set in the Restructuring Agreement, as well as the recalculation of some due dates scheduled for the current year relating to some exposures, based on a new business plan considering the current situation, to be incorporated into a new agreement with the Lending Banks.

  Discussions with the Lending Banks resulted in what follows:

  (i) the preparation of an independent business review ("**IBR**"), to verify the reasonable validity of the business and market assumptions underlying the New Consolidated Plan (as defined);

(ii) the signing of a moratorium and standstill agreement on 5 August 2021 (the "**Standstill Agreement**") between the Company, the subsidiaries Trevi, Soilmec and PSM and the Lending Banks, to ensure the continued management of the business while preparing and negotiating the proposal of financial restructuring, through: (a) a general suspension of obligations relating to compliance with financial covenants; (b) the suspension of the obligations to pay the amounts due during 2021; (c) the maintenance of existing lines of credit, both in the form of cash and guarantee facilities, and (d) the commitment not to avail themselves of the remedies resulting from the occurrence of the "Significant Events" relating to the circumstances described above;

(iii) the approval of the New Consolidated Plan by the Board of Directors of the Company on 29 September 2022;

(iv) the definition of a proposal of financial (and, if appropriate, capital) restructuring, to support the New Consolidated Plan, incorporating the requests made by the Company, to be submitted to the Lending Banks for the purposes of signing a new agreement with them; and

(v) the signing of a New Agreement (as defined).

Assessments relating to the going concern assumption

In assessing whether the going concern assumption was appropriate or not also with regard to these financial statements, the Directors took into account all the available information about the future, relating at least - without limitation - to 12 months following the reporting date of the consolidated financial statements at 31 December 2022. Significant risk indicators that may raise doubts about the ability of the Group to continue to operate on a going concern basis were taken into account, also considering what mentioned above and the developments that have taken place.

In particular, the Board of Directors took into consideration the assessments that had been carried out as of the approval of the 2020 financial statements, paying particular attention to the circumstances that had been identified as possible risk factors at that time, in order to verify their status. In line with what observed as early as the approval of the 2020 financial statements, the risk indicators to be assessed with particular attention in the case of Trevifin and the Trevi Group are those falling within the financial area.

It is therefore necessary to analyse with particular attention the relationships with the Lending Banks and the relevant existing agreements with them, as well as the consequences of the breaches already occurred (with reference to the previous Restructuring Agreement) and those that may occur in the future, also as a result of the failure to achieve the goals set forth in the new plan (with reference to the new agreements signed at the end of 2022).

The definitive overcome of the previous existing uncertainties, as described in the paragraphs below, should be assessed in the light of the completion of the New Agreement with the Lending Banks, which incorporates the contents of the New Financial Restructuring and takes into account the provisions of the New Consolidated Plan.

Assessments of the achievement of the New Consolidated Plan goals

With the aim of assessing the risks linked to the achievement of the New Consolidated Plan's projected goals, it is appropriate, as a preliminary step, to review the causes that had previously led to the identification of the specific risk factors worthy of examination by the Board of Directors and, in the following paragraphs, to carry out the appropriate analyses to verify that they have been overcome.

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

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

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

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

Specifically:

- the New Consolidated Plan seems to have been drawn up in accordance with reasonable and prudent criteria that include actions aimed at increasing volumes and improving profitability and shows the possibility of having, at the end of the plan, a balanced financial position and performance, such as to allow the refinancing of the remaining debt at market conditions;
- the IBR carried out by Alvarez & Marsal on the New Consolidated Plan and shared with the Lending

Banks confirmed the reasonableness and feasibility of the same;

- the New Financial Restructuring reflected within the New Agreement, whose content has been subject to comments of both institutional shareholders (i.e., CDPE and Polaris) and the Lending Banks, allowed, with the capital strengthening transaction, to further strengthen the financial position and performance of the Group, also giving a boost to the business as well as to the achievement of the recovery goals in accordance with the New Consolidated Plan;

Furthermore, the reasonableness and feasibility of the New Consolidated Plan are further supported by the fact that, on 28 November 2022, it was certified by the appointed expert, Mario Ravaccia, who meets the requirements provided for by the Italian Bankruptcy Law, thus representing an additional form of protection for Directors and the other stakeholders involved.

The feasibility of the New Consolidated Plan is also confirmed by figures at 31 December 2022, in line with the forecast of the New Consolidated Plan, which confirm the forecast of revenue and recurring EBIDTA for 2022, order intake in 2022 amounting to approximately Euro 699 million increasing by 16.5% compared to the previous year and an order backlog of Euro 587 million, marking a significant increase of 29.6% with respect to 31 December 2021. This trend continued in the first quarter of 2023, with a slight decrease in the Net Financial Debt of Euro 0.7 million that fell from Euro 251.8 million at 31 December 2021 to Euro 251.2 million at 31 December 2022 (before the implementation of the New Financial Restructuring). The Group's performance in the first few months of 2023, as shown under "Significant events after the reporting period", as regards order intake, production revenue and order backlog was in line with the forecasts for 2023, part of the 2022-2026 Plan. The continued implementation of the New Plan, while depending only in part on internal variables and factors controllable by Management, will allow the financial covenants of the New Restructuring Agreement to be met. With reference to considerations regarding potential impacts arising from the Russia-Ukraine conflict and the prolonged health emergency from Covid-19, reference should be made to the sections on "Impacts of the Russia-Ukraine Conflict", "COVID-19" and "Risk related to the trend in raw material prices" of this report.

The uncertainties, all traced back to an overall category of "financial risk", reflect the Company's ability to meet its financial commitments as well as to generate and/or raise sufficient resources to meet its financial requirements to support the business, the investment programme and the objectives of the New Consolidated Plan. The definitive overcome of these uncertainties, as described in the paragraphs below, should be assessed in the light of the completion of the New Agreement (as defined) with the Lending Banks, which incorporates the contents of the New Financial Restructuring and takes into account the provisions of the New Consolidated Plan.

More specifically, Management continued negotiations, supported by its advisors, both with the Lending Banks and the institutional shareholders aimed at defining the New Financial Restructuring. The definition of a financial restructuring that would find the consensus of both the institutional shareholders and the Lending Banks took several months. The final and binding version of the financial restructuring was approved by the Board of Directors on 17 November 2022 (the "**New Financial Restructuring**"), which provided, in a nutshell:

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

(b) a capital increase against consideration to be offered with option right to shareholders pursuant to Article 2441 paragraph 1 of the Italian Civil Code, for a total maximum amount of Euro 25,106,155.28, to be paid on an indivisible basis up to Euro 24,999,999.90 – amount fully guaranteed by the subscription commitments undertaken by CDPE Investimenti S.p.A. (“**CDPE**”) and Polaris Capital Management LLC (“**Polaris**” and, together with CDPE, the “**Institutional Shareholders**”) – and on a divisible basis for the excess amount, inclusive of share premium, through the issuance of a total maximum of 79,199,228 new ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, of which Euro 0.1585 to be allocated to share capital and Euro 0.1585 to be allocated to share premium reserve (the “**Capital Increase with Option Right**”);

(c) a capital increase against consideration to be paid on an indivisible basis, for a maximum amount of Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, to be offered with exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to some of the Lending Banks identified in the New Agreement, to be paid through a debt-to-equity swap of certain, liquid and collectable receivables, in the manner and to the extent provided for in the New Agreement, in relation to the subscription of the capital increase with exclusion of the option right, at a conversion ratio of 1.25 to 1 (the “**Capital Increase by Conversion**” and, together with the Capital Increase with Option Right, the “**Capital Increase**”);

(d) the subordination and postponement of a portion of the bank debt for Euro 6.5 million;

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

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

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

Also on 17 November 2022, the Company’s Board of Directors approved: (**i**) the final version of the recovery plan pursuant to Articles 56 and 284 of CCII, based on the New Consolidated Plan and the New Financial Restructuring, relating to Trevi Finanziaria and the Trevi Group; (**ii**) pursuant to the proxy granted by the shareholders’ meeting of 11 August 2022 - the Company’s capital increase transaction envisaged by the New Financial Restructuring, as amended with a subsequent resolution of 28 November 2022; (**iii**) the signing of the New Agreement; and (**iv**) the signing of the further agreements in the context of the debt restructuring and capital strengthening transaction in accordance with the aforementioned certified plan, including the agreement with which the Institutional Shareholders undertook to subscribe for their entire share of the Capital Increase with Option Right, as well as any unexercised rights in proportion to the shareholdings held (the “**Letter of Commitment**”).

Subsequently, on 29 and 30 November 2022, the Company signed the contracts relating to the implementation of the New Financial Restructuring, such as, in particular, the New Agreement and the Letter of Commitment, which subsequently became effective on 16 December 2022 after the relevant conditions precedent have been met, including the obtaining, on that date, of the CONSOB's authorisation to publish the prospectus relating to the notice of rights of Trevi Finanziaria shares as part of the Capital Increase with Option Right , it being understood that the fulfilment of the commitments undertaken by the Lending Banks fwith reference to the Capital Increase by Conversion was subject to the proper execution of the Capital Increase with Option Right up to the indivisibility threshold - of Euro 24,999,999.90 - which occurred on 10 January 2023, thus allowing the conversion of bank loans into Trevifin shares and the consequent execution of the Capital Increase by Conversion, which took place on 11 January 2023, following which the Capital Increase was definitively implemented.

On 11 January 2023, the Company informed the market about the successful completion of the Capital Increase, in the context of which 161,317,259 newly issued ordinary shares of the Company were subscribed, for a total amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). Upon completion of the Capital Increase, the new share capital of Trevi Finanziaria amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares. In particular: (**i**) the Capital Increase with Option Right was subscribed against consideration for Euro 24,999,999.90, of which Euro 17,006,707 paid for the subscription of 53,648,918 shares by the Institutional Shareholders, and the remaining Euro 7,993,292.90 were paid for the subscription of 25,215,435 shares by other shareholders; and (**ii**) the Capital Increase by Conversion was fully subscribed for Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares.

Below are the main financial position and financial performance figures upon completion of the transaction for the capital strengthening of the Company and the debt restructuring transaction of the Group – specifying that the related accounting effects have been recognised in 2023 as the capital increase was completed in January 2023:

- the equity attributable to the owners of the Company, which at 31 December 2022 amounted to Euro 89.6 million, increased by approximately Euro 52 million;
- the Group's Net Financial Debt, which at 31 December 2022 amounted to Euro 251.2 million, decreased by approximately Euro 52 million in January 2023 as a result of the Financial Restructuring; and
- the residual debt of the Group was almost entirely rescheduled. Specifically, a substantial portion of the medium/long-term debt towards the Lending Banks after the capital increase by conversion, for approximately Euro 185 million, was rescheduled at 31 December 2026, while approximately Euro 6.5 million was subordinated and rescheduled at 30 June 2027.

Expected liquidity trend over the next 12 months

Consistently with assessments made as of the approval of the 2020 financial statements, an element that has

been assessed with particular attention, in light of the lower cash generation foreseen in the New Consolidated Plan, is the suitability of the cash levels foreseen in the next 12 months to guarantee the ordinary operations of the Group, the financing of the relevant contracts and the regular payment of suppliers. To this end, as will be discussed in more detail below, Management updated the cash flow forecasts that had been made at the time of approval of the interim financial report on the basis of actual data and extended these forecasts until 31 March 2024. The reasonable expectation of a positive cash flow position for the Group emerges from that year and until then, assuming, among other things, the use of line of credit - including the use of unsecured lines of credit, necessary for the job orders in which the Group Companies take part - provided for in the New Agreement, thus enabling the implementation of the New Financial Restructuring (as described below) and the New Consolidated Plan.
With reference to the uncertainty mentioned above, related to the risk that, due to the lower cash generation reflected in the forecasts of the New Consolidated Plan, situations of cash flow tension may arise during the 12 months subsequent to the reporting date, the following should be noted.
First of all, the Company's Management constantly monitors the Group's cash flows, also at the level of the individual Trevi and Soilmec Divisions. In particular, Management prepares a treasury plan until the end of the year that analyses the cash flows on a weekly basis for the first three months and on a monthly basis for the following months, a document that is updated every 4 weeks based on actual available data from all the Group's legal entities. This tool, the results of which are analysed and discussed with the local Management, allows short-term cash flows to be monitored and any shortfalls to be known well in advance, so that the necessary actions can be taken. This treasury plan was last updated on 21 March 2023 (with figures updated at that date), analysing the expected liquidity trend up to 31 March 2024. This analysis shows the maintenance of an adequate liquidity margin to guarantee the normal operations of the Group and the repayments provided for by the New Agreement, throughout the period under analysis.
Furthermore, in accordance with the provisions of the New Agreement, the Company continues to provide the Lending Banks with a cash plan and cash flow analysis for each company of the Group relating to the immediately preceding calendar quarter. This disclosure requirement was also validated and verified by Paolo Rinaldi, a professional appointed by the Lending Banks on 26 January 2023, in accordance with what provided for by the New Agreement, in order to carry out, *inter alia*, monitoring activities with reference to the implementation of the New Consolidated Plan and the New Agreement (the "**Monitoring Supervisor**"). The latest updated cash plan and cash flow analysis was provided to the Lending Banks on 15 February 2023, based on which no critical issues arose with respect to the cash position of the Group and/or individual divisions in the relevant period.
Furthermore, on 14 March 2023, again in accordance with the requirements of the New Agreement, the Company provided the Lending Banks with a forecast budget for the current year, broken down by calendar quarters.
These analyses confirmed the absence of critical situations from a cash point of view, and highlighted a liquidity situation suitable to allow the Group's ordinary operations in the period of reference.

The Board of Directors, for the purposes of approving these draft financial statements, examined the update of this liquidity analysis up to 31 March 2024, which corresponds to the time period covered by this analysis. Therefore, based on these projections, it is reasonable to expect that, in the period under analysis, cash and cash equivalents will allow the Group to continue operating on a going concern basis and to meet its financial needs.
Management's monitoring of the Group's liquidity trend, therefore, appears adequate to the situation and the results of the analysis carried out do not currently show situations of liquidity tensions and/or shortfalls until March 2024. Forecasts appear to have been drawn up in a prudent manner.

Finally, given that (**i**) cash-flow forecasts are prepared with methods consolidated over the years, (**ii**) these forecasts are subject to verification by a third-party (i.e., the Monitoring Supervisor) and are shared on a periodical basis with the Lending Banks, and (**iii**) at 31 December 2022, the Trevi Division acquired orders equal to approximately 80% of the revenue expected to be generated in 2023 and the Soilmec Division acquired orders equal to approximately 38% of the revenue expected to be generated in 2023, at present, it is believed that the risk related to cash-flow forecasts is adequately monitored and mitigated.

Concluding remarks

In conclusion, in the light of the considerations above and of the analysis of risks and uncertainties to which the Company and the Group are exposed, although in the presence of normal uncertainties factors associated with the implementation of the Consolidated Plan, the Directors deem it appropriate to adopt the going concern basis for preparing the separate financial statements of Trevi Finanziaria Industriale S.p.A. and the Consolidated Financial Statements of the Trevi Group at 31 December 2022.

Financial statements

The Statement of Profit or Loss aggregates costs and revenue by nature, as this classification is deemed more useful for the purpose of understanding the Group's financial performance.

The Statement of Comprehensive Income includes the profit or loss for the year and changes in equity other than owner transactions.

The Statement of Financial Position is classified based on the operating cycle, with the distinction between current and non-current items. On the basis of this distinction, assets and liabilities are considered current, if they are assumed to be realised or settled within the Group's normal operating cycle and within 12 months after the reporting date.

The consolidated Statement of Cash Flows is prepared using the indirect method for determining the cash flows derived from investing or financing activities.

In order to prepare these Consolidated Financial Statements, the Company and its Italian and foreign subsidiaries prepared the individual statements of financial position, statements of profit or loss, statements of comprehensive income and statements of cash flows in compliance with IFRS, adjusting their own financial statements prepared in accordance with local regulations. The reporting packages of subsidiaries, associates and joint ventures are available at the registered office of Trevi Finanziaria Industriale S.p.A.

Consolidation Criteria

The Consolidated Financial Statements include the financial statements of Trevi Finanziaria Industriale S.p.A. and its subsidiaries at 31 December 2022.

Subsidiaries:

Control is obtained when the Group is exposed or has the right to variable returns, derived from its relationship with the investee and, at the same time, has the ability to influence these returns by exercising control over that entity.

Specifically, and in accordance with the provisions of IFRS 10, companies are defined as subsidiaries, if and only if the Company has:

- Power over the investee (or has valid rights that give it the current ability to direct the relevant activities);
- Exposure or rights to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect the amount of its returns.

When the Group holds less than the majority of voting rights (or similar rights), it must consider all relevant facts and circumstances in order to establish whether it controls the investee.

The Group reconsiders whether or not it has control over an investee if the facts and circumstances indicate that there have been changes to one or more of the three elements that are relevant for the purposes of defining control.

The Financial Statements of all the subsidiaries have the same reporting date as the Company.

The Financial Statements of the subsidiaries are consolidated using the line-by-line method from the moment control is acquired until the date of its possible termination. The line-by-line method requires that assets, liabilities, expense and revenue of the consolidated companies are assessed on a line-by-line basis for the preparation of the consolidated financial statements, attributing the share of equity and the profit or loss for the year to the relevant Statement of Financial Position, Statement of Profit or Loss and Statement of Comprehensive Income items.

Pursuant to IFRS 10, the overall loss (including the profit/loss for the year) is attributed to the owners of the Company and to the non-controlling interests, even when the equity attributable to non-controlling interests shows a deficit balance.

Amounts payable/receivable and expense/revenue between the companies included in the scope of consolidation are derecognised, as are the effects of all significant transactions between them. Unrealised gains with third parties deriving from intragroup transactions are eliminated, including those derived from the measurement of inventories at the reporting date.

The carrying amount of investment in each subsidiary is eliminated against the corresponding portion of equity of each subsidiary, including any adjustments to fair value at the date of acquisition of control. On that date, goodwill is determined as follows and is recorded under intangible assets, while any "gain from a purchase at a favourable price (or negative goodwill)" is recognised in the statement of profit or loss.

Pursuant to IFRS 10, the partial disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction. Under these circumstances, the carrying amount of controlling and non-controlling interests is adjusted to reflect the changes of the investment in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company. If the Company loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and the liabilities of the subsidiary, based on their carrying amounts when control is lost;
- derecognises the carrying amounts of any previous non-controlling interests in the former subsidiary, when control is lost (including any other component of comprehensive income attributable to it);
- recognises the fair value of the consideration received as a result of the transaction, event or circumstances that led to the loss of control;
- recognises, if the transaction that led to the loss of control implies a distribution of the shares of the

subsidiary to the shareholders in their capacity as owners, said distribution;

- recognises any investment previously held in the former subsidiary at the respective fair value, on the date of the loss of control;
- reclassifies under profit or loss for the year, or to retained earnings if required under IFRS, amounts previously recognised under other statement of profit or loss items with regard to the subsidiary;
- recognises the gain or the loss associated with the loss of control attributable to the former controlling interest.

Associates:

Associates are those companies over which the Group exercises significant influence. Significant influence is the power to participate in determining the financial and management policies of the investee, without having control or joint control over it. Influence is presumed when the Group holds a significant share (between 20% - 10% for investments in listed companies - and 50% of voting rights in the Shareholders' Meeting).

Investments in associates are recognised in the Consolidated Financial Statements by applying the equity method in accordance with IAS 28 ("Investments in associates and joint ventures").

The investment is initially recognised at cost and adjusted following the acquisition according to the change in the investor's share of the equity of the investee.

The Group's share of profits or losses following the acquisition of investments in associates is recognised under the profit or loss for the year.

Unrealised gains or losses from transactions with associates are eliminated based on the Group's share in those companies.

Following the application of the equity method, the Group assess whether it is necessary to recognise an impairment loss with respect to its investment in the associate. At each reporting date, the Group assesses whether there is any objective evidence that the investment in the associate is impaired. In this case, the Group calculates the impairment as the difference between the recoverable amount of an investment in an associate and its carrying amount and recognises any difference in its consolidated financial statements under "share of profit/loss of associates".

After the loss of significant influence on the associates, the Group evaluates and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date of loss of significant influence and the fair value of the residual investment and the amounts received is recognised in the statement of profit or loss.

Joint Ventures:

IFRS 11 - ("Joint arrangements") defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A Joint Venture is a joint arrangement in which the parties that hold joint control have rights over the net assets of the arrangement. Under IFRS 11, a joint venturer recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 ("Investments in associates and joint ventures").

Translation into Euro of the Financial Statements of foreign companies:

The consolidated Financial Statements are presented in Euros, as the functional and presentation currency adopted by the Company. The translation into Euro of the Financial Statements of the foreign companies subject to consolidation is carried out based on the current exchange rate method, which requires the use of closing rates for the statement of financial position items and the average exchange rates for the year for the statement of profit or loss items. Differences derived from the translation of the opening equity to the closing rates compared to the opening amount and the amounts arising from the translation of the Statement of Profit or Loss at the average exchange rates for the year, are recorded in a translation reserve included in the Statement of Comprehensive Income.

Exchange gains and losses resulting from the application of this method are an entry in the Statement of Comprehensive Income up to the termination of the investment, at which time these gains and losses are recorded in the Statement of Profit or Loss.

Here follows the exchange rates used in 2022 (foreign currency equal to 1 Euro, according to Bank of Italy data):

Currency		**Average exchange rate in 2021**	**Closing rate at 31/12/2022**	**Average exchange rate in 2021**	**Closing rate at 31/12/2021**
United Arab Emirates Dirham	AED	3.87	3.92	4.16	4.34
Argentine Peso	ARS	136.78	188.50	116.36	112.42
Australian Dollar	AUD	1.52	1.57	1.56	1.57
Brazilian Real	BRL	5.44	5.64	6.31	6.38
Swiss Franc	CHF	1.00	0.98	1.03	1.08
Chilean Peso	CLP	917.85	913.82	964.35	898.39
Chinese Renminbi	CNY	7.08	7.36	7.19	7.63
Colombian Peso	COP	4473.39	5172.47	4,598.70	4,429.50
Danish Krone	DKK	7.44	7.44	7.44	7.44
Algerian dinar	DZD	149.65	146.50	157.41	159.65
Euro	EUR	1	1	1	1
Pound Sterling	GBP	0.85	0.89	0.84	0.86
Hong Kong Dollar	HKD	8.25	8.32	8.83	9.19
Indian Rupee	INR	82.69	88.17	84.23	87.44
Japanese Yen	JPY	138.03	140.66	130.38	129.88
Kuwait Dinar	KWD	0.32	0.33	0.34	0.36

Libyan Dinar	LYD	5.06	5.15	5.21	5.34
Mexican Peso	MXN	21.19	20.86	23.14	23.99
Mozambican Metical	MZN	67.38	68.25	72.5	77.54
Nigerian Naira	NGN	445.37	477.92	466.86	470.92
Norwegian Crown	NOK	10.10	10.51	9.99	10.16
Omani Rial	OMR	0.40	0.41	0.44	0.45
Philippine Peso	PHP	57.31	59.32	57.76	58.3
Qatari Riyal	QAR	3.83	3.88	4.12	4.31
Romanian Leu	RON	4.93	4.95	4.95	4.92
Russian Ruble	RUB	88.39	n.a.	85.3	87.15
Saudi Riyal	SAR	3.95	4.00	4.25	4.44
Swedish Krona	SEK	10.63	11.12	10.25	10.15
Singapore Dollar	SGD	1.45	1.43	1.53	1.59
Thai Baht	THB	36.86	36.84	37.65	37.84
Turkish Lira	TRY	17.41	19.96	15.23	10.51
US dollar	USD	1.0531	1.0666	1.13	1.18
Uruguayan Peso	UYU	43.41	42.50	50.52	51.5

Scope of consolidation

Compared to 31 December 2021, Trevi Australia JV, headed by the subsidiary Trevi Australia Pty Ltd with a 70% shareholding, was included in the scope of consolidation.

In 2022, Trevi Foundations Saudi Arabia and R.C.T. Explorer Colombia, which were no longer operational and were definitively wound up, were excluded from the scope of consolidation. Furthermore, in the second half of the year, Trevi Energy, company in liquidation held by the Company, was sold.

The associates in which the Company directly or indirectly holds a non-controlling interest and the Joint Ventures are measured at equity. Annex 1a shows investments measured at equity. The equity accounting is carried out using the last approved financial statements of these companies as a reference.

Non-controlling interests and investments in minor consortia or non-operating companies for which no fair value exists are measured at cost and adjusted for any impairment losses. In particular, limited liability consortium companies and consortia, specifically founded as operating entities for initiatives or work acquired in a temporary grouping of companies, which present financial statements with no profit as they offset the costs directly incurred through corresponding charges to the combined companies, are measured at cost.

The company Hercules Trevi Foundation A.B. was measured at cost, being its dimension deemed immaterial. This company was established in previous years in order to execute works in the relevant countries. The percentage held is the following:

Company	***% of investment***
Hercules Trevi Foundation A.B.	49.89%

For further details concerning investments measured at cost, reference should be made to the Group Organisational Chart (Annex 2).

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The most significant accounting policies and basis of preparation adopted for preparing the Consolidated Financial Statements at 31 December 2022, in line with those adopted in the previous year, are the following:

Property, plant and equipment and right-of-use assets

Property, plant and equipment are measured at cost as established by the IAS 16. Under this standard, Property, Plant and Equipment are recognised at their acquisition or production cost, including direct costs incurred and subsequently adjusted for depreciation, impairment losses and reversals of impairment losses.

Depreciation is calculated and recognised in the Statement of Profit or Loss on a straight-line basis, over the estimated useful life of the asset, based on the depreciable amount, equal to the cost of the asset at the recognition date less its residual value.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are recognised in the Statement of Profit or Loss.

The capitalisation of the costs related to the expansion, modernisation or improvement of structural components owned or used by third parties is performed exclusively within the limits in which they meet the requirements to be classified separately as an asset, or as part of an asset.

The depreciable amount of each significant component of an asset, having a different useful life, is allocated on a straight-line basis over its estimated useful life.

Description	Years	%
Land	Indefinite useful life	-
Industrial buildings	33	3%
Light constructions	10	10%
General equipment and accessories	20	5%
Drilling equipment	13	7.5%
Miscellaneous and minor equipment	5	20%
Motor vehicles	5-4	18.75%-25%
Transport vehicles	10	10%
Excavators and shovels	10	10%
Office furniture and fittings	8.3	12%
Electro-mechanical machinery for office use	5	20%
Watercrafts	20	5%

The depreciation criteria used, the useful life and the residual value are reviewed and redefined at least at the end of each year, in order to take into account any significant changes, and are adjusted prospectively where necessary.

The capitalised costs for leasehold improvements are recognised in the relevant asset category and depreciated over the shorter of either the residual lease term or the residual useful life.

The carrying amount of Property, Plant and Equipment is maintained in the Statement of Financial Position as long as that amount can be recovered from their use. The carrying amount of an item of Property, Plant and Equipment is derecognised at the moment of its sale or when no future economic benefits are expected from its use or sale. Any associated gains or losses (calculated as the difference between the consideration received and the carrying amount) are included in the Statement of Profit or Loss at the time of elimination.

Ordinary maintenance costs are fully recognised in the Statement of Profit or Loss. Those costs that are of an incremental nature, as they prolong the useful life of property, plant and equipment, are capitalised.

Right-of-use assets are measured under IFRS 16.

Leases

The Group assesses at the inception of the contract whether it is, or contains, a lease. In other words, it assesses if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration. The definition of an agreement as a lease (or containing a lease) depends on the substance of the transaction and requires a judgement on whether it depends on the use of one or more specific assets or if the agreement transfers the right to use these assets.

The Group as lessee

The Group adopts a single recognition and measurement model for all leases except for short-term leases and leases of low value. The Group recognises the liabilities relating to lease payments and the right-of-use asset representing the right to use the asset underlying the contract.

i) Right-of-use asset

The Group recognises the right-of-use asset on the inception date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at or before the commencement date, less any incentives received.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

ii) Lease liabilities

At the commencement date, the Group recognises the lease liability measuring the present value of the lease payments that are not paid at that date. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate, and the amounts expected to be payable under residual value guarantees. Lease payments include also the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period (unless they were incurred to produce inventories) in which the event or condition giving rise to the payment occurs.

In calculating the present value of the payments due, the Group uses the incremental borrowing rate at the commencement date, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of the lease liability increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease liabilities is restated in the event of any changes in the lease or for changes in the contractual terms for the change in payments; it is also restated in the event of changes in the assessment of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

Short-term leases or leases of low-value assets

The Group applies the exemption for the recognition of short-term leases (i.e., leases that have a duration of 12 months or less from the inception date and do not contain a purchase option). The Group also applied the exemption for leases relating to low-value assets with reference to leases of equipment whose value is considered low. Short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Leases where the lessor is substantially responsible for all the risks and rewards of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term and is included among other operating revenue in the Statement of Profit or Loss due to its operating nature. Initial negotiation costs are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Business combinations

Business combinations are recognised using the acquisition method. Under this method, the cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value at the acquisition date (calculated as the sum of the fair values of other assets transferred and liabilities assumed by the Group at the date of acquisition and of any equity instruments issued in exchange for control of the acquired entity and the amount of non-controlling interests in the entity acquired). All other costs directly associated with the transaction are immediately expensed in the Statement of Profit or Loss.

Identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date; the following items are instead measured according to the accounting standard of reference:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to share-based payments of the acquired company or share-based payments relating to the Group issued in exchange for contracts of the acquired entity.
- Assets held for sale and discontinued operations.

Goodwill is measured as the difference between the sum of the consideration paid, the equity attributable to non-controlling interests, the fair value of any previously held equity interest in the entity and the fair value of the net assets acquired less the liabilities assumed at the date of acquisition. If the difference between the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of the consideration paid, the equity attributable to non-controlling interests and the fair value of any previously held equity interest in the entity acquired, the excess sum is immediately recognised in the Statement of Profit or Loss as income from the transaction.

Non-controlling interests are measured at the transaction date using either the fair value of the non-controlling interests or the proportionate interest of the net identifiable assets of the entity acquired. The method used is decided on a transaction-by-transaction basis.

Any contingent considerations in the business combination contract are measured at fair value on the acquisition date and included in the consideration paid for the business combination in order to measure goodwill. Any subsequent adjustments to this fair value, which are considered a measurement period adjustment, are included in goodwill retrospectively. Adjustments to fair value that are measurement period adjustments are those arising from additional information that affects the facts and circumstances as they existed at the acquisition date, obtained during the measurement period (which cannot exceed twelve months from the date of the business combination).

When a business acquisition is achieved in stages, any equity interest previously held by the Group is measured at fair value at the date of obtaining control and any resulting profits or losses are recognised in the Statement of Profit or Loss. Any amounts deriving from the previously held interest and recognised in other comprehensive income or expense are reclassified to the Statement of Profit or Loss as if the interest had been sold.

If the initial accounting for a business combination can be calculated only provisionally by the end of the first reporting period, the Group uses provisional amounts in the Consolidated Financial Statements for those entries where calculation is impossible. These provisional amounts are adjusted in the measurement period to take into account the new information obtained on facts and circumstances as they existed at the acquisition date that, if known, would have had an effect on the amount of the assets and liabilities recognised at that date.

Business combinations from before 1 January 2010 were recognised under the previous version of IFRS 3.

Goodwill

Goodwill arising on a business combination is recognised at cost on the date of acquisition as described in the preceding section. Goodwill is not amortised but is subject to impairment testing at least annually and more frequently if there is any evidence of impairment ("impairment test"). In order to test for impairment, goodwill acquired in a business combination is allocated at the acquisition date to the Group cash generating units that will benefit from the synergies of the combination irrespective of whether other assets or liabilities of the entity acquired are assigned to those cash generating units. After initial recognition, goodwill is measured at cost, net of any accumulated impairment losses.

At the time of sale of a part or of the entire entity previously acquired, from the purchase of which goodwill emerged, the capital gain or loss on the sale takes account of the residual value of the goodwill.

Intangible assets

Intangible assets acquired separately or produced internally, in the case of development costs, are recognised as assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined. These assets are measured at acquisition or development cost.

Intangible assets having a finite useful life are amortised on a straight-line basis over the estimated useful life of the assets as follows:

– *Development costs:*

Research costs are recognised in the Statement of Profit or Loss at the time they are incurred. Development costs that are required by IAS 38 to be classified as an asset (only after the technical and commercial feasibility of the asset for sale or use has been established, this means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits) are usually amortised based on their estimated future useful life from the moment such assets are available for economic use. The useful life is revised and modified if there is any estimated change in its future usefulness.

– *Industrial patents, intellectual property rights, concessions, licences and trademarks:*

These are measured at cost net of accumulated amortisation, calculated on a straight-line basis over the expected period of use unless significant impairment losses are detected. The amortisation criteria used, the useful life and the residual value are re-examined and recalculated at least as often as at the end of each reporting period in order to take into account any significant changes.

Intangible assets with an indefinite useful life are not amortised but are tested annually for impairment, both individually and at cash generation levels. Assessment of indefinite useful life is revised annually to determine if this evaluation is still justifiable, otherwise the change from indefinite useful life to finite useful life is applied prospectively.

Impairment of assets

The Group tests intangible assets (including capitalised development costs) for impairment at least once a year as defined by IAS 36, in order to determine if there are any indications that an asset has been impaired. The recoverable amount of property plant and equipment (land and buildings, plant and machinery, industrial and commercial equipment, other assets and assets under construction) is tested for impairment any time there is an indication that an asset has been impaired.

If there is evidence of impairment, the carrying amount of the asset is reduced to the recoverable amount. The impairment is allocated to non-current assets in a proportion pro-rata to other non-current assets, until the carrying amount is zeroed, or up to the market value of the individual asset documented by a specific appraisal attesting this market value. The recoverable amount is tested at the level of the cash-generating unit.

The recoverable amount of the asset is the higher of its fair value less costs to sell and its value in use. To determine the value in use of the cash-generating unit, the Group calculates the present value of estimated future cash flows, before tax, by applying a pre-tax discount rate that reflects the current market valuations of the time value of money and the specific risks of the activity. An impairment loss is recognised if the recoverable amount is lower than the carrying amount.

When the impairment loss of an asset no longer exists or decreases, the carrying amount of the asset or cash-generating unit is reinstated only up to the new estimate of the recoverable amount. The reinstated amount cannot exceed the value that would have been measured if there had been no impairment.

Reversal of an impairment loss is immediately recognised in the Statement of Profit or Loss.

Financial assets and financial liabilities

Financial assets and liabilities are measured in accordance with IFRS 9.

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets are classified into the following three categories:

(i) amortised cost, for financial assets held with the aim of collecting the contractual cash flows that pass the SPPI (Solely Payment of Principal and Interest) test as the cash flows exclusively represent payments of principal and interest. This category includes trade receivables, other operating receivables included in other current and non-current assets, and financial assets included in other current and non-current financial assets.

(ii) Fair value through other comprehensive income (FVOCI), for financial assets held in order to collect contractual cash flows, represented exclusively by the payment of principal and interest, and to realise their value through transfer (so-called held to collect and sell business model). Changes in fair value are recognised with a balancing entry in OCI, to then be released to the Statement of Profit or Loss at the time of the derecognition.

(iii) Fair value through profit or loss (FVTPL), for assets that failed to pass the SPPI test and those held for trading. In this case, changes in fair value are recognised with a balancing entry in the Statement of Profit or Loss.

Initial recognition takes place at fair value. For trade receivables without a significant financial component, the initial carrying amount is represented by the transaction price. After initial recognition, financial assets that generate contractual cash flows that represent exclusively principal and interest payments are measured at amortised cost, if held for the purpose of collecting the contractual cash flows (the so-called held to collect business model). In accordance with the amortised cost method, the initial recognition amount is subsequently adjusted to take into account principal repayments, any impairment losses and the amortisation of the difference between the repayment amount and the initial carrying amount. Amortisation is based on the effective interest rate which represents the rate that makes the present value of expected cash flows and the initial carrying amount equal at the time of initial recognition. Trade receivables and other financial assets measured at amortised cost are presented in the statement of financial position, net of the corresponding loss allowance. The financial assets representing debt instruments whose business model includes the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal (the so-called held to collect and sell business model), are measured at fair value through other comprehensive income (hereinafter the "FVTOCI"). In this case, changes in the fair value of the instrument are recognised under equity among other comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve which includes the other comprehensive income, is reversed to the statement of profit or loss when the instrument is derecognised. Interest income calculated using the effective interest rate, exchange differences and impairment losses are recognised in the Statement of Profit or Loss. A financial asset representing a debt instrument held for trading or that, although falling within the HTC or HTC&S business models, failed to pass the SPPI test, is measured at fair value with the effects recognised in the statement of profit or loss (from now on FVTPL). Transferred financial assets are derecognised when the contractual rights to receive the cash flows of the financial assets expire, or when they are transferred to third parties. The assessment of the recoverability of the financial assets representing debt instruments not measured at fair value through profit or loss is made on the basis of the so-called "Expected Credit Loss model".

Loans and borrowings and bonds

Loans and borrowings and bonds are initially recognised at cost, corresponding to the fair value of the consideration received net of the ancillary charges related to obtaining the instrument. After initial recognition, loans and borrowings are measured using the amortised cost method. This method requires amortisation to be determined using the effective interest rate, represented by the rate that makes the amount of the expected cash flows and the initial carrying amount equal at the time of initial recognition. The ancillary charges for financing transactions are classified under liabilities in the statement of financial position as a reduction of the loan granted and the amortised cost is calculated by taking into account these charges and any discount or premium included at the time of adjustment. The statement of profit or loss effects of the measurement according to the amortised cost method are recognised in the item "Financial income/(expense)".

Financial assets

The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using measurement techniques appropriate to the characteristics of the issuer. Financial assets for which the present value cannot be reliably determined are accounted for at cost less impairment losses.

At the end of each reporting period, the presence of any indications that assets may be impaired is assessed and any losses are recognised in the Statement of Profit or Loss. Previously recognised impairment losses are reversed if the reason for the original recognition of the impairment no longer exists.

Treasury shares

In accordance with IAS 32, when equity instruments are reacquired, these treasury shares are deducted directly from equity under the entry Treasury shares. Gains or losses are not recognised in the Statement of Profit or Loss on the purchase, sale or cancellation of treasury shares.

Any consideration paid or received, including any transaction costs directly attributable to the capital transaction, net of any associated tax benefit, is recognised directly as a change in equity.

The voting rights of treasury shares are cancelled, as is their right to dividends. Treasury shares are used to meet the obligations of any options on shares that are exercised.

Equity investments in other companies

Investments in entities other than subsidiaries, associates or joint ventures, for which reference is made to the scope of consolidation, are recognised at the acquisition date under the item "Equity investments" and measured at cost when the fair value cannot be measured reliably; in this case the cost is adjusted for any impairment in accordance with IFRS 9.

Grants

Grants are recognised, regardless of the existence of a formal granting, when there is a reasonable assurance that the entity will comply with any conditions attached to the grant and that the grant will be received, in accordance with IAS 20 ("Accounting for Government Grants and Disclosure of Government Assistance").

The grant is recognised in the Statement of Profit or Loss based on the useful life of the asset for which it is granted, by means of the deferral method in order to deduct the calculated depreciation.

A grant receivable as compensation for costs already incurred or for immediate financial support to the entity with no future related costs shall be recognised in the Statement of Profit or Loss of the period in which it is receivable.

Inventories

Inventories are recorded at the lower of purchase cost and net realisable value; any write-down accounted for following impairment is reversed if in future financial periods the causes of the impairment no longer exist.

The cost is calculated using the average weighted cost method for raw materials, ancillary materials, consumables and semi-finished products and the specific cost for the other categories of inventories.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated completion costs and the estimated costs necessary to make the sale.

Trade receivables and other current assets

Receivables are recorded at amortised cost or, if lower, at their estimated realisable value. If this is expressed in foreign currency, receivables are measured at the closing exchange rate. Receivables due within normal payment terms or which carry interest at market rates are not discounted but are recognised at nominal value net of the loss allowance, with direct deduction of the receivables themselves, so their carrying amount is in line with the estimated realisable value.

This item of the Statement of Financial Position also includes the portions of costs and revenue spread over two or more years on an accruals basis.

Factoring of receivables

The Group factors some of its trade receivables and tax assets. Transfer of receivables may be recourse or non-recourse.

Some non-recourse transactions include deferred payment clauses (e.g., the payment of a minor part of the purchase price by the factor is subject to total recovery of the receivables), require a guarantee on behalf of the seller or imply continued material exposure to in cash flows from the receivables transferred.

This type of transaction does not comply with the requirements of IFRS 9 for the derecognition of assets from the Financial Statements, as the relevant risks and rewards have not been substantially transferred.

Consequently, all the receivables transferred through factoring transactions that do not meet the requirements for derecognition under IFRS 9 are recorded in the Group's Consolidated Financial Statements, although they have been legally transferred. A financial liability of the same amount is recorded in the Consolidated Financial Statements under the item "Loans and borrowings from other financial backers". All receivables transferred through factoring agreements that meet the requirements for derecognition under IFRS 9, when substantially all the risks and rewards are transferred, are derecognised from the Statement of Financial Position.

Any gains and losses resulting from the factoring of receivables are recognised when the assets are derecognised from the Statement of Financial Position of the Group.

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks and short-term investments (with an original maturity not exceeding three months), easily convertible into known amounts of money and subject to no relevant change from fair value.

For the purposes of preparing the Statement of Cash Flows, cash and cash equivalents comprise cash, demand deposits with banks and current account overdrafts. In the Statement of Financial Position, current account overdrafts are included in financial liabilities as part of current liabilities.

Equity

- *Share capital*

This item is the subscribed and fully paid-up share capital and is shown at nominal value. The share buy-back, measured at cost and including ancillary charges, is accounted for as a change in equity and treasury shares which are deducted from the share capital by the nominal value and the reserves are reduced by the difference between the cost and the nominal value.

- *Share premium:*

The item includes the excess of the issue price of shares compared to their nominal value; this reserve also includes differences that emerge following the conversion of bonds into shares.

- *Other reserves*

The items consist of capital reserves for specific purposes relating to the Company and the adjustments made on the transition to the IFRS.

- *Retained earnings/(losses carried forward)*

This item includes the profit or loss for previous years, for the part not distributed or allocated to a reserve (in case of earnings) or covered (in case of losses) and the transfers from other equity reserves when the constraint to which they were subjected is released. This item also includes the profit or loss for the year.

Derecognition

A financial liability is derecognised when the underlying obligation has been discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender with substantially different terms, or where there has been a substantial modification of the terms of an existing financial liability, this change is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences taken to profit or loss.

Derivatives

The Trevi Group adopted a Group Risk Policy approved by the Board of Directors on 1 February 2008. Derivatives are initially measured at fair value on the date the contract is signed and subsequently remeasured at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of financial instruments traded in an active market is measured at each reporting date using quoted market prices or broker quotes (bid prices for non-current positions and ask prices for current positions), with no deduction of transaction costs.

If there is no active market for a financial instrument, fair value is established by using a valuation technique, which can include:

- the use of recent transactions under market conditions;
- reference to the current fair value of another instrument that is substantially the same;
- an analysis of discounted cash flows or other valuation models.

The fair value analysis of financial instruments and other information on their measurement are given in the paragraph, "Additional disclosures on financial instruments", in this document.

Under IFRS 9, the recognition of changes in the fair value varies according to the designation of the derivative instrument (speculative or hedging) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For contracts designated as held-for-trading, changes in fair value are recognised directly in the Statement of Profit or Loss.

If the Fair Value Hedge is applied, both the fair value changes of the hedging instrument and the hedged instrument are accounted for in the statement of profit or loss, regardless of the measurement method adopted for the latter.

If the Cash Flow Hedge is applied, changes in the fair value of the hedging instrument are recognised in other comprehensive income if the hedging instrument is determined to be an effective hedge, whilst the portion determined as ineffective in recognised in the Statement of Profit or Loss. Changes recognised in other comprehensive income are released to the statement of profit or loss in the same financial period or periods in which the hedged asset or liability affects profit or loss.

Purchases and sales of financial assets are accounted for on the trading date.

Payables

Payables are carried at amortised cost. If expressed in foreign currency, the amounts are measured at the closing exchange rate.

Warrants

A share capital increase through the exercise of warrants falls within the scope of IAS 32 "Financial Instruments".

Under paragraph 15 of IAS 32 "the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument".

Specifically, under paragraph 16 "when an issuer applies the definitions in paragraph 11 ("rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own equity instruments") to determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

(a) The instrument includes no contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

(b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

(i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or

(ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

A contractual obligation, including one arising from a derivative financial instrument, which will or may result in the future receipt or delivery of the issuer's own equity instruments, but does not meet conditions (a) and (b) above, is not an equity instrument" (the so-called fixed for fixed test).

Paragraph 21 further clarifies that the warrant is a financial liability even if the entity must or can settle it by delivering its own equity instruments. It is not an equity instrument because the entity uses a variable number of its own equity instruments as a means to settle the contract.

Therefore, in order to consider a warrant as an equity instrument, it must pass the fixed for fixed test, i.e. the warrant must provide that the number of shares that can be subscribed is fixed in a given quantity (fixed) and that the consideration received if the warrant is exercised is also determined in any currency in a given quantity.

Taking into account the difficulties of interpretation of IAS 32 and after a comparison with the technical bodies of the independent auditors, the fixed for fixed test was not passed due to the presence of bonus shares. Therefore, in accordance with the interpretation given to IAS 32, a non-current liability under IFRS 9 was recognised in the statement of financial position at 31 December 2021. The warrant fair value was measured by using a model based on the market value of Trevi Finanziaria shares and on the volatility of the stock price of shares of a pool of comparables of the Trevi Group. The fair value was updated at 31 December 2022, thus determining a carrying amount of approximately Euro 3.6 million and is remeasured at each reporting date.

This liability was not classified as financial debt in the net financial position since:

- the Company has no contractual obligation to deliver cash to the holder of Warrants;
- no interest of any kind accrues on this type of liability;
- this liability derives from an instrument that will provide the Company with a capital increase at the time of its possible future exercise.

Management constantly monitors the existence of the conditions that led to the recognition of this liability.

In the financial statements at 31 December 2022, this liability has a balancing entry in profit or loss under financial income as shown in note (29).

<u>Employee benefits</u>

- *Short-term benefits*

Short-term employee benefits are charged to the Statement of Profit or Loss in the period of service rendered by the employee.

- *Defined benefit plans*

The Company grants its employees benefits after the termination of the employment (post-employment benefits). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. Under IAS 19, the liability is measured using the projected unit credit method and calculated by independent actuaries. This calculation consists in discounting the amount of the benefit that an employee will receive on the estimated date for employment termination by using demographic assumptions (such as mortality rate and staff turnover rate) and financial assumptions (such as discount rate). The amount of the defined benefit obligation is calculated each year by an independent external actuary. Actuarial gains and losses relating to defined benefit plans arising from changes in actuarial assumptions used or changes in plan conditions are recognised in the statement of comprehensive income in the period in which they occur. For defined contribution plans, the Company pays contributions to public and private pension funds on a mandatory, contractual or voluntary basis. Contributions are recognised as personnel expense.

As of 1 January 2007, the finance act and related implementing decrees introduced significant changes in the rules governing post-employment benefits, including the employee's choice as to the destination of his or her accruing benefits. In particular, the new post-employment benefits flows can be directed by employees to supplementary pension schemes chosen by them or maintained in the company.

– *Defined contribution plans*

The Group participates in pension plans with a defined contribution and subject to public management. The contributions paid fulfils the Group's obligation to its employees. The contributions are costs recognised in the period in which the benefit is earned.

– *Share-based payments*

Top executives and some managers of the Company may receive part of their remuneration in the form of share-based payments. Under IFRS 2 these are considered equity settled plans. The vesting of the right to payment is related to a vesting period during which the managers must perform their work as employees. Therefore, during the vesting period, the present value of share-based payments at the grant date is recognised in the statement of profit or loss as cost with a balancing entry under a specific equity reserve. Changes in the present value after the grant date have no effect on the initial measurement. In particular, the cost corresponds to the present value of the options at the grant date and is recognised under personnel expense, based on a straight-line method over the period between the grant date and the vesting date, with a balancing entry recognised as equity.

Provisions for risks and charges, contingent assets and liabilities

Provisions for risks and charges represent probable liabilities of uncertain amount and/or maturity derived from past events whose fulfilment will involve the use of financial resources. Provisions are made exclusively for an existing obligation, either legal or implicit, deriving from past events, provided that a reliable estimate of the obligation can be made at the reporting date. The amount taken as a provision is the best estimate of the necessary cost to meet the obligation at the reporting date. The provisions made are re-assessed on each reporting date and adjusted in order to represent the best current estimate.

Where it is envisaged that the financial disbursement related to the obligation will take place beyond the normal payment terms, the amount of the provision is represented by the present value of future payments expected for the settlement of the obligation.

Contingent assets and liabilities are not recognised in the consolidated financial statements. However, information is provided for those of a significant amount.

Income taxes for the year

Current income taxes are determined based on the estimated taxable income for the year according to the enacted legislation and at the tax rates in force at the end of the reporting period.

The tax rates and the tax rules to calculate the tax charge are those enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and where it generates taxable income.

Current taxes for transactions or events outside the statement of profit or loss are also recognised outside the statement of profit or loss and, therefore, in other comprehensive income, consistent with the transaction or event to which they refer.

Deferred taxes are calculated for all temporary differences between the carrying amounts of assets and liabilities and their tax base (the liability method). Deferred taxes are calculated using the tax rates expected to apply when the temporary differences will be realised or settled.

Current and deferred taxes are shown in the Statement of Profit or Loss except where they refer to items directly taken to the statement of comprehensive income.

Deferred tax assets are recognised for all deductible temporary differences and for carried forward tax assets and liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The carrying amount of deferred tax assets is revised at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be used. Deferred tax assets not recognised are revised at each reporting period and are recognised to the extent that it is considered probable that there will be sufficient taxable income to allow the recovery of these deferred tax assets.

Guarantees and contingent liabilities

They highlight the commitments undertaken, the guarantees given as well as the assets received on deposit for various reasons in respect of third parties not included within the scope of consolidation. Contingent liabilities are recognised at nominal value. Financial guarantees are recognised at their fair value under liabilities; other guarantees are recognised under provision for risks when they are included in the criteria for recognition.

<u>Revenue and costs</u>

The recognition of revenue from contracts with customers is performed by applying a model based on five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations provided in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligation; (v) recognition of revenue when (or as) the individual performance obligation is satisfied.

Revenue from contracts is recognised according to the stage of completion of the contract.

Costs are accounted for on an accruals basis.

Alongside the development of the five-step model, IFRS 15 deals with topics such as contract costs and modifications as well as disclosure.

The application procedures followed by the Group in applying IFRS 15 are summarised below.

Identifying the contract with the customer

A contract with a customer is identified and measured in accordance with IFRS 15 following the binding signing of the contract, which determines the mutual obligations between the TREVI Group and the customer.

The following conditions provided for in paragraph 9 of IFRS 15 are taken into consideration when identifying the contract:

(a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

(b) the entity can identify each party's rights regarding the goods or services to be transferred;

(c) the entity can identify the payment terms for the goods or services to be transferred;

(d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

(e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Identifying the performance obligation and allocating the transaction price

IFRS 15 defines "performance obligation" as a promise with a customer to transfer:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In contracts with customers of the TREVI Group, the performance obligation is usually represented by the work as a whole. Although the individual performance obligations provided for in the contract may be distinct in nature, in the context of the contract they are characterised by strong interdependence and integration aimed at transferring the infrastructure as a whole to the customer. In cases where several performance obligations are identified within the same contract, it is necessary to allocate the appropriate portion of the transaction price to the individual performance obligations in accordance with IFRS 15. In the commercial practices of the TREVI Group, contracts with customers usually specify in detail the price components for each contractual item (price observable from the contract).

Determining the timing of satisfaction of performance obligations and recognition of revenue

Under IFRS 15, revenue is recognised when (or as) an entity satisfies a performance obligation by transferring a promised good or service to a customer (the asset). An asset is transferred when (or as) the customer obtains control of that asset. The Trevi Group's contracts with customers are usually long-term contracts that include obligations to be satisfied over time based on the progress towards completion and transfer of control of the asset to the customer over time.

The reasons why recognition of revenue over time is considered the correct approach are:

▪ the customer controls the asset as it is constructed (the asset is built directly in the area made available by the customer);

▪ the asset under construction does not have an alternative use and the TREVI Group has an enforceable right to payment for its performance completed to date over the contract term.

IFRS 15 requires that progress towards satisfaction of a performance obligation be measured using the method that best represents the transfer of control of the asset under construction to the customer. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer. The Group considers its market sector and the complex mix of goods and services it provides when it selects the appropriate revenue recognition method.

IFRS 15 provides for two alternative methods to recognise revenue over time:

a) Output method;

b) Input method

Output methods recognise revenue on the basis of direct measurements of the value of the goods or services transferred to date (e.g., surveys of performance completed to date, milestones reached, units delivered, etc.).

Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs. The most appropriate method for measuring revenue is the cost to cost method calculated by applying the percentage of completion (the ratio of costs incurred to total estimated costs) to contract revenue. The calculation of the ratio of costs incurred to estimated costs only considers costs that contribute to the actual transfer of control of the goods and/or services. This method allows the objective measurement of the transfer of control to the customer as it considers quantitative variables related to the contract as a whole. When choosing the appropriate method for measuring the transfer of control to the customer, the "physical measurement" criterion is applied to determine the percentage of completion of "Foundations Segment" contracts.

Determining the transaction price

Given the engineering and operating complexities, the size and length of time involved in completing the contracts, in addition to the fixed consideration agreed in the contract, the transaction price also includes additional consideration, whose conditions need to be assessed. Specifically, considerations deriving from claims are additional considerations requested as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in riders. The measurement of the additional consideration is subject to a high level of uncertainty, given its nature, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial bodies. This type of consideration is regulated by IFRS 15 as "contract modifications". The standard provides that a contract modification exists if it is approved by the parties to the contract. IFRS 15 provides that a contract modification could be approved in writing, by oral agreement or implied by customary business practices. A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification. In this case, it shall be assessed if the rights to the consideration are provided for contractually, generating an enforceable right. Once the enforceable right has been identified, in order to recognise the claims and amount of the additional consideration requested, the Group applies the guidance about the "Variable Consideration" given in IFRS 15. Therefore, in order to adjust the transaction price to include the additional consideration arising from the claims, it is necessary to decide whether it is highly probable that the revenue will not be reversed in the future. All the relevant aspects and circumstances, such as the contract terms, business and negotiating practices of the sector or other supporting evidence are taken into account when taking the above decision.

Penalties

Contracts with customers may include penalties due to non-compliance with certain contract terms (such as, for example, non-compliance with delivery times). When the contract penalties are "reasonably expected", the transaction price is reduced accordingly. All the indicators available at the reporting date are analysed to assess the probability of a contract default that would lead to the application of penalties.

Losses to complete

IFRS 15 does not specifically cover the accounting treatment of loss-making contracts but refers to IAS 37, which regulates the measurement and classification (previously covered by IAS 11) of onerous contracts. IAS 37 provides that an onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract shall be recognised and measured as a provision when the loss is probable based on the most recent forecasts prepared by Management. The unavoidable costs are all those costs that: ▪ are directly proportionate to the contract and increase the performance obligation transferred to the customer; ▪ do not include those costs that will be incurred regardless of satisfaction of the performance obligation; ▪ cannot be avoided by the company through future actions. Measurement of any loss-making contracts (the onerous test) is performed at individual performance obligation level. This approach best represents the different contract profits or losses depending on the nature of the goods and services transferred to the customer.

Incremental costs of obtaining a contract

IFRS 15 allows an entity to recognise the incremental costs of obtaining a contract as an asset if it expects to recover those costs through the future economic benefits of the contract. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred (costs not explicitly chargeable to the customer). The incremental costs are recognised as an asset (contract costs) and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods or services to the customer.

Costs to fulfil a contract

Under IFRS 15, an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: ▪ the costs relate directly to a contract; ▪ the costs generate and enhance resources of the entity that will be used in satisfying performance obligations; and ▪ the costs are expected to be recovered. It is the practice of the TREVI Group's sector that these costs usually consist of pre-operating costs that are recognised by customers and included in precise contract items or are not explicitly recognised and are covered by the contract profit. Formal recognition of these costs implies that, when they are incurred, control of the asset provided for in the contract is transferred. Therefore, they cannot be recognised as assets and contribute to the stage of completion. When the contract does not provide for their explicit recognition and the above three criteria are met, the pre-operating costs are recognised as assets and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods and/or services to the customer. In addition, IFRS 15 defines all those costs that, by their nature, do not contribute to the stage of completion as, although they are referred to in the contract and can be recovered, they do not contribute to generating or enhancing the resources that will be used to satisfy the performance obligations or to transfer of control of the good and/or service to the customer.

Presentation in the financial statements

Contract assets and liabilities are presented in the statement of financial position items "Trade receivables and other current assets" and "Trade payables and other current liabilities", respectively under assets and liabilities. The classification in line with IFRS 15 depends on the relationship between the TREVI Group's performance obligation and payment by the customer. These items show the sum of the following components analysed individually for each customer: (+) Amount of work performed calculated using the cost-to-cost method pursuant to IFRS 15 (-) Progress payments and advances received (SAL) (-) Contractual advances. When the total is positive, the net balance is recognised as "Trade receivables and other current assets". If it is negative, it is recognised as "Trade payables and other current liabilities". When the amounts represent an unconditional right to payment of the consideration, they are recognised as financial assets. The TREVI Group's statement of profit or loss includes a revenue item "Revenue from sales and services" that is presented and measured in accordance with the new standard. The item "Other operating revenue" includes income from transactions other than contracts with customers and is measured in line with other standards or the Group's specific accounting policy elections. It includes income related to gains on the sale of non-current assets, income on cost recharges, prior year income and income from the recharging of costs of Italian consortia and consortium companies. With respect to the last item, the TREVI Group's activities involve its participation in numerous Special Purpose Entities that, especially in Italy, use the consortium structure, which works using a cost recharging system. Under IFRS 10 and IFRS 11, these entities have been classified as subsidiaries, associates and joint ventures. As this income does not arise on the performance of the activities foreseen in the construction contract and does not derive from contractual transactions with the customer, it is recognised among "Other operating income".

Financial income and expense

Financial income and expense are recognised in the statement of profit or loss on an accruals basis and using the effective interest method.

Interest income on all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale is calculated using the effective interest method, which discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the carrying amount of the financial asset or liability. Interest income is recognised under financial income in the statement of profit or loss.

Dividends

These are recognised when the right of the Shareholders to receive the payment is established, usually the year in which the Shareholders decide on the distribution of dividends.

Dividends distributed to Shareholders are recognised as a liability in the Financial Statements of the year in which the distribution is approved by the Shareholders.

Earnings per share

Basic earnings per share are calculated by dividing the share of the Group's profit or loss attributable to the ordinary shares by the average weighted number of outstanding ordinary shares, excluding any treasury shares.

Diluted earnings per share are calculated by dividing the profit or loss attributable to the owners of the Company by the average weighted number of outstanding shares, taking into account the effects of all dilutive potential ordinary shares.

Non-current assets held for sale and discontinued operations

A discontinued operation is a component of the Group whose operations and financial flows are clearly distinguishable from the rest of the Group that:

- represents a separate major line of business or geographical area of operations;

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinued at the time of sale, or when it meets the conditions for classification in the “held for sale category”, if earlier.

When an operation is classified as discontinued, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

Criteria for translating foreign currency items

Receivables and payables in currencies other than Euro are originally translated into Euro at the historical rates prevailing on the date of the relevant transactions.

Exchange differences realised on the payment of receivables or the settlement of payables in foreign currencies are recognised immediately in the Statement of Profit or Loss.

Assets and liabilities in currencies other than Euro, excluding plant, property and equipment as well as intangible assets and equity investments, are calculated using the exchange rate prevailing at the end of the reporting period and any relevant exchange gains or losses are recognised in the Statement of Profit or Loss. Forward currency contracts are used to cover the fluctuation risk of foreign currencies. The foreign subsidiaries of Trevi S.p.A. draw up accounts in the currency of the main economic area in which they operate (the functional currency). At the end of the reporting period, the amounts of the financial statements expressed in local currencies are translated using the exchange rates at the end of the reporting period published on the website of the Ufficio Italiano Cambi and any differences arising are recognised in the Statement of Profit or Loss

Use of estimates

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

The application of these estimates and assumptions affects the amounts recognised in the Financial Statements, including the statement of financial position, the statement of profit or loss and the statement of cash flows, as well as the disclosure provided. Actual results may differ from these estimates and assumptions given the uncertainty surrounding the assumptions and conditions on which the estimates are based.

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

- Impairment losses on non-current assets;
- Contract work in progress;
- Development costs;
- Deferred tax assets;
- Loss allowances;
- Employee benefits;
- Loans and borrowings and bonds;
- Provisions for risks and charges.

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

Impairment losses on financial assets and financial guarantees

Impairment applies to all financial assets measured at Amortised Cost and Fair Value through Other Comprehensive Income (FVOCI), while those at Fair Value through Profit or Loss are excluded. In addition, the following types of instruments also fall within the scope of application:

- Loan Commitments;
- Lease receivables;
- Contract assets;
- Financial guarantees included in IFRS 9.

Financial guarantees not measured at Fair Value through Profit or Loss within the scope of the provisions of IFRS 9 regarding impairment.

The definition of financial guarantee remains unchanged with respect to what was already provided for in IAS 39:

"*A financial guarantee represents a contract in which the Company is required to honour the contractual obligations of a third party when the latter fails to reimburse its creditor*".

The Company recognises financial guarantees in the Financial Statements at fair value on the date of initial recognition or on the date on which they become part of the contractual clauses. Financial guarantees are then subject to impairment; therefore, at subsequent measurement dates, their carrying amount will be equal to the higher of the initial carrying amount, net of any amortisation of costs, and the expected credit loss determined in accordance with the new provisions of IFRS 9.

The general rule of impairment provided for by IFRS 9 aims at representing the deterioration or improvement in credit quality in the financial assets held by the Company. The way in which the amount of expected loss recognised is calculated depends, therefore, on the change in credit risk from the initial recognition of the asset to the measurement date.

Therefore, at each reporting date, the Company will recognise the loss allowance by distinguishing between different placement stages that reflect the creditworthiness of the counterparty, in particular:

- **Stage 1 -** for assets that have not significantly increased credit risk since initial recognition, an allowance must be recognised to reflect the 12-month ECL, i.e., the probability that default events will occur in the following 12 months (IFRS 9 § 5.5.5);
- **Stage 2 -** for assets that, on the other hand, have undergone a significant increase in credit risk since initial recognition, an allowance must be recognised that reflects lifetime ECL, i.e., the probability that default events will occur over the life of the instrument (IFRS 9 §. 5.5.3).
- **Stage 3 -** for assets with actual evidence of impairment, the allowance must reflect an impairment representative of lifetime ECL, with a probability of default of 100% (IFRS 9 § 5.5.3).

In addition, IFRS 9 § 5.5.15 also provides for the possibility of adopting a simplified approach to the calculation of expected losses exclusively for the following categories:

- Trade receivables and Contract Assets that:
    - do not contain a significant financing component; or
    - contain a significant financing component but the Company chooses as its accounting policy to measure lifetime expected credit losses.
- Lease receivables.

The simplified approach starts with the general approach but does not require the Company to monitor changes in counterparty credit risk as the expected loss is always calculated on a lifetime basis.

The impairment model described in this operating instruction was applied to all financial assets as defined by IFRS 9. Below are the main features of the approaches adopted by the Group and envisaged by IFRS 9: Simplified Approach and General Approach.

Simplified approach

The simplified approach was adopted by the Group with regard to:

- trade receivables (including invoices to be issued);
- contract assets ("work in progress" assets net of advances received);
- receivables for advances to suppliers.

For these cases, the rules of the simplified approach set out in IFRS 9 were applied, calculating the loss allowance using the product of the following factors:

- **EAD - Exposure at Default***:* accounting exposure at the measurement date;
- **PD - Probability of Default***:* the probability that the exposure may go into default and therefore not be repaid. The counterparty-specific probability of default was taken into account as the driver for determining the probability of default of the exposure. In particular, the PD was determined using external sources (info-providers) and where the specific data of the counterparty being assessed was not present, an expressive PD of the market segment to which the counterparty belongs or, in the case of an unrepresentative sample, the average PD representative of the loan portfolio was applied as the last alternative. For exposures to government counterparties, the PD used is that relating to the reference country of the counterparty;
- **LGD - Loss Given Default:** expected percentage of loss in case of creditor default. The IFRS 9 impairment model provides for the possibility to calculate internally the identified parameter of the expected loss in case of default. As an alternative to the latter, given the impossibility of reconstructing a historical database adequate for the calculation of LGD, the Group decided to adopt the standard parameter defined for banking regulations and equal to 45%.

For financial assets falling under the simplified approach, the default period was identified on the basis of the collection statistics for the assets falling under the scope. Therefore:

- for "performing" positions, i.e., those not past due, with exclusive reference to trade receivables and invoices to be issued, the PD is defined over a reference time horizon of 60 days, consistent with the average payment term horizon agreed by the Group on the basis of:
    - the different geographical areas in which the individual legal entities of each division operate whose average payment terms differ but deviate from an average Group horizon of 2 months;
    - the characteristics of the business in which the Company operates and the characteristics of the trade receivables which, for the majority of the receivables issued, require a delay of payment in the short term;
- for positions past due within the default period (set at a threshold of 360 days from the due date of

the receivable), the PD is expressed with a time horizon of 1 year. The Group agreed to apply a default threshold different from that defined by IFRS 9 (i.e., 90 days past due), rejecting this presumption (see IFRS 9, paragraph B5.5.37) on the basis of:

- the obvious delays in payments by its customers, which very often occur more than 90 days after the expiry of the document;
- any delays in payments due to the characteristics of the business in which the Company operates and, more specifically, from potential delays in the supply of goods and services that the Group offers its customers, generating a balance from customers only at the conclusion of a service, rather than the physical delivery of a good. Specifically:
    - temporary payment difficulties of public administrations;
    - a slowdown in sales of goods under construction;
    - objective difficulties in collecting payments from customers in certain countries dictated by contingent situations of a legislative or currency nature;
    - temporary impediments due to the relationship between customer and supplier that develops during a job order;
    - a due date that is not easy to determine in the case of payments of retentions or sums previously subject to litigation.

With regard to the individual divisions of the group: for the Soilmec division, sales are mainly made through dealers/agents with whom there is a "line of credit" that is regularly monitored. Expired items are in any case subject to warranty by means of the machines in stock at the dealer's yard. On sales, moreover, except for a few cases, payment is made at the same time as the delivery of the equipment or with an agreed extension for particular customers with whom there is a "historical" relationship.

For these reasons, the Group extended the recognition of a default by opting for the application of a threshold of 1 year, considering the exceeding of this threshold as an identification of the counterparty's real difficulty in meeting its debtor commitments, generating a failure to collect the receivable for Group companies.

- for positions past due beyond the default period, on the other hand, the PD has been set at 100%.

The model for measuring the impairment of contract assets and advances to suppliers, similar to that defined for trade receivables past due but not in default, provides for the application of an expressive PD with a time horizon of 1 year.

However, the application of quantitative rules for the calculation of the loss allowance may be followed by the application of a specific allowance percentage for certain positions (i.e., customers) based on management experience and/or specific qualitative information available.

General approach

On the other hand, with regard to the items subject to IFRS 9 impairment that present the conditions for the application of the General Approach, the Company defined an Expected Credit Loss method for each credit quality cluster defined for these exposures.

Financial guarantees

As mentioned above, the general approach provides that the definition of the parameters used to calculate the amount of expected loss recognised depends on the change in the credit risk that the asset has undergone since initial recognition at the measurement date.

In assessing the increase in credit risk, the Group took into account all reasonable and acceptable information that was available or that can be obtained without incurring excessive costs.

The Standard also provides an illustrative list of variables that can be considered as drivers for the increase in credit risk and that can be divided into: macroeconomic data (changes in regulations, political instability), counterparty data (deterioration in financial results, credit rating downgrade), market data (CDS, credit spread, rating) and contract data (collateral impairment, unfavourable contract changes).

Consequently, the calculation of impairment on these items was carried out in accordance with the following rules:

- **Stage Allocation**: the stage allocation of the Company's financial guarantees was driven by qualitative and quantitative drivers, by means of information provided by external sources (info providers), the change in the probability of default and covenants set in several agreements with the Lending Banks of the Group.
  On the basis of the parameters used for stage allocation purposes, the financial guarantees provided by Trevi Finanziaria S.p.A. to the companies belonging to the divisions of the Group, were classified within the cluster identifying an increase in credit risk from the initial recognition date such as to recognise an allowance reflecting the lifetime ECL., i.e., the probability that default events will occur over the life of the instrument.

- **Calculation of the expected loss**: as described for the Group's trade receivables, the calculation of the Expected Credit Loss for the positions relating to the financial guarantees issued was carried out using the product of the three risk parameters:
    - **PD – Probability of Default** the division belonging to the company for which the guarantee was issued by the Company was taken into account as the driver for determining the probability of default of the exposure. In particular, the PD was determined using

external sources (info-providers) and where the specific data of the company being assessed was not present, an expressive PD of the market segment to which the division belongs was applied.

- **LGD – Loss Given Default**: the Group decided to adopt the standard parameter defined for banking regulations and equal to 45%., as the identified parameter of the expected loss in case of default.
- **EAD – *Exposure at Default***: equal to the amount of the guarantee issued.

IAS 29 *Financial Reporting in Hyperinflationary Economies*

In Argentina and Venezuela, following a long period of observation of inflation rates that over the last three years exceeded 100%, a global consensus was reached during 2018 regarding the occurrence of the conditions that led to the presence of hyperinflation in accordance with International Financial Reporting Standards. As a result, all companies operating in Argentina and Venezuela applied IAS 29 - "*Financial reporting in hyperinflationary economies*" when preparing their financial reports.

New standards, amendments and interpretations

By Regulation (EU) No. 2021/1080 of 28 June 2021, published in the Official Journal of the European Union on 2 July 2021, the following documents published by the IASB Board on 14 May 2020 were adopted:

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Improvements to IFRSs - 2018-2020 cycle (Amendments to IFRS 1, IFRS 9 and IAS 41)*

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The objective was to outline the accounting treatment of proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management (the so-called testing phase).

The IASB Board clarified that proceeds from selling items produced from an asset during the period before the date on which the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management should be recognised in profit/(loss) for the period. As a result of the above amendment, proceeds from selling items produced before the asset is available for use, for example, deriving

from the sale of samples produced during the testing of the proper functioning of the asset, will no longer deducted from the cost of an item of property, plant and equipment.
Items produced prior to being sold are recognised as inventories in accordance with IAS 2 Inventories; the cost of production exclude the depreciation of the asset from which they were produced, as the latter is not yet subject to depreciation.
The notes shall disclose the amount of revenue and costs related to the items produced, which are not outputs of ordinary activities, and the Statement of Profit or Loss items in which such revenue and costs are included (if they are not presented separately in the financial statements).
Retrospective application is permitted only for assets that have come into use, as intended by management, since the first comparative period presented. The effect of the first-time application is recognised in the opening equity of the first comparative period presented.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The IASB Board clarified that costs necessary to fulfil a contract include all costs directly related to the contract and therefore include:

- incremental costs, i.e., costs which would not have been incurred in the absence of the contract (e.g., raw materials, direct labour costs, etc.);
- an allocation of other costs that relate directly to fulfilling contracts (e.g., depreciation of assets used to fulfil the contract).

The IASB Board also confirmed that, before a separate provision for an onerous contract is established, an entity should recognise any impairment losses on non-current assets and clarified that impairment losses should be determined by reference not only to assets used in fulfilling the contract, but also to other assets that are partially used in fulfilling the contract.

Retrospective application is permitted for contracts whose fulfilment has not yet been completed at the beginning of the reporting period in which the amendments to IAS 37 are applied. The effect of the first-time application is recognised in opening equity without restatement of comparative figures.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In March 2018, the IASB Board published the new "Conceptual Framework for Financial Reporting" ("Conceptual Framework"), which replaced the previous "Framework for the Preparation and Presentation of Financial Statements", published in 2001 and partially revised in 2010. Not being an accounting standard, the Conceptual Framework is not subject to endorsement by the European Union.

Following the publication of the new Conceptual Framework, the IASB Board initiated a two-stage project to update references to the new Conceptual Framework in the various international accounting standards and interpretations. The amendments update the reference in IFRS 3 to the Conceptual Framework in the revised version without resulting in any changes to the provisions of the standard.

IFRS 3 requires compliance with the definitions included in the Conceptual Framework as a general condition for recognising the acquiree's assets and liabilities.

With the amendment to IFRS 3, the new definitions of assets and liabilities in the new Conceptual Framework published in March 2018 shall be used to identify the assets and liabilities of the acquiree, with the sole exception of liabilities assumed in the acquiree that, after the acquisition date, are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. The purpose of this exception is to prevent an acquirer from recognising a contingent liability or contingent asset based on the new Conceptual Framework definition and then derecognising it by applying the recognition criteria in IAS 37 and IFRIC 21 Applying the new Conceptual Framework's definition of a liability, an acquiring entity would, for example, have had to recognise a liability at the date of acquisition of the business with respect to the acquiree's obligation to pay a tax other than income taxes, because it represents a "present obligation to transfer economic resources as a result of past events that the entity does not have the ability to avoid"; if the obligating event that gives rise to the liability has not yet occurred, the liability would have to be derecognised after the business combination in accordance with IFRIC 21.

Early application is permitted if all other changes to the references to the new Conceptual Framework published in March 2018 are applied.

Improvements to IFRSs - 2018-2020 cycle (Amendments to IFRS 1, IFRS 9 and IAS 41)

Improvements to IFRS Standards are the result of the annual improvement process aimed at resolving non-urgent issues related to inconsistencies or unclear terminology identified in IFRSs.

- *IFRS 1 First-time Adoption of IFRS Accounting Standards - Controlled Entities as First-time Adopters.* Controlled entities, associates or joint ventures that apply IFRS Accounting Standards for the first time after their parent/participant have the option, at the date of transition, to measure their assets and liabilities at the same amounts as in the consolidated financial statements of the parent/participant, net of any effects arising from consolidation procedures or equity method. If the above exemption is applied, the entity has the option, at the date of transition, to recognise the translation reserve at the same amount as in the consolidated financial statements of the parent/investor.
- *IFRS 9 Financial Instruments - Fees in the "10 per cent" Test for Derecognition of Financial Liabilities*
  A change in the contractual terms of a financial liability is material if the modified cash flows, including any fees paid net of any fees received, discounted using the original effective interest rate, differ by at least 10% from the present value of the cash flows before the change. Only fees paid or received between the entity being financed and the lender and fees paid or received by the financed entity or by the lender on behalf of the other party shall be included in the 10% test.
- *Illustrative Examples Accompanying IFRS 16 Leases - Lease Incentives*

The amendment removed from Illustrative Example No. 13 of IFRS 16 the accounting treatment in the lessee's financial statements of a reimbursement received from the lessor for leasehold improvements because the conclusion in the example was not supported by an adequate explanation. In the illustrative example, the reimbursement was not considered a lease incentive but was to be accounted for in accordance with other Standards, although IFRS 16 defines "lease incentives" as "payments made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee".
The amendment has not been endorsed by the EU because the illustrative examples are not an integral part of IFRS 16.

- *IAS 41 Agriculture - Taxation in Fair Value Measurements*
  It has been clarified that tax-related cash flows need not be excluded n measuring the fair value of biological assets. This change stems from the fact that in practice the discount rate used by market participants is usually a post-tax rate and, consequently, the discounted cash flows must also be post-tax.

Below is a list of the documents applicable as of the financial statements for annual reporting periods beginning on or after 1 January 2022 described above:

Listed below are the accounting standards, amendments and interpretations applicable as of 1 January 2022:

Document title	Issuance date	Effective date	EU endorsement Regulation date (date of publication on the OJEU)
Reference to the Conceptual Framework (Amendments to IFRS 3)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Improvements the annual to IFRSs (2018-2020 cycle) (Amendments to IFRS 1, IFRS 9 IFRS 16 (*) and IAS 41)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)

(*) The amendment to IFRS 16 has not been endorsed by the European Union as it relates to an illustrative example that is not an integral part of the Standard.

New accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2023.

By Regulation (EU) No. 2022/357 of 2 March 2022, published in the Official Journal of the European Union on 3 March 2022, the following documents published by the IASB Board on 12 February 2021 were adopted:

- *Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements)*

- *Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements)

With the Amendments to IAS 1, the IASB Board established guidelines for selecting accounting policies to be described in the notes to the financial statements.

IAS 1, prior to the amendments, required entities to disclose information on adopted significant accounting policies, causing difficulty and confusion among preparers and primary users of financial statements as IFRS Standards lack a definition of "significant".

However, IAS 1 provides a definition of "material" and, therefore, the IASB amended IAS 1 to clarify that an entity must disclose in the notes to the financial statements material information about the accounting policies it has adopted and not describe all significant accounting policies. The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that information about an accounting policy is material to its financial statements.

The "specific" requirement to describe the accounting policies adopted in preparing the financial statements has been eliminated, as this disclosure requirement is already included in the "general" requirement to provide material information about accounting policies.

As a result of the Amendments to IAS 1, the following accounting standards were also adjusted to align the disclosure requirements on accounting policies with the provisions of IAS 1 described above:

- IFRS 7 *Financial Instruments: Disclosures*
- IAS 26 *Recognition and Reporting by Retirement Benefit Plans*
- IAS 34 *Interim Financial Reporting*

The Amendments to IAS 1 will become effective for annual reporting periods beginning on or after 1 January 2023 and early application is permitted.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

The objective of the Amendments to IAS 8 is to resolve the interpretative difficulties encountered in practice in distinguishing "changes in accounting estimates" from "changes in accounting policies", for which different accounting treatments are provided:

- the effects of a change in accounting estimates are generally recognised prospectively in the financial statements;
- the effects of a change in accounting policies are generally recognised retrospectively.

The current IAS 8 provides an insufficiently clear definition of "change in accounting estimates", as it lacks a specific definition of "accounting estimates". For this reason, the Amendments to IAS 8 have focused, on the one hand, on developing a new definition of "accounting estimates" and, on the other hand, on clarifying the relationship between "accounting estimates" and "accounting policies".

The Amendments to IAS 8 will become effective for financial statements of financial years beginning on or after 1 January 2023 and must be applied prospectively. Earlier application is permitted.

- By Regulation (EU) No. 2022/1392 of 11 August 2022, the document "*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes*)" was endorsed and published by the IASB Board on 7 May 2021.

The Amendments to IAS 12 clarify the accounting treatment of deferred taxes (“DTA/DTL”) relating to assets and liabilities recognised in the Statement of Financial Position as a result of a single transaction, whose carrying amounts differ from their tax values.

The IASB Board has clarified the following:

- the exceptions to the initial recognition of deferred tax assets and liabilities do not apply if a single transaction results in a taxable and deductible temporary difference of equal value being recognised;
- deductible and taxable temporary differences must be calculated by considering separately the asset and liability recognised in the Statement of Financial Position as a result of a single transaction and not on their net value. Deferred tax assets related to deductible temporary differences, determined as indicated above, are recognised in Statement of Financial Position only if deemed recoverable.

Finally, the IASB Board clarified that if taxable and deductible temporary differences relating to the initial recognition of an asset and a liability as a result of a single transaction have a different value, an entity should not recognise the assets and liabilities for deferred taxes, as their initial recognition would result in an initial adjustment to the carrying amount of the asset or liability to which they relate, making the financial statements less transparent.

The Amendments to IAS 12 become effective with financial statements for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted by providing adequate disclosure in the notes to the financial statements.

The transitional provisions for the first-time application of the Amendments to IAS 12 provide as follows:

- the Amendments to IAS 12 are to be applied to all transactions entered into from the opening date of the earliest comparative period presented;
- at the beginning of the earliest comparative period presented, the entity shall recognise as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) deferred tax assets, if deemed recoverable, and deferred tax liabilities in respect of all deductible and taxable temporary differences associated with:
    - right-of-use assets and lease liabilities; and
    - decommissioning, restoration and similar liabilities and corresponding amounts recognised as part of the cost of the related asset.

The above transitional provisions are also applicable to entities that prepare their financial statements in accordance with IFRSs for the first time (“first-time adopter”). In this case, the opening date of the first comparative period presented coincides with the date of transition to IFRSs (“transition date”).

- *Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17 Insurance Contracts).*

Starting with financial statements for annual accounting periods beginning on or after 1 January 2023, IFRS 17 Insurance Contracts, which is the new accounting standard, replacing IFRS 4, applicable to the recognition, measurement, presentation and disclosure of insurance contracts issued by an entity and/or reinsurance contracts held by an entity, will become effective.

Entities mainly engaged in the insurance business and which, as of 1 January 2018, had exercised the option to defer the application of IFRS 9 *Financial Instruments*, while continuing to apply the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for the recognition, measurement and presentation of financial instruments, will be required to apply both IFRS 17 and IFRS 9 for the first time from 1 January 2023.

The Amendments to IFRS 17 are intended to eliminate accounting mismatches that may arise in comparative financial statement data as a result of the first-time application of IFRS 17 and IFRS 9.

The transitional provisions of IFRS 17 provide that the new standard must be applied retrospectively for the first time with restatement of comparative figures, unlike the transitional provisions of IFRS 9, which do not provide for the obligation to restate comparative figures and, in particular, do not require the application of the new provisions of IFRS 9 with reference to the classification and measurement of financial assets, if such financial assets have been derecognised under IAS 39 during the comparative period.

In particular, with the Amendments to IFRS 17, the IASB Board included among the transitional provisions of IFRS 17 a new option, called "*classification overlay*", which allows insurance entities that apply IFRS 17 and IFRS 9 at the same time to classify and measure insurance-related financial assets in the comparative financial statements according to the requirements of IFRS 9.

- By Regulation (EU) No. 2021/2036 of 19 November 2021, the European Commission endorsed IFRS 17 *Insurance Contracts*, as published by the International Accounting Standards Board on 18 May 2017 and subsequently amended on 25 June 2020.

IFRS 17, which replaces IFRS 4 *Insurance Contracts*, is effective for annual accounting periods beginning on or after 1 January 2023 Earlier application is permitted for entities that already apply IFRS 9 *Financial Instruments* or begin applying this standard from the date of the first-time application of IFRS 17.

The main changes introduced by the new standard include, in particular:

- valuation of technical provisions at, essentially, current values;
- transformation of the estimate of the expected profit from insurance contracts into a measure with accounting amount; IFRS 17 introduces the concept of expected profit from insurance contracts, which must be recognised in profit/(loss) for the year over the duration of the contract;
- introduction of the concept of "portfolio of insurance contracts", which in turn is subdivided into "groups of insurance contracts";
- new presentation of profit/(loss) for the year in the statement of profit or loss, which is significantly different from the past and more aligned with a "margin" logic.

Below is a list of the New Accounting Standards, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2023:

Document title	Issuance date	Effective date	EU endorsement Regulation date (date of publication on the OJEU)
Disclosure of Accounting Policies (Amendments to IAS 1)(*)	12 February 2021	1 January 2023	(EU) 2022/357 of 2 Mar 2022 (3 Mar 2022)
Disclosure of Accounting Policies (Amendments to IAS 8)	12 February 2021	1 January 2023	(EU) 2022/357 of 2 Mar 2022 (3 Mar 2022)
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	07 May 2021	1 January 2023	(EU) 2022/1392 of 11 Aug 2022 12 Aug 2022
IFRS 17 Insurance contracts (**) (including amendments of 25 June 2020)	18 May 2017 25 June 2020	1 January 2023	(EU) 2021/2036 of 19 Nov 2021 (23 Nov 2021)
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17).	09 December 2021	1 January 2023	(EU) 2022/1491 of 8 Sep 2022 (9 Sep 2022)

(*) The document published by the IASB Board includes amendments to "IFRS Practice Statements 2 - Making Materiality Judgements" which is not subject to EU endorsement as it is not an accounting standard or interpretation.

RISK MANAGEMENT

The risk management process is aimed at ensuring a proper management of the main threats and opportunities with respect to the objectives of the Group Business Plan shown below.

Aims, management strategies and identification of financial risks

The Company's Finance Department and the Finance Managers of the individual subsidiaries manage the finance risks to which the Group is exposed, in accordance with the directives contained in the Group's Treasury Risks Policy.

The Group's financial assets are mainly represented by cash and short-term deposits, directly derived from operating activities.

Financial liabilities, on the other hand, include bank loans, bonds and finance leases, the main function of which is to finance operations.

The risks generated by these financial instruments are represented by interest rate risk, currency risk, liquidity risk and credit risk.

The Trevi Group carries out a systematic monitoring activity of the financial risks mentioned above, being allowed to use derivatives to minimise these risks only after the effectiveness of the new Restructuring Agreement. However, at the present time, there are no lines of credit for financial instruments.

The definition of the optimal composition of debt structure between the fixed rate component and the variable rate component is established at a consolidated level. The management of currency, liquidity and interest rate risks is performed primarily by the Company and the sub-holding companies of the divisions, while credit risk management is delegated to the individual operating companies of the Group.

Liquidity risk

Liquidity risk can manifest itself due to the inability to find, at affordable conditions, the financial resources necessary for the Group's operations. The two main factors that influence the Group's liquidity are on the one hand the resources generated or absorbed by the operating and investing activities and, on the other, the expiry and renewability characteristics of the debt or the liquidity of the financial investments. The liquidity requirements are monitored by the central functions of the Group with a view to guaranteeing an effective retrieval of financial resources and/or an adequate investment of liquidity.

The Group continuously monitors the liquidity situation and draws up the periodic and forecast revolving cash flows prepared by all the Group companies, which are then consolidated and analysed by the Company.

Cash and cash equivalents are partially subject to currency restrictions in some countries in which the Group operates, as detailed in the following table:

Division	Company	Country	Restriction	Eur mln 31/12/2022
Trevi	Treviicos	USA	CRA - Bonding Company (Subject to Covenant)	*9.4*
Trevi	Trevi Foundations Nigeria Ltd	Nigeria	Currency Restrictions	*6.7*
Trevi	Foundation Construction Ltd	Nigeria	Currency Restrictions	*0.2*
Trevi	Swissboring Overseas Piling Corp. Ltd (Dubai)	Dubai	Cash collateral on a revolving line	*3.4*
Total				**19.7**

To date, most of the lines of credit with the Lending Banks are governed by the New Agreement, which was finalised on 16 December 2022, with the conclusion of the capital increase and the debt-to-equity swap of bank debt occurred on 11 January 2023.

The geographical distribution of the Group's cash and cash equivalents at 31 December 2022 is shown below:

Description	31/12/2022	31/12/2021	Change
Italy	16,139	14,031	2,108
Europe (excluding Italy)	3,605	8,630	(5,025)
United States and Canada	21,581	26,870	(5,289)
South America	2,884	4,378	(1,494)
Africa	16,846	14,922	1,924
Middle East and Asia	26,845	6,368	20,477
Far East and Rest of the World	7,065	2,448	4,617
Total	**94,965**	**77,647**	17,318

Loans and borrowings of the Group at the reporting date are broken down as follows:

Short-term loans and borrowings	31/12/2022	31/12/2021	Change
Italy	135,714	188,052	(52,338)
Europe (excluding Italy)	0	0	0
United States and Canada	6,563	6,180	383
South America	467	547	(80)
Africa	110	113	(3)
Middle East and Asia	0	0	0
Far East	6,943	5,457	1,486
Rest of the world	10	786	(776)
Total	**149,807**	**201,135**	**(51,328)**

Medium/long-term loans and borrowings	31/12/2022	31/12/2021	Change
Italy	4,935	5,135	(200)
Europe (excluding Italy)	1,833	1,790	43
United States and Canada	0	0	0
South America	0	0	0
Africa	0	4,142	(4,142)
Middle East and Asia	0	0	0
Far East	1,238	1,630	(392)
Rest of the world	0	0	0
Total	**8,007**	**12,697**	**(4,690)**

The geographical breakdown of all the financial liabilities, including loans and borrowings, finance leases and loans and borrowings from other financial backers, is given in the following tables:

Current financial liabilities	31/12/2022	31/12/2021	Change
Italy	268,604	245,879	22,725
Europe (excluding Italy)	278	824	(546)
United States and Canada	7,378	6,611	767
South America	666	1,288	(622)
Africa	938	457	481
Middle East and Asia	524	1,071	(547)
Far East	7,899	7,911	(11)
Rest of the world	504	881	(377)
Total	**286,791**	**264,921**	**21,870**

Non-current financial liabilities	31/12/2022	31/12/2021	Change
Italy	68,259	74,385	(6,126)
Europe (excluding Italy)	2,367	2,662	(295)
United States and Canada	41	194	(153)
South America	126	132	(6)
Africa	967	4,756	(3,789)
Middle East and Asia	1,428	1,146	282
Far East	1,344	2,117	(773)
Rest of the world	1,077	3	1,074
Total	**75,609**	**85,395**	**(9,786)**

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in the market price. The market price includes four types of risk: interest rate risk, currency risk, raw material price risk and other price risks, as well as price risk on equity securities (equity risk). Financial instruments affected by market risk include loans and financing, deposits, available-for-sale equity investments and derivatives.

Interest rate risk

The exposure to risk of changes in market interest rates is connected to short-term and long-term financing transactions, with a variable interest rate.

At 31 December 2022, following the signing of the New Agreement of 16 December 2022, a large part of the Group loans were with variable interest rate, except for the Bond Issue and some loans of Italian and foreign subsidiaries as shown below:

(In thousands of Euro)

	31/12/2022		31/12/2022
Description	**Fixed rate**	**Variable rate**	**Total**
Loans and leases	93,321	200,045	293,366
Bond issue	50,000		50,000
Total financial liabilities	**143,321**	**200,045**	**343,366**

Following the effectiveness of the New Agreement and in accordance with its application, interests were recalculated retroactively starting from 30 September 2022 at a variable rate of EURIBOR 6 months plus 2% of margin (previously a fixed rate of 2%).

For further details on financial liabilities, reference should be made to the Notes and specifically to point (14), (20) and (21).

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates as these affect its financial position and financial performance. Currency risk exposure can be:

- **Transaction-related**: changes in the exchange rate between the date on which a financial commitment between counterparties becomes highly probable and/or certain or the date of settlement of the commitment, resulting in a variation between expected and actual cash flows;
- **Translation-related**: fluctuations in the exchange rate cause changes in figures of financial statements expressed in a given currency when these are translated into the Company's currency (Euro). These changes do not lead to an immediate deviation between expected and actual cash flows, but to an accounting effect on the Group's consolidated equity. The effect on cash flows only manifests itself if operations are performed on the assets of the Group company that prepares the financial statements in foreign currency.

The Group assesses its exposure to the currency risk; instruments used are the correlation of cash flows of the same currency but of the opposite sign, the decrease in commercial and financial advance loans in the same currency with the sales contract. The Group does not use instruments of an explicitly speculative nature for its hedging against the currency risk. However, if such instruments are used and if derivatives do not meet the conditions required for the accounting treatment of the hedging instruments required by IFRS 9 or the Group decides not to avail of the possibility of hedge accounting, their changes in fair value are recognised in the statement of profit or loss as financial expense/income.

Specifically, the Group can manage transaction-related risks by entering into non-speculative derivatives following the signing of the New Agreement of 16 December 2022: however, at 31 December 2022, there were no lines of credit for managing derivative contracts. Exposure to fluctuations in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular the US dollar and currencies linked to the US dollar. Since there are significant transactions in countries in the Dollar area, the Group's consolidated financial statements may be affected considerably by changes in the Euro/USD exchange rates.

The fair value of a forward contract is determined as the difference between a forward exchange rate of the contract and that of a transaction of the opposite sign of the same amount and with the same maturity, assumed at exchange rates and interest rate differentials at 31 December.

Credit risk

The Group is subject to the risk that the creditworthiness of a financial or commercial counterparty becomes insolvent.

Due to the nature of its activity, divided into several segments, with a marked geographical diversification of the production units and for the plurality of countries in which systems and equipment are sold, the Group has no concentrated customer or country risk. In fact, credit risk is spread over a large number of counterparties and customers.

Credit risk associated with the normal course of commercial transactions is monitored both by the individual companies and by the Group's Finance Department.

The objective is to minimise counterparty risk by maintaining exposure within limits consistent with the creditworthiness assigned to each of them by the various Credit Managers of the Group based on historical information on the insolvency rates of the counterparties themselves.

The Group sells mainly abroad and uses financial instruments available on the market, in particular Letters of Credit, to hedge credit risks and uses prepayment and letter of credit instruments for significant projects.

Risks connected to overseas transactions

The development of economic and geo-political scenarios has always influenced the Group's financial and industrial activities.

The Trevi Group's revenue from overseas transactions maintained a strong trend in terms of consolidation abroad, amounting to approximately 91% of the total revenue. The Group's growth mostly occurred in Middle East, USA, Far East and Africa.

Further details on revenue located in segments with medium to high political and commercial risk - where the risk of insolvency of public and private operators is linked to the geographical segment of origin and is beyond their control - and with risk associated to the origin of a specific financial instrument - dependent on political, economic and social variables - are provided below, with specific reference to the countries where Trevi operates, which are more exposed to this type of risk:

Algeria

In the first half of 2022, Algeria became Italy's largest supplier of natural gas. Its abundant natural gas and oil resources allow the country to offer low costs for electricity and petroleum products. Moreover, the demographic indicators are of interest, considering that the population already exceeds 47 million, with an annual growth rate of almost 2 %. Furthermore, 54 % of the population is under 30 years of age. A young and growing market, projected with its infrastructure also to the African one, which certainly offers excellent opportunities for investors. Algeria's economy is still heavily dependent on hydrocarbons, which account for approximately 93% of exports, 60% of tax revenues and 30% of GDP. Italy has a traditional presence in this segment, as well as in public works. However, alongside the traditional hydrocarbon segment, there are a number of other investment opportunities, such as energy from renewable sources, pharmaceuticals, energy efficiency, mechanics, agro-industry, tourism and start-ups. In this regard, Algeria has initiated a process of economic diversification that will continue in the coming years and, therefore, offers undeniable advantages. In addition to the "non-hydrocarbon" segments, the new investment was adopted aiming at facilitating foreign investment.

Argentina

Argentina, which is one of the most important economies in Latin America, seems to have reached economic collapse. The country had already been in economic recession for two years, with GDP falling between 2% and 3% in 2018 and 2019. Once again, Covid-19 has only exacerbated this precarious situation: Argentina has suffered more than other countries in Latin America and the world from the crisis caused by the pandemic, with GDP falling by just over 10% and inflation rising by 36.1%. Such alarming figures have not been seen since the 2001-2002 *corralino* crisis, considered the worst in Argentine history, when GDP fell by 10.9%. In addition, the prices of basic necessities have now risen by 4%, the rate of people under the poverty line has reached 44%, and the value of the currency has halved, so much so that while in January 2020 the dollar was bought with 78 pesos, today it is bought with 160 pesos, and the financial market has fallen from USD 350 billion to USD 20 billion, indicating that many companies have lost value and others have left the country.

Tajikistan

The Republic of Tajikistan is the smallest of the Central Asian Republics (an area of 140,000 sq. km with a population of about 10 million). Torn apart by a bloody civil war in the aftermath of independence, it has enjoyed substantial political stability since 1997, based on the memory of the conflict and the balance achieved at the time with the Islamic opposition (for which a portion of the parliamentary seats was reserved). This stability is now ensured by the autocratic nature of the power exercised by President Rahmon.

Presidential elections were held in October 2020 and saw the foregone re-election of President Rahmon for another seven years, with a plebiscite majority of 90.92%. In 2016, an amendment to the Constitution, confirmed by a popular referendum, allowed the President to run again in the future without term limits. Another significant change was the reduction of the age of possible future presidential candidates from 35 to 30. The rule, intended to open the way for the succession of the President's son Rustam, the current Mayor of Dushanbe, has so far not been implemented, although the question remains open.

In March 2020, the parliamentary elections showed the clear victory of the President's political group, the People's Democratic Party, with 50.4% of the votes and 47 of the 63 seats in the Legislative Assembly. In 2015, Rahmon banned the only existing opposition party, the Islamic Renaissance Party of Tajikistan (IRPT), which was accused of terrorist activities and of organising a coup attempt in the summer of 2015. With the IRPT's elimination, no opposition is actually present in parliament.

In this context, there are weaknesses in the area of the rule of law, and there is little room for dissent and, more generally, for civil society that is subject to close and pervasive police control, particularly with regard to the IRPT's area of consensus. On this latter front, Tajikistan remains far behind in international rankings (according to Transparency International, it ranked 149th out of 180 in 2020).

The most severe problems that the country faces are essentially economic due to the hardship in which a large part of the population lives, grappling with poverty, unemployment and precarious jobs, many of which are provided by the informal economy and water and energy shortages during the winter months.

The ratio of revenue from the aforementioned segments to the Group's total is less than 3%.

Risk related to the supply of raw materials

The issues relevant to the supply of raw materials are divided into the following categories in the Risk Model:

- Supply Chain
- Supply
- Raw materials

The following considerations are defined according to standard criteria appropriately benchmarked with respect to the Divisions (Soilmec and Trevi) and the Company (Trevi Finanziaria Industriale).

For the Soilmec Division, a possible event in the Raw Materials segment, i.e., that connected to possible inefficiencies in the procurement process of goods, services, and subcontracts due to adverse price fluctuations that could cause losses and/or reduction in margins, was estimated to be above the acceptance threshold (risk appetite). The increase in the cost of materials was significant in the first part of 2022. From the third quarter onwards, the sharp increase in energy expenditure, which was particularly impactful for our supplier companies, was a factor that more than offset the decrease in the price of the raw material to be processed. Should this dynamic continue in 2023, it could cause "an increase in supply, utility and logistics costs". The event would therefore lead to a reduction in the contribution margin and worsening cash flow if it were not balanced by an adequate adjustment of the sales price list that was promptly adopted by the market.

The issue is not estimated to be as critical for the Trevi Division, where it is avoided by the possibility of contractually excluding the supply of materials from the scope of work or mitigated by the definition of an adequate compensation mechanism in the event of significant cost variations. In addition, the average duration of job orders is between six and nine months and, therefore, the bids can consider updated costs in relation to the projects to be carried out.

Climatic risks

The main environmental aspects associated with the activity of the Trevi Group – unlikely but with potentially high impact – are related to the drilling and foundation activities in the Trevi Division construction sites. In order to reduce the significance of these potential impacts, Trevi applies environmental management principles in line with standard ISO14001, where specific environmental surveys are carried out prior to the start of contracts and periodic checks are carried out during activities. Furthermore, the activities carried out on the construction sites also have an impact on the climate as they require the use of combustion engine operating machines. Trevi is committed to reducing the environmental impact associated with emissions from such machines through systems of efficiency such as raising awareness among operators of the correct use of equipment, replacing the machinery fleet with more efficient or electric machines of new generation (see Soilmec's High-Tech and E-Tech lines) and using bio-diesel fuels. Moreover, in the event of weather damage or direct environmental damage, there are Contractor's all-risks (CAR) insurance on each site, which includes RCT (third Party liability) insurance with accidental pollution coverage and all-risks insurance coverage on the machinery and equipment used. As part of the non-financial reporting environmental aspects (Non-financial Statement) that the Group has been drafting since 2017, four indicators have been identified, including "managing emissions and fighting against climate change". The topic refers to the promotion of strategies to reduce atmospheric emissions and develop renewable energies, with the aim for the Group of gradually reducing its dependence on the fossil fuel sector and lessening its impact on the environment. The Trevi Group has been qualified among the top 100 companies that have distinguished themselves most in reducing their CO_2 emission intensity. The research was carried out by Corriere della Sera with Agenzia Statista and was based on a sample of over 700 Italian companies during 2022.

Cyber risk

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

The IT Corporate Department, which provides services for all the companies of the Group, continues pursuing strategies based on the implementation of infrastructures with Hybrid Cloud technologies that, thanks to a specific Disaster Recovery and Business Continuity Plan, make it possible to significantly increase the likelihood of safeguarding full business operations, even in the event of a hacker attack or malfunction of the systems that ensure that services are delivered.

Along with an accurate and meticulous use of new technologies to make Cyber Security processes more efficient, the Group is continuing to adopt specific training courses to suggest suitable behaviour to users in order to avoid involvement in “malicious” processes. Furthermore, the Group continues to issue “information pills” to report concrete cases of computer fraud that users might come across if they do not follow the correct procedures and instructions.

The Corporate IT Department started the process to allow Trevi Finanziaria Industriale S.p.A. to obtain, by mid-2023, the ISO 27001:2022 certification, which defines the international standard that describes best practices for an ISMS (Information Security Management System). Obtaining an accredited ISO 27001 certification demonstrates that the Company is following best practices on information security and provides independent and qualified control that information security is managed in line with international best practices and business objectives.

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

ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

With regard to derivatives recognised in the Statement of Financial Position at fair value, IFRS 7 requires that they are classified according to a fair value hierarchy that reflects the significance of the inputs used in determining the fair value. Specifically, the fair value hierarchy is made up as follows:

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

The following tables show the assets and liabilities at 31 December 2022 according to the categories provided by IFRS 9.

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

Below are the additional disclosures on financial instruments pursuant to IFRS 7.

Description	IFRS9 categories	Notes	31/12/2022	Fair Value in Equity	Fair value through Profit or Loss	Effect on Profit or Loss
ASSETS						
Non-current financial assets						
Other non-current financial assets	AC	6	1,987			
Total non-current financial assets			**1,987**			
Current financial assets						
Other current financial assets	AC		14,066			
Current derivatives	FVTPL		-			
Current financial assets	AC	11	3,479			
Cash and cash equivalents	AC	12	94,965			
Total current financial assets			**112,510**			
Total financial assets			**114,497**			
LIABILITIES						
Non-current financial liabilities						
Long-term loans and borrowings	AC	14	8,007			606
Long-term loans and borrowings from other financial backers	AC	14	67,602			208
Non-current derivatives	FV		-			
Total non-current financial liabilities			**75,609**			
Current financial liabilities						
Short-term loans and borrowings	AC	20	149,807		9,496	11,346
Short-term loans and borrowings from other financial backers	AC	21	136,984			422
Current derivatives	FVTPL		-			
Total current financial liabilities			**286,791**			
Total financial liabilities			**362,400**			
Warrant	FVTPL		31			3,608

The measurement at fair value of the Warrant, resulted in a financial income for approximately Euro 3,308 thousand.

Impairment test

The Group reviewed its impairment indicators at 31 December 2022. In the light of the continuing high volatility of the market environment, a test of impairment was carried out for the 2 Cash Generating Units (CGUs) of the Trevi Group (Trevi CGU and Soilmec CGU) and for the Group as a whole.

The impairment test, under IAS 36, was initially performed by comparing the carrying amount of the asset or group of assets comprising the cash-generating unit (CGU) with its recoverable amount, the greater of fair value (net of selling costs, if any) and the present value of the discounted net cash flows expected to be generated by the asset or group of assets comprising the CGU (value in use).

More specifically, the impairment test of the first level on the CGUs Trevi and Soilmec was carried out, in continuity with the test of impairment carried out at 31 December 2021, by first testing the recoverability of the carrying amount of each CGU by the value in use, determined by discounting the plan cash flows of each CGU, or by the financial Discounted Cash Flow method, a method directly referred to in IAS 36.

This method is based on the assumption that the amount of a company's economic capital on a certain date (in this case, 31 December 2022) is represented by the algebraic sum of the following items:

- "operational" value, equivalent to the present value of the cash flows generated by the company's operations over a defined period of time.
- value of non-core non-strategic or instrumental activities on the reference date.

The impairment test was carried out by using 2022 actual financial position and financial performance figures (resulting from actual figures at 31 December 2022) as well as 2023-2026 financial position and financial performance figures drawn from 2022-2026 Plans prepared with the support of PricewaterhouseCoopers S.p.A. and approved on 17 November 2022.

The planning flows considered exclude the effects of future restructuring and efficiency improvements not yet initiated, which the accounting standard requires to be excluded.

That said, the cash flow was constructed based on the operating profit of each period, calculating and subtracting taxes charged directly at the full rate. Subsequently, the negative components of income that do not give rise to monetary outflows, such as amortisation, depreciation and provisions, were added, establishing the cash flow from continuing operations that can be interpreted as a "potential" cash flow. The cash flow from operations was determined by adding changes to the Net Working Capital (the amount of cash flows actually generated by current ordinary operations reflects the changes in items that arise and that are extinguished due to the operating cycles: trade receivables, inventories, trade payables, amounts due to personnel, etc.) and CAPEX (investments net of divestments in non-current assets).

A weighted average cost of capital "WACC" was calculated for the discounting of cash flows, determined, in line with 2021, in accordance with the CAPM economic model (Capital Asset Pricing Model). Nevertheless, given that the two CGUs Trevi and Soilmec operate in different, albeit closely related, segments, it was deemed more appropriate to determine - unlike last year when a single Group WACC was calculated - a specific WACC in consideration of the segment in which they operate: «Special Foundation/Heavy Construction» for the Trevi CGU and «Industrial Machinery» for the Soilmec CGU.

The WACC was determined at 10.91%, and the individual variables were derived as follows:

- *risk-free rate:* 3.54%, rate of return on securities of a mature country (United States), equal to the average of 10Y Bonds relating to the six months prior to 31 December 2022;

- *beta levered:* 0.94, calculated as an average of the unlevered beta at 3Y of a sample of comparable companies of the «Special Foundation/Heavy Construction» segment written based on the average D/E ratio of the comparables;
- *equity risk premium*: a rate of 5.50% was used;
- country risk: 3.76%, this component was added to Ke after weighing the ERP for the beta, and was calculated as an average of the country risk of countries where the Trevi CGU operate, weighted by the percentage of production of operating profit in these countries in 2026;
- inflation differential: 1.53%, this component was added to Ke in order to consider the effect of inflation and determine the real rate;
- alpha coefficient equal to one percentage point;
- cost of the gross debt: equal to 4.05% (post tax: 3.14%) determined by adding to the average actual rates of the Group's lines of credit;
- financial structure: D/D+E= 34.52%; E/D+E= 65.48%, determined as the average of the comparables of the «Special Foundation/Heavy Construction» segment already considered for the definition of the beta.

The WACC of the Soilmec CGU was determined at 9.20%, and the individual variables were derived as follows:

- *risk-free rate:* 3.54%, rate of return on securities of a mature country (United States), equal to the average of 10Y Bonds relating to the six months prior to 31 December 2022;
- *beta levered:* 0.94, calculated as an average of the unlevered beta at 3Y of a sample of comparable companies of the «Industrial Machinery» segment written based on the average D/E ratio of the comparables;
- *equity risk premium*: a rate of 5.50% was used;
- country risk: 2.52%, this component was added to Ke after weighing the ERP for the beta, and was calculated as an average of the country risk of countries where the Soilmec CGU operate, weighted by the percentage of production of operating profit in these countries in 2026;
- alpha coefficient equal to one percentage point;
- cost of the gross debt: equal to 4.05% (post tax: 3.03%) determined by adding to the average actual rates of the Group's lines of credit;
- financial structure: D/D+E= 33.05%; E/D+E= 66.95%, determined as the average of the comparables of the «Industrial Machinery» already considered for the definition of the beta.

For the years after 2026, the cash flows of the CGUs have been calculated based on a Terminal Value determined by projecting in perpetuity the normalised operating profit of the last explicit plan year (2026), net of imputed tax at the full rate. Furthermore, a g growth rate was considered, based on the average expected inflation rate in countries where each CGU operates, weighted by the percentage of operating profit actually produced by these CGUs in those countries in 2026. Specifically, the g growth rate of the Trevi CGU was equal to 3.63% while the g growth rate of the Soilmec CGU was equal to 2.06%. For the purposes of determining the Terminal Value, on a prudential basis, the WACCs mentioned above were increased by 1 percentage points.

As a result, the discount rate adopted for the Terminal Value, resulting from the difference between the aforementioned WACC increased by 1 percentage points and the g growth rates were 8.28% for the Trevi CGU and 8.14% for the Soilmec CGU. This is a significant figure, given that the Terminal Value represents on average 70-80.00% of the Enterprise Value of the CGUs.

The impairment test carried out on the scenario, and with the basic parameters shown above, did not lead to evidence of an impairment of the assets of the Trevi and Soilmec CGUs, compared to their carrying amount.

The second-level impairment test was performed in the asset side mode, verifying that the recoverable amount of the Group's assets was higher than their carrying amount. The overall enterprise value was calculated using the sum-of-parts method (SOTP), or through the sum of:

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

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

- (+) equity attributable to the owners of the Company at 31 December 2022;
- (+) the net financial debt, recognised at the carrying amount at 31 December 2022.

This comparison shows a positive difference of Euro 91 million.

Management also analysed the variability of the results of the second-level estimates, as the main input assumptions change, assuming alternatively: the increase in the discount rates (WACCs) relevant for determining the Terminal Value and the variation of FCFO flows relevant for determining the Terminal Value.

A sensitivity analysis was first carried out on the discount rates (WACCs) adopted for the Terminal Value to identify the rate increase that would bring the recoverable amount of the Group's assets to be at least equal to the relevant carrying amount (i.e., the zeroing of the headroom found in the second level of the test). In this case, a precise increase in the WACCs for TV of 3.24% for the Trevi and Soilmec CGUs would lead the recoverable amount to match the carrying amount of the Group's assets (with a first-level margin: for the Trevi CGU of Euro 6 million compared to Euro 58 million in the base case and for the Soilmec CGU of Euro 23 million compared to Euro 63 million in the base case).

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

This percentage of decrease was 28.29%. In this case, a first-level margin of Euro 6 million would be generated for the Trevi CGU compared to Euro 58 million in the base case and of Euro 23 million for the Soilmec CGU compared to Euro 63 million in the base case.

In line with what carried out at 31 December 2021, a specific impairment test was carried out on the Research and Development Projects carried out by the Trevi and Soilmec Divisions in the past years. This specific test was conducted by discounting the flows attributable to each Project at the respective WACC rate equal 10.91% for Trevi and 9.20% for Soilmec. The test did not lead to evidence of any impairment loss.

NOTES ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

Non-current assets

(1) Property, plant and equipment

Property, plant and equipment at 31 December 2022 totalled Euro 164.6 million, marking a decrease of Euro 8.5 million compared to 31 December 2021 (Euro 173.1 million).

Changes relating to 2022 are summarised in the table below:

(in thousands of Euro)

Description	Original cost at 31/12/2021	Accumulated depreciation 31/12/2021	Carrying amount at 31/12/2021	Incr.	Decr.	Depr.	Use of Provision	Net reversal of impairment losses	Reclass. of changes in acc. deprec.	Reclass. of changes in original cost	Exchange diff. in historical cost	Exchange diff. in acc. depr.	Original cost at 31/12/2022	Accumulated depreciation 31/12/2022	Carrying amount at 31/12/2022
Land	13,560	(276)	13,284	926	(949)	(1,234)	1,566	0	(4,074)	4,965	(1)	24	18,501	(3,994)	14,507
Buildings	68,691	(34,546)	34,145	1,042	(5,584)	(3,034)	2,238	(37)	3,049	(6,396)	916	(621)	58,633	(32,914)	25,719
Plant and machinery	273,497	(178,432)	95,065	9,625	(28,296)	(16,406)	22,793	(329)	19,788	(6,620)	6,642	(3,560)	254,520	(155,817)	98,703
Industrial and commercial equipment	55,631	(41,458)	14,173	10,698	(8,961)	(5,027)	6,647	(327)	(19,675)	20,512	275	(184)	77,828	(59,697)	18,131
Other assets	47,956	(33,929)	14,027	2,546	(2,788)	(1,404)	2,303	(6)	3,363	(12,547)	(156)	(52)	35,005	(29,719)	5,286
Assets under construction and payments on account	2,449	0	2,449	2,193	0	0	0	0	0	(2,365)	(22)	0	2,255	0	2,255
TOTAL	**461,784**	**(288,641)**	**173,143**	**27,030**	**(46,577)**	**(27,105)**	**35,547**	**(699)**	**2,451**	**(2,451)**	**7,654**	**(4,393)**	**446,742**	**(282,141)**	**164,601**

The gross increases at 31 December 2022 amounted to Euro 27 million while the decreases at 31 December 2022 amounted to Euro 11.1 million, net of the accumulated depreciation of Euro 11.1 million; the changes shown refer to normal plant and equipment replacement activities.

The exchange effect at 31 December 2022 amounted to Euro 3.3 million. Some assets were encumbered by mortgages against loans received, as described in the item Payables. During the year, a net reversal of impairment losses was recognised for a total of Euro 0.7 million, aligning the carrying amounts to the estimated realisable value.

The carrying amount of Property, plant and equipment held under lease at 31 December 2022 with right-of-use was equal to Euro 24.6 million (Euro 30.4 million at 31 December 2021). The decrease of approximately Euro 5.8 million was mainly attributable to the performance of the existing finance lease contracts and, in part, to the exchange rate effect. The breakdown is shown below:

Description	31/12/2022	31/12/2021	Change
Land and buildings	9,714	15,789	(6,075)
Plant and machinery	8,315	9,955	(1,640)
Industrial and commercial equipment	4,520	1,870	2,650
Other assets	2,050	2,782	(732)
Total	**24,599**	**30,396**	**(5,797)**

Assets under finance leases are used as collateral for the related assumed liabilities.

(2) Intangible assets

Intangible assets at 31 December 2022 amounted to Euro 17.5 million, an increase of Euro 1.5 million compared to the amount at 31 December 2021 (Euro 16.0 million).

Changes relating to 2022 are summarised in the table below:

(in thousands of Euro)

Description	Original cost at 31/12/2021	Accumulated amortisation 31/12/2021	Carrying amount at 31/12/2021	Incr.	Decr.	Amort.	Use of Provision	Net (reversal of) impairment losses	Exchange diff. in historical cost	Exchange diff. in acc. amortisation	Reclass. of changes in original cost	Reclass. of changes in acc. amort.	Original cost at 31/12/2022	Accumulated amortisation 31/12/2022	Carrying amount at 31/12/2022
Goodwill	484	(478)	6	0	0	0	0	0	0	0	(20)	19	464	(459)	5
Development costs	44,824	(37,372)	7,452	3,026	(4)	(1,736)	0	0	0	0	(49)	48	47,797	(39,060)	8,737
Industrial patents and intellectual property rights	3,696	(3,164)	532	18	0	(140)	0	0	0	0	0	16	3,714	(3,288)	426
Concessions, licences, trademarks and similar rights	5,593	(5,406)	187	2,493	(197)	(1,819)	146	0	1	(1)	7,453	(37)	15,343	(7,117)	8,226
Assets under development and payments on account	7,432	0	7,432	4	(4)	0	0	0	0	0	(7,432)	0	0	0	0
Other intangible assets	4,161	(3,771)	390	20	(375)	(299)	335	0	24	(4)	(97)	96	3,733	(3,643)	90
TOTAL	**66,190**	**(50,191)**	**15,999**	**5,561**	**(580)**	**(3,994)**	**481**	**0**	**25**	**(5)**	**(145)**	**142**	**71,051**	**(53,567)**	**17,484**

The item Increases, amounting to Euro 5.6 million, refers for approximately Euro 3 million to capitalised costs for the development of technologies and equipment used by the Company and its subsidiaries - these costs, which meet the requirements of IAS 38, were capitalised and subsequently amortised from the start of production and over the average useful life of the related products - and for approximately Euro 2.5 million to the purchase of IT licenses and application software and to the consultancy received as part of the implementation of the new Group ERP. Assets under development and payments on account were reclassified to the respective item and amortised.

The carrying amount of Development costs at 31 December 2022 amounted to Euro 8.7 million (Euro 7.5 million at 31 December 2021), with a gross increase of Euro 1.2 million.

Regarding Industrial patents and intellectual property rights, amounting to Euro 0.4 million at 31 December 2022, the decrease of Euro 0.1 million was exclusively attributable to the amortisation compared to the opening year.

Other intangible assets amounted to Euro 0.1 million at 31 December 2022, down by Euro 0.3 million compared to the previous year.

There was no effect on the change in the scope of consolidation.

(3) Investment property

There were no investments in non-operating property.

(4) Equity investments

Equity investments amounted to Euro 0.9 million marking an increase compared to Euro 0.3 million recorded at the previous year end.

A summary of changes in investments in 2022 is given below:

(in thousands of Euro)

Description	Balance at 31/12/2021	Increases	Decreases	Impairment gains	Impairment losses	Other changes	Balance at 31/12/2022
Equity-accounted associates	80	0	0	263	0	16	359
Other companies	567	0	0	0	0	(23)	544
TOTAL	**647**	**0**	**0**	**263**	**0**	**(7)**	**903**

This change in the year was exclusively attributable to the adjustment of the equity investment in Trevi Nicholson JV, measured using the equity method.

(5) Deferred tax assets

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Deferred tax assets	25,420	28,455	(3,035)
TOTAL	**25,420**	**28,455**	**(3,035)**
Deferred tax liabilities	(18,751)	(26,209)	7,458
TOTAL	**(18,751)**	**(26,209)**	**7,458**
Net deferred tax assets at the reporting date	**6,669**	**2,246**	**4,423**

Net deferred tax assets at the reporting date amounted to Euro 6.7 million.

This item refers in part to temporary differences and prior tax losses which, in accordance with tax regulations, may be recovered in future years and, for the remaining part, they refer to the deferred tax effects deriving from consolidation entries. At 31 December 2022, deferred tax assets amounted to Euro 25.4 million, down by Euro 3 million compared to 31 December 2021. Deferred tax assets are considered recoverable in part through the offsetting against deferred tax liabilities that will be concurrently reversed in the future.

Deferred tax liabilities mainly refer to the differences between the carrying amounts of assets and liabilities shown in the Consolidated Financial Statements and the corresponding amounts recognised for tax purposes in the countries where the Group operates. At 31 December 2022, deferred tax liabilities amounted to Euro 18.8 million, down by Euro 7.5 million compared to 31 December 2021.

Below the table showing the changes in question:

(in thousands of Euro)

Description	Balance at 31/12/2021	Accruals	Decreases	Other Changes	Balance at 31/12/2022
Deferred tax assets	28,455	(2,804)	(1,702)	1,471	25,420
Deferred tax liabilities	(26,209)	8,344	679	(1,565)	(18,751)

The main components of deferred tax assets and deferred tax liabilities and the changes to both during the current and previous year are shown in the following table:

(in thousands of Euro)

Description	Elimination Intragroup profits	Application of IFRS	Development costs	Group Rates Adjustment	Financial Statements and Other	Total
Balance at 01/01/2021	**5,281**	**(1,736)**	**(444)**	**(763)**	**6,379**	**8,716**
Effect on profit or loss	374	(770)	70	78	(4,330)	(4,578)
Effect on equity						
Exchange differences	13	10		(64)	135	94
Payments and other changes	0	61	56	(126)	(1,977)	(1,986)
Balance at 31/12/2021	**5,667**	**(2,435)**	**(318)**	**(875)**	**206**	**2,246**
Effect on profit or loss	(437)	(113)	2	130	5,960	5,542
Effect on equity						
Exchange differences	(11)	8		(51)	(254)	(308)
Payments and other changes	0	(1)	69	310	(1,189)	(811)
Balance at 31/12/2022	**5,219**	**(2,542)**	**(247)**	**(486)**	**4,722**	**6,669**

The item Financial statements and other is mainly composed of deferred tax asset recorded against the tax losses of certain foreign companies of the Group amounting to approximately Euro 4.7 million at 31 December 2022.

Losses carried forward at 31 December 2022 relating to the Italian companies participating in the tax consolidation, on which deferred tax assets were recorded for approximately Euro 2 million, totalled approximately Euro 200 million. These were calculated considering the estimates of future taxable amounts consistently with the profitability forecasts of the Group for the explicit period of the New Consolidated Plan.

(6) Other non-current financial assets

Description	31/12/2022	31/12/2021	Change
Due from associates	0	0	0
Guarantee deposits	1,987	1,718	269
Other	0	10,017	(10,017)
TOTAL	**1,987**	**11,735**	**(9,748)**

Other non-current financial assets at 31 December 2022 amounted to Euro 2 million and exclusively refer to non-current guarantee deposits.

The decrease of Euro 9.7 million is attributable to the loan of Euro 10 million granted to the MEIL Global Holdings BV Group following the agreements for the sale of the Oil & Gas Division completed on 30 March 2020; this loan, which envisages a 3-year bullet repayment at 2% , was classified under current financial assets as of 1 April 2022.

(7) Trade receivables and other non-current assets

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Trade receivables	2,476	2,137	339
Prepayments and accrued income	0	(411)	411
Other non-current assets	1	2	(1)
TOTAL	**2,477**	**1,728**	**749**

Trade receivables refer to receivables from third parties due beyond one year, for Euro 2.4 million from the subsidiary Swissboring Overseas Piling Corporation.

CURRENT ASSETS

(8) Inventories

Total inventories at 31 December 2022 amounted to Euro 120.8 million and were made up as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Raw materials, consumables and supplies	78,427	78,756	(329)
Work in progress and semi-finished products	20,029	14,154	5,875
Finished goods	20,110	20,590	(480)
Payments on account	2,213	1,109	1,104
TOTAL INVENTORIES	**120,779**	**114,609**	**6,170**

The Group's closing inventories relate to the production of underground engineering rigs and consist in materials and spare parts used by the Foundations segment; inventories are shown net of the allowance for inventory write-down of Euro 26.4 million (Euro 25.6 million at 31 December 2021).

The allowance for inventory write-down amounted to Euro 26.4 million. Changes relating to this allowance were as follows:

(in thousands of Euro)

Description	31/12/2021	Increases	Uses	Other changes	31/12/2022
Raw materials, consumables and supplies	24,159	1,830	(1,326)	23	24,685
Finished goods	1,425	333	0	(79)	1,678
TOTAL ALLOWANCE FOR INVENTORY WRITE-DOWN	**25,584**	**2,163**	**(1,326)**	**(56)**	**26,365**

The item Uses refers entirely to the subsidiaries of the Soilmec Division, specifically to PSM, as a result of the sale of part of the warehouse to a company within the same Division. Increases amounted to Euro 2.2 million and are mainly attributable to the subsidiaries of the Trevi Division for Euro 1.3 million and to the companies of the Soilmec Division for Euro 0.9 million. The item Other changes includes exchange differences.

(9) Trade receivables and other current assets

The total amount at 31 December 2022 was Euro 307.8 million. This item is broken down as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Trade receivables	193,779	213,672	(19,893)
Due from customers	80,926	30,110	50,816
Sub Total: Trade receivables	**274,705**	**243,782**	**30,923**
Due from associates	3,262	7,084	(3,822)
VAT assets	7,593	8,066	(473)
Due from others	14,251	10,129	4,122
Prepayments and accrued income	7,975	3,540	4,435
Total trade receivables and other current assets	**307,786**	**272,601**	**35,185**

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

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Current assets:			
Contract work in progress	82,806	30,207	52,599
Total contract work in progress	***82,806***	***30,207***	***52,599***
Payments on account from customers	(1,880)	(97)	(1,783)
Total due from customers	**80,926**	**30,110**	**50,815**
Current liabilities:			
Contract work in progress	(8,337)	(4,942)	(3,396)
Payments on account from customers	(5,705)	(2,306)	(3,399)
Total due to customers	**(14,043)**	**(7,248)**	**(6,795)**

Contract work in progress is expressed net of the related payments on account received from customers and reclassified under trade receivables or other liabilities respectively depending on whether the progress of the work is higher than the advances received or lower.

The Loss allowance amounted to Euro 69.1 million. Changes relating to this allowance were as follows:

(in thousands of Euro)

Description	Balance at 31/12/2021	Accruals	Decreases	Releases	Other changes	Balance at 31/12/2022
Loss allowance	61,935	7,327	(826)	(1,450)	2,083	69,069
TOTAL	**61,935**	**7,327**	**(826)**	**(1,450)**	**2,083**	**69,069**

The item Other changes includes exchange differences amounting to approximately Euro 2.1 million.

Releases are attributable to measurements of trade receivables pursuant to IFRS 9.

Prepayments and accrued income

This item is mainly composed of prepayments detailed as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Accrued income	96	612	(516)
Prepayments	7,879	2,928	4,951
TOTAL	**7,975**	**3,540**	**4,435**

The items Prepayments and accrued income include costs incurred by the end of the year but pertaining to subsequent years of a different nature.

The increase is mainly attributable to prepayments that include the costs incurred by the Company Trevi-Finanziaria Industriale S.p.A. for the transactions strictly related to the capital increase, completed in January 2023, and to the New Agreement; since these costs pertain to 2023, they were included in this item.

The breakdown of trade receivables and other current assets by geographical segment at 31 December 2022 is as follows:

(in thousands of Euro)

31/12/2022	Italy	Europe (excluding Italy)	U.S.A. and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Trade receivables	31,309	17,897	26,374	8,541	50,199	89,003	39,398	11,982	**274,705**
Due from associates	2,708	89	36	0	0	0	430	0	**3,262**
Tax and VAT assets	5,131	129	0	47	365	193	1,664	64	**7,593**
Due from others	2,007	2,798	87	816	3,081	2,473	1,518	1,470	**14,251**
Prepayments and accrued income	6,411	21	108	14	595	746	0	80	**7,975**
TOTAL	**47,565**	**20,935**	**26,606**	**9,417**	**54,240**	**92,416**	**43,010**	**13,597**	**307,786**

31/12/2021	Italy	Europe (excluding Italy)	U.S.A. and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Trade receivables	31,342	22,008	24,397	6,953	60,608	61,783	35,075	1,615	**243,782**
Due from associates	3,841	2,552	0	0	528	0	163	0	**7,084**
Tax and VAT assets	5,696	217	0	132	456	166	1,339	60	**8,066**
Due from others	1,619	731	394	1,082	1,438	3,576	841	449	**10,129**
Prepayments and accrued income	1,483	111	39	716	561	598	0	32	**3,540**
TOTAL	**43,980**	**25,619**	**24,831**	**8,882**	**63,591**	**66,123**	**37,418**	**2,157**	**272,601**

Amounts due from associates at 31 December 2022 amounted to Euro 3.2 million, the detail of which is provided in Note (34) – Related party transactions.

The breakdown of Trade receivables by currency at 31 December 2022 is as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
EURO	77,824	100,215	(22,391)
USD	37,656	29,179	8,477
AED	16,145	10,978	5,167
NGN	13,598	15,853	(2,256)
GBP	928	1,145	(217)
OTHERS	128,554	86,412	42,143
Total	**274,705**	**243,782**	**30,922**

The item Others includes Trade receivables in SAR for approximately 55.9 million and in AUD for approximately 11.9 million.

In accordance with IFRS 7, the following is an analysis of the trend in past due loans, divided into homogeneous risk categories:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Not past due	163,464	97,860	65,605
Past due for 1 to 3 months	42,583	61,114	(18,530)
Past due for 3 to 6 months	6,287	12,721	(6,434)
Past due for more than 6 months	62,369	72,087	(9,718)
Total	**274,705**	**243,782**	**30,922**

The increase in Not past due is mainly attributable to the increase in loans granted to the subsidiary ASC for the progress of production.

With a view to a policy of constant credit monitoring by the individual Group companies, standard assessment ranges have been identified, made explicit in the following table:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Standard monitoring	272,558	237,990	34,568
Special monitoring	699	1,979	(1,280)
Monitoring for possible legal proceedings	1,272	101	1,170
Out-of-court monitoring in progress	21	2,154	(2,134)
Monitoring for ongoing legal proceedings	155	1,558	(1,403)
Total	**274,705**	**243,782**	**30,922**

The breakdown of the item Due from others at 31 December 2022 is as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Due from employees	983	722	261
Advances to suppliers	7,875	4,459	3,416
Other	5,393	4,947	446
TOTAL	**14,251**	**10,128**	**4,123**

(10) Current tax assets

Tax assets are mostly represented by direct taxes and tax payments on account.

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Direct taxes	6,562	5,637	925
TOTAL	**6,562**	**5,637**	**925**

The most significant amounts are represented by the credits for taxes paid abroad and by the payments on account paid to the subsidiaries in Italy.

(11) Current financial assets

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Current financial assets	17,545	10,847	6,698
TOTAL	**17,545**	**10,847**	**6,698**

The item Current financial assets amounted to Euro 17.5 million at 31 December 2022 and includes Euro 3.4 million of bank deposits related to the Middle East subsidiary Swissboring, Euro 4.4 million of financial assets from unconsolidated associates and, for the remaining part, of the loan granted by the Company to MEIL Global Holding BV, dated 31 March 2020 with a 3-year maturity date, which is classified under current financial assets starting from 1 April 2022. This item also includes the amount deposited in the Escrow Account related to the sale of the Oil & Gas Division, amounting to Euro 9.2 million, subject to unavailability constraint as per the agreements signed with the Buyer and the relating loss allowance, which fully offsets this financial asset.

(12) Cash and cash equivalents:

This item is broken down as follows:

Description	31/12/2022	31/12/2021	Change
Bank and postal accounts	94,057	76,708	17,349
Cash-in-hand and cash equivalents	908	939	(31)
TOTAL	**94,965**	**77,647**	**17,318**

The increase of Euro 17.3 million compared to 31 December 2021 was attributable to the collection of Euro 6.4 million by the Company, resulting from the payment made by CDPE Investimenti S.p.A. in December as part of the capital increase transaction; at 31 December 2022, these amounts were not available as the transactions related to the Capital Increase were finalised on 11 January 2023.

For the analysis of the Net Financial Debt and cash and cash equivalents of the Trevi Group, reference should be made to the Directors' Report and the Statement of Cash Flows. In addition, there are companies in the Group for which cash and cash equivalents on company current accounts are not immediately transferable due to currency restrictions (mainly in Nigeria for Euro 6.7 million).

EQUITY AND LIABILITIES

(13) Equity attributable to the owners of the Parent

Group statement of changes in equity:

Description	Share capital	Share premium reserve	Legal Reserve	Other reserves	Translation Reserve	Retained earnings/(Losses carried forward)	Loss for the year attributable to the owners of the Parent	Total equity attributable to the owners of the parent
Balance at 01/01/2021	**97,374**	**250,235**	**8,353**	**10,752**	**(21,366)**	**(463,457)**	**241,468**	**123,359**
Allocation of 2020 profit		(239,077)	11,122	(10,964)		480,387	(241,468)	
Capital increase								
Distribution of dividends						279		**279**
Translation differences and other changes					23,288			**23,288**
Actuarial gains/(losses) and stock grant				(31)				**(31)**
Acquisition/(disposals) of non-controlling interests					(14)	(2,347)		**(2,362)**
Hedging Reserve								
Repurchase/(sale) of treasury shares								
Reclassification		1,895		767		(2,662)		
Loss for the year attributable to the owners of the Parent							(52,977)	**(52,977)**
Balance at 31/12/2021	**97,374**	**13,053**	**19,475**	**524**	**1,908**	**12,200**	**(52,977)**	**91,557**
Allocation of 2021 loss		(13,053)	(10,240)	(1)		(29,683)	52,977	
Capital increase								
Distribution of dividends								
Translation difference					16,881			**16,881**
Actuarial gains/(losses) and stock grant								
Acquisitions/(disposals) and other changes					173	(95)		**78**
Hedging Reserve				353				**353**
Repurchase/(sale) of treasury shares						(125)		**(125)**
Reclassification				(41)		41		
Loss for the year attributable to the owners of the Parent							(19,127)	**(19,127)**
Balance at 31/12/2022	**97,374**		**9,235**	**835**	**18,962**	**(17,660)**	**(19,127)**	**89,618**

– *Share capital:*

The Company issued 150,855,693 shares, of which 20 are held as treasury shares. At 31 December 2022, the Company's fully subscribed and paid-up share capital amounted to Euro 97,374 thousand, unchanged compared to 31 December 2021.

The current breakdown of the share capital is shown below, net of treasury shares held, which at 31 December 2022 amounted to Euro 97,373,554:

	Number of shares	Share capital	Reserve for Treasury Shares
Balance at 31/12/2020	**150,855,693**	**97,373,554**	**(736,078)**
Repurchase and sale of treasury shares	-	-	-
Balance at 31/12/2021	**150,855,693**	**97,373,554**	**(736,078)**
Repurchase and sale of treasury shares	-	-	-
Balance at 31/12/2022	**150,855,693**	**97,373,554**	**(736,078)**

- *Share premium reserve:*

At 31 December 2022, the share premium reserve was entirely used to cover losses (Euro 13,053 thousand at 31 December 2021), following its reallocation carried out in compliance with the resolution for the allocation of the Company's loss.

– *Legal reserve:*

The legal reserve is the share of the profit that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends; at 31 December 2022, this reserve amounted to Euro 9,235 thousand as a result of the allocation of the loss of the previous year.

– *Reserve for treasury shares:*

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

– *Other reserves*:

The other reserves are as follows:

– *Fair value reserve:*

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

– *Extraordinary reserve:*

There were no changes with respect to the previous year.

– *IFRS transition reserve:*

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

– *Translation reserve:*

This reserve, equal to Euro 18,961 thousand at 31 December 2022, concerns the exchange differences from the translation into Euro of financial statements expressed in currencies other than the Euro; exchange rate fluctuations mainly occurred between the Euro and the US Dollar and between the Euro and the currencies of countries in the Middle East and Africa.

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

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

NON-CURRENT LIABILITIES

14) Loans and borrowings, loans and borrowings from other financial backers and derivatives

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Loans and borrowings	8,007	12,697	(4,690)
Lease liabilities	9,779	13,956	(4,177)
Loans and borrowings from other financial backers	57,823	58,743	(920)
Derivatives	0	0	0
TOTAL	**75,609**	**85,396**	**(9,787)**

The breakdown of loans and borrowings and loans and borrowings from other financial backers by maturity can be summarised as follows:

(in thousands of Euro)

Description	From 1 to 5 years	After 5 years	Total
Loans and borrowings	7,960	47	8,007
Lease liabilities	8,425	1,354	9,779
Loans and borrowings from other financial backers	57,823		57,823
TOTAL	**74,208**	**1,401**	**75,609**

With reference to financial debt, in compliance with IRFS 9, loans and borrowings subjected to the New Financial Restructuring with the Lending Banks of the Group were also shown with a short-term maturity in the tables of the Net Financial Debt at 31 December 2022 since the New Financial Restructuring became effective in January 2023, and from that month onwards loans and borrowings subjected to the New Agreement were reclassified with medium-long term maturity following their rescheduling at 31 December 2026.
The New Agreement provides for the compliance with two financial covenants that will measured on a six-monthly basis starting from the financial statements at 31 December 2023: the ratio of the consolidated Net Financial Debt to the consolidated recurring Gross operating profit (that must be lower than 3.75 at 31 December 2023) and the ratio of the consolidated Net Financial Debt to the consolidated Equity (that must be lower than 2.60 at 31 December 2023). Based on the Plan, these covenants are expected to be met.

Lease liabilities amounted to Euro 9.8 million, mainly relating to the liability arising from the application of the new IFRS 16.
Loans and borrowings from other financial backers were entirely attributable to the Company for a bond issue amounting to Euro 50 million rescheduled at 2026.
Non-current derivatives were zero.

At 31 December 2022, the financial covenants provided for in the “Trevi Finanziaria Industriale 2014-2024” Bond Issue regulations were met.

(15) Deferred tax liabilities and non-current provisions

Deferred tax liabilities totalled Euro 18.8 million, down by Euro 7.4 million compared to 31 December 2021, when they amounted to Euro 26.2 million.

Changes in deferred tax liabilities are as follows:

(in thousands of Euro)

Description	Balance at 31/12/2021	Accruals	Uses	Releases	Other Changes	Balance at 31/12/2022
Deferred tax liabilities	26,209	(6,311)	(679)	(2,034)	1,566	18,751
TOTAL	**26,209**	**(6,311)**	**(679)**	**(2,034)**	**1,566**	**18,751**

Deferred tax liabilities reflect the difference in the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases recognised in the Countries in which the Group operates. The item Other changes refers to reclassifications of approximately Euro 1.6 million related to the provision for deferred tax assets and the effect of exchange rates and changes in tax rates during the year.

For details on the composition of the deferred tax liabilities, reference should be made to information already explained in note (5).

(16) Contingent liabilities

The balance of the item Other non-current provisions amounted to Euro 25.6 million, a decrease of Euro 1.1 million compared to 31 December 2021, equal to Euro 26.7 million. This balance was the result of changes in 2022 as shown below:

(in thousands of Euro)

Description	Balance at 31/12/2021	Accruals	Uses	Other changes	Balance at 31/12/2022
Non-current provisions for risks and charges	26,736	3,271	(8,389)	4,013	25,631

The item Other changes refers to exchange rate effects and to asset reclassifications from the current provision for risks and charges and amounts due from customers.

The breakdown of the item Non-current provisions for risks and charges was as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Contractual risks	9,468	7,957	1,511
Work carried out under warranty	798	869	(71)
Loss allowance for investees	920	920	0
Dispute risks	483	106	377
Other non-current provisions for risks and charges	13,962	16,885	(2,923)
TOTAL Non-current provisions for risks and charges	**25,631**	**26,737**	**(1,106)**
Other current provisions for risks and charges	1,963	4,989	(3,026)
TOTAL Current provisions for risks and charges	**1,963**	**4,989**	**(3,026)**
TOTAL	**27,594**	**31,726**	**(4,132)**

The balance of the provision for Contractual risks amounted to approximately Euro 9.5 million and was mainly attributable to the subsidiary Trevi S.p.A for Euro 7 million, to the foreign subsidiaries of the Trevi Division for Euro 1.8 million and to the subsidiaries of the Soilmec Division for Euro 0.7 million.

The increase is mainly attributable to the subsidiary Trevi Construction Hong Kong for an ongoing legal dispute.

The provision for Work carried out under warranty of Euro 0.8 million relates to the provisions for technical

guarantees on products that can be serviced by companies in the mechanical engineering segment.
The Loss allowance for investees of Euro 0.9 million refers to other minor companies of Trevi S.p.A.
The provision for Dispute risks equal to Euro 0.5 mainly referred to a subsidiary of the Trevi Division in the Middle East segment for Euro 0.3 million and to the subsidiary Trevi S.p.A. for Euro 0.2 million. This provision represents Management's best estimate of the liabilities that must be accounted for with reference to:

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

The item Other non-current provisions for risks and charges includes bonuses to employees for a total amount of Euro 4.3 million and tax disputes for Euro 0.7 million. The item also includes Company's provisions for future charges relating to the assumption of positions attributable to the Water Division, following the sale of the Oil & Gas Division for Euro 2.8 million. The subsidiary Trevi S.p.A. contributes to the debt assumption provision for Euro 0.8 million.

The item Other current provisions for risks and charges, amounting to Euro 2 million at 31 December 2022, includes provisions for risks attributable to the subsidiaries of the Trevi Division for approximately Euro 1.7 million, relating to contract work in progress, and additional provisions attributable to tax and legal disputes.
The nature of the Group business reduces the risks to which it is exposed as sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing or future proceedings cannot be estimated with certainty. It is possible that the outcome of such procedures will entail expenses for which provisions have not been made or which are not covered by insurance guarantees and, therefore, may have an impact on the financial position and financial performance of the Group. However, at 31 December 2022, the Group believed it does not have any contingent liabilities exceeding the amount set aside under the item Other Provisions in the category Work carried out under warranty, as it considers that there is no probable outlay of resources.

With regards to contingent liabilities relating to tax disputes, based on the information currently available and taking into account the existing risk provisions, it is considered that they will not determine significant negative effects on the consolidated financial statements. The main disputes relating to Italian and foreign companies directly or indirectly controlled by Trevi Finanziaria Industriale are shown below:

- The Tax Authorities notified a Trevi S.p.A. branch of the failure to pay higher VAT for approximately Euro 96,000.00 inclusive of penalties and interest.

A provision of the same amount was set aside at 31 December 2022 to fully cover this risk.
The resolution of the dispute is currently underway and is expected to be settled in the first half of 2023.

- The Tax Authorities notified to the consortium company controlled by Trevi S.p.A. of two assessments concerning higher VAT equal to Euro 736,426 (2001 tax period) and equal to Euro 1,608,296 (2002 tax period), plus penalties and interest. The collection agent also notified two tax bills on the same case, concerning the amounts indicated above.

The company filed a long-lasting dispute on the tax bills and assessments, which at present, after several levels of judgement, established that the company:

- shall pay higher VAT equal to Euro 736,426.00 (2001 tax period) without application of penalties.
- may not collect the amount of Euro 1,600,000 (2002 tax period) which had been requested for reimbursement.

In consideration of the principle of VAT neutrality, the higher disputed VAT amounting to approximately Euro 2,300,000 may be recovered through the issuance of VAT payable variation notes to the shareholders of the consortium company.

The Company set aside an amount of Euro 391,856.00 at 31 December 2022 for the residual debt represented by the interest and collection charges indicated in the tax bills, in consideration of the fact that the higher disputed tax may be claimed from the shareholders.

Lastly, on 17 February 2023, a tax bill of Euro 5,095,906.00 was notified on the same matter, lacking any legal basis and misaligned with the rulings of the Tax Commissions and Court of Cassation that intervened in the dispute to date. Based on the assessments carried out also with the support of external consultants, the Company deemed the level of risk of adverse outcome highly improbable.

The Company will file an appeal by 18 April 2023, with a possible claim for damages for vexatious litigation, if the tax bill is not remitted.

- Tax Authorities notified a complaint against a company of the Petreven Division, sold to the MEIL Group in March 2020, concerning the failure to pay Corporate Tax and interest amounting to approximately Euro 4.6 million regarding the 2014 tax period.

Under the agreements with the transferee, the tax dispute described above remains the responsibility of the Trevi Group, as it relates to a tax period prior to the sale and the payment of the amounts shall be made by means of an escrow account in the name of Trevi Finanziaria.

Although the Company has the possibility to appeal (there are still two levels of judgement), it is finalising an agreement with the tax authorities.

This agreement should be reached in the first half of 2023 envisaging approximately Euro 2.1 million, including the fees to be paid to the Dutch tax advisors.

- On 31 October 2020, a company of the Trevi Group received a dispute notice from the Tax Authorities concerning the failure to pay higher corporate tax and interest for approximately Euro 380,000.00 on the 2016 tax period. On 9 December 2020, the Company filed an appeal. A provision of approximately Euro 400,000.00 was set aside at 31 December 2022 to fully cover the tax dispute.

The Tax Authorities notified a company of the Trevi Group of the failure to pay local taxes for approximately Euro 150,000.
A special provision of Euro 150,000.00 was set aside at 31 December 2022 to fully cover this risk.

- The Tax Authorities provisionally notified a Trevi Group company on 15 November 2022, following a tax audit, of a formal letter requesting the payment of higher taxes (Income Tax, VAT, Withholding Tax, Other Tax) plus penalties and interest, for approximately Euro 3.8 million relating to the 2019 tax period.

The Company filed an appeal on 14 December 2022, pointing out that the Tax Authorities, in notifying the above-mentioned violations, did not consider, in violation of the applicable tax law, the supporting documents and defence pleadings already submitted during the audit.
In consideration of the provisional notification and the groundlessness of the dispute, the Company, after consulting its tax advisors, did not set aside a provision in the financial statements at 31 December 2022.

- On 26 December 2022, the Tax Authority served a Group company with a final notice of dispute on the 2019 tax period concerning the request for higher taxes under VAT, corporate tax, production activities tax, as well as penalties and interest for approximately Euro 130,000.00.

The Company, in view of the assessments made, prudentially set aside the entire amount of Euro 130,000.00 in the financial statements at 31 December 2022 and filed an appeal within the terms of the law.

(17) Post-employment benefits

The post-employment benefits and the provision for pensions are defined benefit plans and amounted to Euro 11.3 million at 31 December 2022 and reflect the indemnity accrued at the end of the year by employees of Italian companies under the law and provisions made by foreign subsidiaries to cover liabilities accrued to employees.
These were determined as the present value of the defined benefit obligation and adjusted to take into account actuarial gains and losses. The effect recognised was calculated by an external and independent actuary based on the projected unit credit method.

Changes over the period were as follows:

Description	Balance at 31/12/2021	Accruals	Benefits and advances paid	Other changes	Balance at 31/12/2022
Post-employment benefits	4,948	639	(1,987)	225	3,825
Provisions for pensions and similar obligations	6,161	1,238	(462)	585	7,522
TOTAL	**11,109**	**1,877**	**(2,449)**	**810**	**11,347**

Other changes in the provision for pensions were due to the exchange effects of foreign subsidiaries, as well as actuarial gains/losses.

(in thousands of Euro)

Description	31/12/2022	31/12/2021
Opening balance	**4,948**	**5,404**
Service cost	77	0
Interest expense	44	17
Benefits paid	(751)	(471)
Actuarial gains/(losses) and other changes	(493)	(2)
Closing balance	**3,825**	**4,948**

The main actuarial assumptions were:

Description	30/12/2022	31/12/2021
Annual technical discount rate	3,77%, 3.63%	0.98%
Annual rate of inflation	5,9% in 2023, 2,3% in 2024, 2,0% from 2025	1.70%
Annual rate of increase in total salaries	6,9% in 2023, 3,3% in 2024, 3,0% from 2025	2.50%
Annual rate of increases in post-employment benefits	5,9% in 2023, 3,2% in 2024, 3,0% from 2025	2.78%

For the purposes of the actuarial calculation, the iBoxx Eurozone Corporates AA 7-10 and 10+ index at the measurement date was taken as the reference for the measurement of this parameter, depending on the average remaining permanence of the individual company.

The additional assumptions used as the basis for the actuarial calculation are as follows:

- The Ragioneria Generale dello Stato [State General Accounting Office] RG48 gender adjusted assumptions were used for the mortality rate;
- the gender adjusted assumptions in the INPS [National Social Welfare Institution] model for forecasts to 2010

were used for the disability rate;

- for retirement age it was assumed that active employees would stop working as soon as they reach the minimum pensionable age or length of service

in order to qualify for a pension from the mandatory general insurance scheme;

- annual rates of between 2.5% and 15% were used for the probability

of termination of employment for reasons other than death and were based on Group figures;

- an annual rate of 2% was assumed for early retirements.

Sensitivity analyses of the most important assumptions at 31 December 2022 are shown below:

Trevi Group		
Past Service Liability		
Annual discount rate		
	0.50%	**-0.50%**

Trevi S.p.A.	1453	1545
Trevi Finanziaria Industriale S.p.A.	580	608
Soilmec S.p.A.	1281	1399
PSM	246	266
Parcheggi S.p.A.	136	144
Total	**3,695**	**3,962**

Past Service Liability Inflation rate		
	0.25%	**-0.25%**
Trevi S.p.A.	1,511	1,485
Trevi Finanziaria Industriale S.p.A.	597	591
Soilmec S.p.A.	1,356	1,321
PSM	258	252
Parcheggi S.p.A.	141	139
Total	**3,863**	**3,787**

Past Service Liability Annual turnover rate		
	2.00%	**-2.00%**
Trevi S.p.A.	1,506	1,490
Trevi Finanziaria Industriale S.p.A.	593	594
Soilmec S.p.A.	1,356	1,320
PSM	258	252
Parcheggi S.p.A.	141	139
Total	**3,853**	**3,794**

(17.1) Other non-current liabilities

The item mainly includes the measurement at fair value of the loyalty warrant at 31 December 2022, issued in the context of capital increase for Euro 31 thousand, for Euro 1.8 million, the compensation granted to former Directors of the Company, under the agreements reached with the former ultimate Company THSE, and for approximately Euro 1.2 million to long-term trade payables related to functional deferred acquisitions for the activities of the Australian subsidiary.

CURRENT LIABILITIES

This item amounted to Euro 536.4 million at 31 December 2022, an increase of Euro 69.7 million over the previous year.

A breakdown of changes of the various items is provided below:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Short-term loans (bank loans and borrowings)	145,200	197,958	(52,758)
Bank overdrafts	4,607	3,177	1,430
Sub-total of short-term loans and borrowings	**149,807**	**201,135**	**(51,328)**
Lease liabilities	8,392	9,659	(1,267)
Loans and borrowings from other financial backers	128,591	54,127	74,464
Sub-total of loans and borrowings from other financial backers	**136,983**	**63,786**	**73,197**

Trade payables	139,835	114,615	25,220
Payments on account	34,598	28,998	5,600
Due to customers	14,043	7,248	6,795
Due to associates	881	1,115	(234)
Due to social security institutions	3,300	3,654	(354)
Accrued expenses and deferred income	1,855	1,938	(83)
Other liabilities	29,372	19,679	9,693
VAT liabilities	7,863	9,691	(1,828)
Current provisions	1,963	4,989	(3,026)
Sub-total of other current liabilities	**233,710**	**191,927**	**41,783**
Current tax liabilities	15,940	9,863	6,077
Sub-total current tax-liabilities	**15,940**	**9,863**	6,077
TOTAL	**536,442**	**466,711**	**69,731**

Concerning past due trade payables, loans and borrowings, tax liabilities and amounts due to employees at 31 December 2022, overdue trade payables were totalling approximately Euro 57.4 million, overdue loans and borrowings totalled Euro 20.4 million and overdue tax liabilities approximately Euro 0.04 million. There were no overdue amounts due to employees or social security institutions.
At the reporting date, there were no payment orders against the Group companies.

(18) Trade payables and payments on account by geographical segment and currency

There was an increase in trade payables at 31 December 2022 (equal to approximately Euro 25.2 million) compared to the corresponding balance at 31 December 2021 (Euro 114.6 million).
The breakdown by geographical segment of current trade payables and payments on account is the following:

(in thousands of Euro)

31/12/2022	Italy	Europe (excluding Italy)	United States and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	66,672	5,700	7,618	3,819	8,575	28,826	16,129	2,496	139,835
Payments on account from customers	4,476	618	110	4,873	11,220	2,764	1,207	9,330	34,598
Due to customers	8,085	0	3,461	0	0	2,412	85	0	14,043
Due to associates	696	0	0	0	0	13	173	0	881
TOTAL	**79,928**	**6,318**	**11,189**	**8,692**	**19,796**	**34,015**	**17,593**	**11,826**	**189,357**

(in thousands of Euro)

31/12/2021	Italy	Europe (excluding Italy)	United States and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	59,941	4,893	8,362	3,765	13,800	12,021	11,499	335	114,615
Payments on account from customers	(1,782)	1,604	3,165	5,645	13,972	1,994	3,574	826	28,998
Due to customers	2,222	0	4,938	0	0	0	87	0	7,248
Due to associates	930	0	0	9	2	0	173	0	1,115
TOTAL	**61,312**	**6,497**	**16,466**	**9,419**	**27,775**	**14,015**	**15,332**	**1,160**	**151,976**

The breakdown of trade payables by currency was as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
EURO	73,885	65,691	8,194
USD	9,506	9,259	247
AED	7,742	2,867	4,875
NGN	5,966	10,326	(4,360)
GBP	33	121	(88)
DKK	5	2	3
OTHERS	42,798	26,348	16,450
Total	**139,835**	**114,614**	**25,321**

Trade payables and other current liabilities:

Due to customers:

This item, for an amount of Euro 14 million, shows contract work in progress net of the related payments on account.

Due to associates:

This item, totalling Euro 0.9 million, refers almost entirely to trade payables of the subsidiary Trevi S.p.A. to consortia. See Note (34) – Related party transactions for details of these amounts.

VAT liabilities:

VAT liabilities decreased compared to the balance at 31 December 2021 (Euro 9.7 million) by approximately Euro 1.8 million and amounted to Euro 7.9 million at 31 December 2022.

Accrued expenses and deferred income:

Accrued expenses and deferred income amounted to Euro 1.9 million at 31 December 2022. This item is composed as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Accrued expenses	941	1,436	(494)
Deferred income	914	452	462
Sabatini and Ossola law deferred interest income	0	50	(50)
TOTAL	**1,855**	**1,938**	**(83)**

The above tables mainly include the profit or loss effects of some job orders of subsidiaries in the Foundations segment to recognise contract revenue on an accruals basis.

Additionally, the balances include the residual lease-back capital gains made by some Group companies in sales to lease companies. These capital gains, under IFRS, are recognised based on the duration of the underlying contracts.

Other liabilities:
The item Other liabilities mostly includes:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Due to employees	14,956	10,720	4,236
Other	14,417	8,958	5,459
TOTAL	**29,373**	**19,678**	**9,695**

Amounts due to employees relate to wages and salaries for December 2022 and holidays accrued but not used.

(19) Current tax liabilities

Tax liabilities at 31 December 2022 amounted to Euro 15.9 million and are broken down as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
IRES taxes	275	1,447	(1,172)
IRAP taxes	0	477	(477)
Income taxes of foreign companies and other tax liabilities	15,665	7,939	7,726
TOTAL	**15,940**	**9,863**	**6,077**

(20) Short-term loans and borrowings

Short-term loans and borrowings amounted to Euro 149.8 million at 31 December 2022 and are broken down as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Bank overdrafts	4,608	3,177	1,431
Loans and borrowings	135,039	193,736	(58,697)
Portion of mortgages and loans expiring within twelve months	10,161	4,222	5,939
TOTAL Short-term loans and borrowings	**149,808**	**201,135**	**(51,327)**

Short-term loans and borrowings are made up of bank loans and borrowings and of the residual short-term portions of long-term mortgages.
The item Loans and borrowings includes trade advances whose amount is mainly attributable to Italian companies for Euro 28.6 million, marking an increase of Euro 1.5 million compared to Euro 27.1 million at 31 December 2021

The item includes the amortised cost recognition of the rescheduled financial debt based on the effective market interest rate at the date of the 2020 refinancing transaction, in accordance with what provided for by IFRS 9, determined at the effective date of the restructuring agreement and remeasured at 31 December 2022.

Moreover, with reference to financial debt, in compliance with IRFS 9, banks loans and borrowings subjected to the New Financial Restructuring with the Lending Banks of the Group were also shown with a short-term maturity in the tables of the Net Financial Debt at 31 December 2022 since the New Financial Restructuring became effective in January 2023, and from that month onwards bank loans and borrowings subjected to the New Agreement were reclassified with medium-long term maturity following their rescheduling at 31 December 2026.

(21) Lease liabilities and loans and borrowings from other financial backers

Lease liabilities and loans and borrowings from other financial backers at 31 December 2022 amounted to Euro 136.9 million and can be broken down as follows:

(in thousands of Euro)

Description	31/12/2022	31/12/2021	Change
Lease liabilities	8,392	9,659	(1,267)
Loans and borrowings from other financial backers	128,591	54,127	74,464
TOTAL Loans and borrowings from other financial backers	**136,983**	**63,786**	**73,197**

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

Loans and borrowings from other financial backers at 31 December 2022 mainly include amounts due to non-banking institutions. The increase in this item is mainly attributable to the sale by banks of their financial receivables due from the main Italian companies of the Group to non-banking financial institutions.

(22) Current derivatives

At 31 December 2022, there were no current derivatives.

(23) Current provisions

Provisions classified as current at 31 December 2022 amounted to Euro 2 million (Euro 4.9 million at 31 December 2021).

Changes during the year are shown below:

(in thousands of Euro)

Description	Balance at 31/12/2021	Accruals	Uses	Releases	Other Changes	Balance at 31/12/2022
Other current provisions	4,989	436	(2,713)	(641)	(109)	1,963

The item Other current provision mainly includes provisions for tax disputes and accruals for bonuses to employees.

The item Other changes was almost entirely attributable to exchange differences.

Net Financial Debt

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

(in thousands of Euro)

	Description	31/12/2022	31/12/2021	Change
A	Cash and cash equivalents	**88,519**	**77,647**	**10,872**
B	Other cash equivalents	9,835	8,845	990
C	Other current financial assets	14,156	2,002	12,154
D	**Cash and cash equivalents (A+B+C)**	**112,510**	**88,494**	**24,016**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current debt)	269,127	249,533	19,594
F	Current portion of non-current financial debt	17,664	15,388	2,276
G	**Current financial debt (E+F)**	**286,791**	**264,921**	**21,870**
H	**Net current financial debt (G-D)**	**174,281**	**176,427**	**(2,146)**
I	Non-current financial debt (excluding the current portion and debt instruments)	25,609	35,396	(9,787)
J	Debt instruments	50,000	50,000	0
K	Trade payables and other non-current liabilities	1,290	0	1,290
L	**Non-current financial debt (I+ J+ K)**	**76,899**	**85,396**	**(8,497)**
M	**Total financial debt (H+L) (as provided for by Consob warning notice No. 5/21 of 29 April 2021)**	**251,179**	**261,823**	**(10,642)**

For further details on third parties, reference should be made to paragraph Related Party Transactions in these Notes.

Following the agreements reached with the MEIL Group for the sale of the Oil & Gas Division completed on 31 March 2020 (see, *inter alia*, the press release issued on that date, available at www.trevifin.com, "Investor Relations/Press Releases" section), the Trevi Group provided an interest-bearing loan of Euro 10 million to MEIL Global Holdings BV, with three-year bullet repayment. Starting from 1 April 2022, this loan was recognised in current financial assets.

N	**Total financial debt (H+L) (as provided for by Consob warning notice No. 5/21 of 29 April 2021)**	**251,179**	**261,823**	**(10,642)**
O	Other non-current financial assets	0	10,017	(10,017)
P	**Total net financial debt (M-O)**	**251,179**	**251,806**	**(625)**

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

Moreover, with reference to financial debt, banks loans and borrowings subjected to the New Financial Restructuring with the Lending Banks of the Group were also shown with a short-term maturity in the tables of the Net Financial Debt at 31 December 2022 since the New Financial Restructuring became effective in

January 2023, and from that month onwards bank loans and borrowings subjected to the New Agreement were reclassified with medium-long term maturity following their rescheduling at 31 December 2026.

The warrant was not classified as financial debt in the net financial position since:
- the Company has no contractual obligation to deliver cash to the holder of the Warrants;
- no interest of any kind accrues on this type of liability;
- this liability derives from an instrument that will provide the Company with a capital increase at the time of its possible future exercise.

GUARANTEES AND COMMITMENTS

The main guarantees provided are listed below:

- Guarantees given to Insurance companies: these amounted to Euro 37,973,518.50 and refer to the issuance of sureties for VAT reimbursements of the Company and the main Italian subsidiaries. This category also includes guarantees agreed with local insurance companies agreed by the subsidiaries Trevi Foundations Philippines Inc. and Trevigalante SA.
- Guarantees given to third parties: these amounted to Euro 616,930,407.44 and refer in particular to:
  - Bank guarantees for Euro 511,103,058.06, i.e., sureties for future bonds issued by Trevi Finanziaria Industriale S.p.A. to guarantee cash and unsecured lines of credit for its subsidiaries. This category also includes the Corporate Sureties issued by Trevi - Finanziaria Industriale S.p.A. in favour of leading North American insurance companies for guarantees issued on behalf of North American subsidiaries;
  - Commercial guarantees (issued mainly to take part in tenders, to cover performance bonds and for contractual advances) for Euro 102,934,238.35;
  - Financial guarantees of Euro 2,893,111.03 issued to banks for loans received by Group companies.

COMMENT ON THE MAIN ITEMS OF THE STATEMENT OF PROFIT OR LOSS

Below are some details and information relating to the statement of profit or loss for the year ended 31 December 2022. For a more detailed analysis of the performance for the year, reference should be made to the comments in the Directors' Report.

REVENUE

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

This item amounted to Euro 570.7 million compared to Euro 494.6 million in 2021, an increase of Euro 76.1 million.

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

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

(in thousands of Euro)

Geographical segment	2022	%	2021	%	Change	%
Italy	51,015	9%	65,311	13%	(14,296)	-22%
Europe	44,574	8%	84,055	17%	(39,481)	-47%
U.S.A. and Canada	83,425	15%	114,136	23%	(30,711)	-27%
Latin America	26,226	5%	16,258	3%	9,968	61%
Africa	79,587	14%	69,781	14%	9,806	14%
Middle East and Asia	166,457	29%	59,999	12%	106,458	177%
Far East and Rest of the World	119,406	21%	85,076	17%	34,330	40%
Total revenue	**570,690**	**100%**	**494,616**	**100%**	**76,074**	**15%**

The main decreases in revenue were recorded in Italy, Europe and the USA, mainly due to the completion of important orders in the Foundations segment in the Dach segment and the to the reduction in sales volumes in these segments by the Soilmec Division.

On the other hand, the Middle East, Africa and Far East and the Rest of the World recorded a significant increase in revenue. This increase was mainly attributable to the Trevi Division thanks to the start and continuation of important orders during the year.

Approximately Euro 93 million of total revenue was attributable to the "Neom" project of the subsidiary Arabian Soil Contractors in Saudi Arabia.

The breakdown of revenue between the Foundations segment, made up of the Trevi and Soilmec Divisions, and the Parent is shown below:

(in thousands of Euro)

Activity	2022	2021	Change
Special foundation works	438,013	358,778	79,235
Manufacturing of special machinery for foundations	133,319	141,050	(7,731)
Intradivisional eliminations and adjustments	(4,197)	(5,235)	1,038
Sub-total of Foundations segment (Core business)	**567,135**	**494,593**	**72,542**
Parent	18,478	12,624	5,854
Intradivisional and Parent eliminations	(14,923)	(12,601)	(2,322)
TREVI GROUP	**570,690**	**494,616**	**76,074**

Other operating revenue

Other operating revenue amounted to Euro 14.1 million in 2022, down by Euro 0.7 million compared to 2021. This item is broken down as follows:

(in thousands of Euro)

Description	2022	2021	Change
Grants related to income	288	258	30
Recovery of expenses and recharges to Consortia	788	5,588	(4,800)
Sales of spare parts and raw materials	857	1,380	(523)
Gains on sale of capital goods	4,799	1,802	2,997
Compensation for damage	401	60	341
Lease income	309	374	(65)
Prior year income	2,817	1,084	1,733
Other	3,819	4,201	(382)
Total	**14,078**	**14,747**	**(669)**

In 2022, the item Recovery of expenses and recharges to Consortia amounted to Euro 0.8 million, down by Euro 4.8 million compared to the previous year.

Sales of spare parts amounted to Euro 0.9 million, down by Euro 1.5 million over the previous year; the item Gains on sale of capital goods amounted to Euro 4.8 million compared with Euro 1.8 million in the previous year: this amount was mainly generated by Parcheggi S.p.A. for Euro 1.5 million for the sale of a business branch and by the Trevi Division for Euro 2.0 million and by the Soilmec Division for Euro 1.3 million.

Prior year income amounted to Euro 2.8 million, up by Euro 1.7 million compared to the previous year, to be mainly attributable to the Company.

(25) Internal work capitalised

The item Internal work capitalised amounted to Euro 9.5 million in 2022, marking a decrease of Euro 3.4 million compared to 2021. The amount was mainly due to the production of equipment made by the Soilmec Division for use by the Trevi Division.

PRODUCTION COST

Production cost totalled Euro 570.3 million in 2022 compared to Euro 506.6 million in the previous year, marking an increase of Euro 63.7 million; the main items are analysed below.

(26) Personnel expense

This item amounted to Euro 123.0 million in 2022, a decrease of Euro 4.9 million over the previous year.

(in thousands of Euro)

Description	2022	2021	Change
Wages and salaries	95,547	98,649	(3,102)
Social security charges	22,310	23,537	(1,227)
Post-employment benefits	639	1,046	(407)
Pension fund	1,238	985	253
Other costs	3,218	3,601	(383)
Total	**122,952**	**127,818**	**(4,866)**

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

(in units)

Description	2022	2021	Change	Average
Executives	68	62	6	65
- of which Managers	42	46	(4)	44
White-collar workers and Middle managers	1,084	1,237	(153)	1,161
Blue-collar workers	2,122	1,919	203	2021
Total	**3,274**	**3,218**	**56**	**3,246**

(in units)

	Workforce	
Geographical segment	**2022**	**2021**
Italy	709	862
Europe (excluding Italy)	27	82
United States and Canada	112	103
South America	295	269
Africa	535	493
Middle East and Asia	687	585
Far East and Rest of the World	909	824
Total	**3,274**	**3,218**

The reduction in personnel expense was mainly attributable to the reduction in the Group's workforce, which mainly affected Italy due to an optimisation of internal resources and Europe due to a gradual reduction in activity in the segment.

(27) Other operating expenses

This item amounted to Euro 181 million in 2022, an increase of Euro 30.4 million compared with the previous year, details of which are mentioned below.

(in thousands of Euro)

Description	2022	2021	Change
Services	144,834	116,186	28,648
Use of third-party assets	24,933	20,994	3,939
Other operating costs	11,201	13,355	(2,154)
Total	**180,968**	**150,535**	**30,433**

Services:

This item amounted to Euro 144.8 million in 2022 against Euro 116.2 million in 2021. This item mostly includes:

(in thousands of Euro)

Description	2022	2021	Change
Sub-contracts	45,162	34,075	11,087
Technical, legal, tax consultancy services	20,324	17,199	3,125
Other expenses for the provision of services	22,638	13,234	9,404
Food, accommodation and travel expenses	10,521	7,883	2,638
Insurance companies	6,845	6,384	461
Shipping, customs and transport costs	15,448	12,184	3,264
Maintenance and repairs	3,812	5,215	(1,403)
Bank services	2,028	1,680	348
Expenses for energy, telephone, gas, water and post	2,888	2,748	140
Outsourcing	8,335	8,317	18
Technical assistance	2,080	2,366	(286)
Advertising and promotions	1,111	701	410
Administrative services	670	359	311
Driving force	1,051	1,147	(96)
Commissions and ancillary charges	1,329	2,450	(1,121)
Entertainment expenses	592	244	348
Total	**144,834**	**116,186**	**28,648**

The item Services increased by 19.8% compared to the previous year, up by Euro 28.6 million.

Sub-contracts increased by approximately Euro 11.1 million compared to the previous year in connection with the increase in revenue and related exclusively to the Trevi Division, broken down as follows by geographical segment:

Africa for approximately Euro 16.8 million, United States for approximately Euro 15 million, Far East for approximately Euro 7.2 million, Middle East for approximately Euro 3.8 million and Italy for approximately Euro 1.8 million.

Shipping, customs and transport costs increased by Euro 3.3 million compared to the previous year and concerned the Trevi Division for Euro 9.9 million and the Soilmec Division for Euro 5.5 million.

Other expenses for the provision of services increased by approximately Euro 9.4 million compared to the previous year and were generated respectively by the Trevi Division for approximately Euro 15.6 million, the Soilmec Division for approximately Euro 3.1 million and the Company for approximately Euro 3.9 million.

In the Trevi Division, this mainly concerns services from third companies directly on orders and general services.

Use of third-party assets:

This item amounted to Euro 24.9 million in 2022, an increase of Euro 3.9 million over the previous year.

The item mainly refers to:

(in thousands of Euro)

Description	2022	2021	Change
Equipment leases	21,601	13,853	7,748
Lease expense	3,331	7,141	(3,810)
Total	**24,932**	**20,994**	**3,938**

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

The increase in these items is particularly related to the operating dynamics and the performance of orders in the Trevi Division.

Other operating costs:

This item amounted to Euro 11.2 million in 2022, a decrease of Euro 2.2 million over 2021. Its composition is as follows:

(in thousands of Euro)

Description	2022	2021	Change
Indirect duties and fees	2,989	2,851	138
Prior year expense	4,496	3,289	1,207
Other sundry expenses	1,380	4,710	(3,330)
Ordinary losses on the sale of assets	2,336	2,506	(170)
Total	**11,201**	**13,356**	**(2,155)**

Prior year expense was generated by the Trevi Division for Euro 4.4 million and Euro 0.1 million by the Soilmec Division, while Other sundry expenses decreased by Euro 3.3 million mainly due to the effect of the compensation granted to former directors of the Company, under the agreements reached with the former ultimate parent THSE, for an amount of Euro 3 million recognised in 2021 and not replicated in 2022.

(28) Provisions and impairment losses

(in thousands of Euro)

Description	2022	2021	Change
Provisions for risks	3,066	12,093	(9,027)
Accruals to loss allowances	8,861	1,812	7,049
Net impairment losses on assets	699	273	426
Total	**12,626**	**14,178**	**(1,552)**

Provisions for risks:

This item amounted to Euro 3.1 million and mainly refers to accruals related to bonuses to employees.

Accruals to loss allowances:

The amount of Euro 8.9 million refers almost exclusively to the loss allowances for trade receivables of the individual subsidiaries.

Net impairment losses on assets:

Net impairment losses on assets amounted to Euro 0.7 million.

(29) Financial income

Financial income amounted to Euro 7.2 million in 2022, with an increase of Euro 3.8 million compared to 2021.

This item is broken down as follows:

(in thousands of Euro)

Description	2022	2021	Change
Bank interest income	211	226	(15)
Interest income on trade receivables	292	1,402	(1,110)
Other financial income	6,707	1,801	4,906
Total	**7,210**	**3,429**	**3,781**

The increase in financial income compared to the previous year is mainly attributable to the effects generated by the Company. Other financial income includes the effect of the fair value measurement of the Warrant of approximately Euro 3.6 million.

(30) Financial expense

Financial expense amounted to Euro 24.3 million in 2022, with an increase of Euro 1.5 million compared to 2021.

This item is broken down as follows:

(in thousands of Euro)

Description	2022	2021	Change
Interest expense on loans and borrowings	9,260	6,326	2,934
Financial expense from fair value and amortised cost recognition	9,496	9,496	0
Bank fees and commissions	2,670	2,940	(270)
Interest expense on loans	24	11	13
Interest expense on right-of-use assets	631	882	(251)
Other financial expense	2,259	3,155	(897)
Total	**24,340**	**22,810**	**1,530**

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

Financial expense from fair value and amortised cost recognition refers to the adjustment to fair value of non-current financial liabilities, following the rescheduling of liabilities at 31 December 2024, which took place when the Restructuring Agreement became effective.

(31) Exchange losses

In 2022, net exchange losses amounted to Euro 7.5 million, mainly due to the exchange ratio fluctuation between the Euro and the US Dollar and between the Euro and the currencies of the countries in the Middle East and Africa. Exchange gains/losses mainly derive from intercompany payables and receivables between the Trevi Group companies expressed in currencies other than the reporting currency, and do not give rise to cash effects.

The composition of this item is shown below:

(in thousands of Euro)

Description	2022	2021	Change
Realised exchange gains	10,034	5,373	4,661
Realised exchange losses	(10,036)	(5,658)	(4,378)
Net realised exchange losses	**(2)**	**(285)**	**283**
Unrealised exchange gains	18,270	16,744	1,526
Unrealised exchange losses	(25,727)	(24,740)	(987)
Net unrealised exchange losses	**(7,457)**	**(7,996)**	**539**
Net exchange losses	**(7,459)**	**(8,281)**	**822**

(32) Income taxes

Net taxes for the year were down by approximately Euro 7.1 million in 2022 compared with the previous year and are broken down as follows:

(in thousands of Euro)

Description	2022	2021	Change
Current taxes:			
- Income taxes	16,030	12,900	3,129
Deferred tax expense	(6,147)	6,365	(12,512)
Deferred tax income	551	(1,725)	2,276
Total	**10,434**	**17,540**	**(7,106)**

Income taxes for the year refer to the estimate of direct taxes, calculated on the basis of the taxable income of the individual consolidated companies of the Group.

Taxes for foreign companies are calculated according to the rates in force in the respective countries.

(in thousands of Euro)

Description	2022	2021	Change
Loss for the year before taxes and non-controlling interests	**(4,741)**	**(33,755)**	**29,014**
IRES - Italian companies	194	0	194
Deferred taxes of Italian companies and consolidation entries	(1,522)	(247)	(1,275)
Current and deferred income taxes on foreign companies	12,728	14,662	(1,934)
Regional Business Tax (IRAP)	0	477	(477)
Taxes paid abroad	45	4,056	(4,011)
IRES tax differences from previous years	(1,011)	(1,408)	397
Income taxes shown in the statement of profit or loss	**10,434**	**17,540**	**(7,106)**
Tax rate	**n.a.**	**n.a.**	

(33) Losses per share

The calculation of basic and diluted losses per share was as follows:

Description	2022 Loss from continuing operations	2021 Loss from continuing operations
Loss for the year (thousands of Euro)	(19,127)	(52,977)
Weighted average number of ordinary shares for the determination of basic earnings per share	150,855,693	150,855,693
Basic losses per share: (A*1000) / B	(0.13)	(0.35)
Loss adjusted for the dilution analysis (thousands of Euro)	(19,127)	(52,977)
Weighted average number of ordinary shares for calculating basic earnings per share (B)	166,439,024	168,176,323
Diluted losses per share: (D*1000) / E	(0.11)	(0.32)

RELATED PARTY TRANSACTIONS

Directors' remuneration

For the year 2022, the amount of remuneration due to the Directors of the Company for the performance of these duties also in other companies included in the scope of consolidation is provided below:

Name	Company	Office	Remuneration for the office	Remuneration for subsidiaries	Other remuneration
Luca d'Agnese- until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Chairman of the Board of Directors	24.4		0
Cesare Trevisani - until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Deputy Chairman	61		0
Giuseppe Caselli	Trevi - Fin. Ind. S.p.A.	Chief Executive Officer	0		533.6
	Trevi S.p.A.	Chairman of the Board of Directors; Chief Executive Officer		0	
	Soilmec S.p.A.	Chairman of the Board of Directors; Chief Executive Officer		0	
Sergio Iasi - until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Chief Executive Officer	24.4		165.4
	Trevi S.p.A.	Non-executive Board Director		0	
	Soilmec S.p.A.	Non-executive Board Director		0	
Tommaso Sabato – until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive Board Director	24.4		
	Trevi - Fin. Ind. S.p.A.	Member of Control, Risks and Sustainability Committee	13.6		
	Soilmec S.p.A.	Non-executive Board Director		7.6	
Marta Dassù - until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	24.4		
	Trevi - Fin. Ind. S.p.A.	Chairperson of Related Party Committee	8.7		
Cristina Finocchi Mahne - until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	24.4		
	Trevi - Fin. Ind. S.p.A.	Member of Appointments and Remuneration Committee	8.1		
	Trevi - Fin. Ind. S.p.A.	Member of Control, Risks and Sustainability Committee	13.6		
Elisabetta Oliveri	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	40		
	Trevi - Fin. Ind. S.p.A.	Chairperson of Appointments and Remuneration Committee	11.6		
	Trevi - Fin. Ind. S.p.A.	Member of Related Party Committee	6.7		
	Trevi - Fin. Ind. S.p.A.	Member of Control, Risks and Sustainability Committee	9.1		
Alessandro Piccioni	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	40		
	Trevi - Fin. Ind. S.p.A.	Member of Appointments and Remuneration Committee	14.7		
	Trevi S.p.A.	Non-executive Board Director		22.5	

Rita Rolli - until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	24.4	
	Trevi - Fin. Ind. S.p.A.	Chairperson of Control, Risks and Sustainability Committee	17.3	
	Trevi - Fin. Ind. S.p.A.	Member of Related Party Committee	6.7	
Cinzia Farisè - until 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	24.4	
Bartolomeo Cozzoli – as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Member of Appointments and Remuneration Committee	6.6	
Davide Contini - as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Member of Related Party Committee	3.6	
Pier Paolo Di Stefano - as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Chairman of the Board of Directors	15.5	
Davide Manunta – as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Member of Control, Risks and Sustainability Committee	9.1	
	Trevi S.p.A.	Non-executive Board Director		8.7
	Soilmec S.p.A.	Non-executive Board Director		4.8
Sara Kraus - as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Member of Related Party Committee	3.6	
Manuela Franchi - as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Chairperson of Control, Risks and Sustainability Committee	11.4	
Anna Zanardi - as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Chairperson of Appointments and Remuneration Committee	8.9	
Cristina De Benedetti – as of 11 August 2022	Trevi - Fin. Ind. S.p.A.	Non-executive and independent Board Director	15.5	
	Trevi - Fin. Ind. S.p.A.	Chairperson of Related Party Committee	4.9	

(34) Other related party transactions

The Trevi Group's related party transactions mainly consist of the commercial transactions of the subsidiary Trevi S.p.A. with its consortia, regulated at market conditions. The most significant amounts of these non-current financial assets at 31 December 2022 and 31 December 2021 are shown below:

(In thousands of Euro)

Financial assets	31/12/2022	31/12/2021	Change
Porto Messina S.c.a.r.l.	713	716	(3)
Pescara Park S.r.l.	626	602	24
Overturning S.c.a.r.l.	2,964	0	2,964
Bologna Park S.r.l.	100	0	100
Total	**4,403**	**1,318**	**3,085**

The most significant amounts of current trade receivables at 31 December 2022 and 31 December 2021 included under the item Trade receivables and other current assets are shown below:

(In thousands of Euro)

Trade receivables and other current assets	31/12/2022	31/12/2021	Change
Sofitre S.r.l.	0	2	(2)
Other	0	0	0
Sub-total	**0**	**2**	**(2)**
Porto Messina S.C.A.R.L.	826	810	16
Nuova Darsena S.C.A.R.L.	0	1,651	(1,651)
Trevi SGF INC S.C.A.R.L.	1,861	1,861	0
Treviicos-Nicholson JV (USA)	36	0	36
SEP SEFI (France)	89	2,552	(2,463)
Gemac S.r.l.	0	3	(3)
Filippella S.C.A.R.L.	26	47	(21)
Other	424	157	267
Sub-total	**3,262**	**7,081**	**(3,819)**
Total	**3,262**	**7,083**	**(3,821)**
% of consolidated trade receivables	1.2%	2.8%	

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

(In thousands of Euro)

Revenue from sales and services	2022	2021	Change
Parcheggi S.p.A.*	0	120	(120)
Sub-total	**0**	**120**	**(120)**
Nuova Darsena	0	3	(3)
Sep Trevi Sefi	0	0	0
Treviicos-Nicholson JV (USA)	37	2250	(2,213)
Hercules Trevi Foundation AB	273	0	273
Other	809	410	399
Sub-total	**1119**	**2663**	**(1,544)**
Total	**1119**	**2783**	**(1,664)**
% of total revenue	0.2%	1%	

(*) Parcheggi S.p.A., acquired in 2021, was excluded from the related party transaction statement at 31 December 2022.

(In thousands of Euro)

Financial income	2022	2021	Change
Bologna Park S.r.l.	18	0	18
Other	2	18	(16)
Total	**20**	**18**	**2**

The most significant amounts due to related companies at 31 December 2022 and 31 December 2021 included under the item Trade payables and other current liabilities are shown below:

(In thousands of Euro)

Trade payables and other current liabilities	31/12/2022	31/12/2021	Change
IFC Ltd	173	173	0
Sofitre S.r.l.	0	340	(340)
Sub-total	**173**	**513**	**(340)**
Filippella S.C.A.R.L.	46	3	43
Trevi Adanti	0	0	0
Nuova Darsena	173	120	53
Porto Messina S.c.a.r.l.	234	234	0
Trevi SGF INC S.C.A.R.L.	90	90	0
SEP SEFI (France)	0	0	0
Other	165	155	10
Sub-total	**708**	**602**	**106**
Total	**881**	**1115**	**(234)**
% of consolidated trade payables	0.6%	1.0%	

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

(In thousands of Euro)

Consumption of raw materials and external services	2022	2021	Change
Porto Messina S.c.a.r.l.	0	7	(7)
Filippella S.c.a.r.l.	0	3	(3)
Nuova Darsena S.c.a.r.l.	174	120	54
Treviicos-Nicholson JV (USA)	0	52	(52)
Other	0	9	(9)
Sub-total	**174**	**191**	**(17)**
Total	**174**	**191**	**(17)**
% of consumption of raw materials and consolidated external services	0.0%	0.0%	

SEGMENT DISCLOSURE

The Group identified the breakdown by business of activity as the primary framework for presenting segment data, for the purposes of segment reporting. This representation reflects the organisation of the Group's business and internal reporting structure, based on the consideration that risks and benefits are influenced by the business segments in which the Group operates. Management monitors the operating results of its business units separately in order to make decisions regarding the allocation of resources and assessment of performance. Segment performance is evaluated on operating profit or loss, which, as shown in the tables below, is calculated differently from the operating profit or loss shown in the Consolidated Financial Statements. Segment statement of profit or loss and statement of financial position figures at 31 December 2022 are provided in the following tables and further information on the performance of the two divisions is given in the Directors' Report. Management believes business segments are the primary segment disclosure for understanding the business of the Group whilst geographical segment disclosure is the secondary segment; the Directors' Report includes comments on the summary data shown in this Note on segment reporting.

TREVI DIVISION
Statement of Financial Position

(In thousands of Euro)

Description		31/12/2022	31/12/2021	Change
A)	**Non-current assets**	**128,393**	**119,865**	**8,528**
B)	**Net working capital**			
	- Inventories	116359	63,958	52,401
	- Trade receivables	154,760	173,505	(18,745)
	- Trade payables (-)	(116,304)	(104,112)	(12,192)
	- Payments on account (-)	(35,586)	(26,708)	(8,877)
	- Other liabilities	(27,169)	(29,017)	1,848
		92,061	**77,626**	**14,435**
C)	**Assets held for sale and liabilities associated with assets held for sale**			
D)	**Invested capital less liabilities (A + B)**	**220,453**	**197,491**	**22,962**
E)	**Post-employment benefits (-)**	**(8,591)**	**(7,801)**	**(790)**
F)	**NET INVESTED CAPITAL (C+D)**	**211,862**	**189,690**	**22,172**

TREVI DIVISION
Statement of Profit or Loss summary

(In thousands of Euro)

Description	2022	2021	Change
TOTAL REVENUE	**438,013**	**358,778**	**79,235**
Change in work in progress, semi-finished products and finished goods	(0)	(0)	0
Internal work capitalised	1,015	1,209	(194)
Other operating revenue			0
PRODUCTION REVENUE	**439,028**	**359,987**	**(79,041)**
Consumption of raw materials and external services	(280,048)	(212,013)	(68,035)
Other operating costs	(9,190)	(7,971)	(1,220)
VALUE ADDED	**149,790**	**140,003**	**9,787**
% of total revenue	34.20%	39.02%	
Personnel expense	(88,582)	(93,386)	4,804
GROSS OPERATING PROFIT	**61,208**	**46,617**	**14,591**
% of total revenue	13.97%	12.99%	
Depreciation and amortisation	(20,786)	(26,729)	5,943
Provisions and impairment losses	(8,118)	(1,963)	(6,156)
OPERATING PROFIT	**32,304**	**17,925**	**14,379**
% of total revenue	7.38%	5.00%	

SOILMEC DIVISION
Statement of Financial Position

(In thousands of Euro)

Description		31/12/2022	31/12/2021	Change
A)	**Non-current assets**	**39,975**	**49,355**	**(9,380)**
B)	**Net working capital**			
	- Inventories	80,291	77,487	2,804
	- Trade receivables	52,427	64,493	(12,066)
	- Trade payables (-)	(51,509)	(53,625)	2,116
	- Payments on account (-)	(6,520)	(4,765)	(1,755)
	- Other assets/(liabilities)	811	(2,639)	3,450
		75,500	**80,951**	**(5,451)**
C)	**Assets held for sale and liabilities associated with assets held for sale**			
D)	**Invested capital less liabilities (A + B)**	**115,475**	**130,306**	**(14,831)**
E)	**Post-employment benefits (-)**	**(2,022)**	**(2,538)**	**516**
F)	**NET INVESTED CAPITAL (C+D)**	**113,453**	**127,768**	**(14,315)**

SOILMEC DIVISION
Statement of Profit or Loss summary

(In thousands of Euro)

Description	2022	2021	Change
TOTAL REVENUE	**133,319**	**141,050**	**(7,731)**
Change in work in progress, semi-finished products and finished goods	9,832	(6,887)	16,719
Internal work capitalised	10,113	11,612	(1,499)
Other operating revenue	0	0	0
PRODUCTION REVENUE	**153,264**	**145,775**	**7,489**
Consumption of raw materials and external services	(121,959)	(109,407)	(12,552)
Other operating costs	(1,354)	(2,010)	656
VALUE ADDED	**29,951**	**34,358**	**(4,407)**
% of total revenue	22.47%	24.36%	
Personnel expense	(27,045)	(28,469)	1,424
GROSS OPERATING PROFIT	**2,906**	**5,889**	**(2,983)**
% of total revenue	2.18%	4.17%	
Depreciation and amortisation	(7,056)	(6,014)	(1,042)
Provisions and impairment losses	(3,596)	(2,025)	(1,571)
OPERATING LOSS	**(7,746)**	**(2,150)**	**(5,596)**
% of total revenue	-5.81%	-1.52%	

RECONCILIATION STATEMENT AT 31 December 2022

Statement of Financial Position

(In thousands of Euro)

Description		Trevi Division	Soilmec Division	Trevi Finanziaria	Adjustments	Trevi Group
A)	**Non-current assets**	**128,393**	**39,975**	**216,212**	**(201,592)**	**182,988**
B)	**Net working capital**					
	- Inventories	116,359	80,291	0	(1,403)	195,248
	- Trade receivables	154,760	52,427	28,194	(35,862)	199,518
	- Trade payables (-)	(116,304)	(51,509)	(12,643)	39,816	(140,641)
	- Payments on account (-)	(35,586)	(6,520)	(511)	362	(42,255)
	- Other assets/(liabilities)	(27,169)	811	(20,160)	4,064	(42,454)
		92,060	**75,500**	**(5,120)**	**6,977**	**169,417**
C)	**Assets held for sale and liabilities associated with assets held for sale**					
D)	**Invested capital less liabilities (A + B)**	**220,453**	**115,475**	**211,092**	**(194,615)**	**352,405**
E)	**Post-employment benefits (-)**	**(8,591)**	**(2,022)**	**(594)**	**(140)**	**(11,347)**
F)	**NET INVESTED CAPITAL (C+D)**	**211,862**	**113,453**	**210,498**	**(194,755)**	**341,058**

The statement of financial position adjustment column includes for non-current assets the elimination of equity investments and the elimination of intragroup non-current financial assets, for trade receivables and payables the remaining intragroup eliminations.

RECONCILIATION STATEMENT FOR 2022

Statement of Profit or Loss summary

(In thousands of Euro)

Description	Trevi Division	Soilmec Division	Trevi Finanziaria	Adjustments	Trevi Group
TOTAL REVENUE	**438,013**	**133,319**	**18,478**	**(19,121)**	**570,689**
Change in work in progress, semi-finished products and finished goods	0	9,832	0	465	10,297
Internal work capitalised	1,015	10,113	0	(1,664)	9,464
Other operating revenue	0	0	0	0	0
PRODUCTION REVENUE	**439,028**	**153,264**	**18,478**	**(20,320)**	**590,450**
Consumption of raw materials and external services	(280,048)	(121,959)	(9,057)	18,617	(392,447)
Other operating costs	(9,190)	(1,354)	(1,121)	464	(11,201)
VALUE ADDED	**149,790**	**29,951**	**8,300**	**(1,239)**	**186,802**
% of total revenue	34.20%	22.47%	44.92%		32.73%
Personnel expense	(88,582)	(27,045)	(6,535)	(789)	(122,951)
GROSS OPERATING PROFIT	**61,208**	**2,906**	**1,765**	**(2,028)**	**63,851**
% of total revenue	13.97%	2.18%	9.55%		11.19%
Depreciation and amortisation	(20,786)	(7,056)	(4,143)	886	(31,099)
Provisions and impairment losses	(8,118)	(3,596)	(2,000)	1,088	(12,626)
OPERATING PROFIT/(LOSS)	**32,304**	**(7,746)**	**(4,378)**	**(54)**	**20,126**
% of total revenue	7.38%	-5.81%	-23.69%		3.53%

Significant events after the reporting period at 31 December 2022

During the first two months of 2023, the Group acquired orders for approximately Euro 80 million, compared to approximately Euro 97 million acquired in the same period of 2022. The Trevi Division, in particular, acquired orders for approximately Euro 76 million (Euro 55 million in 2022), while the Soilmec Division acquired orders for Euro 16 million (Euro 42 million in the first two months of 2022). The order backlog at 28 February 2023 amounted to Euro 557 million, compared to Euro 482 million at 28 February 2022 (it was Euro 455 million at 31 December 2021 and Euro 587 million at 31 December 2022).

The Group's performance in the first months of the year in terms of order intake, production revenue and backlog was in line with the forecasts for the year 2023, part of the 2022-2026 Plan.

The Group's Net Financial Debt at 31 January 2023 was Euro 201.4 million compared to Euro 251.2 million at 31 December 2022. The completion of the Group's overall capital strengthening and debt restructuring transaction, finalised on 11 January 2023, significantly affected this reduction. This transaction resulted, *inter alia*, in the collection of Euro 25 million in the form of a capital increase against consideration, as well as in the conversion of bank debt by the Lending Banks for Euro 32.7 million at a conversion ratio of 1.25 to 1, in addition to a consequent improvement on bank debt following the application of IFRS9 for approximately Euro 23.4 million.

As part of the capital increase, 161,317,259 newly issued ordinary shares of Trevi - Finanziaria Industriale S.p.A., were subscribed for a total equivalent amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). The new share capital of Trevifin, therefore, amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares.

With reference to the Neom Project – "The Line", the subsidiary Trevi Arabian Soil Contractor was ranked best contractor for quality. Based on the scoring process of the "NEOM Project Quality Index", Trevi ASC emerged as the best contractor for quality among the contractors working on the "NEOM - The Line" project, being the top pile contractor in December 2022.

As was already the case in 2022, the Italian newspaper Corriere della Sera included the Trevi Group among "The most climate-conscious companies 2023". The survey carried out in collaboration with Statista, a renowned German company that manages one of the world's leading portals for statistics and business intelligence, involved about 600 Italian companies and selected the most virtuous ones in terms of their ability to reduce their corporate CO_2 emissions.

Significant non-recurring events and transactions

There were no significant non-recurring events and transactions.

Positions or transactions deriving from atypical and/or unusual operations

The Trevi Group did not record positions or transactions deriving from atypical and/or unusual operations.

Statutory auditors' remuneration

For the year 2022, the amount of remuneration due to Statutory Auditors of the Company for the performance of these duties also in other companies included in the scope of consolidation is provided below:

Name	Office	Term of office (in months)	Remuneration from the Company	Other remuneration	Total
M. Vicini	PCS	12	50	0	50
R. Ferrara – until 11 August 2022	SE	7.5	24.4	0	24.4
F. Parente - until 11 August 2022	SE	4.5	15.5	0	15.5
M. Pierini	SE	12	40	0	40
Total			**130**	**0**	**130**

Audit fees pursuant to Art. 160 par. 1-*bis* No. 303 of Italian Law 262 of 28 December 2005 supplemented by Italian Legislative Decree of 29 December 2006

(Amounts in Euro)	Audit	Certification services	Other services	Overall
Trevi Finanziaria Industriale S.p.A.				
KPMG S.p.A.	280,592	172,345	0	452,937
KPMG network	0	0	0	0
	280,592	**172,345**		**452,937**
Subsidiaries				
KPMG S.p.A.	68,646	0	0	68,646
KPMG network	230,078	0	0	230,078
	298,724	**0**	**0**	**298,724**
Total	**579,316**	**172,345**	**0**	**751,661**

Information required by Consob pursuant to Art. 114 of Italian Legislative Decree No. 58/98

On 10 December 2018, Consob, under Art. 114 of Italian Legislative Decree No. 58/98 requested the Company to communicate, by the end of each month, the following information updated to the end of the previous month:

a) the Company and the Group's net financial position, with separate disclosure of the short-term position and the medium/long-term position;

b) the overdue amounts of the Company and of the Group headed by it, broken down by nature (financial, trade, tax, social security and to employees) and the relevant initiatives of reaction of creditors (reminders, injunctions, suspensions in the supply, etc.);

c) the Company and the Group's main variations in the transactions with related parties compared to the last approved annual or interim financial report pursuant to Art.154-*ter* of Italian Consolidated Law on Finance;

Concerning the situation at 31 December 2022, the information was communicated to the market through individual Press Releases issued monthly throughout the year. All the Press Releases mentioned are available on the Company's website at the following address: https://www.trevifin.com/en/press_releases.

ANNEXES

The following annexes supplement the information contained in the Notes to the Consolidated Financial Statements of which they form an integral part.

1) Companies consolidated in the Consolidated Financial Statements at 31 December 2022 on a line-by-line basis.

1a) Companies consolidated in the Consolidated Financial Statements at 31 December 2022 using the equity method.

1b) Companies and consortia consolidated in the Consolidated Financial Statements at 31 December 2022 with the cost method.

2) Organisational chart of the Group.

Annex 1
COMPANIES CONSOLIDATED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022 ON A LINE-BY-LINE BASIS

COMPANY NAME	COUNTRY	CURRENCY	SHARE/QUOTA CAPITAL	% HELD BY THE GROUP
Foundation Construction Ltd	Nigeria	Naira	28,006,440	80.15%
Galante Cimentaciones Sa	Peru	US Dollar	1,213,612	99.78%
Galante Foundations Sa	Republic of Panama	US Dollar		99.78%
Hyper Servicos de Perfuracao Ltda	Brazil	Brazilian Real	1,200,000	99.78%
Idt Fzco	United Arab Emirates	United Arab Emirates Dirham	1,000,000	99.80%
Idt Llc Fzc	United Arab Emirates	United Arab Emirates Dirham	6,000,000	94.82%
Parcheggi S.p.A.	Italy	Euro	307,536	59.27%
Pilotes Trevi Sacims	Argentina	Argentine Peso	390,919,437	99.76%
Pilotes Trevi Sacims - Paraguay	Paraguay	Guarani		99.76%
Pilotes Uruguay Sa	Uruguay	Uruguayan Peso	80,000	99.76%
Profuro Intern. Lda	Mozambique	Metical	36,000,000	99.29%
PSM S.p.A.	Italy	Euro	1,000,000	99.92%
RCT S.r.l.	Italy	Euro	500,000	99.78%
Soilmec Algeria	Algeria	Algerian dinar	1,000,000	69.94%
Soilmec Australia Pty Ltd.	Australia	Australian Dollar	100	99.92%
Soilmec Colombia Sas	Colombia	Colombian Peso	371,433,810	99.92%
Soilmec Deutschland Gmbh	Germany	Euro	100,000	99.92%
Soilmec do Brasil Sa	Brazil	Brazilian Real	5,500,000	83.75%
Soilmec F. Equipment Pvt. Ltd	India	Indian Rupee	500,000	79.94%
Soilmec France Sas	France	Euro	1,100,000	99.92%
Soilmec H.K. Ltd	Hong Kong	Euro	44,743	99.92%
Soilmec Investment Pty Ltd.	Australia	Australian Dollar	100	99.92%
Soilmec Japan Co. Ltd	Japan	Japanese Yen	45,000,000	92.93%
Soilmec North America Inc.	U.S.A.	US Dollar	10	79.94%
Soilmec Singapore Pte Ltd	Singapore	Euro	100,109	99.92%
Soilmec S.p.A.	Italy	Euro	25,155,000	99.92%
Soilmec U.K. Ltd	United Kingdom	British Sterling	120,000	99.92%
Soilmec WuJiang Co. Ltd	China	Renminbi	58,305,193	99.92%
Swissboring & Co. LLC	Oman	Omani Rial	250,000	99.78%
Swissboring Overseas Piling Corp. Ltd (Dubai)	United Arab Emirates	United Arab Emirates Dirham	6,000,000	99.78%
Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.78%
Swissboring Qatar WLL	Qatar	Qatari Riyal	250,000	99.78%
TREVI – Finanziaria Industriale S.p.A.	Italy	Euro	97,373,554	Parent
Trevi Algerie EURL	Algeria	Algerian dinar	53,000,000	99.78%
Trevi Arabco JV	Egypt	US Dollar		99.78%
Trevi Australia JV	Australia	Australian Dollar		69.85%
Trevi Australia Pty Ltd	Australia	Australian Dollar	10	99.78%
Trevi Chile S.p.A.	Chile	Chilean Peso	10,510,930	99.76%
Trevi Cimentaciones CA	Venezuela	Euro	46,008,720	99.78%
Trevi Cimentacones y Consolidaciones Sa	Republic of Panama	US Dollar	9,387,597	99.78%
Trevi Construction Co. Ltd	Hong Kong	US Dollar	2,051,668	99.78%
Trevi Contractors BV	The Netherlands	Euro	907,600	99.78%
Trevi Drilling Services Saudi Arabia Co. Ltd	Saudi Arabia	Saudi Riyal	7,500,000	51.00%
Trevi Fondations Spéciales Sas	France	Euro	100,000	99.78%
Trevi Foundations Canada Inc	Canada	US Dollar	8	99.78%
Trevi Foundations Denmark A/S	Denmark	Danish Krone	2,000,000	99.78%
Trevi Foundations Kuwait Co. WLL	Kuwait	Kuwait Dinar	100,000	99.78%
Trevi Foundations Nigeria Ltd	Nigeria	Naira	500,000,000	59.75%
Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	52,500,000	99.78%
Trevi Galante Sa	Colombia	Colombian Peso	1,000,000,000	99.78%
Trevi Geotechnik GmbH	Austria	Euro	100,000	99.78%
Trevi Holding USA Corporation	United States	US Dollar	1	99.78%

Trevi Insaat Ve Muhendislik AS	Turkey	Turkish Lira	9,660,600	99.78%
Trevi ITT JV	Thailand	US Dollar		99.78%
Trevi Panamericana Sa	Republic of Panama	US Dollar	1,221,366	99.78%
Trevi S.p.A.	Italy	Euro	32,300,000	99.78%
Trevi Spezialtiefbau GmbH	Germany	Euro	50,000	99.78%
TreviGeos Fundacoes Especiais Ltda	Brazil	Brazilian Real	5,000,000	50.89%
Treviicos Corporation	U.S.A.	US Dollar	23,500	99.78%
Treviicos Soletanche JV	United States	US Dollar		54.88%
Treviicos South Inc	U.S.A.	US Dollar	5	99.78%
Trevi-Trevi Fin.-Sembenelli UTE (Bordeseco)	Venezuela	US Dollar		94.89%
Wagner Constructions LLC	U.S.A.	US Dollar	5,200,000	99.78%
6V Srl	Italy	Euro	154,700	50.89%
Arabian Soil Contractors Ltd	Saudi Arabia	Saudi Riyal	1,000,000	99.78%

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

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

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

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

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

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

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

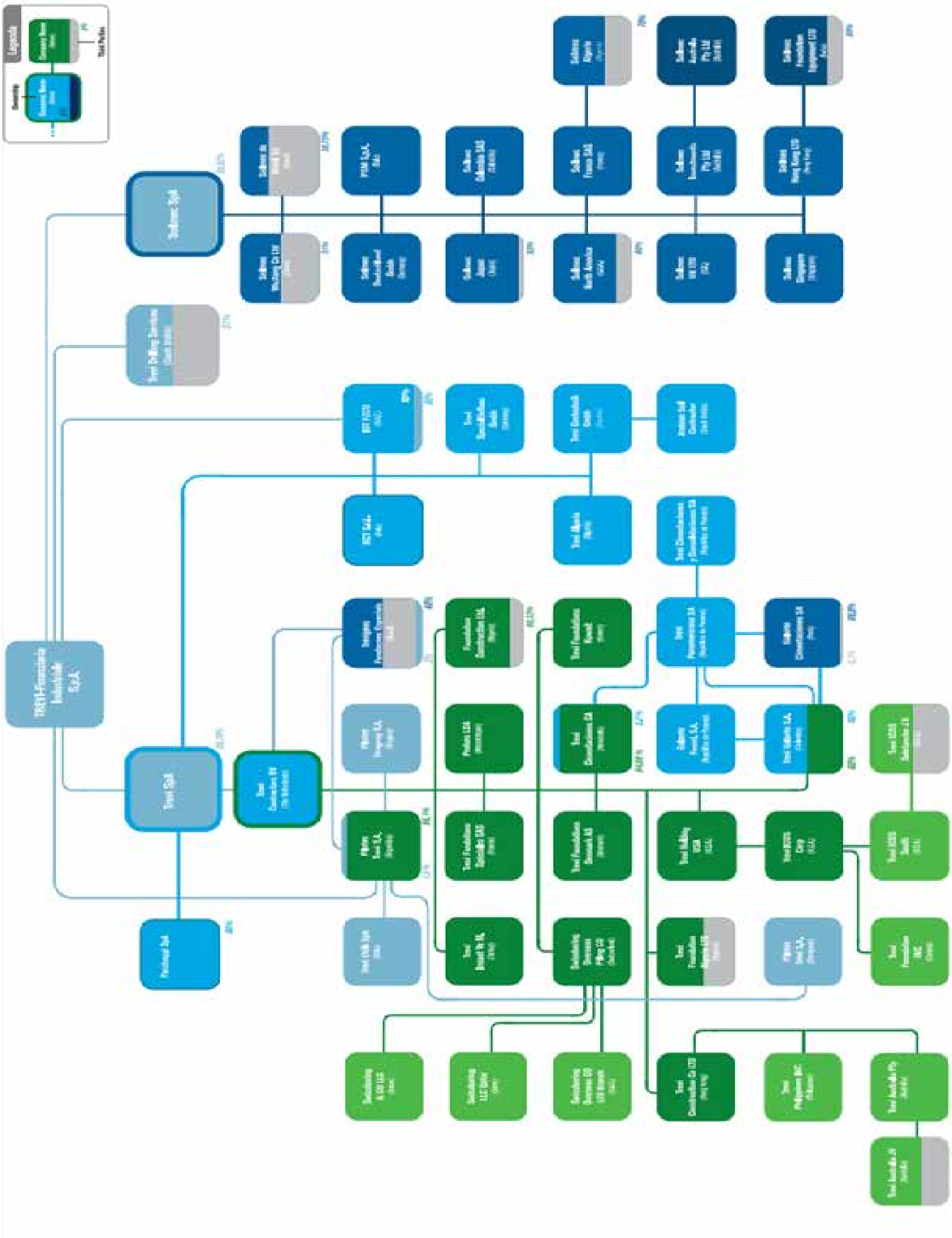
Annex 1a
COMPANIES CONSOLIDATED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 December 2022 USING THE EQUITY METHOD

COMPANY NAME	COUNTRY	CURRENCY	SHARE/QUOTA CAPITAL	% HELD BY THE GROUP	CARRYING AMOUNT (Euro/000)
J.V. Rodio-Trevi-Arab Contractor	Egypt	US Dollar	100,000	17.46%	0
Trevi Icos-Nicholson JV	United States	US Dollar		49.50%	359
TOTAL					**359**

Annex 1b
COMPANIES AND CONSORTIA CONSOLIDATED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 December 2022 WITH THE COST METHOD

COMPANY NAME	COUNTRY	CURRENCY	SHARE/ QUOTA CAPITAL	% HELD BY THE GROUP	CARRYING AMOUNT (Euro/000)
CONSORTIUM COMPANIES AND CONSORTIA					
Trevi S.G.F. Inc. per Napoli	Italy	Euro	10,000	54.88%	6
Consorzio Fondav	Italy	Euro	25,823	37.00%	0
Filippella S.c.a.r.l.	Italy	Euro	10,000	100.00%	8
Porto di Messina S.c.a.r.l.	Italy	Euro	10,200	100.00%	0
Consorzio Water Alliance	Italy	Euro	60,000	100.00%	0
Compagnia del Sacro Cuore S.r.l.	Italy	Euro			0
Centuria S.c.a.r.l.	Italy	Euro	308,000	1.58%	5
Soilmec Arabia	Saudi Arabia	Saudi Riyal		24.25%	1
Overturning S.c.a.r.l.	Italy	Euro	10,000	6.69%	1
Nuova Darsena S.C.A.R.L.	Italy	Euro	10,000	50.80%	5
OTHER COMPANIES					
Drillmec India	India	Euro			24
Comex S.p.A. (in winding-up)	Italy	Euro	10,000	0.69%	0
Credito Cooperativo Romagnolo – BCC di Cesena e Gatteo	Italy	Euro	7,474,296	0.01%	0
Italthai Trevi	Thailand	Baht	80,000,000	2.19%	135
Hercules Trevi Foundation A.B.	Sweden	Crown	100,000	49.50%	103
Japan Foundations	Japan	Japanese Yen	5,907,978,000	0.00%	105
Bologna Park S.r.l.	Italy	Euro	50,000	56.13%	0
Pescara Park S.r.l.	Italy	Euro	10,000	34.92%	0
I.F.C	Hong Kong	US Dollar	18,933	0.10%	0
OOO Trevi Story	Russia	Russian Ruble	5,000,000	100.00%	0
Gemac S.r.l.	Romania	New Leu	50,000	24.59%	0
Sviluppo Imprese Romagna S.p.A.	Italy	Euro	1,125,000	13.33%	150
SEP SEFI JV	France	Euro		50.00%	0
TOTAL					**544**

Annex 2
ORGANISATIONAL CHART OF THE GROUP



Statement on the Consolidated Financial Statements pursuant to Art. 154-*bis* of Italian Legislative Decree No. 58/98

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

   of the administrative and accounting procedures for drafting the consolidated financial statements during the 2022 financial year.

2. It is also stated that:

2.1 The Consolidated Financial Statements at and for the year ended 31 December 2022:

a) have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) match the results of the ledgers and accounting records;

c) are suitable for providing a true and fair view of the financial situation, financial performance and cash flows of the issuer and of all companies included in the consolidation.

2.2 The Directors' report contains references to important events that occurred during the year and their impact on the consolidated financial statements, together with a description of the main risks and uncertainties of the year as well as information on significant transactions with related parties.

Cesena, 29 March 2023

Giuseppe Caselli
Chief Executive Officer

Massimo Sala
Manager in charge of financial reporting

KPMG S.p.A.
Revisione e organizzazione contabile
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(The accompanying translated consolidated financial statements of the Trevi Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Trevi Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Trevi Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Trevi Finanziaria Industriale S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Trevi Group
Independent auditors' report
31 December 2022

Recapitalisation and debt restructuring transaction

Notes to the consolidated financial statements: "Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption" and "Events after the reporting date" sections

Key audit matter	Audit procedures addressing the key audit matter
Trevi Finanziaria Industriale S.p.A. and its subsidiaries (the "group") commenced a recapitalisation and debt restructuring process in 2017, which resulted in the restructuring agreement with the lending banks signed in 2019. In 2021, in consideration of the adverse effects of the Covid-19 pandemic on the global economy that affected the group's business, the parent started negotiations with the lending banks aimed at identifying the necessary amendments to the existing arrangements in order for it to be able to achieve the original business plan's objectives. On 17 November 2022, the parent's board of directors approved a new restructuring agreement pursuant to articles 56 and 284 of the Italian Code of Corporate Crisis and Insolvency (the "new agreement"), based on the 2023-2026 consolidated business plan approved by the board of directors on 29 September 2022 (the "new plan"). The new plan envisages, inter alia, a capital increase, the subordination and postponement of a portion of the bank debt and the extension of the maturity of the non-current bank debts and bonds to 2026. The new agreement took effect on 11 January 2023, with the completion of the capital increase of €51 million subscribed by the shareholders CDPE Investimenti S.p.A. and Polaris Capital Management LLC, as well as by the lending banks identified in the new agreement. The directors assessed the group's ability to continue as a going concern on the basis of its past performance, the new debt structure and capitalisation and the projections included in the new plan. Assessing the appropriateness of the use of the going concern assumption entails important judgements, which are inherent in any forecast, about the existence of risks to which the parent and the group are exposed and that may, inter alia, affect the materialisation of the assumptions underlying the new plan. For the above reasons, we believe that the use of the going concern assumption is a key audit matter.	Our audit procedures, which also involved our own specialists, included: • analysing the process and models used by the directors to assess the group's ability to continue as a going concern; • understanding and assessing the reasonableness of the main assumptions underlying the new plan; • comparing the above main assumptions to the parent's and group's historical data and external information, where available; • checking the directors' assessments of the new plan's adequacy to enable the parent's and the group's capital and financial rebalancing; • analysing the actions implemented by management to successfully reach an agreement with the lending banks and reset the parameters provided for by the covenants; • analysing the correspondence with the competent supervisory authorities; • analysing the minutes of the board of directors' meetings; • analysing the events after the reporting date that provide information useful for an assessment of the group's ability to continue as a going concern; • checking the accuracy and completeness of the disclosures provided in the notes.

Recoverability of the group's net assets

Notes to the consolidated financial statements: "Impairment of assets", "Use of estimates" and "Impairment test" sections

Key audit matter	Audit procedures addressing the key audit matter
As a result of the situation of the market in which the group operates, assisted by an external advisor, the directors tested the net assets allocated to the identified cash-generating units (CGUs, Trevi and Soilmec) for impairment by comparing their recoverable amount to their carrying amount. The directors determined the recoverable amount based on their value in use calculated using the discounted cash flow model. A breakdown of these expected cash flows by subsidiary is set out in the new plan. The directors also carried out a sensitivity analysis, whose results are presented in the notes to the consolidated financial statements, to check the impact of possible variations in the discount rate applied to cash flows and in the growth rate after the explicit period to value in use compared to the forecasts. Impairment testing requires a high level of judgement, especially in relation to: • the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector and the actual cash flows generated by the CGUs in recent years; • the financial parameters to be used to discount the above cash flows. For the above reasons, we believe that the recoverability of the net assets allocated to the CGUs mentioned above is a key audit matter.	• Our audit procedures, which also involved our own specialists, included: • understanding the process adopted to prepare the impairment test; • understanding the process adopted to prepare the new plan which includes the expected cash flows used for impairment testing; • analysing the reasonableness of the assumptions used by the directors to prepare the new plan; • comparing the cash flows used for impairment testing to the cash flows forecast in the new plan; • assessing the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; • checking any discrepancies between the most recent actual figures and the new plan forecasts and understanding the underlying reasons; • checking the accuracy of the CGUs' scope; • assessing the appropriateness of the disclosures provided in the notes about net assets and the related impairment test.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable

KPMG

Trevi Group
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the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 15 May 2017, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Trevi Group
Independent auditors' report
31 December 2022

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Trevi Finanziaria Industriale S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, other auditors attested the compliance of the non-financial statement separately.

Bologna, 18 April 2023

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

SEPARATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

amounts expressed in Euros

ASSETS	Notes	31/12/2022	31/12/2021
Non-current assets			
Property, plant and equipment			
Land and Buildings		6,267,334	6,392,853
Plant, machinery and industrial and commercial equipment		8,195,291	13,320,574
Other assets		443,857	507,750
Total Property, Plant and Equipment	**(1)**	**14,906,482**	**20,221,177**
Intangible assets			
Concessions, licences and trademarks		8,140,400	45,830
Intangible assets in progress and advances		-	7,432,440
Total Intangible Assets	**(2)**	**8,140,400**	**7,478,270**
Equity investments in other companies	**(3)**	175,594	175,594
Equity investments in subsidiaries	**(3)**	192,989,567	192,989,567
Deferred tax assets	**(4)**	-	-
Other non-current financial assets		22,971	27,570
Other non-current financial assets from subsidiaries and other companies	**(5)**	0	9,850,454
- Of which with related parties		-	-
Trade receivables and other non-current assets			
Total Financial Assets		**193,188,132**	**203,043,185**
Total Non-current assets		**216,235,014**	**230,742,632**
Assets held for sale			
Current assets			
Trade receivables and other current assets	**(6)**	9,322,365	4,788,830
- Of which with related parties		-	-
Trade receivables and other current assets from subsidiaries	**(7)**	36,980,146	49,877,510
- Of which with related parties		*36,980,146*	*49,877,510*
Current tax assets	**(8)**	545,853	265,235
Current financial assets	**(9)**	67,410,585	57,785,660
Cash and cash equivalents	**(10)**	9,719,175	1,551,657
Total Current assets		**123,978,124**	**114,268,892**
TOTAL ASSETS		**340,213,138**	**345,011,524**

Nella foto della pagina precedente: Attrezzature Soilmec ultima generazione al lavoro in cantiere per Alta Velocità Ferroviaria tratta Napoli - Bari

EQUITY	*Notes*	*31/12/2022*	*31/12/2021*
Share capital and reserves			
Share capital		97,373,554	97,373,554
Other reserves		7,834,105	31,126,859
Losses carried forward including net profit for the financial year		(13,340,242)	(23,293,569)
Total Equity	**(11)**	**91,867,416**	**105,206,844**
LIABILITIES			
Non-current liabilities			
Non-current bank loans and borrowings	**(12)**	4,949,189	4,634,431
Non-current loans and borrowings from other financial backers	**(13)**	58,866,072	61,218,743
Non-current derivative instruments	**(14)**	-	-
Deferred tax liabilities	**(15)**	411,685	649,624
Post-employment benefits	**(16)**	593,881	635,652
Provisions for risks and charges	**(17)**	12,290,961	14,575,582
Other non-current liabilities	**(17.1)**	1,830,980	6,038,963
Total Non-current liabilities		**78,942,768**	**87,752,995**
Current liabilities			
Trade payables and other current liabilities	**(18)**	18,825,078	11,518,310
Trade payables and other current liabilities to subsidiaries	**(19)**	17,963,165	21,607,964
- Of which with related parties		*17,963,165*	*21,607,964*
Current tax liabilities	**(20)**	672,679	367,808
Current loans and borrowings	**(21)**	44,121,374	73,040,878
Current loans and borrowings from other financial backers	**(22)**	87,820,659	45,516,725
- Of which with related parties		*4,479,835*	*4,242,379*
Liabilities for current derivative instruments	**(23)**	-	-
Total Current liabilities		**169,402,954**	**152,051,685**
TOTAL LIABILITIES		**248,345,722**	**239,804,680**
Liabilities held for sale			**-**
TOTAL EQUITY AND LIABILITIES		**340,213,138**	**345,011,524**

PROFIT AND LOSS ACCOUNT
amounts expressed in Euros

	Notes	31/12/2022	31/12/2021
Revenues from sales and services	(24)	13,734,597	11,266,767
- Of which with related parties		*13,584,481*	*11,111,831*
Other operating revenues	(25)	4,743,158	1,357,110
- Of which with related parties		-	*7,434*
Raw materials and consumables	(26)	(72,741)	(79,825)
- Of which with related parties			
Personnel expense	(27)	(6,535,331)	(6,196,710)
Other operating expenses	(28)	(10,105,239)	(14,424,048)
- Of which with related parties		*(1,193,625)*	*(513,081)*
Amortisation	(29)	(4,142,758)	(2,430,275)
Provisions and impairment losses	(29.1)	(1,999,908)	(9,211,130)
Internal work capitalised		-	-
Operating loss		**(4,378,222)**	**(19,718,111)**
Financial income	(30)	7,560,100	4,339,499
- Of which with related parties		*1,345,173*	*1,341,877*
Financial expense	(31)	(15,047,252)	(13,490,229)
Net exchange gains/(losses)	(32)	(304,024)	(555,818)
Net financial income/(expense)		**(7,791,176)**	**(9,706,548)**
Adjustments to financial assets	(33)	**(1,241,753)**	**5,421,818**
- Of which with related parties		*(1,241,753)*	*5,421,818*
Profit/(loss) before taxes		**(13,411,151)**	**(24,002,841)**
Income taxes	(34)	70,909	709,272
Net profit from continuing operations	(34.1)	**(13,340,242)**	**(23,293,569)**
Net profit from assets held for sale		-	-
Net profit	(35)	**(13,340,242)**	**(23,293,569)**

COMPREHENSIVE PROFIT AND LOSS ACCOUNT		
	31/12/2022	**31/12/2021**
Profit/(loss) for the period	**(13,340,242)**	**(23,293,569)**
Items that are or that may be reclassified to the comprehensive profit and loss account for the financial year		
Hedging reserve		
Income taxes		
Change in the hedging reserve		
Total items that are or that may be reclassified to the comprehensive profit and loss account for the financial year net of taxes	**0**	**0**
Items that will not be reclassified to the comprehensive profit and loss account for the financial year:		
Actuarial gains/(losses)	815	(31,311)
Income taxes		
Items that will not be reclassified to the comprehensive profit and loss account for the financial year net of taxes	**815**	**(31,311)**
Comprehensive income/(expense) net of taxes	**(13,339,427)**	**(23,324,880)**

STATEMENT OF CHANGES IN EQUITY

amounts expressed in Euros

DESCRIPTION	Share Capital	Other reserves	Profit (losses) carried forward	Profit for the period	Total Equity
Balance as at 31/12/2020	**97,373,554**	**270,076,968**	**(484,954,765)**	**246,035,967**	**128,531,723**
Profit allocation		(238,918,798)	484,954,765	(246,035,967)	-
Distribution of dividends					-
Capital increase	-				-
Other changes					-
Comprehensive profit/(loss)		(31,311)		(23,293,569)	(23,324,880)
Balance as at 31/12/2021	**97,373,554**	**31,126,859**	**-**	**(23,293,569)**	**105,206,844**
Profit allocation		(23,293,569)	(0)	23,293,569	-
Distribution of dividends					-
Capital increase	-				-
Other changes					-
Comprehensive profit/(loss)		815		(13,340,242)	(13,339,427)
Balance as at 31/12/2022	**97,373,554**	**7,834,105**	**(0)**	**(13,340,242)**	**91,867,416**

STATEMENT OF CASH FLOWS -

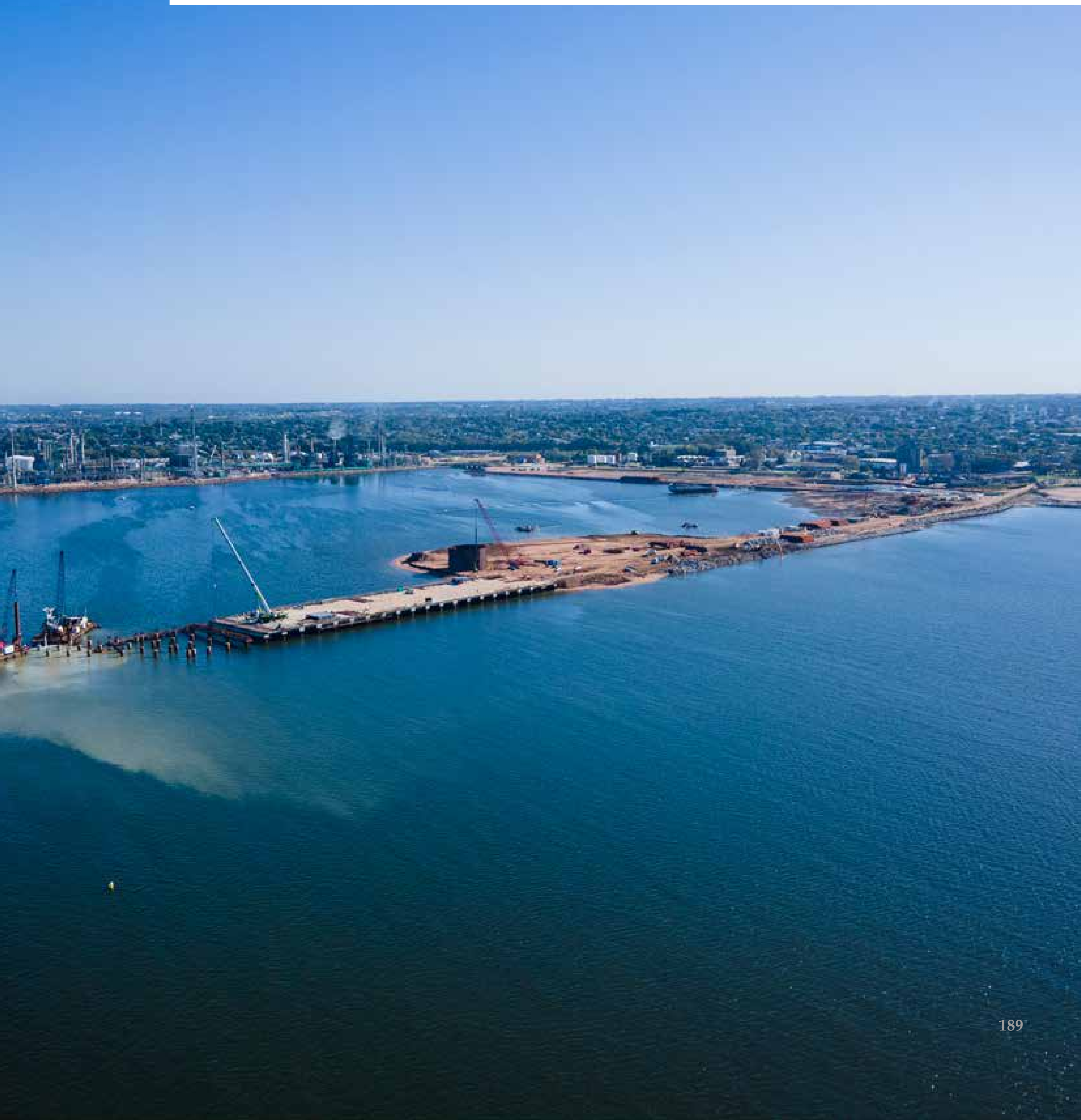
amounts expressed in Euros

	Notes	31/12/2022	31/12/2021
Profit/(loss) for the period	(35)	(13,340,242)	(23,293,569)
Income taxes	(34)	(70,909)	(709,272)
Profit/(loss) before taxes		**(13,411,151)**	**(24,002,841)**
Amortisation	(29)	4,142,758	2,430,275
Capital (gains)/losses from disposal of assets	(1) - (2)	(192,123)	(80,826)
Financial (income)/Expense	(30) - (31) - (32)	7,487,152	9,150,730
Adjustments to financial assets	(33)	1,241,753	(5,421,818)
Provisions for risks and post-employment benefits	(16)	333,038	281,742
Use of the provisions for risks and post-employment benefits	(16)	(373,995)	(310,122)
Provisions for risks and charges	(22)	3,011,713	9,623,932
Use of provisions for risks and charges	(17)	-	-
(A) Cash flows used in operating assets before changes in Working Capital		**2,239,145**	**(8,328,928)**
(Increase)/Decrease in trade receivables	(6)	9,297,436	5,325,651
(Increase)/Decrease in other assets	(7) - (8) - (4)	(1,343,108)	2,168,867
Increase/(Decrease) in trade payables	(18)	(5,461,769)	4,332,109
Increase/(Decrease) in other liabilities	(15) - (19) - (20)	1,338,325	704,862
(B) Changes in working capital		**3,830,884**	**12,531,490**
(C) Financial income (expense)	(30) - (31) - (32)	(2,217,173)	(3,548,946)
(D) Direct taxes (paid)/collected	(8)	(8,328)	741,665
(E) Cash flows from/(used in) operating assets (A+B+C+D)		**3,844,527**	**1,395,281**
(Investments) net of property, plant and equipment	(1) - (29)	(143,755)	106,729
(Investments) net of intangible assets	(2) - (29)	(1,098,519)	(2,201,775)
Net change in financial assets	(3) - (5)	-	280,000
(F) Cash flows from (used in) investing assets		**(1,242,275)**	**(1,815,046)**
Increase/(Decrease) in share capital and reserves for the repurchase of treasury shares	(11)	-	-
Other changes (*)	(11)	6,445,820	-
Increase/(Decrease) in loans and borrowings from other financial backers	(9)-(12) - (13) -(14) - (21) -(22)- (23)	(880,554)	(842,055)
Dividends collected	(30)	-	-
Dividends paid	(11)	-	-
(G) Cash flows used in financial management		**5,565,266**	**(842,055)**
(H) Change in cash flows for assets held for sale		**-**	**-**
(H) Increase/(Decrease) in cash and cash equivalents (E+F+G+H)		**8,167,518**	**(1,261,820)**
Opening cash and cash equivalents		**1,551,657**	**2,813,477**
Closing cash and cash equivalents		**9,719,175**	**1,551,657**

(*) The amount refers to the payment made by the shareholder CDP by way of a paid-up capital increase on 20 December 2022. The capital increase process was completed on 11 January 2023.

Nella foto: Cantiere del Terminal Pesquera Capurro, Uruguay

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 2022



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

Company profile and activities

TREVI – Finanziaria Industriale S.p.A. (hereinafter "the **Company**") and its subsidiaries (hereinafter the "**TREVI Group**" or the "**Group**") mainly carry out their activities in the industry of foundation engineering services for civil and infrastructural works and construction of equipment for special foundations (hereinafter "**Foundations**").

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

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

Furthermore, following the acquisition of 60% of the share capital of Parcheggi S.p.A. by the subsidiary Trevi S.p.A., the Group is also active in the management of automated car parks.

TREVI – Finanziaria Industriale S.p.A. has been listed on the Milan stock exchange since July 1999.

For further information on the various business segments in which the Group operates, in respect of related party transactions and significant events after the reporting period, reference should be made to the Directors' Report.

Structure and content of the Financial Statements

The financial statements of the Company were prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and with the provisions of Article 6 of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as implemented by Legislative Decree No. 38, of 28 February 2005, and subsequent amendments, CONSOB communications and resolutions and the related IFRIC interpretations issued by the International Financial Reporting Interpretation Committee and the previous SICs issued by the Standing Interpretations Committee.

The "Basis of preparation" section indicates the IFRSs adopted in the preparation of the Company's Separate Financial Statements as at 31 December 2022.

The Company's financial statements as at 31 December 2022 present the balances as at and for the financial year ended 31 December 2021, for comparative purposes.

The following classifications were used:

- the "Statement of Financial Position" by current/non-current items;
- the "profit and loss account" by nature;

- the “comprehensive profit and loss account” that, in addition to the profit/loss for the financial year, includes changes in equity other than shareholders’ transactions;
- the “statement of cash flows”, drawn up using the indirect method.

These classifications are considered to provide information that best responds to representing the financial position, the financial performance and cash flows of the Company.
The functional and presentation currency is the Euro.
The statements contained in these Separate Financial Statements and the related notes, unless otherwise indicated, are shown in units of Euro.

Accounting standards

The financial statements were prepared in accordance with the general historical cost principle, with the exception of those balance sheet items that, pursuant to IFRS, are assessed at fair value, as indicated below under the Basis of preparation section, and on a going concern basis.

Basis of Preparation

The preparation of the Separate Financial Statements requires the Directors to make discretionary assessments, estimates and hypotheses that influence the carrying amounts of income, expense, assets and liabilities, and the indication of potential liabilities at the reporting date. The main balance sheet items that required the use of estimates are:

- assessment of equity investments, deferred tax assets, in particular in relation to the probability of future repayment of the same;
- loss allowance and provisions for risks;
- main assumptions applied to the actuarial recalculation of post-employment benefits, such as the future turnover rate and the discount rate.

The Company’s financial statements as at 31 December 2022 were prepared on a going concern basis. For any further information, reference should be made to paragraph “Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern”.

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

Overview

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

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

In this regard, as widely shown in the notes to these financial statements to which reference should be made, in the context of the Directors' Reports accompanying the 2020 financial statements (separate and consolidated) and the following reports up to the Interim Financial Report at 30 June 2022, the Board of Directors after having carefully and exhaustively assessed the risks to which the going concern was exposed, as summarised above, had deemed it appropriate to adopt the going concern basis, although it pointed out that the residual significant uncertainty was the positive conclusion of the negotiations with the Lending Banks in relation to the necessary interventions to be carried out on the existing agreements with them (reference should be made to the accompanying Directors' Reports). For the purposes of this report, the going concern is assessed based on the above-mentioned circumstances and information available about their development after the date of approval of the Interim Financial Report, to be taken into account up to the date of preparation of these financial statements, considering the events that have occurred in the meantime and, in particular, the successful conclusion of the negotiations with the Lending Banks and the implementation of the transactions envisaged within the scope of the relating financial restructuring agreed upon with them, as better described below.

Group recapitalisation and debt restructuring transaction completed in 2020

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

  (i) a capital increase of Euro 150.8 million (the "**Capital Increase 2020**"), of which, **(i)** a tranche offered with right of option to shareholders was fully subscribed for Euro 130 million, of which Euro 87.7 million through cash payment (approximately Euro 77.4 million attributable to CDPE Investimenti S.p.A. and Polaris Capital Management LLC) and Euro 42.3 million through conversion of bank loans by the main Lending Banks, at a conversion ratio of 4.5:1; and **(ii)** a tranche reserved to the Lending Banks, with the exclusion of the right of option, was subscribed for Euro 20.8 million by converting bank loans, at the same conversion ratio of 4.5:1;

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

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

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

  (v) the confirmation of the existing lines of credit and the granting of new unsecured lines of credit aimed at allowing the Group to issue the guarantees required by its ordinary business activities, for a total of approximately Euro 200 million, a part of which - corresponding to Euro 14.7 million -

disbursed also during the period prior to the approval date of the Restructuring Agreement pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law; and

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

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

- on 31 January 2021, the Company announced to the market that, based on preliminary information available at that date, it was foreseeable that deviations from the Original Consolidated Plan would occur in view of the negative effects of Covid-19 pandemic on the worldwide economy, which conditioned the business of the Group, and that, as a result, one of the financial covenants set out in the Restructuring Agreement, would not be met.
  This circumstance implied the following possible consequences, which constituted risks for the Company's ability to continue as a going concern: ***(i)*** the formal declaration by the Lending Banks of the occurrence of a "Significant Event" under the Restructuring Agreement, and the consequent implementation of the remedies contractually provided for, including the acceleration clause in relation to the financial debt covered by the Restructuring Agreement, and the request for immediate early repayment of such debt; ***(ii)*** the interruption by the Lending Banks of the short-term lines of credit in the form of cash and guarantee facilities provided for in the Restructuring Agreement, thereby terminating the necessary financial support to the Group. The foregoing required a formal undertaking by the Lending Banks not to avail themselves of any of such remedies and a waiver of the exercise thereof as a consequence of such breaches, as well as the commitment of the same Lending Banks to allow using short-term lines of credit, both in the form of cash and guarantee facilities to support the business of the Group, as described in detail below.
- In view of the above, on 24 February 2021, Trevi Finanziaria informed the market about the start of discussions with the Lending Banks aimed at identifying the amendments to the existing agreements necessary to deal with the foreseeable failure to comply with one of the financial covenants already set out in the Restructuring Agreement, at the approval of the 2020 Consolidated Financial Statements. The Company also communicated that, based on the preliminary information available at that date relating to the performance for 2020 and further analyses then underway on the Company's outlook in the current market context, strongly affected by the spread of the Covid-19 pandemic, a general slowdown emerged in the achievement of the goals identified in the Original Consolidated Plan, which did not seem to be entirely achievable within the time frame taken into account. In consideration of the above, in the discussions initiated with the Lending Banks, the Company envisaged both the granting of the usual waivers and changes to the financial covenants originally set in the Restructuring Agreement, as well as the recalculation of some due dates scheduled for the current year relating to some exposures, based on a

new business plan considering the current situation, to be incorporated into a new agreement with the Lending Banks.

Discussions with the Lending Banks resulted in what follows:

(i) the preparation of an independent business review ("**IBR**"), to verify the reasonable validity of the business and market assumptions underlying the New Consolidated Plan (as defined);

(ii) the signing of a moratorium and standstill agreement on 5 August 2021 (the "**Standstill Agreement**") between the Company, the subsidiaries Trevi, Soilmec and PSM and the Lending Banks, to ensure the continued management of the business while preparing and negotiating the proposal of financial restructuring, through: (a) a general suspension of obligations relating to compliance with financial covenants; (b) the suspension of the obligations to pay the amounts due during 2021; (c) the maintenance of existing lines of credit, both in the form of cash and guarantee facilities, and (d) the commitment not to avail themselves of the remedies resulting from the occurrence of the "Significant Events" relating to the circumstances described above;

(iii) the approval of the New Consolidated Plan by the Board of Directors of the Company on 29 September 2022;

(iv) the definition of a proposal of financial (and, if appropriate, capital) restructuring, to support the New Consolidated Plan, incorporating the requests made by the Company, to be submitted to the Lending Banks for the purposes of signing a new agreement with them; and

(v) the signing of a New Agreement (as defined).

Assessments relating to the going concern assumption

In assessing whether the going concern assumption was appropriate or not also with regard to these financial statements, the Directors took into account all the available information about the future, relating at least - without limitation - to 12 months following the reporting date of the consolidated financial statements at 31 December 2022. Significant risk indicators that may raise doubts about the ability of the Group to continue to operate on a going concern basis were taken into account, also considering what mentioned above and the developments that have taken place.

In particular, the Board of Directors took into consideration the assessments that had been carried out as of the approval of the 2020 financial statements, paying particular attention to the circumstances that had been identified as possible risk factors at that time, in order to verify their status. In line with what observed as early as the approval of the 2020 financial statements, the risk indicators to be assessed with particular attention in the case of Trevifin and the Trevi Group are those falling within the financial area.

It is therefore necessary to analyse with particular attention the relationships with the Lending Banks and the relevant existing agreements with them, as well as the consequences of the breaches already occurred (with reference to the previous Restructuring Agreement) and those that may occur in the future, also as a result of the failure to achieve the goals set forth in the new plan (with reference to the new agreements signed at the end of 2022).

The definitive overcome of the previous existing uncertainties, as described in the paragraphs below, should be assessed in the light of the completion of the New Agreement with the Lending Banks, which incorporates the contents of the New Financial Restructuring and takes into account the provisions of the New Consolidated Plan.

Assessments of the achievement of the New Consolidated Plan goals

With the aim of assessing the risks linked to the achievement of the New Consolidated Plan's projected goals, it is appropriate, as a preliminary step, to review the causes that had previously led to the identification of the specific risk factors worthy of examination by the Board of Directors and, in the following paragraphs, to carry out the appropriate analyses to verify that they have been overcome.

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

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

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

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

Specifically:

- the New Consolidated Plan seems to have been drawn up in accordance with reasonable and prudent criteria that include actions aimed at increasing volumes and improving profitability and shows the possibility of having, at the end of the plan, a balanced financial position and performance, such as to allow the refinancing of the remaining debt at market conditions;
- the IBR carried out by Alvarez & Marsal on the New Consolidated Plan and shared with the Lending Banks confirmed the reasonableness and feasibility of the same;
- the New Financial Restructuring reflected within the New Agreement, whose content has been subject to comments of both institutional shareholders (i.e., CDPE and Polaris) and the Lending Banks, allowed, with the capital strengthening transaction, to further strengthen the financial position and performance of the Group, also giving a boost to the business as well as to the achievement of the recovery goals in accordance with the New Consolidated Plan;

Furthermore, the reasonableness and feasibility of the New Consolidated Plan are further supported by the fact that, on 28 November 2022, it was certified by the appointed expert, Mario Ravaccia, who meets the requirements provided for by the Italian Bankruptcy Law, thus representing an additional form of protection for Directors and the other stakeholders involved.

The feasibility of the New Consolidated Plan is also confirmed by figures at 31 December 2022, in line with the forecast of the New Consolidated Plan, which confirm the forecast of revenue and recurring EBIDTA for 2022, order intake in 2022 amounting to approximately Euro 699 million increasing by 16.5% compared to the previous year and an order backlog of Euro 587 million, marking a significant increase of 29.6% with respect to 31 December 2021. This trend continued in the first quarter of 2023, with a slight decrease in the Net Financial Debt of Euro 0.7 million that fell from Euro 251.8 million at 31 December 2021 to Euro 251.2 million at 31 December 2022 (before the implementation of the New Financial Restructuring). The Group’s performance in the first few months of 2023, as shown under “Significant events after the reporting period”, as regards order intake, production revenue and order backlog was in line with the forecasts for 2023, part of the 2022-2026 Plan. The continued implementation of the New Plan, while depending only in part on internal variables and factors controllable by Management, will allow the financial covenants of the New Restructuring Agreement to be met. With reference to considerations regarding potential impacts arising from the Russia-Ukraine conflict and the prolonged health emergency from Covid-19, reference should be made to the sections on “Impacts of the Russia-Ukraine Conflict”, “COVID-19” and “Risk related to the trend in raw material prices” of this report.

The uncertainties, all traced back to an overall category of “financial risk”, reflect the Company’s ability to meet its financial commitments as well as to generate and/or raise sufficient resources to meet its financial requirements to support the business, the investment programme and the objectives of the New Consolidated Plan. The definitive overcome of these uncertainties, as described in the paragraphs below, should be assessed in the light of the completion of the New Agreement (as defined) with the Lending Banks, which incorporates the contents of the New Financial Restructuring and takes into account the provisions of the New Consolidated

Plan.

More specifically, Management continued negotiations, supported by its advisors, both with the Lending Banks and the institutional shareholders aimed at defining the New Financial Restructuring. The definition of a financial restructuring that would find the consensus of both the institutional shareholders and the Lending Banks took several months. The final and binding version of the financial restructuring was approved by the Board of Directors on 17 November 2022 (the "**New Financial Restructuring**"), which provided, in a nutshell:

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

(b) a capital increase against consideration to be offered with option right to shareholders pursuant to Article 2441 paragraph 1 of the Italian Civil Code, for a total maximum amount of Euro 25,106,155.28, to be paid on an indivisible basis up to Euro 24,999,999.90 – amount fully guaranteed by the subscription commitments undertaken by CDPE Investimenti S.p.A. ("**CDPE**") and Polaris Capital Management LLC ("**Polaris**" and, together with CDPE, the "**Institutional Shareholders**") – and on a divisible basis for the excess amount, inclusive of share premium, through the issuance of a total maximum of 79,199,228 new ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, of which Euro 0.1585 to be allocated to share capital and Euro 0.1585 to be allocated to share premium reserve (the "**Capital Increase with Option Right**");

(c) a capital increase against consideration to be paid on an indivisible basis, for a maximum amount of Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, to be offered with exclusion of the option right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to some of the Lending Banks identified in the New Agreement, to be paid through a debt-to-equity swap of certain, liquid and collectable receivables, in the manner and to the extent provided for in the New Agreement, in relation to the subscription of the capital increase with exclusion of the option right, at a conversion ratio of 1.25 to 1 (the "**Capital Increase by Conversion**" and, together with the Capital Increase with Option Right, the "**Capital Increase**");

(d) the subordination and postponement of a portion of the bank debt for Euro 6.5 million;

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

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

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

Also on 17 November 2022, the Company's Board of Directors approved: (**i**) the final version of the recovery plan pursuant to Articles 56 and 284 of CCII, based on the New Consolidated Plan and the New Financial Restructuring, relating to Trevi Finanziaria and the Trevi Group; (**ii**) pursuant to the proxy granted by the shareholders' meeting of 11 August 2022 - the Company's capital increase transaction envisaged by the New

Financial Restructuring, as amended with a subsequent resolution of 28 November 2022; (**iii**) the signing of the New Agreement; and (**iv**) the signing of the further agreements in the context of the debt restructuring and capital strengthening transaction in accordance with the aforementioned certified plan, including the agreement with which the Institutional Shareholders undertook to subscribe for their entire share of the Capital Increase with Option Right, as well as any unexercised rights in proportion to the shareholdings held (the "**Letter of Commitment**").

Subsequently, on 29 and 30 November 2022, the Company signed the contracts relating to the implementation of the New Financial Restructuring, such as, in particular, the New Agreement and the Letter of Commitment, which subsequently became effective on 16 December 2022 after the relevant conditions precedent have been met, including the obtaining, on that date, of the CONSOB's authorisation to publish the prospectus relating to the notice of rights of Trevi Finanziaria shares as part of the Capital Increase with Option Right, it being understood that the fulfilment of the commitments undertaken by the Lending Banks with reference to the Capital Increase by Conversion was subject to the proper execution of the Capital Increase with Option Right up to the indivisibility threshold - of Euro 24,999,999.90 - which occurred on 10 January 2023, thus allowing the conversion of bank loans into Trevifin shares and the consequent execution of the Capital Increase by Conversion, which took place on 11 January 2023, following which the Capital Increase was definitively implemented.

On 11 January 2023, the Company informed the market about the successful completion of the Capital Increase, in the context of which 161,317,259 newly issued ordinary shares of the Company were subscribed, for a total amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). Upon completion of the Capital Increase, the new share capital of Trevi Finanziaria amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares. In particular: (**i**) the Capital Increase with Option Right was subscribed against consideration for Euro 24,999,999.90, of which Euro 17,006,707 paid for the subscription of 53,648,918 shares by the Institutional Shareholders, and the remaining Euro 7,993,292.90 were paid for the subscription of 25,215,435 shares by other shareholders; and (**ii**) the Capital Increase by Conversion was fully subscribed for Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares.

Below are the main financial position and financial performance figures upon completion of the transaction for the capital strengthening of the Company and the debt restructuring transaction of the Group – specifying that the related accounting effects have been recognised in 2023 as the capital increase was completed in January 2023:

- the equity attributable to the owners of the Company, which at 31 December 2022 amounted to Euro 89.6 million, increased by approximately Euro 52 million;
- the Group's Net Financial Debt, which at 31 December 2022 amounted to Euro 251.2 million, decreased by approximately Euro 52 million in January 2023 as a result of the Financial Restructuring; and
- the residual debt of the Group was almost entirely rescheduled. Specifically, a substantial portion of the medium/long-term debt towards the Lending Banks after the capital increase by conversion, for

approximately Euro 185 million, was rescheduled at 31 December 2026, while approximately Euro 6.5 million was subordinated and rescheduled at 30 June 2027.

Expected liquidity trend over the next 12 months

Consistently with assessments made as of the approval of the 2020 financial statements, an element that has been assessed with particular attention, in light of the lower cash generation foreseen in the New Consolidated Plan, is the suitability of the cash levels foreseen in the next 12 months to guarantee the ordinary operations of the Group, the financing of the relevant contracts and the regular payment of suppliers. To this end, as will be discussed in more detail below, Management updated the cash flow forecasts that had been made at the time of approval of the interim financial report on the basis of actual data and extended these forecasts until 31 March 2024. The reasonable expectation of a positive cash flow position for the Group emerges from that year and until then, assuming, among other things, the use of line of credit - including the use of unsecured lines of credit, necessary for the job orders in which the Group Companies take part - provided for in the New Agreement, thus enabling the implementation of the New Financial Restructuring (as described below) and the New Consolidated Plan.

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

First of all, the Company's Management constantly monitors the Group's cash flows, also at the level of the individual Trevi and Soilmec Divisions. In particular, Management prepares a treasury plan until the end of the year that analyses the cash flows on a weekly basis for the first three months and on a monthly basis for the following months, a document that is updated every 4 weeks based on actual available data from all the Group's legal entities. This tool, the results of which are analysed and discussed with the local Management, allows short-term cash flows to be monitored and any shortfalls to be known well in advance, so that the necessary actions can be taken. This treasury plan was last updated on 21 March 2023 (with figures updated at that date), analysing the expected liquidity trend up to 31 March 2024. This analysis shows the maintenance of an adequate liquidity margin to guarantee the normal operations of the Group and the repayments provided for by the New Agreement, throughout the period under analysis.

Furthermore, in accordance with the provisions of the New Agreement, the Company continues to provide the Lending Banks with a cash plan and cash flow analysis for each company of the Group relating to the immediately preceding calendar quarter. This disclosure requirement was also validated and verified by Paolo Rinaldi, a professional appointed by the Lending Banks on 26 January 2023, in accordance with what provided for by the New Agreement, in order to carry out, *inter alia*, monitoring activities with reference to the implementation of the New Consolidated Plan and the New Agreement (the "**Monitoring Supervisor**"). The latest updated cash plan and cash flow analysis was provided to the Lending Banks on 15 February 2023, based on which no critical issues arose with respect to the cash position of the Group and/or individual divisions in

the relevant period.
Furthermore, on 14 March 2023, again in accordance with the requirements of the New Agreement, the Company provided the Lending Banks with a forecast budget for the current year, broken down by calendar quarters.
These analyses confirmed the absence of critical situations from a cash point of view, and highlighted a liquidity situation suitable to allow the Group's ordinary operations in the period of reference.
The Board of Directors, for the purposes of approving these draft financial statements, examined the update of this liquidity analysis up to 31 March 2024, which corresponds to the time period covered by this analysis. Therefore, based on these projections, it is reasonable to expect that, in the period under analysis, cash and cash equivalents will allow the Group to continue operating on a going concern basis and to meet its financial needs.
Management's monitoring of the Group's liquidity trend, therefore, appears adequate to the situation and the results of the analysis carried out do not currently show situations of liquidity tensions and/or shortfalls until March 2024. Forecasts appear to have been drawn up in a prudent manner.

Finally, given that (**i**) cash-flow forecasts are prepared with methods consolidated over the years, (**ii**) these forecasts are subject to verification by a third-party (i.e., the Monitoring Supervisor) and are shared on a periodical basis with the Lending Banks, and (**iii**) at 31 December 2022, the Trevi Division acquired orders equal to approximately 80% of the revenue expected to be generated in 2023 and the Soilmec Division acquired orders equal to approximately 38% of the revenue expected to be generated in 2023, at present, it is believed that the risk related to cash-flow forecasts is adequately monitored and mitigated.

Concluding remarks

In conclusion, in the light of the considerations above and of the analysis of risks and uncertainties to which the Company and the Group are exposed, although in the presence of normal uncertainties factors associated with the implementation of the Consolidated Plan, the Directors deem it appropriate to adopt the going concern basis for preparing the separate financial statements of Trevi Finanziaria Industriale S.p.A. and the Consolidated Financial Statements of the Trevi Group at 31 December 2022.

COVID-19

During 2022, the Trevi Group, in order to guarantee the safety of employees and the going concern, continued adopting measures to combat the COVID-19 pandemic in relation to the provisions in force nationally and in the countries where the Group operates, in general progressive improvement.
Furthermore, the management of the COVID-19 risk has effectively become a process fully incorporated into the ISO45001 Health and Safety Management System implemented by the Trevi Group.

In 2022, the number of cases reported that affected the Trevi Group personnel was in line with the trend for the period observed in Italy and abroad, none of which was critical to the health of the people concerned.
In 2023, the corporate COVID-19 Plans will continue to be managed and revised in relation to the new applicable provisions and to any changes to the risk level relating to the geographical segments in which the Group operates.

Key financial indicators of the Company

To date, to sum up, the Company's key financial indicators are as follows:

(in units of Euro)	**31/12/2022**	**31/12/2021**	**Change**
Revenues from sales and services	13,734,597	11,266,767	2,467,830
Other operating revenues	4,743,158	1,357,110	3,386,048
Total Revenues	**18,477,755**	**12,623,877**	**5,853,878**
Value added	8,299,775	(1,879,996)	10,179,771
% of Total Revenues	*44.92%*	*(14.89)%*	*59.81%*
Gross Operating Profit/(Loss) (EBITDA)	**1,764,444**	**(8,076,706)**	**9,841,150**
% of Total Revenues	*9.55%*	*(63.98)%*	*N/A*
Operating Loss (EBIT)	**(4,378,222)**	**(19,718,111)**	**15,339,889**
% of Total Revenues	*(23.69)%*	*(156.20)%*	*132.50%*
Net profit from continuing assets	**(13,340,242)**	**(23,293,569)**	**9,953,327**
% of Total Revenues	*(72.20)%*	*(184.52)%*	*112.32%*
Net investments/(divestments)	(509,807)	3,648,630	(4,158,437)
Net invested capital	210,494,950	220,429,851	(9,934,901)
Net financial debt	**118,647,980**	**115,223,006**	**3,424,974**
Equity	91,867,416	105,206,844	(13,339,428)
Operating loss/Net invested capital (ROI)	*(2.08)%*	*(8.95)%*	*6.87%*
Net profit/Equity (R.O.E.)	*(14.52)%*	*(22.14)%*	*7.62%*
Operating loss/Total Revenues (R.O.S.)	*(23.69)%*	*(156.20)%*	*132.50%*
Net financial debt / Equity	*129.15%*	*109.52%*	*19.63%*

Basis of preparation

Property, plant and equipment

Property, plant and equipment are recognised at acquisition or production cost. The acquisition or production cost is represented by the fair value of the price paid to acquire or build the asset and any other direct cost incurred in preparing the asset for use. The capitalisation of the costs related to the expansion, modernisation

or improvement of structural components owned or used by third parties is performed exclusively within the limits in which they meet the requirements to be classified separately as an asset, or as part of an asset.
Property, plant and equipment are recorded at cost, net of depreciation carried forward and any impairment losses. The depreciable amount of each significant component of an asset, having a different useful life, is allocated on a straight-line basis over its estimated useful life. The useful lives per category of assets are as follows:

ASSET CATEGORY	RATE
Land	Indefinite useful life
Industrial and civil buildings	5%
Furniture and fittings	12%
Office machinery	20%
Drilling and foundation equipment	7.50%
Generic equipment	10%
Motor vehicles	18.75%
Miscellaneous various equipment	20%

The depreciation criteria used, the useful life and the residual value are re-examined and recalculated at least as often as at the end of each reporting period, in order to take into account any significant changes.
The capitalised costs for lease improvements are recognised in the relevant asset category and depreciated for the shorter of either the residual lease term or the residual useful life of the asset itself.
The carrying amount of the item property, plant and equipment is maintained in the financial statements as long as that amount can be recovered from their use. If indicators are found that highlight the difficulty of recovering the carrying amount, the impairment test is performed. Impairment losses are reversed if the underlying reasons are no longer valid. Right-of-use assets are enhanced under IFRS 16.

Intangible assets
Intangible assets are recognised at acquisition or development cost. The acquisition cost is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred in preparing the asset for use.
Industrial patents and intellectual property rights, concessions, licences, trademarks and software are assessed at cost net of amortisation carried forward, determined on the basis of the straight-line method over the expected useful life of 5 financial years, barring any significant impairment.
The amortisation criteria used, the useful life and the residual value are examined and measured at least as often as the end of each administrative period, in order to take account of any significant changes, as required by IAS 38.

Equity investments in subsidiaries and associates
Subsidiaries are the companies over which TREVI - Finanziaria Industriale S.p.A. has the independent power to determine strategic corporate choices in order to obtain the corresponding benefits. Generally, control is

presumed to exist when more than half of the voting rights that may be exercised at the ordinary shareholders' meeting are directly or indirectly held, also taking into consideration the so-called potential votes, i.e., the voting rights derived from convertible instruments.
Associates are the companies over which TREVI - Finanziaria Industriale S.p.A. exercises a significant influence in determining the strategic choices of the company, even though it does not have control over them, also taking into consideration the so-called potential votes, i.e., the voting rights derived from convertible instruments; significant influence is presumed when Trevi – Finanziaria Industriale S.p.A. directly or indirectly holds more than 20% of the voting rights that can be exercised at the ordinary shareholders' meeting.
Equity investments in subsidiaries and associates are assessed at acquisition cost and reduced, if necessary, in case of distribution of capital or capital reserves, or in the presence of impairment losses determined by applying the so-called "impairment test". The cost is reinstated in subsequent financial years if the reasons that gave rise to the impairment losses no longer exist.
The carrying amounts of these equity investments is tested to detect any impairment losses when events or changes indicate that the carrying amount may not be recoverable.

Equity investments in other companies

Equity investments in other companies for which a market quotation is not available are recognised at cost, net of any impairment losses.

Impairment of assets

An impairment arises each time the carrying amount of an asset exceeds its recoverable amount. At each reporting date, the presence of indicators suggesting the existence of impairment is ascertained. In the presence of these indicators, the asset's recoverable amount is estimated (impairment test) and the possible impairment loss is accounted for. For assets not yet available for use and assets recognised in the current financial year, the impairment test is carried out at least once every year, irrespective of the presence of these indicators.

Financial assets and liabilities

Financial assets and liabilities are measured in accordance with IFRS 9, with the first application from 1 January 2018.
Depending on the features of the instrument and the business model adopted for its management, financial assets, which represent debt instruments, are classified into the following three categories:

(iv) amortised cost, for financial assets held with the aim of collecting the contractual cash flows that pass the SPPI test, as the cash flows exclusively represent payments of principal and interest. This category includes trade receivables, other operating receivables included in other current and non-current assets, and financial assets included in other current and non-current financial assets;

(v) fair value through other equity (FVOCI), for financial assets held in order to collect contractual cash flows, represented exclusively by the payment of principal and interest, and to realise their value through transfer (so-called hold to collect and sell business model). Changes in fair value are recognised through OCI (Other Comprehensive Income), to then be released to the profit and loss account at the time of the derecognition;

(vi) fair value through the profit and loss account (FVTPL), as a residual category, for assets that are not held in one of the above-mentioned business models. In this case, changes in fair value are recognised through the profit and loss account.

Initial recognition takes place at fair value; for trade receivables without a significant financial component, the initial carrying amount is represented by the transaction price. After initial recognition, financial assets that generate contractual cash flows that represent exclusively principal and interest payments are assessed at amortised cost, if held for the purpose of collecting the contractual cash flows (the so-called hold to collect business model). In accordance with the amortised cost method, the initial recognition amount is subsequently adjusted to take into account principal repayments, any impairment losses and the amortisation of the difference between the repayment amount and the initial carrying amount. Amortisation is based on the effective interest rate which represents the rate that makes the present value of expected cash flows and the initial carrying amount equal at the time of initial recognition. Trade receivables and other financial assets assessed at amortised cost are presented in the balance sheet, net of the corresponding loss allowance. The financial assets representing debt instruments whose business model includes the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal (the so-called hold to collect and sell business model), are assessed at fair value through other comprehensive income (hereinafter the "FVTOCI"). In this case, changes in the fair value of the instrument are recognised under equity among other comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve which includes the other comprehensive income, is derecognised to the profit and loss account when the instrument is derecognised. Interest income calculated using the effective interest rate, exchange differences and impairment losses are recognised in the profit and loss account.

A financial asset representing a debt instrument that is not assessed at amortised cost or at FVTOCI is assessed at fair value through the profit and loss account (hereinafter the "FVTPL"). Transferred financial assets are derecognised when the contractual rights to receive the cash flows of the financial assets expire, or when they are transferred to third parties. The assessment of the recoverability of the financial assets representing debt instruments not assessed at fair value through the profit and loss account is made on the basis of the so-called "Expected Credit Loss model". For further details, reference should be made to the table included in the paragraph "IFRS 9".

Loans and borrowings and bonds

Loans and borrowings and bonds are initially recognised at cost, corresponding to the fair value of the consideration received net of the ancillary charges related to obtaining the instrument. After initial recognition, loans and borrowings are assessed using the amortised cost method. This method requires amortisation to be determined using the effective interest rate, represented by the rate that makes the amount of the expected cash flows and the initial carrying amount equal at the time of initial recognition. The ancillary charges for financing transactions are classified under liabilities in the balance sheet as a reduction of the loan granted and the amortised cost is calculated by taking into account these charges and any discount or premium included at the time of adjustment. The statement of profit or loss effects of the assessment according to the amortised cost method are recognised in the item "Financial income/(Charges)".

Trade receivables and other non-current financial assets

Trade receivables and other non-current financial assets are initially assessed at fair value and subsequently assessed at amortised cost.

Assessments are regularly carried out in order to check if there is objective evidence that financial assets, taken individually or as part of a group of assets, have been impaired. Any impairment loss is recognised as an expense in the profit and loss account for the period. For further details, see the paragraph "IFRS 9".

Trade receivables and other current assets

Receivables due within normal credit terms or which carry interest at market rates are not discounted but they are recognised at nominal value net of the loss allowance, with direct deduction of the receivables themselves, so their carrying amount is in line with the estimated realisable value. If expressed in foreign currency, the receivables are assessed at the closing exchange rate.

This item also includes the shares of costs and income spread over two or more financial years on an accruals basis.

Recourse and non-recourse factoring that does not comply with the requirements of IFRS 9 for the derecognition of the assets from the Statement of Financial Position, as the related risks and benefits have not been substantially transferred, remain recorded in the Company's Separate Financial Statements, although they have been legally transferred to third parties.

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks and current investments (with an original maturity not exceeding 3 months), which can easily be converted into known amounts of money and which are not subject to a significant risk of value changes.

Cash and cash equivalents are recognised at fair value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash, demand deposits with banks, other current high-liquidity financial assets, with original maturity not exceeding 3 months, and current account overdrafts. In the balance sheet, current account overdrafts are included in financial liabilities as part of current liabilities.

Equity

- *Share capital*

This item is the subscribed and fully paid-up share capital and it is shown at nominal value. The share buy-back, assessed at cost and including ancillary charges, is accounted for as a change in equity and treasury shares which are deducted from the share capital by the nominal value and the reserves are reduced by the difference between the cost and the nominal value.

- *Treasury shares reserve*

Treasury shares are recognised as a deduction from equity. In particular, the nominal value of treasury shares is recognised as a reduction of the issued share capital, while the excess of the purchase amount over the nominal value is recorded in a specific equity reserve. No profit/(loss) is recognised in the profit and loss account for the repurchase, sale, issue or cancellation of treasury shares.

- *Fair value reserve*

This item includes changes in fair value, net of the tax effect, of the items accounted for at fair value through equity.

- *Other reserves*

The items consist of capital reserves for specific purposes, the legal reserve, the extraordinary reserve and the reserve for bond conversion.

- *Retained earnings/(losses carried forward) including profit/(loss) for the financial year*

This item includes the profit or loss for previous financial years, for the part not distributed or allocated to a reserve and the transfers from other equity reserves when the constraint to which they were subjected is released. This item includes also the profit or loss for the financial year.

Current/non-current loans and borrowings

These are initially recognised at cost which, at the time of activation, is equal to the fair value of the consideration received, net of transaction ancillary charges. Subsequently, the loans and borrowings are assessed using the amortised cost method and the effective interest rate method.

Employee benefits

Defined benefit plans

The Company grants its employees benefits after the termination of the employment relationship (Post-Employment Benefits). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. Under IAS 19, the liability is assessed using the projected unit credit method and calculated by independent actuaries. This calculation consists in discounting the amount of the benefit that an employee will receive on the estimated date for employment termination by using demographic assumptions (such as mortality rate and personnel turnover rate) and financial assumptions (such as discount rate). The amount of the defined benefit obligation is calculated each year by an independent external actuary. Actuarial gains and losses are recognised in full in the profit and loss account in the financial year in which they are realised. The Company did not use the so-called “corridor approach” for recognising actuarial gains and losses.

As of 1 January 2007, the finance act and the related implementing decrees introduced significant changes in the rules governing post-employment benefits, including the employee's choice as to the destination of his or her accruing benefits. In particular, the new post-employment benefits flows can be directed by employees to supplementary pension schemes chosen by them or maintained within the company.

Provisions for risks and charges, contingent assets and liabilities

Provisions for risks and charges represent probable liabilities of uncertain amount and/or maturity derived from past events, whose fulfilment will involve the use of financial resources. Provisions are made exclusively for an existing obligation, either legal or implicit, which makes it necessary to use financial resources, provided that a reliable estimate of the obligation can be given. The amount taken as a provision is the best estimate of the necessary cost to meet the obligation at the reporting date. The provisions made are re-assessed on each reporting date and adjusted in order to represent the best current estimate.

Where it is envisaged that the financial disbursement related to the obligation will take place beyond the normal payment terms and that the effect of discounting is material, the amount of the provision is represented by the present value of future payments expected for the settlement of the obligation.

Contingent assets not virtually certain and contingent liabilities not probable are not recognised in the financial statements; however, information is provided for those of a significant amount (if contingent assets are probable and contingent liabilities are possible).

Derivative instruments

The Company adopted a Group Risk Policy. The measurement of changes in the fair value varies according to the designation of the derivative instrument (trading or hedging) and to the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For contracts designated as held-for-trading, changes in fair value are recognised directly in the profit and loss account.

If the hedging instrument is designated as a Fair Value Hedge, both the fair value changes of the hedging instrument and the hedged item are accounted for in the profit and loss account, regardless of the assessment method adopted for the latter.

If the hedging instrument is designated as a Cash Flow Hedge, changes in fair value are recognised directly in Equity if the hedging instrument is held to be an effective hedge, whilst the portion held to be ineffective is recognised in the profit and loss account. Changes recognised directly in Equity are released to the profit and loss account in the same financial year, or in the financial years in which the hedged asset or liability affects the profit and loss account.

Purchases and sales of financial assets are accounted for on the trading date.

Warrants

A share capital increase through the exercise of warrants falls within the scope of IAS 32 "Financial Instruments".

According to paragraph 15 of IAS 32, "the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and with the definitions of a financial liability, a financial asset and an equity instrument".

Specifically, according to paragraph 16 "when an issuer applies the definitions of paragraph 11 ("rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own equity instruments") to determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

a) The instrument includes no contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

(b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

(i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or

(ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

A contractual obligation, including one arising from a derivative financial instrument, which will or may result in the future receipt or delivery of the issuer's own equity instruments, but which does not meet conditions (a) and (b) above, is not an equity instrument (the so-called fixed for fixed test).

Paragraph 21 further clarifies that the warrant is a financial liability even if the entity must or can settle it by delivering its own equity instruments. It is not an equity instrument because the entity uses a variable number of its own equity instruments as a means to settle the contract.

Therefore, in order to consider a warrant as an equity instrument, it must pass the fixed for fixed test, i.e., the warrant must provide that the number of shares that can be subscribed is fixed in a given quantity (fixed) and that the consideration collected if the warrant is exercised is also determined in any currency in a given quantity.

Taking into account the difficulties of interpretation of IAS 32 and after a comparison with the technical bodies of the independent auditors, the fixed for fixed test did not pass due to the presence of bonus shares. Therefore, in accordance with the interpretation given to IAS 32, a non-current liability under IFRS 9 was recognised in the balance sheet as at 31 December 2021. The warrant fair value was measured by using a model based on the market value of Trevi Finanziaria shares and on the volatility of the stock price of shares of a pool of

comparables of the Trevi Group. The fair value was updated as at 31 December 2022, thus determining a carrying amount of approximately Euro 31 thousand and it is remeasured at each reporting date.
This liability was not classified as financial debt in the net financial position since:

- the Company has no contractual obligation to deliver cash to the holder of Warrants;
- no interest of any kind accrues on this type of liability;
- this liability derives from an instrument that will provide the Company with a capital increase at the time of its possible future exercise.

The Management constantly monitors the existence of the conditions that led to the recognition of this liability.
In the financial statements as at 31 December 2022, this liability has a balancing entry in the profit and loss account under financial income.

Revenues and costs

The recognition of revenues from contracts with customers is performed by applying a model based on five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction consideration; (iv) allocation of the transaction consideration to the performance obligation; (v) recognition of revenue when (or as) the individual performance obligation is satisfied. In application of these criteria, this means for the Company that the revenues derived from the sale of the assets are normally recognised at the time of satisfaction of the performance obligation that usually occurs with the consignment, while the revenues derived from the provision of services are determined with reference to the stage of completion, which is defined on the basis of the work performed.
Costs are allocated using criteria similar to those of revenue recognition and on an accruals basis.
Interest income and expense are recognised on an accruals basis, taking into account the applicable effective rate.
Dividends are recognised in the financial year in which the shareholders' right to receive payment arises.

Taxes

Taxes for the financial year are determined based on the presumable charges that will be paid in accordance with current tax legislation.
Deferred tax assets and liabilities are also recognised in the temporary differences between the amounts recognised in the separate financial statements and the corresponding amounts that are recognised for tax purposes, the carryforward of tax losses or of unused tax credits, provided that it is probable that the recovery (settlement) could reduce (increase) future tax payments compared to those that would have arisen if such recovery (settlement) had no tax effects. The tax effects of transactions or of other events are recognised in the profit and loss account, or directly in Equity, with the same procedures as the transactions or events that give rise to taxation. Other taxes not related to income are included under "Other operating expenses".

Starting from 2006 and to date, for three-year renewals, Trevi - Finanziaria Industriale S.p.A. and almost all of its direct and indirect Italian subsidiaries have decided to adhere to the national tax consolidation pursuant to articles 117/129 of the Italian Consolidated Tax Act (T.U.I.R.).

Trevi – Finanziaria Industriale S.p.A. operates as a consolidating company and determines a single taxable basis for the Group of companies adhering to the national tax consolidation, which therefore benefits from the possibility of offsetting taxable income against tax losses in a single statement. Each company adhering to the national tax consolidation transfers the tax income (taxable income or tax loss) to the consolidating company. Trevi – Finanziaria Industriale S.p.A. recognises a receivable from the companies that provide taxable income, equal to the IRES to be paid. On the other hand, Trevi - Finanziaria Industriale S.p.A. recognises a payable equal to the IRES tax on the part of the loss effectively offset at Group level with respect to companies that provide tax losses.

Currencies

Foreign currency transactions are translated into the functional currency at the exchange rate on the transaction date. Foreign exchange gains and losses derived from the settlement of these transactions and from translation, on the reporting date, of monetary assets and liabilities in foreign currency are recognised in the profit and loss account.

Use of estimates

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

The application of these estimates and assumptions affects the figures in the financial statements - the balance sheet, the profit and loss account and the statement of cash flows, as well as those given as additional information. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions on which the estimates are based.

The balance sheet items listed below are those that require more subjectivity than others from the Directors when preparing the estimates and for which a change in the conditions underlying the assumptions used may have a significant impact on the financial statements:

- Impairment losses on non-current assets;
- Assessment of equity investments;

- Assessment of the recoverability of receivables;
- Deferred tax assets;
- Loss allowance;
- Employee benefits;
- Assessment of complex financial instruments;
- Loans and borrowings and bonds;
- Provisions for risks and charges, contingent assets and liabilities.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in the profit and loss account for the period in which the change occurred.

Financial Statements

Copies of these Financial Statements, of the Consolidated Financial Statements, of the Directors' Report, of the Report on Corporate Governance and the Ownership Structure, of the Report on Remuneration and of the Report of the Supervisory Bodies will be deposited at the registered office, on the website www.trevifin.com, at Borsa Italiana S.p.A. and at the Register of Companies, under the terms set out by current regulations.

IFRS 9

In the past, the IASB considered that the provisions of IAS 39 on impairment were no longer sufficient for a rapid, objective and predictive measurement of losses.

Therefore, this critical aspect led to the need to have new rules for the recognition and accounting of losses that would give greater importance to a forward-looking view in the estimate, as well as an anticipation of their effects in a company's Financial Statements.

The board, therefore, changed the impairment loss approach from an "Incurred Loss" model provided by IAS 39 to an "Expected Credit Loss" model. The first one provided for the recognition of the loss only when the default event occurred; the second one, on the contrary, anticipates the recognition of the loss by estimating, through the use of forward-looking variables, the probability that the default event will occur.

In accordance with IFRS 9 § 5.5.1 and 5.5.2: l', the impairment applies to all financial assets assessed at Amortised Cost and at Fair Value through Other Comprehensive Income (FVOCI), while those at Fair Value through the profit and loss account are excluded. In addition, the following types of instruments also fall within the scope of application:

- Loan Commitments;
- Lease receivables;
- Contract assets;
- Financial guarantees included in IFRS 9.

Among the elements of discontinuity with respect to the past, there is also the inclusion of financial guarantees not assessed at Fair Value through the profit and loss account within the scope of the provisions of IFRS 9 regarding impairment.

The definition of financial guarantee remains unchanged with respect to what was already provided for in IAS 39:

"*A financial guarantee represents a contract in which the Company is required to honour the contractual obligations of a third party when the latter fails to repay its creditor.*"

The Company recognises financial guarantees in the Financial Statements at fair value on the date of initial recognition or on the date on which they become part of the contractual clauses. Financial guarantees are then subject to impairment; therefore, at subsequent assessment dates, their carrying amount will be equal to the higher of the initial carrying amount, net of any amortisation of costs, and to the expected credit loss determined in accordance with the new provisions of IFRS 9.

The general rule of impairment provided for by IFRS 9 aims at representing the deterioration or improvement in credit quality in the financial assets held by the Company. The way in which the amount of expected loss recognised is calculated depends, therefore, on the change in credit risk from the initial recognition of the asset to the assessment date.

Therefore, at each reporting date, the Company will recognise the loss allowance by distinguishing between different placement stages that reflect the creditworthiness of the counterparty, in particular:

- **Stage 1 -** for assets that have not significantly increased credit risk since initial recognition, an allowance must be recognised to reflect the 12-month ECL, i.e., the probability that default events will occur in the following 12 months (IFRS 9 § 5.5.5);
- **Stage 2 -** for assets that, on the other hand, have undergone a significant increase in credit risk since initial recognition, an allowance must be recognised that reflects lifetime ECL, i.e. the probability that default events will occur over the life of the instrument (IFRS 9 § 5.5.3).
- **Stage 3 -** for assets with actual evidence of impairment, the allowance must reflect an impairment loss representative of lifetime ECL, with a probability of default of 100% (IFRS 9 § 5.5.3).

In addition, IFRS 9 § 5.5.15 also provides for the possibility of adopting a simplified approach to the calculation of expected losses exclusively for the following categories:

- Trade receivables and Contract Assets that:
  - do not contain a significant financing component; or
  - contain a significant financing component but the company chooses, as its accounting policy, to measure lifetime expected credit losses.
- Lease receivables.

The simplified approach starts with the general approach, but it does not require the company to monitor changes in counterparty credit risk, as the expected loss is always calculated on a lifetime basis.

The impairment model described in this operating instruction was applied to all financial assets as defined by IFRS 9. Below are the main features of the approaches adopted by the Group and envisaged by IFRS 9: Simplified Approach and General Approach.

Simplified Approach

The simplified approach was adopted by the Group with regard to:

- trade receivables (including invoices to be issued);
- contract assets (“work in progress” assets net of advances received);
- receivables for advances to suppliers.

For these cases, the rules of the simplified approach set out in IFRS 9 were applied, calculating the loss allowance using the product of the following factors:

- **EAD - Exposure at Default**: accounting exposure at the assessment date;
- **PD - Probability of Default**: the probability that the exposure may go into default and therefore not be repaid. The counterparty-specific probability of default was taken into account as the driver for determining the probability of default of the exposure. In particular, the PD was determined using external sources (info-providers) and where the specific data of the counterparty being assessed was not present, an expressive PD of the market segment to which the counterparty belongs or, in the case of an unrepresentative sample, the average PD representative of the loan portfolio was applied as the last alternative. For exposures to government counterparties, the PD used is that relating to the reference country of the counterparty;
- **LGD - Loss Given Default:** expected percentage of loss in case of creditor default. The IFRS 9 impairment model provides for the possibility to calculate internally the identified parameter of the expected loss in case of default. As an alternative to the latter, given the impossibility of reconstructing a historical database adequate for the calculation of LGD, the Group decided to adopt the standard parameter defined for banking regulations and equal to 45%.

For financial assets falling under the simplified approach, the default period was identified on the basis of the collection statistics for the assets falling under the scope. Therefore:

- for “performing” positions, i.e., those not past due, with exclusive reference to trade receivables and invoices to be issued, the PD is defined over a reference time horizon of 60 days, consistent with the average payment term horizon agreed by the Group on the basis of:
  - the different geographical areas in which the individual legal entities of each division operate, whose average payment terms differ but deviate from an average Group horizon of 2 months;
  - the features of the business in which the Company operates and the features of the trade receivables which, for the majority of the receivables issued, require a delay of payment in the short term;
- for positions past due within the default period (set at a threshold of 360 days from the due date of

the receivable), the PD is expressed with a time horizon of 1 year. The Group agreed to apply a default threshold different from that defined by IFRS 9 (i.e., 90 days past due), rejecting this presumption (see IFRS 9, paragraph B5.5.37) on the basis of:

- the obvious delays in payments by its customers, which very often occur more than 90 days after the expiry of the document;
- any delays in payments due to the features of the business in which the Company operates and, more specifically, from potential delays in the supply of goods and services that the Company offers its customers, generating a balance from customers only at the conclusion of a service, rather than the physical delivery of an asset. Specifically:
  - temporary payment difficulties of public administrations;
  - a slowdown in sales of goods under construction;
  - objective difficulties in collecting payments from customers in certain countries dictated by contingent situations of a legislative or currency nature;
  - temporary impediments due to the relationship between customer and supplier that develops during a job order;
  - a due date that is not easy to determine in the case of payments of retentions or sums previously subject to litigation.

With regard to the individual divisions of the Group: for the Soilmec division, sales are mainly made through dealers/agents with whom there is a “line of credit” that is regularly monitored. Expired items are in any case subject to warranty by means of the machines in stock at the dealer’s yard. On sales, moreover, except for a few cases, payment is made at the same time as the delivery of the equipment or with an agreed extension for particular customers with whom there is a “historical” relationship.

For these reasons, the Group extended the recognition of a default by opting for the application of a threshold of 1 year, considering the exceeding of this threshold as an identification of the counterparty’s real difficulty in meeting its debtor commitments, generating a failure to collect the receivable for Group companies.

- for positions past due beyond the default period, on the other hand, the PD has been set at 100%.

The model for assessing the impairment of contract assets and advances to suppliers, similar to that defined for trade receivables past due but not in default, provides for the application of an expressive PD with a time horizon of 1 year.

However, the application of quantitative rules for the calculation of the loss allowance may be followed by the application of a specific impairment loss percentage for certain positions (i.e., customers) based on management experience and/or specific qualitative information available.

General Approach

On the other hand, with regard to the items subject to IFRS 9 impairment that present the conditions for the application of the General Approach, the Company defined an Expected Credit Loss method for each credit quality cluster defined for these exposures.

Financial Guarantees

As mentioned above, the general approach provides that the definition of the parameters used to calculate the amount of expected loss recognised depends on the change in the credit risk that the asset has undergone since initial recognition at the assessment date.

In assessing the increase in credit risk, the Group took into account all reasonable and acceptable information that was available or that can be obtained without incurring excessive costs.

The Standard also provides an illustrative list of variables that can be considered as drivers for the increase in credit risk and that can be divided into: macroeconomic data (changes in regulations, political instability), counterparty data (deterioration in financial results, credit rating downgrade), market data (CDS, credit spread, rating) and contract data (collateral impairment, unfavourable contract changes).

Consequently, the calculation of impairment on these items was carried out in accordance with the following rules:

- ***Stage Allocation*****:** the stage allocation of the Company’s financial guarantees was driven by qualitative and quantitative drivers, by means of information provided by external sources (info providers), the change in the probability of default and covenants set in several agreements with the lending banks of the Group.
  On the basis of the parameters used for stage allocation purposes, the financial guarantees provided by Trevi Finanziaria S.p.A. to the companies belonging to the divisions of the Group, were classified within the cluster identifying an increase in credit risk from the initial recognition date such as to recognise an allowance reflecting the lifetime ECL., i.e., the probability that default events will occur over the life of the instrument.

- **Calculation of the expected loss**: as described for the Group’s trade receivables, the calculation of the Expected Credit Loss for the positions relating to the financial guarantees issued was carried out using the product of the three risk parameters:
  - **PD – *Probability of Default***: the division belonging to the company for which the guarantee was issued by the Company was taken into account as the driver for determining the probability of default of the exposure. In particular, the PD was determined using external sources (info-providers) and where the specific data of the company being

assessed was not present, an expressive PD of the market segment to which the division belongs was applied.

- **LGD – *Loss Given Default***: the Group decided to adopt the standard parameter defined for banking regulations and equal to 45%., as the identified parameter of the expected loss in case of default.
- **EAD – *Exposure at Default***: equal to the amount of the guarantee issued.

IFRS 15

The IFRS 15 was issued in May 2014 by the FASB, with the aim of replacing the following standards:

- IAS 11 "*Construction contracts*",
- IAS 18 "*Revenues*",
- IFRIC 13, IFRIC 15, IFRIC 18, SIC 31.

The aim of the introduction of IFRS 15 "Revenue from Contracts with Customers" is to create a complete and uniform framework for the recognition of revenue, applicable to all commercial contracts (with the exception of leases, insurance contracts and financial instruments).

This creates a concentration of revenue rules in a single principle, called the "Five step model framework":

1) Identification of the contract with the customer, in order to identify the set of contractual rights and obligations to which the model applies. In this context, the Board defined the criteria that must be met in order to include contracts with customers in the scope of the standard.

2) Identification of performance obligations in the contract, identifying goods and services promised within the contract to determine whether or not they may be separate and distinct "performance obligations" in the contract. The assessment must be made at the "inception date" in order to identify the POs and, in this context, separate POs must be determined.

3) Determination of the transaction consideration: the amount of consideration that the entity expects to receive in exchange for goods or services transferred to the customer, which includes any type of variable consideration.

4) Allocation of the transaction consideration to the performance obligations.

5) Recognition of revenues when (or as) the individual performance obligation is satisfied: the Company must recognise revenues at the time when the POs are satisfied through the transfer of goods or services to the customer, and, in this context, the assets are transferred at the time when the customer obtains control of the asset.

The standard states that this assessment should be carried out for each PO. This introduces a model based on the concept of transfer of control.

IFRS 15.23 also requires an entity to provide information about the judgements made, and their changes, in the application of the standard that significantly affect the determination of the amount and timing of recognition of revenues from contracts with customers.

As part of the disclosure of the accounting standards applied, the Company provided a description of the judgements that significantly affect the determination of the amount and timing of recognition of revenue from contracts with customers. Entities shall exercise a professional judgement in ensuring that the information provided is sufficient to meet the disclosure goals in the standard.

In applying the standard, therefore, entities must recognise revenues to faithfully represent the transfer of the goods and services provided to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services.

1.1 Variable consideration

At the same time, specific rules are also introduced for the accounting of “variable” or “potential” considerations.

If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at the inception of the contract and it cannot be recognised until it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

1.2 Non-cash consideration

IFRS 15.48 requires that, when determining the transaction price, an entity shall take into account the effects of variable consideration, the constraining estimates of variable consideration, the existence of a significant financing component in the contract, the non-cash consideration and the consideration payable to the customer. Consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct asset or service that the customer transfers to the entity (IFRS 15.70). The entity shall include this in the disclosure of the standards applied, if significant.

1.3 Warranties

The Company typically provides warranties for the repair of defects existing at the time of sale, as required by law. These standard quality warranties are recognised as provisions for risks and charges.

If the customer has the option to purchase the warranty separately or if the warranty provides a separate service to the customer, in addition to correcting the defects existing at the time of sale, IFRS 15.B29 requires the entity to provide a service that is a separate performance obligation. Otherwise, it is a standard quality warranty, which provides the customer with the assurance that the product complies with the agreed-upon specifications.

In 2018, the Company decided to apply the new standard from the mandatory effective date, using the modified retrospective application method, permitted by IFRS 15.C3 b.

Using this transition method, the Company has chosen to recognise the cumulative effect of the initial application of this standard as an adjustment to the opening balance of earnings carried forward (or, depending

on the case, of another component of equity) for the financial year that includes the date of the initial application. Additionally, under this transitional method, the Company chose to apply this Standard retroactively, but only to contracts that are not completed on the date of the initial application.
IFRS 15 also introduced a prohibition on offsetting asset positions with liability positions for work in progress and related payments on account, if not related to the same contract. As a result of this change, and following the introduction in 2018 of two new balance sheet items for the separate presentation of assets for work in progress and related payments on account, no general offsets were made between work in progress and the corresponding payments on account as at 31 December 2021.
The Company applied the IFRS 15 model to each of the revenue streams identified at Group level, which share the same economic factors, including nature, timing and execution risks, as well as contractual terms and conditions that are consistent by revenue category (IFRS 15 paragraph 114), respectively:

a) Foundation & Construction contract;
b) Full Package;
c) Machine & Equipment;
d) Spare Parts;
e) Technical Assistance;
f) Other Services (Rental);
g) Services provided by Trevi Finanziaria Industriale S.p.A.

For the purposes of IFRS 15, only in the event that the contract does not provide for explicit recognition of these costs, they must be capitalised and subsequently amortised in line with the transfer of control of the asset, provided that they are (i) inherent to the contract, (ii) recoverable and regularly subjected to an impairment process to verify their recoverability.

IFRS 16

Leases

The Company assesses, at the inception of the contract, whether it is, or contains, a lease. In other words, it assesses if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration. The definition of an agreement as a lease (or containing a lease) depends on the substance of the transaction and requires a judgement on whether it depends on the use of one or more specific assets or if the agreement transfers all the economic benefits arising from its use to the other party.

The Company as lessee

The Company adopts a single recognition and measurement model for all leases except for current leases and leases of low value. The Company recognises the liabilities relating to lease payments and the right-of-use asset representing the right to use the asset underlying the contract.

i) Right-of-use asset:

The Company recognises the right-of-use asset on the inception date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of any depreciation carried forward and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at or before the inception date, less any incentives received.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the inception date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Reference should be made to section Impairment of assets

ii) Lease liabilities:

At the inception date, the Company recognises the lease liability measuring the present value of the lease payments that are not paid at that date. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or on a rate, and the amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or on a rate are recognised as an expense in the period (unless they were incurred to produce inventories) in which the event or condition giving rise to the payment occurs.

In calculating the present value of the payments due, the Company uses the incremental financing rate at the inception date, if the interest rate implicit in the lease cannot be readily determined. After the inception date, the amount of the lease liability increases to account for interest on the lease liability and decreases to account for the payments made. In addition, the carrying amount of lease liabilities is restated in the event of any changes in the lease or for changes in the contractual terms regarding payments; it is also restated in the event of changes in the assessment of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

Lease liabilities of the Company are included in the item Loans and borrowings from other financial backers (current/non-current).

Current leases or leases of low-value assets

The Company applies the exemption for the recognition of current leases (i.e., leases that have a duration of 12 months or less from the inception date and that do not contain a purchase option). The Company also applied the exemption for leases relating to low-value assets with reference to leases of equipment whose value is considered low. Current leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Lease contracts that essentially leave the Group with all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised on a straight-line basis over the lease term, and it is included in other income in the profit and loss account due to its operating nature. Initial trading costs are added to the book value of the leased asset and recognised over the lease term on the same basis as rental income.

IAS 29

Accounting in hyper-inflated economies

In Argentina and Venezuela, following a long period of observation of inflation rates that exceeded 100% over the last three years, a global consensus was reached during 2018 on the occurrence of the conditions for hyperinflation in accordance with IFRS International Financial Reporting Standards. It follows that all Companies operating in Argentina and Venezuela have applied IAS 29 - “Financial reporting in hyperinflationary economies” in preparing their financial reports.

Applicable accounting standards

New accounting standards, amendments and interpretations

The following documents published by the IASB Board on 14 May 2020 were adopted by effect of Regulation (EU) No. 2021/1080 of 28 June 2021, published in the Official Journal of the European Union on 02 July 2021:

- *Property, plant and equipment - Income before use (Amendments to IAS 16)*
- *Onerous contracts - Costs necessary to fulfil a contract (Amendments to IAS 37)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Improvements to IFRS – 2018-2020 cycle (Amendments to IFRS 1, IFRS 9 and IAS 41).*

Amendments to IAS 16 - Property, plant and equipment: proceeds before intended use

The goal was to outline the accounting treatment of income from the sale of goods produced with the use of an asset before it is in the place and condition necessary for its operation in the way intended by the Management (so-called testing phase).

The IASB Board has clarified that the income from the sale of goods produced by an asset during the period prior to the date on which the asset is in the place and condition necessary for its operation in the way intended by the Management must be recognised in the profit/(loss) for the period. As a result of the above-mentioned amendment, it will no longer be permitted to recognise as a direct reduction of the cost of the asset income from the sale of goods produced before the asset is available for use, for example, from the sale of samples produced during the testing phase of the proper functioning of the asset.

Goods produced pending sale are recognised as inventories in accordance with IAS 2 Inventories; the cost of production does not include the depreciation of the asset from which they were produced, as the latter is not yet subject to depreciation.

The notes must disclose the amount of income and expenses relating to the goods produced, which are not outputs of ordinary activities, and the balance sheet items in which such income and expenses are included (if they are not presented separately in the financial statements).

Retroactive application is permitted only for assets that have been in operation, as intended by the Management, since the first comparative financial year presented. The effect of first-time application is recognised in the opening equity of the first comparative financial year presented.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The IASB Board clarified that costs necessary to perform a contract include all the costs directly related to the contract and thus include:

- incremental costs, i.e. costs that would not have been incurred in the absence of the contract (e.g. raw materials, direct labour costs, etc.)
- a share of other costs that, although not incremental, are directly related to the contract (e.g., share of depreciation of assets used to perform the contract).

The IASB Board, moreover, confirmed that, before recognising a provision for an onerous contract, the entity must recognise any impairment losses on non-current assets, and it clarified that impairment losses must be determined with reference not only to assets fully dedicated to the contract, but also to other assets that are partially used to fulfil the contract.

Retrospective application is permitted for contracts for which compliance has not yet been completed at the beginning of the financial year in which the amendments to IAS 37 are applied. The effect of first-time application is recognised in opening equity without restatement of comparative figures.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In March 2018, the IASB Board published the new "*Conceptual Framework for Financial Reporting*", which replaced the previous document "*Systematic Framework for the preparation and presentation of financial statements"*, published in 2001 and partially revised in 2010. Not being an accounting standard, the Conceptual Framework is not subject to endorsement by the European Union.

Following the publication of the new Conceptual Framework, the IASB Board initiated a two-phase project to update references to the new Conceptual Framework in the various international accounting standards and interpretations. The amendments update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this involving any changes to the standard;

IFRS 3 requires compliance with the definitions included in the Conceptual Framework as a general condition for recognising the assets and liabilities of the acquiree.

With the amendment to IFRS 3, the new definitions of assets and liabilities in the new Conceptual Framework published in March 2018 will have to be used to identify the assets and liabilities of the acquiree, with the exception of the liabilities assumed in the acquiree, which after the acquisition date are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets or with IFRIC 21 Taxes. The purpose of this exception is to prevent an acquirer from recognising a liability or a contingent liability based on the new Conceptual Framework definition and then derecognising it by applying the recognition criteria of IAS 37 and IFRIC 21. In applying the new Conceptual Framework's definition of a liability, an acquiring entity would, for example, have had to recognise a liability at the date of acquisition of the business with respect to the acquiree's obligation to pay a tax other than income tax, as it represents a "current obligation to transfer economic resources arising from past events and which the entity does not have the ability to avoid"; if the obligating event giving rise to the liability has not yet occurred, the liability should be derecognised after the business combination in accordance with IFRIC 21.

Early application is permitted if all the other changes to the references to the new Conceptual Framework published in March 2018 are applied.

Improvements to IFRS – 2018-2020 cycle (Amendments to IFRS 1, IFRS 9 and IAS 41)

The Improvements to IFRS Standards are the result of the annual improvement process aimed at resolving non-urgent issues related to inconsistencies or unclear terminology identified in the International Financial Reporting Standards.

- *IFRS 1 First-time adoption of IFRS Accounting Standards - Subsidiaries as first-time adopters.* Subsidiaries, associates or joint ventures that apply IFRS Accounting Standards for the first time after their parent company/investor have the option, at the date of transition, to assess their assets and liabilities at the same carrying amounts in the consolidated financial statements of the parent company/investor, net of any effects arising from consolidation procedures or equity method assessment. If the exemption described above is applied, the entity has the option, at the date of transition, to recognise the translation reserve at the same value as in the consolidated financial statements of the parent company/investor.
- *IFRS 9 Financial Instruments - Fees included in the '10% test' for derecognition of financial liabilities*
  An amendment the contractual terms of a financial liability is material if the modified cash flows, including any fees paid net of any fees received, discounted using the original effective interest rate, differ by at least 10% from the present value of the cash flows before the amendment. Only the fees paid or received between the financed entity and the lender and the fees paid or received by the financed entity or by the lender on behalf of the other party are to be included in the 10% test.

- *Illustrative examples of IFRS 16 Leases - Lease Incentives*
  The amendment removed from illustrative example n. 13 of IFRS 16 the accounting treatment in the lessee's financial statements of a repayment received from the lessor for lease improvements, as the conclusion of the example was not supported by an adequate explanation.
  In the illustrative example, the repayment was not considered a lease incentive, but it had to be accounted for in accordance with other Standards, although IFRS 16 defines 'lease incentives' as 'payments made by the lessor to the lessee in connection with a lease, or repayment or assumption by the lessor of the lessee's costs'.
  The amendment has not been endorsed by the EU because the illustrative examples are not an integral part of IFRS 16.
- *IAS 41 Agriculture - Taxes in fair value assessment*
  It has been clarified that tax-related cash flows need not be excluded when assessing the fair value of biological assets. This change stems from the fact that, in practice, the discount rate used by market participants is usually a post-tax rate, and consequently the discounted cash flows must also be post-tax.

The following is a list of documents applicable beginning with the Financial Statements for financial years beginning on 1 January 2022 described above:

Below is a list of the accounting standards, amendments and interpretations applicable starting from 1 January 2022:

Document title	Issue date	Effective date	EU endorsement regulation date (OJEU publication date)
Reference to the Conceptual Framework (Amendments to IFRS 3)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Onerous contracts - Costs necessary to fulfil a contract (Amendments to IAS 37)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Property, plant and equipment - Income before use (Amendments to IAS 16)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Annual improvements to IFRS Accounting Standards (2018-2020 cycle) (Amendments to IFRS 1, IFRS 9, IFRS 16 (*) and IAS 41)	14 May 2020	1 January 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)

(*) The amendment to IFRS 16 has not been endorsed by the European Union, as the amendment refers to an illustrative example that is not an integral part of the Standard.

New Accounting Standards, Amendments and Interpretations endorsed by the EU and effective from 1 January 2023

The following documents published by the IASB Board on 12 February 2021 were adopted by effect of Regulation (EU) No. 2022/357 of 02 March 2022, published in the Official Journal of the European Union on 03 March 2022:

- *Disclosure of accounting standards (Amendments to IAS 1 Presentation of financial statements)*
- *Definition of accounting estimates (Amendments to IAS 8 Accounting standards, changes in accounting estimates and errors)*

Disclosure of accounting standards (Amendments to IAS 1 Presentation of financial statements)

With the Amendments to IAS 1, the IASB Board set out some guidelines for selecting the accounting standards to be described in the notes to the financial statements.

IAS 1, prior to the amendments, required entities to disclose information on adopted accounting standards that were significant, leading to difficulties and confusion among drafters and primary users of financial statements, as IFRS Standards lacked a definition of 'significant'.

However, IAS 1 provides the definition of “material” and, therefore, the IASB amended IAS 1 to clarify that an entity must disclose in the notes to the financial statements the relevant information on the accounting standards adopted and not describe all the significant accounting standards. The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that information about an accounting policy is relevant to its financial statements.

The 'specific' obligation to describe the assessment criteria (measurement basis') adopted for the preparation of the financial statements has been eliminated, as this information obligation is already included in the 'general' obligation to provide material information on accounting standards.

As a result of the Amendments to IAS 1, the following accounting standards were also adjusted to align the disclosure obligations on accounting standards with the provisions of IAS 1 described above:

- IAS 7 *Financial Instruments: additional information*
- IAS 26 *Pension provision recognition and presentation*
- IAS 34 *Interim financial reporting.*

The Amendments to IAS 1 will become effective for financial statements of financial years beginning on or after 1 January 2023 and early application is permitted.

Definition of accounting estimates (Amendments to IAS 8 Accounting standards, changes in accounting estimates and errors)

The purpose of the Amendments to IAS 8 is to resolve the interpretative difficulties, encountered in practice, in distinguishing a change in accounting estimates ("changes in accounting estimates") from a change in accounting standards ("changes in accounting policy"), for which different accounting treatments are provided:

- the effects of a change in accounting estimates are generally recognised prospectively in the financial statements
- the effects of a change in accounting standards are generally recognised retrospectively.

The current IAS 8 provides an insufficiently clear definition of "change in accounting estimates", as it lacks a specific definition of "accounting estimates".

For this reason, the Amendments to IAS 8 focused, on the one hand, on developing a new definition of "accounting estimates" and, on the other hand, on clarifying the relationship between "accounting estimates" and "accounting standards".

The Amendments to IAS 8 will become effective for financial statements for financial years beginning on or after 1 January 2023 and they must be applied prospectively. Early application is permitted.

- Regulation (EU) no. 2022/1392 of 11 August 2022 endorsed "*Deferred taxation of assets and liabilities arising from a single transaction (Amendments to IAS 12 Income taxes)*", published by the IASB Board on 07 May 2021.

The Amendments to IAS 12 clarify the accounting treatment of deferred taxes ('DTA/DTL') relating to assets and liabilities recognised in the financial statements as a result of an individual transaction, the carrying amounts of which differ from the tax bases.

The IASB Board has clarified the following:

- the exceptions to the initial recognition of deferred tax assets and liabilities do not apply if a single transaction results in a taxable and deductible temporary difference of equal value in the financial statements
- deductible and taxable temporary differences must be calculated by considering separately the asset and liability recognised in the financial statements as a result of a single transaction and not on their net value. Deferred tax assets related to deductible temporary differences, determined as indicated

above, are recognised in the financial statements only if deemed recoverable.

Finally, the IASB Board has clarified that, if taxable and deductible temporary differences relating to the initial recognition of an asset and a liability in the financial statements as a result of a single transaction have a different value, the entity should not recognise the assets and liabilities for deferred taxes, as their initial recognition would result in an initial adjustment to the carrying amount of the asset or liability to which they relate, making the financial statements less transparent.

The Amendments to IAS 12 are effective for financial statements for financial years beginning on or after 1 January 2023. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

The transitional provisions for first-time application of the Amendments to IAS 12 provide as follows:

- the Amendments to IAS 12 are to be applied to all the transactions entered into since the opening date of the first comparative period presented
- at the opening date of the earliest comparative period presented, the entity shall recognise deferred tax assets (or, based on the specific circumstances, other component of equity) as an adjustment to the opening balance of earnings carried forward, if deemed recoverable, and deferred tax liabilities with respect to all deductible and taxable temporary differences regarding:
    - right-of-use assets and lease liabilities; and
    - provisions for decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The above-mentioned transitional provisions are also applicable by entities that prepare their financial statements in accordance with IFRS Standards for the first time ("first-time adopters"). In this case, the opening date of the first comparative period presented coincides with the date of transition to IFRS ("transition date").

- *First-time application of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17 Insurance contracts)*

Effective for financial statements for financial years beginning on or after 1 January 2023, will be IFRS 17 *Insurance contracts*, which is the new accounting standard, replacing IFRS 4, applicable to the recognition, assessment, presentation and disclosure of insurance contracts issued by an entity and/or reinsurance contracts held by an entity.

Entities primarily engaged in the business of insurance and which, as of 1 January 2018, had exercised the option to postpone the application of IFRS 9 *Financial instruments*, while continuing to apply the provisions of IAS 39 *Financial instruments: recognition and assessment* for the recognition, assessment and presentation of financial instruments, will have to apply both IFRS 17 and IFRS 9 for the first time from 1 January 2023.

The Amendments to IFRS 17 are intended to eliminate accounting mismatches that may arise in comparative financial statement data as a result of the first-time application of IFRS 17 and IFRS 9.

The transitional provisions of IFRS 17, in fact, stipulate that the new standard must be applied retrospectively for the first time with restatement of comparative data, unlike the transitional provisions of IFRS 9, which do not require the restatement of comparative data and, in particular, the application of the new provisions of IFRS 9 with regard to the classification and assessment of financial assets, if such financial assets have been derecognised under IAS 39 during the comparative period.

In particular, with the Amendments to IFRS 17, the IASB Board included among the transitional provisions of IFRS 17 a new option, called "classification overlay", which allows insurance entities applying IFRS 17 and IFRS 9 at the same time to classify and assess insurance-related financial assets in the comparative financial statements according to the requirements of IFRS 9.

- By Regulation (EU) no. 2021/2036 of 19 November 2021, the European Commission endorsed IFRS

17 *Insurance contracts*, in the version published by the International Accounting Standards Board on 18 May 2017 and subsequently amended on 25 June 2020.

IFRS 17, which replaces IFRS 4 *Insurance contracts*, is effective for financial years beginning on or after 1 January 2023. Early application is permitted for entities that already apply IFRS 9 *Financial instruments* or that begin to apply this standard from the date of first-time application of IFRS 17.

The main amendments introduced by the new standard include, in particular:
- assessment of technical provisions at, essentially, current values
- transformation of the estimate of the expected profit of insurance contracts into an accounting measure; IFRS 17 introduces the concept of the expected profit of insurance contracts to be recognised in the profit/(loss) for the financial year over the life of the contract
- introduction of the concept of a "portfolio of insurance contracts", which in turn is subdivided into "groups of insurance contracts"
- new presentation in the statement of profit/(loss) for the financial year significantly different from the past and more aligned to a "by margin" logic.

Below is a list of the New Accounting Standards, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2023:

Document title	Issue date	Effective date	EU endorsement regulation date (OJEU publication date)
Disclosure of accounting standards (Amendments to IAS 1) (*)	12 February 2021	1 January 2023	(EU) 2022/357 of 2 March 2022 (3 March 2022)
Definition of accounting estimates (Amendments to IAS 8)	12 February 2021	1 January 2023	(EU) 2022/357 of 2 March 2022 (3 March 2022)
Deferred taxes related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	07 May 2021	1 January 2023	(EU) 2022/1392 of 11 August 2022 12 August 2022
IFRS 17 Insurance Contracts (**) (including amendments of 25 June 2020)	18 May 2017 25 June 2020	1 January 2023	(EU) 2021/2036 of 19 November 2021 (23 November 2021)
First-time application of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17)	09 December 2021	1 January 2023	(EU) 2022/1491 of 8 September 2022 (9 September 2022)

(*) The document published by the IASB Board includes amendments to 'IFRS Practice Statements 2 - Making Materiality Judgements', which is not subject to EU endorsement, as it is not an accounting standard or interpretation.

Management and coordination of the Company

At the date of preparation of these Financial Statements, TREVI - Finanziaria Industriale S.p.A. is the Parent Company of the TREVI Group (and, therefore, it is the reporting entity of the Group's consolidated Financial Statements) and, pursuant to Art. 2497 of the Civil Code, it manages and coordinates the directly controlled companies:

- Trevi S.p.A., 99.78% directly held;
- Soilmec S.p.A., 99.92% directly held;
- R.C.T. S.r.l., 99.78% indirectly held (100% owned by TREVI S.p.A.);
- PSM S.p.A., 99.92% indirectly held (100% owned by Soilmec S.p.A.);
- Parcheggi S.p.A., 59.87% indirectly held (60% owned by TREVI S.p.A.).

Organisational, Management & Control Model

The Company adopted an organisational, management and control model (known as the 231 Model) aimed at:

- preventing the commission of crimes pursuant to Legislative Decree 231/01;
- defining and incorporating a corporate culture based on respect and transparency;
- increasing awareness among employees and stakeholders.

The Model operates through the monitoring of transactions subject to risks of administrative liability of legal entities, introducing specific controls that are referred to and made operational within the corporate procedures/policies.

The Model contains measures designed to detect and reduce potential risks of non-compliance with the provisions of Legislative Decree 231/01. With regard to corruption risks, the controls envisaged by the Model are coordinated and consistent with the Anti-Corruption Compliance System.

An independent control body, the Supervisory Body, monitors the effective implementation and compliance with the Model. The Company has made available to employees software for sending reports of wrongdoing or irregularities committed within the entity, of which they have become aware by reason of the employment relationship, guaranteeing the whistleblower confidentiality and protection from any form of retaliation.

The system adopted complies with the provisions of Law No. 179/2017. (the so-called Whistleblowing).

Privacy and protection of personal data

General Data Protection Regulation (GDPR)

The Company has approved and disseminated the following documentary set of procedures/policies, which meet legal requirements: (i) “Data Breach Management” policy, which aims to provide strategic directions and guidelines for the effective and efficient management of security incidents involving personal data breaches. A register of personal data incidents has also been defined; (ii) “Data Subject Rights” Policy, which aims to manage any requests to exercise the rights of data subjects (e.g. Right of withdrawal, adjustment, cancellation, etc.) established by the GDPR; (iii) “Privacy Inspections” Policy, which aims to manage the stages of inspections by the Guarantor. In addition, all managers, executives and employees in the Company were appointed as “designated”. The documents were disseminated to all Management and explained through classroom training sessions to all department managers.

Risk management

Aims, management strategies and identification of financial risks

The Company's Finance Department and the Finance Managers of the individual subsidiaries manage the financial risks to which the Company is exposed, in accordance with the directives contained in the Group's Treasury Risks Policy.

The Company's financial assets are mainly represented by cash and current deposits, directly derived from operating activities.

Financial liabilities, on the other hand, include bank loans and borrowings and finance leases, the main function of which is to finance operating and development activities.

The risks generated by these financial instruments are represented by interest rate risk, the currency risk, the liquidity risk and the credit risk.

Until 16 December 2022, the effective date of the New Agreement, the Company limited itself to carrying out a systematic activity of monitoring the financial risks illustrated above, as it was unable, due to the previous Restructuring Agreement which was no longer in force, to use financial derivative instruments to reduce these risks to a minimum. In this regard, the New Agreement currently in force provides for the possibility of requesting and establishing dedicated bank lines to reduce both exchange rate risk and interest rate risk.

The definition of the optimal composition of debt structure between the fixed rate component and the variable rate component is identified by the Company at a consolidated level.

Liquidity risk

This is the risk that the company will be unable to meet the expected payments, due to its inability to find new provisions or to liquidate assets on the market, thus causing an impact on profit or loss if it is forced to incur additional costs in order to meet its commitments or, as an extreme consequence, leading to a situation of insolvency that exposes the corporate business to a high risk.

Following the signing of the New Agreement, effective from 16 December 2022, liquidity management will be guaranteed and regulated by the same Agreement.

The Steering Committee's preparatory activities are now well established in order to assess cash flow trends on a monthly basis, giving a definitive boost to financial planning activities.

The bank loans and borrowings of Trevi – Finanziaria Industriale S.p.A. at the end of the financial year are broken down as follows:

Current loans and borrowings			
	31/12/2022	**31/12/2021**	**Change**
Total	44,121,374	73,040,878	(28,919,504)

Non-current bank loans and borrowings			
	31/12/2022	31/12/2021	Change
Total	4,949,189	4,634,431	314,759

The carrying amount of non-current bank loans and borrowings in the Statement of Financial Position corresponds to their fair value.

The following table shows the total financial liabilities including bank loans and borrowings, derivative liabilities, finance leases and loans and borrowings from other financial backers:

Current financial liabilities			
	31/12/2022	31/12/2021	Change
Total	131,942,033	118,557,603	13,384,430

Non-current financial liabilities			
	31/12/2022	31/12/2021	Change
Total	63,815,261	65,853,174	(2,037,913)

Interest rate risk

On 1 July 2014, the Board of Directors of Trevi - Finanziaria Industriale S.p.A. authorised the structuring and execution of a bond issue currently called “Trevi – Finanziaria Industriale 2014-2024,” for Euro 50 million. The instrument was placed on the Italian Stock Exchange EXTRA MOT PRO market from 28 July 2014. This bond and its regulations have been amended over time, most recently by resolution of the Bondholders' Meeting of 24 October 2022, in order to adapt it to the Company's current situation and the New Consolidated Plan, and it currently provides for a maturity date of 31 December 2026 and a fixed rate of 2%.

31/12/2022			
	Fixed rate	Variable rate	Total
Loans and borrowings and leases	20,253	120,891	**141,144**
Bond	50,000	0	**50,000**
Total financial liabilities	**70,253**	**120,891**	**191,144**
%	37%	63%	100%

It should also be noted that, following the entry into force of the reorganisation agreement and in line with its application, interests had to be recalculated retroactively from 30 September 2022 at a variable rate of 6-month EURIBOR + 2% margin (previously at a fixed rate of 2%).

Currency risk

The Company is exposed to the risk of fluctuations in exchange rates which can affect its financial position and financial performance. The Company’s exposure to currency risk is of a transactional nature, i.e., derived from changes in the exchange rate between the date on which a financial commitment between counterparties becomes highly probable and/or certain, and the date of settlement of the commitment, changes that determine a variance between the expected cash flows and the actual cash flows.

The Company regularly assesses its exposure to currency risk; the instruments used are the correlation of cash flows in the same currency but of the opposite sign, financing contracts in foreign currencies, and forward sales of currency and derivative instruments.
The Company does not use instruments of an explicitly speculative nature for its hedging against currency risk; however, if the derivative financial instruments do not meet the conditions required for the accounting treatment of the hedging instruments required by IAS 39, their changes in fair value are recognised in the profit and loss account as financial expense/income.
Specifically, the Company manages the transaction risk described above. Exposure to the risk of changes in exchange rates mostly arises from the intragroup transactions that the Company carries out. In particular, the greatest risk is determined by transactions in US dollars and in currencies linked to them.
The fair value of a forward contract is determined as the difference between a forward exchange rate of the contract and that of a transaction of the opposite sign of the same amount and with the same maturity, assumed at exchange rates and interest rate differentials as at 31 December.

Credit risk

Credit risk is the possibility that the debtor is unable to fulfil its obligation to pay interest and repay the principal.
Almost all of the Company's trade receivables are due from Subsidiaries.

Additional information on financial instruments

With regard to derivative instruments recognised in the Statement of Financial Position at fair value, IFRS 7 requires that they are classified according to a fair value hierarchy that reflects the significance of the inputs used in determining the fair value. Specifically, the fair value hierarchy is made up as follows:
- Level 1: it corresponds to quoted prices in active markets;
- Level 2: it corresponds to prices calculated through elements taken from observable market data;
- Level 3: it corresponds to prices calculated through data elements other than observable market data.

The following tables for assets and liabilities as at 31 December 2022 show, based on the categories provided for by IFRS 9, additional information on financial instruments in accordance with IFRS 7 and the statements of profit or loss. Discontinued operations/non-current assets held for sale and Liabilities directly associated with Discontinued operations/non-current assets held for sale are excluded.

Key to IFRS 9 Categories	
Amortised cost	AC
Held-to-maturity assets	HtM
FV - hedging instruments	FVOCI or FVTPL

Items recognised in compliance with IFRS 9						
	IFRS 9 categories	**Notes**	**31/12/2022**	**Amortised cost**	**Cost**	**Effect on the Profit and Loss Account**
Equity investments	HtM	3	175,594		175,594	-
Other non-current financial assets	AC	5	22,971	22,971		1,547,951
Total non-current financial assets			**198,565**	**22,971**	**175,594**	**1,547,951**
Current financial assets	AC	9	67,410,585	67,410,585		
Cash and cash equivalents	AC	10	9,719,175	9,719,175		-
Total current financial assets			**77,129,760**	**77,129,760**	**-**	**-**
TOTAL FINANCIAL ASSETS			**77,328,325**	**77,152,731**	**175,594**	**1,547,951**
Non-current bank loans and borrowings	AC	12	4,949,189	4,949,189		497,972
Non-current loans and borrowings from other financial backers	AC	13	58,866,072	58,866,072		58,221
Non-current derivative instruments	FV	14	-			-
Total non-current financial liabilities			**63,815,261**	**63,815,261**	**-**	**556,193**
Current loans and borrowings	AC	21	44,121,374	44,121,374		4,439,355
Current loans and borrowings from other financial backers	AC	22	87,820,659	87,820,659		86,858
Current derivative instruments	FV	23	-			
Total current Financial Liabilities			**131,942,033**	**131,942,033**	**-**	**4,526,213**
TOTAL FINANCIAL LIABILITIES			**195,757,294**	**195,757,294**	**-**	**5,082,406**
Warrant	FV		**30,980**			**3,607,983**
TOTAL			**195,788,274**	**195,757,294**	**-**	**73,528**

Impairment test on controlling equity investments and assessment of financial assets

With reference to the Financial Statements of Trevi Finanziaria Industriale S.p.A. as at 31 December 2022, in line with 31 December 2021, the Management proceeded to assess the carrying amounts of the equity investments held in Trevi S.p.A. (equal to 99.78%) and in Soilmec S.p.A. (equal to 99.92%).

In this regard, it is necessary to first observe how there is a substantial alignment between the Cash Generating Units of the Group and the respective Legal Entities. In view of the above, the impairment test on the controlling equity investments recorded in the Separate Financial Statements of Trevi Finanziaria Industriale S.p.A. was performed by starting from the recoverable amount, in the sense of the value in use, or through the Discounted Cash Flow financial method, a method directly referred to by IAS 36, and estimating the Equity Values of the individual Legal Entities, taking into consideration the Surplus Assets recorded and the Net Financial Position, including the provisions for risks assimilated to debt. Subsequently, the Equity Value determined in this way was compared with the carrying amount of each equity investment.

For the purpose of performing the impairment test, the Actual 2022 statement of profit or loss and balance sheet data (taken from the final figures as at 31 December 2022) were used, as well as the 2023 - 2026 statement of profit or loss and balance sheet data taken from the 2022 - 2026 Plans prepared with the support of Pricewaterhousecooper and approved on 17 November 2022.
The planning flows considered exclude the effects of future restructuring and efficiency improvements not yet initiated, which the accounting standard requires to be excluded.
The expected cash flow was constructed from the operating income (EBIT) of each period, calculating and subtracting from it the imputed direct taxes at full rates, adding the negative income components that do not give rise to cash outflows, such as depreciation and provisions, and thus determining the "cash flow from current operations", which can be interpreted as a "potential" cash flow. Subsequently, the "cash flow from transactions" was determined by adding to the aforementioned flow the changes in Net Working Capital (in fact, the amount of monetary resources actually released by current transactions is affected by the change undergone during the period by the elements of the assets that arise and are extinguished as a result of the operating cycles: trade receivables, inventories, trade payables, payables to personnel, etc.) and CAPEX (investments net of disinvestments in fixed assets).
For the discounting of cash flows, a weighted average cost of capital "WACC" was calculated, in continuity of method from 2021, according to the CAPM (Capital Asset Pricing Model) economic model. However, considering that the two Legal Entities Trevi S.p.A. and Soilmec S.p.A. operate in different industries, although closely related, it was deemed more appropriate to determine - unlike last financial year when a single Group WACC was calculated - a specific WACC in consideration of the industry in which they operate: "Special Foundation/Heavy Construction" for Trevi S.p.A. and "Industrial Machinery" for Soilmec S.p.A..

The WACC of Trevi S.p.A. was determined as 10.91% and the individual variables were derived as follows:

- *risk-free rate:* 3.54%, rate of return on securities of a mature country (United States), equal to the average of 10Y Bonds relating to the six months prior to 31 December 2022;
- *beta levered:* 0.94, calculated as an average of the unlevered beta at 3Y of a sample of comparable companies of the "Special Foundation/Heavy Construction" industry leveraged based on the average D/E ratio of the comparables themselves;
- equity risk premium: a rate of 5.50% was used;
- country risk: 3.76%, this component was added to Ke after weighing the ERP for the beta, and it was calculated as an average of the country risk of countries where Trevi S.p.A. operates, weighted by the percentage of production of operating profit in these countries in 2026;
- inflation differential: 1.53%, this component was added to Ke in order to consider the effect of inflation and determine the real rate;
- alpha coefficient: equal to 1 percentage point;
- cost of the gross debt: equal to 4.05% (post tax: 3.14%) determined by adding to the average actual rates of the Group's lines of credit;

- financial structure: D/D+E= 34.52%; E/D+E= 65.48%, determined as the average of the comparables of the “Special Foundation/Heavy Construction” industry already considered for the definition of the beta.

The WACC of Soilmec S.p.A. was determined as 9.20% and the individual variables were derived as follows:

- *risk-free rate:* 3.54%, rate of return on securities of a mature country (United States), equal to the average of 10Y Bonds relating to the six months prior to 31 December 2022;
- *beta levered:* 0.94, calculated as an average of the unlevered beta at 3Y of a sample of comparable companies of the “Industrial Machinery” industry leveraged based on the average D/E ratio of the comparables themselves;
- equity risk premium: a rate of 5.50% was used;
- country risk: 2.52%, this component was added to Ke after weighing the ERP for the beta, and it was calculated as an average of the country risk of countries where Soilmec S.p.A. operates, weighted by the percentage of production of operating profit in these countries in 2026;
- alpha coefficient: equal to 1 percentage point;
- cost of the gross debt: equal to 4.05% (post tax: 3.03%) determined by adding to the average actual rates of the Group’s lines of credit;
- financial structure: D/D+E= 33.05%; E/D+E= 66.95%, determined as the average of the comparables of the “Industrial Machinery” industry already considered for the definition of the beta.

For the years after 2026, cash flows of the Legal Entities have been calculated on the basis of a Terminal Value determined by projecting in perpetuity the normalised operating profit for the last year of the explicit plan (2026), net of the full withholding tax. Furthermore, a g growth rate was considered, based on the average expected inflation rate in countries where each Legal Entity operates, weighted by the percentage of operating profit actually produced by these Legal Entities in those countries in 2026. Specifically, the g growth rate of Legal Entity Trevi S.p.A. is 3.63%; whereas, the g growth rate of Legal Entity Soilmec S.p.A. is 2.06%. It should also be noted that, for the purpose of determining the Terminal Value, the aforementioned WACC were prudentially increased by 1 percentage point.

Consequently, the discount rate adopted for the Terminal Value, resulting from the difference between the above-mentioned WACC increased by 1 percentage point and the g growth rates, is 8.28% for Trevi S.p.A. and 8.14% for Soilmec S.p.A. This is preponderant, considering that the Terminal Value represents on average 70-80.00% of the Enterprise Value of CGUs.

Subsequently, the Equity Value of the Companies Trevi S.p.A. and Soilmec S.p.A. was determined by adding to the Enterprise Value, calculated as above, the identified Surplus Assets and subtracting the non-controlling interests and the Net Financial Debt as at 31 December 2022.

Finally, the Equity Value thus determined was compared with the carrying amount of each equity investment.

The test carried out in this way did not reveal any impairment losses of the equity investments held by Trevi Finanziaria Industriale in Trevi S.p.A. and Soilmec S.p.A..

Receivables

In accordance with IFRS 7, the following is an analysis of the trend in past due trade receivables, divided into homogeneous risk categories:

Description	31/12/2022	31/12/2021	Change
Not past due	13,737,028	4,516,771	9,220,257
Past due for 1 to 3 months	2,751,842	8,613,118	(5,861,276)
Past due for 3 to 6 months	3,155,776	1,172,433	1,983,343
Past due for more than 6 months	11,968,458	26,539,428	(14,570,970)
Total	**31,613,104**	**40,841,750**	**(9,228,646)**

These mainly refer to trade receivables from subsidiaries for commercial activities and services performed under normal market conditions for approximately Euro 26,343 thousand and for the remaining part to receivables from third parties.

The above-mentioned total does not include tax consolidation assets of Euro 11,102 thousand and prepayments of Euro 5,924 thousand, and it is shown gross of the loss allowance.

Furthermore, the analysis relating to the ageing of trade receivables was conducted on the gross amounts thereof. For further details, see paragraph *IFRS 9 - Impairment*.

In order to classify trade receivables as past due, the conditions in the terms of payment were used and amended for any subsequent agreements between the parties. For the above-mentioned trade receivables, no special monitoring bands were identified, since they all fall within the standard category.

Description	31/12/2022	31/12/2021	Change
Standard monitoring	31,613,104	40,841,750	(9,228,646)
Total	**31,613,104**	**40,841,750**	**(9,228,646)**

NOTES ON THE MAIN ITEMS OF THE BALANCE SHEET

LIABILITIES

NON-CURRENT LIABILITIES

(12) Current bank loans and borrowings

Current bank loans and borrowings totalled Euro 4,949 thousand as at 31 December 2022, marking an increase with respect to 31 December 2021 of about Euro 315 thousand:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
Non-current loans and borrowings	4,949,189	4,634,431	314,758
TOTAL	**4,949,189**	**4,634,431**	**314,758**

(13) Current loans and borrowings from other financial backers

Current loans and borrowings from other financial backers as at 31 December 2022 amounted to Euro 58,866 thousand, with a decrease of Euro 2,353 thousand compared to the same date of the previous financial year when they amounted to Euro 61,219 thousand, as detailed below:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
			-
Due to Caterpillar Financial S.A.	7,694,241	8,615,054	(920,813)
Bond	50,000,000	50,000,000	-
Lease liabilities	1,171,831	2,603,689	(1,431,859)
TOTAL	**58,866,072**	**61,218,743**	**(2,352,672)**

As at 31 December 2022, the financial covenants provided for in the "Trevi Finanziaria Industriale 2014-2024" Bond Issue regulations were met.

The terms and conditions of bank loans and borrowings were as follows:

					31/12/2022	
In thousands of euro	**Currency**	**Spread**	**Indexing**	**Year due**	**Nominal amount**	**Nominal amount**
Unsecured bonds	Euro	2.00%	-	2026	**50,000**	**50,000**
Unsecured bank loan	Euro	4.52%	-	2026	**39,882**	**39,882**
Non-current unsecured bank loans and borrowings	Euro	2.00%	-	2025	**4,660**	**4,660**
Non-current unsecured bank loans and borrowings	Euro	0.00%	-	2025	**520**	**520**
Enforcements/Repayments on Bank Loans and Borrowings	Usd	2.00%	-	2023	**4,659**	**4,659**
Sub-total Euro onerous liabilities					**95,062**	**95,062**
Sub-total Usd onerous liabilities					**4,659**	**4,659**

(14) Non-current derivative instruments

As at 31 December 2022, also in line with the previous financial year, the Company had no non-current derivative financial instruments.

(15) Deferred tax liabilities

Deferred tax liabilities totalled about Euro 412 thousand as at 31 December 2022, marking a decrease of Euro 238 thousand compared to the previous financial year, when they were about Euro 650 thousand.

The following is the detail of the items making up the balance:

DESCRIPTION	31/12/2022	31/12/2021	Change
Net unrealised exchange gains	401,424	649,624	(248,200)
Other	10,261	-	10,261
TOTAL	**411,685**	**649,624**	**(237,939)**

(16) Post-employment benefits

The item includes the estimate of the liability, determined based on actuarial techniques, relating to the benefits to be paid to employees upon termination of the employment relationship.
As at 31 December 2022, post-employment benefits amounted to Euro 594 thousand, with a decrease of approximately Euro 42 thousand compared to the previous financial year.

The following table details the changes in this item in 2022:

DESCRIPTION	Balance as at 31/12/2021	Share accrued and allocated in the profit and loss account	Share transferred to other companies and advances paid	Changes in favour of supplementary pension provisions and other changes	Actuarial gains/(losses)	Balance as at 31/12/2022
Post-employment benefits	**635,652**	333,038	(140,288)	(233,707)	(815)	**593,881**

The main assumptions used to determine the obligation relating to the post-employment benefits, as previously described under the section covering the accounting policies used, are illustrated below:

	31/12/2022	31/12/2021
	%	%
Annual technical discount rate	3.77% - 3.63%	0.98%
Inflation rate	5.9% for 2023, 2.3% for 2024, 2.0% from 2025	1.70%
Annual rate of Post-employment benefits	5.9% for 2023, 3.2% for 2024, 3.0% from 2025	2.50%
Turnover	15.00%	15.00%

(17) Provisions for risks and charges

The provision amounted to Euro 12,291 thousand, decreasing by Euro 2,285 thousand compared to the previous financial year.

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
Provisions for risks and charges	12,290,961	14,575,582	(2,284,621)
TOTAL	**12,290,961**	**14,575,582**	**(2,284,621)**

The balance mainly consisted of a provision for risks equal to Euro 4,874 thousand related to contractual risks, future charges linked to the assumption of positions attributable to the Water Division arising from the sale of the Oil & Gas Division for Euro 2,823 thousand, accruals to provisions for guarantees granted to Group companies made in accordance with IFRS 9 for Euro 1,978 thousand and bonuses and charges related to the non-current incentive plan for Euro 2,269 thousand; the plan, approved by the Shareholders' Meeting on 30 December 2020, is broken down into three annual cycles, and has as its goal a cash bonus and the assignment of one free share of the Company for each right accrued, if certain performance targets are met and if the beneficiary remains at the Company. Reference should be made to note (33) Adjustment to financial assets.

(17.1) Other non-current liabilities

The item includes the assessment at fair value of the loyalty warrant as at 31 December 2022, issued in the context of capital increase for Euro 31 thousand and for the remaining part of Euro 1,800 thousand linked to the compensation granted to some former Directors of the Company, under the agreements reached with the former ultimate parent company Trevi Holding SE (THSE).

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
Warrant	30,980	3,638,963	(3,607,983)
Share in LT THSE Agreement	1,800,000	2,400,000	(600,000)
	1,830,980	**6,038,963**	**(4,207,983)**

CURRENT LIABILITIES

(18) Trade payables and other current liabilities

Trade payables and other current liabilities amounted to Euro 18,825 thousand as at 31 December 2022, an increase of Euro 7,306 thousand compared to the previous financial year; the change was mainly due to the payable to CDPE Investimenti SpA, and related to the subscription and payment of Euro 6,446 thousand in December of the Capital Increase, which was completed in January 2023.

Details of this item are given in the following table:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
Due to third-party suppliers	9,520,255	9,831,036	(310,781)
Due to Social security institutions	406,388	284,477	121,911
Other amounts due	8,898,435	1,402,797	7,495,638
TOTAL	**18,825,078**	**11,518,310**	**7,306,768**

Trade payables, which decreased by about Euro 311 thousand, were substantially in line with the previous financial year.

The breakdown of trade payables by maturity to suppliers is shown in the following table:

Description	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
Not past due	6,639,666	5,313,464	1,326,202
Past due for 1 to 3 months	1,108,438	1,954,559	(846,121)
Past due for 3 to 6 months	243,520	578,535	(335,015)
Past due for more than 6 months	1,528,630	1,984,478	(455,848)
Total	**9,520,255**	**9,831,036**	**(310,781)**

Details of Other amounts due are shown below:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Changes
Due to employees for holidays accrued and not used	1,683,344	802,797	880,546
Due to shareholders subscription account	6,445,820	-	6,445,820
Other	769,272	600,000	169,272
TOTAL	**8,898,435**	**1,402,797**	**7,495,638**

The item includes Euro 600 thousand linked to the compensation granted to some former Directors of the Company, under the agreements reached with the former parent company THSE.

At the reporting date, no payment orders were received.

(19) Trade payables and other current liabilities to subsidiaries

As at 31 December 2022, trade payables and other current liabilities to subsidiaries amounted to Euro 17,963 thousand, decreasing by roughly Euro 3,645 thousand compared to the previous financial year mainly attributable to trade payables to subsidiaries, following the sales and compensations carried out during the financial year.

Details of this item are given in the following table:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Changes
Trade payables to subsidiaries and advances	1,159,719	4,922,242	(3,762,523)
Liabilities attributable to the share of the fiscal year results of UTE TREVI S.p.A. TREVI – Finanziaria Industriale S.p.A. Sembenelli S.r.l. for the “Borde Seco” contract.	2,374,393	2,150,245	224,149
Other liabilities to related parties	75,000	75,000	-
Group tax consolidation liabilities	14,354,051	14,460,477	(106,426)
TOTAL	**17,963,164**	**21,607,964**	**(3,644,800)**

Trade payables to subsidiaries mainly refer to current payables to Trevi S.p.A. and Soilmec S.p.A., to which are added the payables arising from the participation in the tax consolidation. The analytical list is available under paragraph “Other Information - Related Parties”.

(20) Current tax liabilities

Current tax liabilities totalled Euro 673 thousand as at 31 December 2022 (Euro 368 at the end of the previous financial year).

(21) Current bank loans and borrowings

As at 31 December 2022, current bank loans and borrowings amounted to Euro 44,121 thousand, with a decrease of Euro 28,920 thousand compared to the previous financial year, when they amounted to Euro 73,041 thousand.

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Changes
Current loans and borrowings	44,121,374	73,040,878	(28,919,504)
TOTAL	**44,121,374**	**73,040,878**	**(28,919,504)**

It should also be noted that the item includes the recognition at amortised cost of the rescheduled financial debt on the basis of the effective market interest rate at the date of the debt renegotiation operation carried out in 2020, according to the provisions of the IFRS 9 accounting standard, determined at the effective date of the Restructuring Agreement and remeasured at 31 December 2022, resulting in an overall decrease in amounts due to banks of around Euro 13,600 thousand. Following the failure to meet the financial covenants under the Restructuring Agreement as at 31 December 2020 and in line with the presentation already adopted in the 2021 financial statements, in accordance with IFRS 9, these have been presented in the financial statements with a current maturity, although the original maturity date of 31 December 2024 remains unchanged.
It should be noted that, following the completion of the Capital Increase in January 2023, the provisions of the Restructuring Agreement signed with the banks on 29 and 30 November became effective; as a result, the due dates of bank debts as of January were rescheduled to 31/12/2026 (previously they were 31/12/2024).

(22) Current loans and borrowings from other financial backers

Current loans and borrowings from other financial backers amounted to Euro 87,821 thousand as at 31 December 2022, with an increase of approximately Euro 42,304 thousand compared to the previous financial year.

Details of this item and of the related variances are shown below:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Change
Due to Trevi Icos	4,500,281	4,242,379	257,902
Lease liabilities	1,967,706	2,214,572	(246,866)
Caterpillar financing	920,813	880,554	40,259
Due to SC Lowy Financial	22,828,524	11,653,137	11,175,387
Amco Asset Mgmt. Co. S.p.A.	12,010,342	12,010,342	-
Sace S.p.A.	14,515,741	14,515,741	-
Kerdos	31,077,253	-	31,077,253
TOTAL	**87,820,659**	**45,516,724**	**42,303,935**

(23) Liabilities for current derivative instruments

There were no liabilities linked to current derivative instruments.

The following is a breakdown of net financial debt:

(amounts expressed in Euros)

	Description	31/12/2022	31/12/2021	Changes
A	Cash and cash equivalents	3,273,355	1,551,657	1,721,698
B	Other cash equivalents	6,445,820	0	6,445,820
C	Other current financial assets	67,410,585	57,785,660	9,624,925
D	**Cash and cash equivalents (A+B+C)**	**77,129,760**	**59,337,317**	**17,792,443**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	129,396,480	115,919,920	13,476,559
F	Current portion of non-current debt	2,566,000	2,637,682	(71,682)
G	**Net financial debt (E+F)**	**131,962,480**	**118,557,602**	**13,404,877**
H	**Net current financial debt (G-D)**	**54,832,720**	**59,220,285**	**(4,387,566)**
I	Non-current financial debt (excluding current portion and debt instruments)	13,815,261	15,853,174	(2,037,914)
J	Debt instruments	50,000,000	50,000,000	0
K	Trade payables and other non-current liabilities	0	0	0
L	**Non-current financial debt (I+ J+ K)**	**63,815,261**	**65,853,174**	**(2,037,914)**
M	**Total financial debt (H+L) (as provided for by Consob warning notice No. 5/21 of 29 April 2021)**	**118,647,980**	**125,073,460**	**(6,425,480)**

As previously mentioned, it should be noted that in December Euro 6,446 thousand related to the subscription of the Capital Increase by CDPE Investimenti SpA have been collected; as at 31 December 2022 these amounts were unavailable in the context of the Capital Increase process, which was completed in January 2023; it should also be noted that, following the agreements reached with the MEIL Group, to which the Oil&Gas Division was sold with the transaction completed on 31 March 2020, the Company disbursed an interest-bearing loan of Euro 10 million to MEIL Global Holdings BV, with a three-year bullet repayment. Starting from 1 April 2022, this loan was recognised in current financial assets.

Below is the reconciliation with the debt table shown in the directors' report.

M	**Total financial debt (H+L) (as provided for by Consob warning notice No. 5/21 of 29 April 2021)**	**118,647,980**	**125,073,460**	**(6,425,480)**
N	Other non-current financial assets	0	9,850,454	(9,850,454)
O	**Total Net Financial Debt (M-N)**	**118,647,980**	**115,223,006**	**3,424,974**

It should also be noted that in the financial debt, the bank debts subject to the New Financial Manoeuvre agreement with the Group's Lending Banks have also been represented as of 31/12/2022 with current maturity in the Net Financial Position schedules, as the New Financial Manoeuvre came into effect in January 2023, and from this month on, the bank debts subject to the New Agreement have been reclassified as non-current following their rescheduling to 31 December 2026.

The New Agreement envisages compliance with two financial parameters (covenants) that will be measured every six months starting from the final consolidated financial statements as at 31 December 2023: the ratio of consolidated net financial position to consolidated recurring EBITDA (which must be less than 3.75 as at 31 December 2023) and the ratio of consolidated net financial position to consolidated equity (which must be less than 2.60 as at 31 December 2023). It is expected that these financial parameters will be met on the basis of the Plan.

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

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

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

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

GUARANTEES AND COMMITMENTS

In accordance with the provisions of Article 2427, paragraph 1, no. 9) of the Civil Code, we inform you that there are no commitments, guarantees and contingent liabilities not shown in the balance sheet other than those commented on below.

• Guarantees given by Insurance companies: they amount to Euro 6,422,411 and refer to the issue of guarantees for VAT repayments by the Company and its main Italian subsidiaries.

• Guarantees given to third parties: they amount to Euro 519,436,199 and refer in particular to:

- Credit mandates for Euro 446,502,615, i.e., sureties for future obligations issued by Trevi Finanziaria Industriale S.p.A. to guarantee cash lines, guarantees and leasing contracts on behalf of its subsidiaries; this category also includes corporate sureties issued by Trevi Finanziaria Industriale S.p.A. in favour of leading North American insurance companies for guarantees issued on behalf of North American subsidiaries.

- Bank guarantees of a commercial nature (issued mainly to participate in tenders, to cover the good execution of the works and for contractual advances) for Euro 71,860,415;

- Bank guarantees of a financial nature for Euro 1,073,169 issued to credit institutions for loans and borrowings disbursed in favour of Group companies.

ANALYSIS OF THE PROFIT AND LOSS ACCOUNT ITEMS

Below are some details and information relating to the profit and loss account for the financial year ended 31 December 2022.

(24) Revenue from sales and services

Revenues from sales and services amount to Euro 13,735 thousand compared to Euro 11,267 thousand in 2021, with an increase of Euro 2,468 thousand; the increase is mainly due to charge-backs for services rendered to subsidiaries and to a lesser extent to revenues from rentals and commissions on guarantees; the breakdown by nature of these revenues is as follows:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Revenue from equipment lease	1,758,324	1,253,731	504,592
Revenue from fees on guarantees	2,434,134	1,723,786	710,348
Revenue for services provided to subsidiaries	9,542,139	8,289,250	1,252,889
TOTAL	**13,734,597**	**11,266,767**	**2,467,830**

The following is a breakdown by geographical segment of revenues from sales and services:

GEOGRAPHICAL SEGMENT	31/12/2022	%	31/12/2021	%
Italy	6,675,383	48.60%	7,712,346	68.45%
Europe (excluding Italy)	260,970	1.90%	692,842	6.15%
U.S.A. and Canada	757,004	5.51%	374,358	3.32%
Latin America	619,432	4.51%	394,931	3.51%
Africa	278,168	2.03%	14,788	0.13%
Middle East and Asia	3,491,928	25.42%	899,405	7.98%
Far East	1,651,712	12.03%	1,178,097	10.46%
TOTAL	**13,734,597**	**100%**	**11,266,767**	**100%**

Revenues were almost exclusively generated with Group companies, as indicated in the previous table, and they concerned equipment lease, management and administrative and management support, HR and personnel management service, IT management service and integrated corporate management software and management of the Group’s communications service.

(25) Other operating revenues

The item Other operating revenues amounted to Euro 4,743 thousand compared to Euro 1,357 thousand in 2021, with a decrease of Euro 3,386 thousand, as shown in the table below:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Lease income	16,407	15,953	455
Recovery of our expenses	2,404,772	1,024,185	1,380,587
Gains on disposal of assets	729,851	49,998	679,853
Prior year income	1,517,680	94,250	1,423,430
Insurance repayments	62,819	0	62,819
Other	11,628	172,725	(161,097)
TOTAL	**4,743,158**	**1,357,110**	**3,386,047**

The increase was mainly due to the item "Recovery of our expenses", which mainly refers to the recovery of costs incurred for various reasons by the Company in favour of its direct and indirect subsidiaries, and to the item "Contingent assets", which mainly includes Euro 417 thousand related to the waiver of the tax consolidation debt towards Trevi Energy S.p.A., a company sold in 2022, Euro 354 thousand related to the tax credit for process innovation, and Euro 150 thousand related to the use of the super ACE.

(26) Raw materials and consumables

The cost of Raw materials and consumables amounted to approximately Euro 73 thousand compared to Euro 80 thousand in 2021, with a decrease of Euro 7 thousand.

(27) Personnel expense

Personnel expense amounted to Euro 6,535 thousand compared to Euro 6,197 thousand in 2021, with an increase of roughly Euro 339 thousand. The breakdown of the item is shown below:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Wages and salaries	4,692,589	4,398,592	293,997
Social security charges	1,509,704	1,516,376	(6,673)
Post-employment benefits	333,038	281,742	51,296
TOTAL	**6,535,331**	**6,196,710**	**338,620**

The changes recorded during the financial year are shown below:

DESCRIPTION	31/12/2022	Increases	Decreases	31/12/2021
Executives	16	2	2	16
Middle management/White-collar	46	6	8	48
TOTAL	**62**	**8**	**10**	**64**

(28) Other operating expenses

Other operating expenses amounted to Euro 10,105 thousand compared to Euro 14,424 thousand in 2021, decreasing by Euro 4,319 thousand.

This item is made up as follows:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Costs for third-party services	8,396,159	10,538,225	(2,142,067)
Use of third-party assets	587,814	534,904	52,910
Other operating costs	1,121,267	3,350,919	(2,229,652)
TOTAL	**10,105,239**	**14,424,048**	**(4,318,808)**

Other operating costs amounted to about Euro 1,122 thousand (Euro 3,351 thousand in the previous financial year, when they included Euro 3,000 thousand, attributable to the indemnities already described above, paid in settlement to former directors of the Company, in the context of the agreements reached with the former parent company THSE); see the relevant table for a breakdown.

The costs for third-party services are as follows:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Directors' remuneration	689,106	681,264	7,842
Statutory auditors' remuneration	135,371	135,687	(316)
Utilities, postage and telecommunications	560,311	518,402	41,909
Third-party services, legal, administrative and technical consultancy	3,254,153	5,858,517	(2,604,364)
Fees and maintenance	2,518,114	2,620,724	(102,610)
Food, Accommodation and Travel	101,223	18,067	83,155
Insurance companies	625,163	597,841	27,321
Advertising, inserts and communications	25,562	12,918	12,645
Membership contributions	89,950	35,000	54,950
Bank services	56,491	4,800	51,691
Other	340,715	55,005	285,709
TOTAL	**8,396,159**	**10,538,225**	**-2,142,067**

Costs for services amount to approximately Euro 8,396 thousand (Euro 10,538 thousand in the previous financial year) with a decrease of approximately Euro 2,142 thousand, mainly linked to the item third-party services and consultancy. It should be noted that the costs totalling Euro 5,029 thousand were deferred, as they were incurred by the Company for transactions strictly related to the Capital Increase and the Restructuring Agreement, which became effective in January 2023.

The item "Directors' remuneration" also includes remunerations paid to Directors as members of the Appointment and Remuneration Committee, the Risk Control Committee and the Related Party Committee. For more details, see the paragraph "Other Information" on the remuneration paid to Directors and Statutory Auditors.

The expense for fees and maintenance relates to the work performed by suppliers with regard to the maintenance and development of the Group's IT Service that is centralised at TREVI - Finanziaria Industriale S.p.A. and that is one of the services that the Company provides and charges to its subsidiaries.

The costs for use of third-party assets are broken down as follows:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Equipment lease	60,158	61,432	(1,273)
License fees	498,078	407,414	90,664
Lease expenses	29,577	66,058	(36,481)
TOTAL	**587,814**	**534,904**	**52,910**

The items “equipment leases”, “licence fees” and “lease expenses” are attributable to current rentals and leases that qualify for exclusion from accounting, in accordance with IFRS 16.

Details of Other operating costs are shown in the following table:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Taxes other than income tax	370,437	223,873	146,564
Other sundry charges	3,428	3,008,000	(3,004,572)
Non-deductible miscellaneous prior year expense	747,402	119,045	628,356
TOTAL	**1,121,267**	**3,350,919**	**(2,229,652)**

It should be recalled that the other sundry charges in the previous financial year took into account the Euro 3,000 thousand recognised in settlement in favour of former directors of the Company, in the context of the agreements reached with the former parent company THSE.

(29) Depreciation and amortisation

Depreciation and amortisation amounted to Euro 4,143 thousand compared to Euro 2,430 thousand in 2021 with an increase of Euro 1,712 thousand, as detailed below:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Amortisation of intangible assets	1,767,184	25,312	1,741,872
Depreciation of property, plant and equipment	2,375,573	2,404,963	(29,390)
TOTAL	**4,142,758**	**2,430,275**	**1,712,483**

The increase is mainly attributable to amortisation relating to the acquisition of computer licences and application software and to consultancy received in connection with the implementation of the Group's new ERP.

(29.1) Provisions, impairment losses and utilisations

As at 31 December 2022, net impairment losses of about Euro 2,000 thousand were made, mainly attributable to the non-current incentive plan and bonuses for personnel; the change from the previous financial year is shown in the table below:

DESCRIPTION	Balance as at 31/12/2022	Balance as at 31/12/2021	Changes
Provisions/(release) for risks	(2,746,458)	-	(2,746,458)
Provisions/(release) for credit	3,085,800	(313,111)	3,398,911
Net (reversals of) impairment losses on intangible assets	-	(82,085)	82,085
Other provisions	1,660,566	9,606,326	(7,945,760)
TOTAL	**1,999,908**	**9,211,130**	**(7,211,222)**

The decrease is mainly due to the provision that was recognised in the previous financial year of about Euro 8,839 thousand, due to the risk that the Company would be required to pay a recourse debt for the enforcement of guarantees related to supply contracts signed between Drillmec S.p.A. and Iraqi Drilling Company.
The item Other Provisions, amounting to about Euro 1,661 thousand, refers mainly to provisions for employee bonuses.

(30) Financial income

Financial income amounted to Euro 7,560 thousand compared to Euro 4,339 thousand in 2021, with an increase of Euro 3,221 thousand.

The details of this item are shown below:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Financial income from non-current financial assets	1,547,951	2,656,436	(1,108,485)
Other financial income	6,012,149	1,683,062	4,329,087
TOTAL	**7,560,100**	**4,339,499**	**3,220,601**

The item "Other financial income" includes, among others, financial income deriving from the fair value measurement of the warrant for approximately Euro 3,608 thousand.

(31) Financial expenses

Financial expenses amount to Euro 15,047 thousand against Euro 13,490 thousand in 2021, overall in line with the previous financial year.

Details of Financial expenses are shown in the following table:

DESCRIPTION	31/12/2022	31/12/2021	Changes
Interests expenses with banks	4,937,327	3,441,992	1,495,335
Financial charges from fair value assessment	6,800,113	6,800,113	-
Expenses and fees on securities	1,729,085	2,055,312	(326,227)
Interest expenses with lease companies	145,079	192,812	(47,733)
Other financial charges	1,435,648	1,000,000	435,648
			-
TOTAL	**15,047,252**	**13,490,229**	**1,557,024**

It should also be noted that, following the entry into force of the reorganisation agreement and in line with its application, interests had to be recalculated retroactively from 30 September 2022 at a variable rate of 6-month EURIBOR + 2% margin (previously at a fixed rate of 2%).

(32) Exchange gains/(losses)

Transactions in foreign currency for the 2022 year resulted in a net loss of Euro 304 thousand, mainly unrealised, compared to the net loss of Euro 556 thousand in 2021, with an improvement of approximately Euro 252 thousand.

Description	31/12/2022	31/12/2021	Changes
Net exchange gains/(losses)	(304,024)	(555,818)	251,794
TOTAL	**(304,024)**	**(555,818)**	**251,794**

(33) Adjustments to financial assets

During the financial year, the Company made negative value adjustments to financial assets for a total of Euro 1,242 thousand, mainly due to the worsening of the Probability of Default (PD) (in the previous financial year, they were positive for Euro 5,241 thousand, mainly due to the release of the provision for financial guarantees due to the performance of both Credit Default Swaps (CDS) and Probability of Default (PD)).

DESCRIPTION	31/12/2022	31/12/2021	Change
Impairment losses on financial assets which are not equity investments	278,212	1,770,617	(1,492,405)
Impairment losses on equity investments	-	368,975	(368,975)
Use of loss allowance	-	(1,701,710)	1,701,710
Adjustments	963,541	(5,859,700)	6,823,242
TOTAL	**1,241,753**	**(5,421,818)**	**6,663,571**

(34) Income tax benefit/expense

The income taxes of the period were calculated taking into account the expected taxable income. Income taxes were positive and amounted to a total of Euro 71 thousand, compared to Euro 709 thousand in 2021, with a decrease of about Euro 638 thousand, mainly attributable to IRES for the financial year:

DESCRIPTION	31/12/2022	31/12/2021	Change
Corporate Income Tax (IRES)	(117,613)	(699,214)	581,601
Taxes for previous financial years	284,643	(25,293)	309,936
Deferred tax expense	(237,939)	15,235	(253,174)
TOTAL	**(70,909)**	**(709,272)**	**638,363**

Current taxes were calculated using the tax rates of 24% for IRES and of 4.82% for IRAP; the table below reconciles the actual tax expense with the theoretical one:

Reconciliation theoretical/actual tax expense				
	31/12/2022	%	**31/12/2021**	%
Profit/(loss) before taxes	**(13,411,151)**		**(24,002,841)**	
Taxes calculated at the tax rate in force	**(3,218,676)**	**24.00%**	**(5,760,682)**	**24.00%**
Permanent differences	3,385,706	(25.25%)	5,036,176	(20.98%)
Temporary differences	(237,939)	1.77%	15,234	(0.06%)
Total Income Tax benefit/expense recognised in the Profit and Loss Account	**70,909**	**(0.53%)**	**709,272**	**(2.95%)**

(35) Net profit

Fiscal year result

As at 31 December 2022, the net profit was negative by Euro 13,340 thousand (as at 31 December 2021, it had been negative by Euro 23,294 thousand), the Equity as at 31 December 2022 was positive and amounted to Euro 91,867 thousand (Euro 105.2 million as at 31 December 2021). 2022 recorded a negative trend relating to the operating result, a negative result of Euro 4,378 thousand (the operating result of the previous financial year was a negative result of Euro 19,719 thousand); the net profit deriving from continuing operations is negative for Euro 13,340 thousand (in the previous financial year, it was negative for Euro 23,294 thousand).

The Company chose to provide information on earnings per share only in the Group's Consolidated Financial Statements in accordance with IAS 33.

Transactions with related parties

The following table shows the total amounts of the transactions that took place during the financial year with related parties:

Amounts expressed in thousands of Euro

Current financial assets from subsidiaries	31/12/2022	31/12/2021	Changes
Trevi S.p.A.	17,383	17,383	0
Soilmec S.p.A.	40,248	40,248	0
Other	9,780	155	9,625
TOTAL	**67,411**	**57,786**	**9,625**

Trade receivables and other current assets from subsidiaries	31/12/2022	31/12/2021	Change
Trevi S.p.A.	16,267	19,702	(3,435)
Soilmec S.p.A.	4,354	12,921	(8,567)
Other	16,359	17,255	(896)
TOTAL	**36,980**	**49,878**	**(12,897)**

Financial liabilities and other current liabilities to subsidiaries	31/12/2022	31/12/2021	Change
Trevi Icos Corporation	4,500	4,238	262
Other	(20)	4	(25)
TOTAL	**4,480**	**4,242**	**237**

Trade payables and other current liabilities to subsidiaries	31/12/2022	31/12/2021	Change
Trevi S.p.A.	9,703	10,014	(311)
Soilmec S.p.A.	4,439	6,911	(2,472)
Other	3,821	4,683	(862)
TOTAL	**17,963**	**21,608**	**(3,645)**

Revenues from sales and services	31/12/2022	31/12/2021	Change
Trevi S.p.A.	3,846	4,402	(556)
Soilmec S.p.A.	2,529	2,868	(339)
Other	7,210	3,842	3,368
TOTAL	**13,584**	**11,112**	**2,473**

Consumption of raw materials and external services	31/12/2022	31/12/2021	Change
Trevi S.p.A.	293	215	79
Soilmec S.p.A.	359	187	171
Other	542	111	431
TOTAL	**1,194**	**513**	**681**

Financial income	31/12/2022	31/12/2021	Change
Trevi S.p.A.	370	370	(0)
Soilmec S.p.A.	936	911	25
Other	39	61	(22)
TOTAL	**1,345**	**1,342**	**3**

Transactions with related parties are carried out at normal market conditions.

Remuneration of Directors and Statutory Auditors

The Board of Directors of TREVI – Finanziaria Industriale S.p.A. in office at the date of the 2022 Financial Statements was appointed at the Shareholders' Meeting of 11 August 2022 for the 2022-2024 three-year period. Pursuant to the Consob regulation, the remunerations settled and/or paid to the Directors and Statutory Auditors of the Company are detailed below:

(amounts expressed in Euros)

Name	Office	Remuneration for the office	Other remuneration
Luca d'Agnese - until 11 August 22	Chairman of the Board of Directors	24,400	-
Cesare Trevisani - until 11 August 22	Deputy Chairman	61,000	-
Giuseppe Caselli	Chief Executive Officer	-	533,600
Sergio Iasi - until 11 August 22	Chief Executive Officer	24,400	165,400
Tommaso Sabato - until 11 August 22	Non-executive Board Director	24,400	-
	Member of the Control, Risks and Sustainability Committee	13,600	-
Marta Dassù - until 11 August 22	Non-executive and independent Board Director	24,400	-
	Chairperson of the Related Party Committee	8,700	-
Cristina Finocchi Mahne - until 11 August 22	Non-executive and independent Board Director	24,400	-
	Member of the Appointments and Remuneration Committee	8,100	-
	Member of the Control, Risks and Sustainability Committee	13,600	-
Elisabetta Olivieri	Non-executive and independent Board Director	40,000	-
	Chairperson of the Appointments and Remuneration Committee	11,600	-
	Member of the Related Party Committee	6,700	-
	Member of the Control, Risks and Sustainability Committee	9,100	-
Alessandro Piccioni	Non-executive and independent Board Director	40,000	-
	Member of the Appointments and Remuneration Committee	14,700	-
Rita Rolli - until 11 August 22	Non-executive and independent Board Director	24,400	-

	Chairperson of the Control, Risks and Sustainability Committee	17,300	-
	Member of the Related Party Committee	6,700	-
Cinzia Farisè - until 11 August 22	Non-executive and independent Board Director	24,400	-
Bartolomeo Cozzoli - from 11 August 22	Non-executive Board Director	15,500	-
	Member of the Appointments and Remuneration Committee	6,600	-
Davide Contini - from 11 August 22	Non-executive and independent Board Director	15,500	-
	Member of the Related Party Committee	3,600	-
Pier Paolo Di Stefano - from 11 August 22	Chairman of the Board of Directors	15,500	-
Davide Manunta - from 11 August 22	Non-executive Board Director	15,500	-
	Member of the Control, Risks and Sustainability Committee	9,100	-
Sara Kraus - from 11 August 22	Non-executive and independent Board Director	15,500	-
	Member of the Related Party Committee	3,600	-
Manuela Franchi - from 11 August 22	Non-executive and independent Board Director	15,500	-
	Chairperson of the Control, Risks and Sustainability Committee	11,400	-
Anna Zanardi - from 11 August 22	Non-executive and independent Board Director	15,500	-
	Chairperson of the Appointments and Remuneration Committee	8,900	-
Cristina De Benedetti - from 11 August 22	Non-executive and independent Board Director	15,500	-
	Chairperson of the Related Party Committee	4,900	-
		594,000	**699,000**

Other remuneration refers, for the Directors, to the amounts of salaries paid as employees of the Parent Company.

A total cost of Euro 130 thousand was recorded for the Statutory Auditors, divided as follows:

Name	**Office**	**Term of office (in months)**	**Company remuneration**
Marco Vicini	Chairman	12	50,000
R. Ferrara - until 11 August 22	Standing Auditor	7.5	24,450
F. Parente - from 11 August 22	Standing Auditor	4.5	15,550
Mara Pierini	Standing Auditor	12	40,000
Total			**130,000**

The following table includes the total considerations paid by the Company to the Independent Auditors and the network of the Independent Auditors, pursuant to Art. 160 paragraph 1-bis No. 303 of Law 262 of 28/12/2005 integrated by Legislative Decree 29/12/2006.

(in Euros)	Service provider	Considerations for 2022	Other activities	Total
Audit	KPMG	280,592	172,345	452,937
Total		**280,592**	**172,345**	**452,937**

Other activities include the certificate issued pursuant to Article 2441 in connection with the share capital increase transaction.

Significant events after the reporting period at 31 December 2022

During the first two months of 2023, the Group acquired orders for approximately Euro 80 million, compared to approximately Euro 97 million acquired in the same period of 2022. The Trevi Division, in particular, acquired orders for approximately Euro 76 million (Euro 55 million in 2022), while the Soilmec Division acquired orders for Euro 16 million (Euro 42 million in the first two months of 2022). The order backlog at 28 February 2023 amounted to Euro 557 million, compared to Euro 482 million at 28 February 2022 (it was Euro 455 million at 31 December 2021 and Euro 587 million at 31 December 2022).

The Group's performance in the first months of the year in terms of order intake, production revenue and backlog was in line with the forecasts for the year 2023, part of the 2022-2026 Plan.

The Group's Net Financial Debt at 31 January 2023 was Euro 201.4 million compared to Euro 251.2 million at 31 December 2022. The completion of the Group's overall capital strengthening and debt restructuring transaction, finalised on 11 January 2023, significantly affected this reduction. This transaction resulted, *inter alia*, in the collection of Euro 25 million in the form of a capital increase against consideration, as well as in the conversion of bank debt by the Lending Banks for Euro 32.7 million at a conversion ratio of 1.25 to 1, in addition to a consequent improvement on bank debt following the application of IFRS9 for approximately Euro 23.4 million.

As part of the capital increase, 161,317,259 newly issued ordinary shares of Trevi - Finanziaria Industriale S.p.A., were subscribed for a total equivalent amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). The new share capital of Trevifin, therefore, amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares.

With reference to the Neom Project – "The Line", the subsidiary Trevi Arabian Soil Contractor was ranked best contractor for quality. Based on the scoring process of the "NEOM Project Quality Index", Trevi ASC emerged as the best contractor for quality among the contractors working on the "NEOM - The Line" project, being the top pile contractor in December 2022.

As was already the case in 2022, the Italian newspaper Corriere della Sera included the Trevi Group among "The most climate-conscious companies 2023". The survey carried out in collaboration with Statista, a renowned German company that manages one of the world's leading portals for statistics and business intelligence, involved about 600 Italian companies and selected the most virtuous ones in terms of their ability to reduce their corporate CO_2 emissions.

Outlook

During the financial year, Group revenues are expected to increase over 2022 at a rate of between 3 and 6%, confirming the forecasts for 2023 to execute the 2022-2026 Plan.

Cesena, 29 March 2023

The Chairperson of the Board of Directors
Anna Zanardi

Statement on the Separate Financial Statements pursuant to Art. 154-*bis* of Italian Legislative Decree No. 58/98

1. The undersigned Giuseppe Caselli, Chief Executive Officer, and Massimo Sala, Director of Administration, Finance and Control as Manager in charge of financial reporting of Trevi Finanziaria Industriale S.p.A., hereby state, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree 24 February 1998, No. 58:
   - the adequacy in relation to the characteristics of the group; and
   - the effective application

   of the administrative and accounting procedures for drafting the separate financial statements during the 2022 financial year.

2. It is also stated that:

2.1 The Separate Financial Statements at and for the year ended 31 December 2022:

a) have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) match the results of the ledgers and accounting records;
c) are suitable for providing a true and fair view of the financial situation, financial performance and cash flows of TREVI - Finanziaria Industriale S.p.A.

2.2 The Directors' report contains references to important events that occurred during the year and their impact on the consolidated financial statements, together with a description of the main risks and uncertainties of the year as well as information on significant transactions with related parties.

Cesena, 29 March 2023

Giuseppe Caselli
Chief Executive Officer

Massimo Sala
Manager in charge of financial reporting

KPMG S.p.A.
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(The accompanying translated separate financial statements of Trevi Finanziaria Industriale S.p.A. constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Trevi Finanziaria Industriale S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Trevi Finanziaria Industriale S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recapitalisation and debt restructuring transaction

Notes to the separate financial statements: "Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern assumption" and "Events after the reporting date" sections

Key audit matter	Audit procedures addressing the key audit matter
Trevi Finanziaria Industriale S.p.A. and its subsidiaries (the "group") commenced a recapitalisation and debt restructuring process in 2017, which resulted in the restructuring agreement with the lending banks signed in 2019. In 2021, in consideration of the adverse effects of the Covid-19 pandemic on the global economy that affected the group's business, the company started negotiations with the lending banks aimed at identifying the necessary amendments to the existing arrangements in order for it to be able to achieve the original business plan's objectives. On 17 November 2022, the company's board of directors approved a new restructuring agreement pursuant to articles 56 and 284 of the Italian Code of Corporate Crisis and Insolvency (the "new agreement"), based on the 2023-2026 consolidated business plan approved by the board of directors on 29 September 2022 (the "new plan"). The new plan envisages, inter alia, a capital increase, the subordination and postponement of a portion of the bank debt and the extension of the maturity of the non-current bank debts and bonds to 2026. The new agreement took effect on 11 January 2023, with the completion of the capital increase of €51 million subscribed by the shareholders CDPE Investimenti S.p.A. and Polaris Capital Management LLC, as well as by the lending banks identified in the new agreement. The directors assessed the company's ability to continue as a going concern on the basis of its past performance, the new debt structure and capitalisation and the projections included in the new plan. Assessing the appropriateness of the use of the going concern assumption entails important judgements, which are inherent in any forecast, about the existence of risks to which the company and the group are exposed and that may, inter alia, affect the materialisation of the assumptions underlying the new plan. For the above reasons, we believe that the use of the going concern assumption is a key audit matter.	Our audit procedures, which also involved our own specialists, included: • analysing the process and models used by the directors to assess the company's ability to continue as a going concern; • understanding and assessing the reasonableness of the main assumptions underlying the new plan; • comparing the above main assumptions to the company's and group's historical data and external information, where available; • checking the directors' assessments of the new plan's adequacy to enable the company's and the group's capital and financial rebalancing; • analysing the actions implemented by management to successfully reach an agreement with the lending banks and reset the parameters provided for by the covenants; • analysing the correspondence with the competent supervisory authorities; • analysing the minutes of the board of directors' meetings; • analysing the events after the reporting date that provide information useful for an assessment of the company's ability to continue as a going concern; • checking the accuracy and completeness of the disclosures provided in the notes.

Trevi Finanziaria Industriale S.p.A.
Independent auditors' report
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Recoverability of investments in subsidiaries and loans to subsidiaries

Notes to the separate financial statements: "Impairment of assets", "Use of estimates" and "Impairment test on controlling equity investments and measurement of financial assets" sections

Key audit matter	Audit procedures addressing the key audit matter
Given the situation of the market in which the company operates, assisted by an external advisor, the directors tested investments in subsidiaries for impairment. They also assessed the recoverability of the loans granted to subsidiaries. The directors determined the recoverable amount of the company's investments in subsidiaries operating in the "Fondazioni" business segment (Trevi and Soilmec) based on their value in use calculated using the discounted cash flow model. A breakdown of these expected cash flows by subsidiary is set out in the 2023-2026 consolidated business plan approved by the board of directors on 29 September 2022 (the "new plan"). Moreover, the directors determined the recoverable amount of the loans with those subsidiaries based on the expected cash flows set out in the above new plan. Impairment testing and assessing the recoverability of loans require a high level of judgement, especially in relation to: • the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector and the actual cash flows generated by the subsidiaries' businesses in recent years; • the financial parameters to be used to discount the above cash flows. For the above reasons, we believe that the recoverability of the carrying amount of investments in subsidiaries and loans granted thereto is a key audit matter.	Our audit procedures, which also involved our own specialists, included: • understanding the process adopted to prepare the impairment tests of the investments in subsidiaries and to assess the recoverability of loans granted to subsidiaries; • understanding the process adopted for preparing the new plan from which the expected cash flows used for impairment testing have been derived; • analysing the reasonableness of the assumptions used by the directors to prepare the new plan; • comparing the cash flows used for impairment testing to the cash flows forecast in the new plan; • assessing the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; • checking any discrepancies between the most recent actual figures and the new plan forecasts and understanding the underlying reasons; • assessing the appropriateness of the disclosures provided in the notes about investments in subsidiaries, loans to subsidiaries and the related impairment test.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Trevi Finanziaria Industriale S.p.A.
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We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 15 May 2017, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2022 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Bologna, 18 April 2023

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

TREVI- Finanziaria Industriale S.p.A.

Registered Office in Cesena (FC), Via Larga No. 201

Share Capital of Euro 123,044,339.55 fully paid up

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

Listed in the Chamber of Commerce Business Register [REA] of Forlì-Cesena under No. 201.271

Website: www.trevifin.com

Report of the Board of Statutory Auditors to the Shareholders' Meeting called to approve the Separate Financial Statements at 31 December 2022 and the Consolidated Financial Statements at 31 December 2022

Dear Shareholders,

this Report, which refers to the activities carried out by the Board of Statutory Auditors during the year ended 31 December 2022, is prepared within the terms of the Italian Law, having the Parent's Board of Directors approved the Draft Financial Statements on 29 March 2023 and convened the Shareholders' Meeting for the approval of the 2022 Financial Statements on first call on 10 May 2023 and on second call on 11 May 2023.

Considering that the 2021 Financial Statements were approved on 11 August 2022 and that some of the information in the previous Report takes into account events that occurred after the ordinary deadline set out by the applicable regulations for the preparation of the report of the Board of Statutory Auditors, reference should be made to the Report of the Board of Statutory Auditors on the 2021 Financial Statements, prepared on 20 July 2022, for completeness of information.

This Report was prepared both for the Separate Financial Statements at 31 December 2022 and for the Consolidated Financial Statements at 31 December 2022.

The Board of Statutory Auditors carried out the supervisory activities required under Article 149 of Italian Legislative Decree 58/1998 and in accordance with the provisions of Art. 19 of Italian Legislative Decree 39/2010 and subsequent amendments.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 11 August 2022 and is composed by Marco Vicini (Chairman), Francesca Parente (Standing Auditor), Mara Pierini (Standing Auditor), Barbara Cavalieri (Alternate Auditor) and Massimo Giondi (Alternate Auditor).

The Board of Statutory Auditors will remain in office for a three-year term, or until the approval of the Financial Statements at 31 December 2024.

Up to 11 August 2022, the Board of Statutory Auditors was composed by Marco Vicini (Chairman), Raffaele Ferrara (Standing Auditor) and Mara Pierini (Standing Auditor).

What follows should be placed within the framework of the complex situation in which the Parent has found itself over the past three years, during which the Parent's Administrative Body and Management have worked to ensure that it could continue operating as a going concern through a financial restructuring plan agreed with the Lending Banks, within the procedure under Article 182-*bis* of Italian Bankruptcy Law, and also to carry out negotiations with the Lending Banks following the failure to meet one of the financial covenants at 31 December 2020 set out in the Restructuring Agreement.

This process was implemented during the well-known pandemic situation and instability of the primary raw materials market, which had a significant impact on normal corporate activities.

On 17 July 2019, the Board of Directors of the Parent, in execution of the proxy granted by the Extraordinary Shareholders' Meeting pursuant to Art. 2443 of Italian Civil Code, resolved on the Capital Increase of the Parent. Furthermore, on the same date, the Board of Directors, having acknowledged the advanced state of negotiations with the Lending Banks and the related decision-making process, resolved to approve the final financial restructuring proposal and the signing of the Restructuring Agreement, as well as any further agreements concerning the debt restructuring and capital strengthening transaction, including the Investment Agreement.

On 10 January 2020, the Court of Bologna approved the plan pursuant to Art. 182-*bis* of Italian Bankruptcy Law.

Within the framework of the transactions included in the Restructuring Agreement pursuant to Art. 182-*bis* of Italian Bankruptcy Law, it should be noted that:

- the Parent completed the divestment of the Oil & Gas Division on 31 March 2020;
- the Parent completed the share capital increase included in the Restructuring Agreement pursuant to Art. 182-*bis* of Italian Bankruptcy Law on 29 May 2020.

In addition, the second global pandemic wave, which significantly limited investments in infrastructures, negatively affected the corporate results, making it difficult to reach the goals set and worsening the main indices compared to the Original Consolidated Plan.

These deviations led, on the one hand, to the failure to comply with the financial covenants provided for in the Restructuring Agreement and the related bank covenants and, on the other, to the need to revise the objectives of the plan. On the first point, the Parent promptly started the discussions with the Lending Banks, obtaining on 28 April 2021 a comfort letter from their Advisors. On the second point, the Board of Directors of the Parent adopted a new business plan on 23 April 2021, covering the period 2021-2024 (the Updated Consolidated Plan).

Following the events mentioned above, the Parent started negotiations with the main Lending Banks in order to present a "**New Consolidated Plan**" that would take into account the aforementioned deviations and the new scenarios that could be envisaged in the changed macroeconomic context. This plan was submitted to an independent business review ("**IBR**") carried out by Alvarez & Marsal.

Therefore, with the support of its advisors, Management continued negotiations both with the Lending Banks and the institutional shareholders aimed at defining the New Financial Restructuring. In this regard, on 26 April 2022, the Board of Directors approved a proposal of financial restructuring, partially different from the one approved in December 2021. This proposed restructuring was later further modified in order to take into account the ongoing discussions with the Lending Banks. The final version of the financial restructuring was approved by the Board of Directors on 17 November 2022 (the "New Financial Restructuring"), which provides, in a nutshell:

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

(b) a capital increase against consideration to be offered with option right to shareholders pursuant to Article 2441 paragraph 1 of Italian Civil Code, for a total maximum amount of Euro 25,106,155.28, to be paid on an indivisible basis up to Euro 24,999,999.90 – amount fully guaranteed by the subscription commitments undertaken by CDPE Investimenti S.p.A. ("**CDPE**") and Polaris Capital Management LLC ("**Polaris**" and, together with CDPE, the "**Institutional Shareholders**") – and on a divisible basis for the excess amount, inclusive of share premium, through the issuance of a total maximum of 79,199,228 new ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, of which Euro 0.1585 to be allocated to share capital and Euro 0.1585 to be allocated to share premium reserve (the "**Capital Increase with Option Right**");

(c) a capital increase against consideration to be paid on an indivisible basis, for a maximum amount of Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares, without nominal value, having the same characteristics as the outstanding shares (to be issued with regular dividend rights), at an issue price per share of Euro 0.3170, to be offered with exclusion of the option right pursuant to Article 2441, paragraph 5, of Italian Civil Code, to some of the Lending Banks identified in the New Agreement, to be paid through a debt-to-equity swap of certain, liquid and collectable receivables, in the manner and to the extent provided for in the New Agreement, in relation to the subscription of the capital increase with exclusion of the option right, at a conversion ratio of 1.25 to 1 (the "**Capital Increase by Conversion**" and, together with the Capital Increase with Option Right, the "**Capital Increase**");

(d) the subordination and postponement of a portion of the bank debt for Euro 6.5 million;

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

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

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

Also on 17 November 2022, the Parent's Board of Directors approved: (i) the final version of the recovery plan pursuant to Articles 56 and 284 of CCII, based on the New Consolidated Plan and the New Financial Restructuring, relating to Trevifin and the Trevi Group; (ii) pursuant to the proxy granted by the Shareholders' Meeting of 11 August 2022 - the Trevifin capital increase transaction envisaged by the New Financial Restructuring, as amended with a subsequent resolution of 28 November 2022; (iii) the signing of the New Agreement; and (iv) the signing of the further agreements in the context of the debt restructuring and capital strengthening transaction in accordance with the aforementioned certified plan, including the agreement with which the Institutional Shareholders undertook to subscribe for their entire share of the Capital Increase with Option Right, as well as any unexercised rights in proportion to the shareholdings held (the "**Letter of Commitment**").

Subsequently, on 29 and 30 November 2022, the Parent signed the contracts relating to the implementation of the New Financial Restructuring, such as, in particular, the New Agreement and the Letter of Commitment, which became effective on 16 December 2022 after the relevant conditions precedent have been met, including the obtaining, on that date, of the CONSOB's authorisation to publish the prospectus relating to the notice of rights of Trevifin shares as part of the Capital Increase with Option Right.

On 11 January 2023, the Parent informed the market about the successful completion of the Capital Increase, in the context of which 161,317,259 newly issued ordinary shares of the Parent were subscribed, for a total amount of Euro 51,137,571.10 (of which Euro 25,568,785.55 to be allocated to share capital and Euro 25,568,785.55 to be allocated to share premium reserve). Upon completion of the Capital Increase, the new share capital of Trevifin amounted to Euro 123,044,339.55, divided into 312,172,952 ordinary shares. In particular: (i) the Capital Increase with Option Right was subscribed against consideration for Euro 24,999,999.90, of which Euro 17,006,707 paid for the subscription of 53,648,918 shares by the Institutional Shareholders, and the remaining Euro 7,993,292.90 were paid for the subscription of 25,215,435 shares by other shareholders; and (ii) the Capital Increase by Conversion was fully subscribed for Euro 26,137,571.21, through the issuance of 82,452,906 ordinary shares.

The Directors expressed their opinion on the going concern assumption, based on which the 2022 Draft Separate Financial Statements were prepared, on a dedicated paragraph of the Directors' Report on the Consolidated and Separate Financial Statements at 31 December 2022, entitled "Assessments of the going concern assumption" to which reference should be made for all the news and information detailed therein.

The Directors' final conclusions are hereby reported (the same considerations apply to the Separate Financial Statements): *"In conclusion, in the light of the considerations above and of the analysis of risks and uncertainties to which the Parent and the Group are exposed, although in the presence of normal uncertainties factors associated with the implementation of the Consolidated Plan, the Directors deem it appropriate to adopt the going concern basis for preparing the Separate Financial Statements of Trevi Finanziaria Industriale S.p.A. and the Consolidated Financial Statements of the Trevi Group at 31 December 2022"*.

As a result of these considerations, the Directors deemed the uncertainties relating to the assumption of the Parent's ability to continue as a going concern to have been overcome; therefore, the Directors prepared the 2022 Draft Financial Statements on a going concern basis.

On 18 April 2023, the Auditing Firm KPMG S.p.A. issued its Report in the "clean" form, i.e., an unqualified opinion. KPMG confirmed that no particular areas of concern were found during the audit, nor were there any significant deficiencies in the internal control system with regard to the financial reporting process.

As part of its activities, the Board of Statutory Auditors:

- in 2022, held seven specific and separate auditing meetings lasting an average of about 2 hours and attended all the meetings of the Shareholders and all those of the Board of Directors (fifteen Board of Directors' meetings and one Ordinary Shareholders' Meeting) and, through the presence of the Chairperson of the Board of Statutory Auditors and/or of other Statutory Auditors attended fourteen meetings of the Control, Risks and Sustainability Committee, nine meetings of the Appointments and Remuneration Committee and two meetings of the Related Party Committee, for a total of 48 meetings;

- received periodical information from Directors on the business performance and on the business outlook, on activities and on the more material economic, financial and capital transactions carried out by the Parent, or its subsidiaries, as well as on the progress of strategic activities and projects already underway;

- in carrying out its activities, worked with the Control, Risks and Sustainability Committee and the Internal Audit Function, with which it had a constant exchange of information through its attendance at the meetings of the aforementioned Committee and through joint meetings when the matters on the agenda and the corporate departments involved had interests in common or were part of their relevant responsibilities. At the same time, it also had a constant exchange of information with the *pro tempore* Manager in charge of financial reporting and with the Supervisory Body.

Pursuant to Article 153 of Italian Legislative Decree 58/1998 and CONSOB's recommendations, we declare as follows:

1. The activity carried out by the Board of Statutory Auditors was marked by constant monitoring of the Parent's financial issues. The situation of uncertainty about the Parent's ability to continue as a going concern was promptly and properly addressed and managed by the Administrative Body, which deemed it appropriate to use the going concern assumption in preparing the financial statements of Trevi Finanziaria Industriale S.p.A. and the Trevi Group at 31 December 2022.

2. On the basis of the available information, the Board of Statutory Auditors found no breach of the law or of the Articles of Association nor transactions manifestly imprudent, risky, in a potential conflict of interest or contrary to the resolutions of the Shareholders' Meetings or such as to compromise the integrity of the Parent's assets.

3. The Parent's Separate and Consolidated Financial Statements were prepared by the Board of Directors in accordance with international accounting standards (IAS/IFRS) applicable on a going concern basis and are accompanied by the documents required by Italian Civil Code and Italian Consolidated Law on Finance. The Board of Statutory Auditors ensured that the Directors had correctly set up the evaluation process that led them to consider the going concern assumption.

4. The Board of Directors approved the results of the impairment test, carried out also with the support of an external expert, at its meeting on 29 March 2023, prior to the approval of the Draft Financial Statements on the same date.

5. Among the most significant corporate activities, in addition to those already mentioned, which have had, among other things, an impact on the Group's organisational structure, we hereby point out that:

   - on the date of the Ordinary Shareholders' Meeting of 11 August 2022, a new Board of Directors was appointed, which will remain in office until the approval of the financial statements at 31 December 2024; the new Board of Directors consists of 11 members, in compliance with gender quotas, of which 8 are independent and 8 are non-executive; 8 members of the new Board of Directors are in their first term in the Parent's Administrative Body;

   - on the date of the Ordinary Shareholders' Meeting of 11 August 2022, a new Board of Statutory Auditors was appointed, which will remain in office until the approval of the financial statements at 31 December 2024; the new Board of Statutory Auditors consists of 3 Standing Auditors and 2 Alternate Auditors in compliance with gender quotas;

   - the Chairman of the Board of Director, Pierpaolo Di Stefano, resigned from his office with effect as of 31 December 2022;

   - starting from 1 January 2023, the Director Anna Zanardi was appointed Chairperson of the Board of Directors;

   - on 8 March 2023, the Board of Directors of the Parent co-opted Paolo Besozzi as non-executive and non-independent Director.

6 The Board of Statutory Auditors acquired information and oversaw, to the extent of its competence, that the corporate organisation met the criteria of adequacy, efficacy and efficiency for the size and management and operational complexity of the Parent and the Group, that the internal control system met the criteria of adequacy, efficacy and efficiency and that the administrative and accounting system was adequate and reliable and, therefore, able to give a true and fair view of accounting events while fully respecting the principles of correct administration.

The Board of Statutory Auditors acknowledged that the CFO/Manager in charge of financial reporting reorganised the AFC function, including new professional staff positions, both to strengthen the process of preparing the consolidated financial statements and for even more efficient management of the finance and guarantees area.

7 The Board of Statutory Auditors also assessed the adequacy of the provisions issued by the Parent to its subsidiaries pursuant to Article 114, paragraph 2 of Italian Legislative Decree 58/1998, as well as the independence of the Auditing Firm. With regard to intragroup or Related Party transactions of an ordinary and extraordinary nature, the Board of Statutory Auditors recommended updating the perimeter of Related Parties, also in light of the new body of shareholders and the new members of the Board of Directors, and keeping it updated on an ongoing basis.

8 At 31 December 2022 and the date of preparation of this Report, the Parent held 20 treasury shares, representing 0.00001% of its share capital.

9 During the periodic audits, the Board of Statutory Auditors met with the Manager in charge of financial reporting, the Head of the Internal Audit and the representatives of the Auditing Firm to obtain information on the activities carried out and the control programmes. No data or relevant information emerged from these meetings that need to be reported. The Board of Statutory Auditors also had a continuous and timely exchange of information with the Control, Risks and Sustainability Committee regarding the fulfilment of their respective duties.

10 With regard to financial disclosure, the Board of Statutory Auditors verified the constant updating at the Group level of the system of accounting and administrative rules and procedures governing the preparation and dissemination of financial information and reports, which satisfy the requirements for the release of the declaration pursuant to Article 154 of Italian Legislative Decree 58/1998.

11 During its periodic audits, the Board of Statutory Auditors was constantly informed on the financial performance and on the loans received from banks.

12 The Board of Statutory Auditors also ensured a proper disclosure to the market. Specifically, as of December 2018, the Parent has been required by the Supervisory Body to issue periodic information pursuant to Article 114 of Italian Consolidated Law on Finance, on a monthly basis.

13 The Board of Statutory Auditors supervised the fulfilment of the requirements related to the regulations on “market abuse”, “protection of savings”, corporate disclosure and “internal dealing”, with particular reference to the transactions carried out on the Parent’s financial instruments by relevant entities, the treatment of inside information and the procedure for the dissemination of press releases and information to the public. The Board of Statutory Auditors acknowledged the main changes arising from Regulation (EU) No. 596/2014 (MAR), which came into force in July 2016, regulating measures to prevent unlawful conduct aimed at the abuse or manipulation of inside information (so-called market abuse), ascertaining that the revision of the procedure on regulated

information had been made. The Board of Statutory Auditors also monitored compliance with the provisions under Article 115-*bis* of Italian Consolidated Law on Finance and the Issuers' Regulations regarding the updating of the register of persons with access to inside information. At the date of this Report, the person in charge of the register confirmed that no reports had been received.

14 With regard to the requirements pursuant to Article 36, paragraph 1 of the Market Regulation (Consob Resolution No. 16191 of 20 October 2007), which apply to the subsidiaries identified by the Parent as relevant to the financial disclosure control system, the Board of Statutory Auditors verified that the information provided by subsidiaries, indicated pursuant to the aforementioned regulations, was adequate to regularly provide the Parent and the auditors with the financial position and financial performance figures necessary for the preparation of the consolidated financial statements and for the control activities relating to the annual and interim accounts.

15 The Board of Statutory Auditors monitored the methodology for the practical application of the recommendations of the Corporate Governance Code for companies listed on the Italian stock exchange, to which the Parent adheres, verifying the compliance of TREVI - Finanziaria Industriale S.p.A's Corporate Governance system with the recommendations of the aforementioned Code, details of which were provided in the annual Report on Corporate Governance and Shareholding Structure.

16 The Board of Statutory Auditors verified the correct application of the inspection procedures and criteria adopted by the Board of Directors to evaluate that the requirements for professionalism and independence of its members continued to be met, taking into account the various declarations given, the results of which are described in the Report on Corporate Governance and Shareholding Structure prepared in accordance with Article 123-*bis* of Italian Consolidated Law on Finance. The Board of Statutory Auditors also verified that each of its members met the requirements of integrity, professionalism and independence set out by current statutory and regulatory provisions, in addition to compliance with the limit on the number of offices held.

17 The Board of Statutory Auditors also ascertained the adequacy of the procedural recommendations adopted by the Appointments and Remuneration Committee (whose meetings were also attended by the Chairperson of the Board of Statutory Auditors and/or its members) to define and apply the Remuneration Policy as well as the policies regarding the annual and three-year monetary incentive for executive directors and top managers with strategic responsibilities. In this regard, reference should be made to the 2023 Report on Remuneration approved by the Board of Directors on 29 March 2023.

18 The Board of Statutory Auditors, together with the Control, Risks and Sustainability Committee, each to the extent of their competence, assessed and

monitored the adequacy of the Risk Management System through meetings with the Head of Internal Audit, in order to obtain information on the results of the 2022 audit and with the aim of identifying and evaluating the main risks, verifying the Internal Control System, and ensuring the compliance with laws, procedures and corporate processes, as well as the implementation of initiatives for the improvement thereof.

19 As a result of the verifications carried out and the information received, it emerged that the Control and Risk Management System fully meets the relevant adequacy, efficacy and operational criteria and is appropriate to prevent risks and to ensure the effective application of the rules of corporate conduct. In addition, the organisational structure of the said System ensures the co-ordination of activities between various persons and departments involved, through a continuous flow of information among those involved. Furthermore, we believe that this System should be constantly adjusted and strengthened taking into account the complexity of the Group, as well as the threats arising from the increasingly topical computer system breaches and scams perpetrated via the Internet, especially where work is carried out remotely, which is a mode intensified in light of the requirements for Covid-19 epidemiological outcomes.

20 During 2022, the Board of Statutory Auditors met with the Supervisory Body in charge of continuously verifying the processes to update the Organisational, Management and Control Model in accordance with Italian Legislative Decree 231/2001 (hereinafter “Model 231”), its application and its suitability and efficacy in preventing any responsibility of the Parent for predicate offences through the implementation of appropriate precautionary measures and procedures and personnel training.

The results of these activities are detailed in the Supervisory Body’s reports that were periodically provided to the Board of Directors; in general, the Supervisory Body confirmed the adherence to the general structure of Model 231, the latest update of which was approved by the BoD on 26 November 2021 and concerned the update of the predicate offences on the management of tax crimes, customs smuggling and integration to the topic of whistleblowing, also with respect to the legislative amendments introduced; the Supervisory Board confirmed that the compliance/monitoring activities conducted by the Internal Audit of Risk Assessment 231 and the dissemination of information and internal training by the Parent on Model 231 continued steadily, calling for the continuation of what has been accomplished so far. The Supervisory Board also called for continuing those activities aimed at developing and strengthening the prevention and control protocols provided by the Organisational Model and applied to guard against 231/01 predicate offences. Finally, it should be recalled that in the report on the second half of 2022, the Supervisory Body indicated that, with regard to the updating of the Special Part of the Model, a professional firm was appointed to redraft the Model itself, not only with a focus on tax crimes, as the current Model does not fully reflect the new corporate organisation, but also with adjustments in light of the latest procedures and management systems adopted by the Group.

The Model was implemented and analysed with the process owners during the second half of 2022 and is ready for approval steps.

21 The Supervisory Body also continuously monitored the communication channel set up to receive notifications of possible violations of Model 231 but no notification was received.

22 The Board of Statutory Auditors acknowledged that the Parent applied the Whistleblowing procedure drawn up by the Internal Audit Function.

23 The Board of Statutory Auditors acknowledged the actions taken by the Parent to incorporate Sustainability as an integral part of its business to guarantee long-term growth and value creation through the involvement of all stakeholders. The Board also acknowledged the contents of the 2022 Non-financial Statement (NFS) prepared by Management and approved by the Board of Directors on 29 March 2023. On 19 April 2023, PriceWaterhouseCoopers (PWC), in its quality as auditing firm in charge of the limited assurance engagement of the NFS, expressed an unqualified opinion on the 2022 Non-financial Statement.

24 The Board of Statutory Auditors, in view of the warning notice of Consob No. 3/22 of 19 May 2022, acknowledged that the Parent included in its "*Directors' Report to the Consolidated and Separate Financial Statements at 31 December 2022*" a special paragraph entitled "*Impacts of the Russia-Ukraine Conflict*" in which it highlighted the possible impacts of the conflict on the Parent's accounts, as well as analysed the event in terms of residual risk.

25 The Board of Statutory Auditors periodically met with the representatives of the Auditing Firm KPMG S.p.A. and received regular information on working plans and verification procedures, their state of progress and the related results, providing the support requested and/or needed. At these meetings, no relevant data and/or issues emerged in relation to matters falling under the Board's jurisdiction such as to be highlighted.

26 The Board of Statutory Auditors also monitored the independence of the Auditing Firm pursuant to Article 19 of Italian Legislative Decree 39/2010, verifying the nature and amount of the engagements it received from TREVI – Finanziaria Industriale S.p.A. and/or companies of the Group (Italian and foreign, both EU and non-EU) for services other than the legal audit, details of which are given in the Notes to the Consolidated Financial Statements, pursuant to Article 149-*duodecies* of the Issuers' Regulation concerning the publication of fees.

There were no engagements forbidden under Regulation (EU) No. 537/2014 and Italian Legislative Decree No. 135 of 17 July 2016. As regards engagements other than those for audit activities and the related fees, the Board of Statutory Auditors deemed them adequate for the size and complexity of the tasks involved and, therefore, compatible with the statutory audit engagement, not resulting in anomalies that would affect the criteria of independence of the Auditing Firm.

Finally, it should be noted that the Auditing Firm requested the adjustment of its fees for the audits to the 2021 Financial Statements (annual and interim) and the 2022 interim audit due to both the extension of activities and the significant changes in the content of their work (see the Remarks of the Board of Statutory Auditors under item 5 on the agenda of the Shareholders' Meeting).

27 The Board of Statutory Auditors acknowledged that the Parent has proceeded with the implementation of a system for privacy protection in accordance with the new GDPR "General Data Protection Regulation" on the processing of personal data, effective 25 May 2018, as mentioned in the Internal Audit Report.

28 The Board of Statutory Auditors declares that no complaint under Article 2408 of Italian Civil Code has been received.

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In conclusion, taking into account the activities carried out, the foregoing and the information provided by the Directors, the Board of Statutory Auditors finds no reasons to prevent the approval of the Separate Financial Statements of TREVI - Finanziaria Industriale S.p.A. and the Consolidated Financial Statements at 31 December 2022, as prepared by the Directors.

Cesena (FC), 19 April 2023

THE BOARD OF STATUTORY AUDITORS

Marco Vicini (Chairman) [*Signature*]

Francesca Parente (Standing Auditor) [*Signature*]

Mara Pierini (Standing Auditor) [*Signature*]

Communication & Sustainability Dept. | Trevi Group

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