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

Trevi Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2020

(with auditors' report on review thereof)

KPMG S.p.A.

30 September 2020

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Trevi Finanziaria Industriale S.p.A. and its subsidiaries (the "Trevi Group"), comprising the statement of financial position as at 30 June 2020, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Trevi Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Material uncertainty about going concern

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

Our conclusion is not qualified in this respect.

Bologna, 30 September 2020

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

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

TREVI – Finanziaria Industriale S.p.A.

INTERIM FINANCIAL REPORT
AT 30 JUNE 2020

TREVI – Finanziaria Industriale S.p.A.
Registered Office in Cesena (Forlì-Cesena) - Via Larga 201 - Italy
Share capital of Euro 97,475,554.00 fully paid-up
Forlì - Cesena Chamber of Commerce Business Register No. 201.271
Tax code, VAT number and Forlì - Cesena Register of Companies No.: 01547370401
Website: www.trevifin.com

MEMBERS OF THE CORPORATE BODIES

CHAIRMAN
Luca d'Agnese

DEPUTY CHAIRMAN
Cesare Trevisani

CEOs
Giuseppe Caselli
Sergio Iasi

BOARD OF DIRECTORS

Luca Caviglia (non-executive)
Marta Dassù (non-executive and independent)
Cristina Finocchi Mahne (non-executive and independent)
Elisabetta Oliveri (non-executive and independent)
Alessandro Piccioni (non-executive and independent)
Rita Rolli (non-executive and independent)
Stefano Trevisani (non-executive) *
* on 31 July 2020,.Stefano Trevisani tendered his resignation as Director.

BOARD OF STATUTORY AUDITORS
Standing auditors
Milena Motta (Chairperson) *
Raffaele Ferrara
Marco Vicini
* on 9 July 2020,Milena Motta resigned as Chairperson and as Standing Auditor of Trevifin for personal reasons. In application of Article 2401 of the Italian Civil Code and until the date of the next Shareholders' Meeting, the Alternate Auditor Mara Pierini takes over the role of Statutory Auditor, while the Statutory Auditor Marco Vicini takes over the chairmanship of the Board of Statutory Auditors.

OTHER CORPORATE BODIES

Director in charge of the internal audit and risk management system
Sergio Iasi *
* on 10 July 2020, the Board of Directors, having acknowledged the resignation ofSergio Iasi from the position of Director in charge of the internal control and risk management system, has conferred on Giuseppe Caselli, CEO of Trevi – Finanziaria Industriale S.p.A., the related powers.

Committee for the appointment and remuneration of Directors
Elisabetta Oliveri (Chairperson)
Cristina Finocchi Mahne
Alessandro Piccioni

Related Party Committee
Marta Dassù (Chairperson)
Rita Rolli
Elisabetta Oliveri

Control, Risks and Sustainability Committee
Rita Rolli (Chairperson)
Luca Caviglia
Cristina Finocchi Mahne

Director of Administration, Finance and Control
Massimo Sala
Appointed manager in charge of financial reporting by resolution of the Board of Directors on 30 September 2019.

Independent auditorsKPMG 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
Enzo Spisni (Chairman)
Floriana Francesconi
Matteo Tradii

The Trevi Group is a worldwide leader in the whole field of foundation engineering (special foundations, soil consolidation, recovery of polluted sites), in the design and marketing of specialist technologies in the sector and the construction of automated multi-storey underground car parks. The company was set up in Cesena in 1957, and today the Group has around 70 companies and is present in over 90 countries with its dealers and distributors. Among the reasons for the Trevi Group's success are the internationalisation, the integration and the continuous exchange between its two divisions: Trevi, which carries out special foundation works and soil consolidations for large infrastructure projects (subways, dams, ports and docks, bridges, railway and freeway lines, industrial and civil buildings) and Soilmec, which designs, manufactures and markets machinery, plants and services for the foundation engineering. The parent TREVI - Finanziaria Industriale S.p.A. has been listed on the Milan stock exchange since July 1999.

CONTENTS

Report on operations

Methodological note

The Report on Operations includes information concerning revenue, profitability, financial position and financial performance of the Trevi Group at 30 June 2020.
Unless otherwise indicated, all amounts are expressed in thousands of Euro. Items of the Statement of Financial Position were compared with respect to the amounts of the previous financial year, while, with regard to the Statement of Profit or Loss, the value was compared to that relating to the half-year ended 30 June 2019.
Any differences detected in some tables are due to the rounding effects of amounts expressed in thousands of Euro. The Parent TREVI – Finanziaria Industriale S.p.A. is referred to with its full company name or simply as Trevifin or the Parent; the Group headed by the same is hereinafter referred to as Trevi Group or simply as Group.
The condensed interim consolidated financial statements are drawn up based on the opening balances resulting from the financial statements approved by the Board of Directors on 29 May 2020.

Significant accounting policies

The interim financial report at 30 June 2020 was prepared in compliance with Art.154 ter. C.5. of the Italian Legislative Decree 58/98 - Italian Consolidated Finance Act - and subsequent amendments and additions - and pursuant to Art.2.2.3. of the Italian Market Regulation.
The accounting policies, the basis of consolidation and the measurement criteria for preparing the interim financial report comply with those adopted in the Annual Report at 31 December 2019, available on the website www.trevifin.com, under the section “Investor Relations”.
The Company and the Group applied the “International Financial Reporting Standards” (“IFRS”) endorsed by the European Union, the provisions of Italian Legislative Decree 38/2005 and other CONSOB provisions concerning financial statements, according to the cost method (except for derivative financial instruments, for financial instruments to be measured at fair value) and on a going concern basis.

Reclassified statement of profit or loss

The Statement of Profit or Loss of the Group, included in this Report on Operations, was reclassified according to the presentation method deemed useful by the management to represent interim indicators of profitability such as Production Revenue, Gross Operating Profit (EBITDA) and Operating Profit (EBIT).
Some of the interim indicators of profitability mentioned above are not identified as accounting measures by the IFRS endorsed by the European Union and, therefore, the quantitative determination of such indicators may not be unique. Such indicators are measures used by the 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.

Trevi Group key financial highlights at 30 June 2020 are shown below:

Group financial highlights

(in thousands of Euro)	**First half 2020**	**First half 2019**	***Changes***	***% change***
Total revenue	238,383	301,740	(63,357)	-21%
Recurring EBITDA (gross operating profit)	34,320	24,075	10,245	43%
EBITDA (gross operating profit)	32,256	18,259	13,997	77%
Operating Profit/(Loss) (EBIT)	7,183	(13,040)	20,223	n.a.
Profit/(loss) from continuing operations	258,352	(25,261)	283,613	n.a.
Loss from discontinued operations	(10,601)	0	(10,601)	n.a.
Profit/(loss) for the period	247,751	(25,261)	273,012	n.a.
Profit/(loss) for the period attributable to the owners of the parent	251,470	(25,666)	277,136	n.a.

Order backlog and orders acquired

(in thousands of Euro)	**30/06/2020**	**31/12/2019**	***Changes***	***% change***
Order backlog	400,290	374,470	25,820	7%
(in thousands of Euro)	**First half 2020**	**First half 2019**	***Changes***	***% change***
Orders acquired	237,887	308,669	(70,782)	-23%

Trevi Group Net Financial Position

(in thousands of Euro)	**30/06/2020**	**31/12/2019**	***Changes***	***% change***
Total net financial position	(251,060)	(735,022)	483,963	-66%

Group's workforce

	30/06/2020	**31/12/2019**	***Changes***	***% change***
Number of employees *	3,645	4,537	(892)	-20%

* the above number of employees at 31 December 2019 does not include the resources in force in the Oil & Gas division, which amounted to 1,366 employees.

Total revenue amounted to about Euro 238.4 million for the first half of 2020, compared to Euro 301.7 million for the first half of 2019, down by approximately Euro 63.4 million. These values refer exclusively to the foundation engineering activities of the Trevi and the Soilmec Divisions, the Group's core business, in accordance with IFRS 5 at 30 June 2019.

The recurring EBITDA and EBITDA indicators for the first half of 2020 amounted to approximately Euro 34.3 million and Euro 32,3 million, respectively. The difference between them is related to non-recurring expenses which in 2020 amounted to approximately Euro 2.1 million (Euro 5.8 million for the first half of 2019). The above expenses are mainly attributable to the fees of some advisers who have worked with the Group in various capacities to ensure the successful outcome of the restructuring process, and to other charges of an extraordinary and/or non-recurring nature.

EBIT for the first half of 2020 was equal to Euro 7.2 million, an improvement compared to the figure for the same period of the previous year equal to a loss of Euro 13.0 million. In particular, the 2019 figures were affected by impairment losses on non-current assets, inventories and receivables deriving also from measurements resulting from the strategy of whether or not to remain in certain markets and the focus on certain countries as envisaged in the Business Plan 2018-2022.
The overall effects of the debt restructuring were equal to Euro 279.5 million.

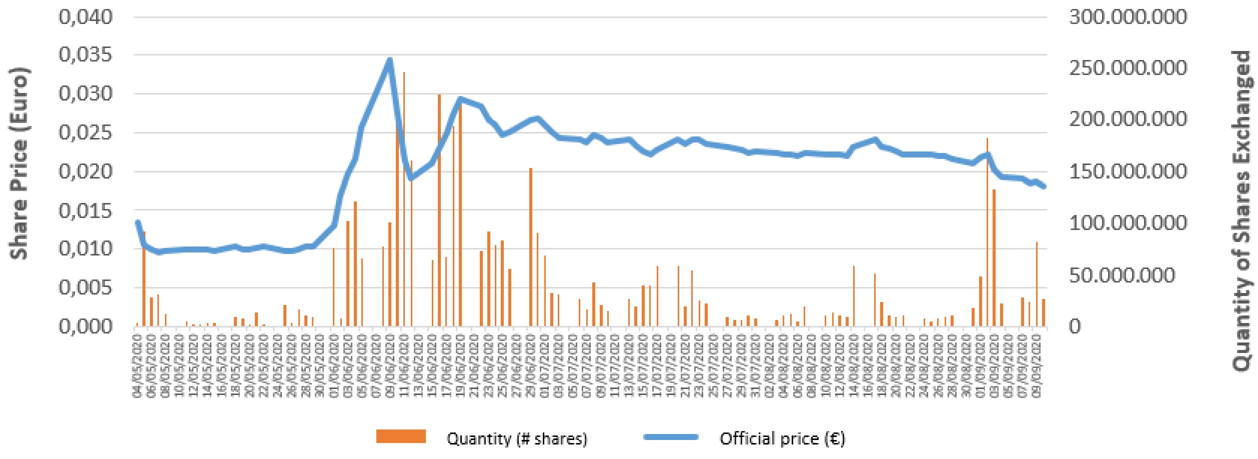
The profit for the period attributable to the owners of the parent was Euro 251.5 million (a loss of Euro 25.7 million in the first half of 2019).

The order backlog at 30 June 2020 amounted to Euro 400.3 million (at 31 December 2019 it was Euro 374.5 million). Orders acquired in the first half of 2020 totalled approximately Euro 237.9 million, down by about Euro 70.8 compared to the same period of the previous year.

During the first half of 2020, the Parent completed the process of capital strengthening and restructuring of the financial debt started in 2017, also addressing the management challenges set by the Covid-19 pandemic, whose impacts and activities implemented will be detailed in the next paragraphs (see paragraph "COVID-19"). At 30 June 2020, the Parent's equity amounted to Euro 124.0 million (deficit of Euro 268.6 million at 31 December 2019), thus overcoming the issues related to the presence of the conditions referred to in Article 2447 of the Italian Civil Code. At 30 June 2020, the equity attributable to the owners of the parent was equal to Euro 156.7 million (deficit of Euro 219.1 million at 31 December 2019), while total equity was Euro 154.9 million (total deficit of Euro 222.2 million at 31 December 2019).

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

Performance of the Trevi Finanziaria Industriale share on the Stock Exchange from 4 May 2020



The reclassified Statement of Profit or Loss, Statement of Financial position and Net Financial Position are provided below.

TREVI GROUP

Statement of Profit or Loss

(in thousands of Euro)	**First half 2020**	**First half 2019**	**Changes**
TOTAL REVENUE	**238,383**	**301,740**	**(63,357)**
Changes in finished products and work in progress	2,735	8,330	(5,596)
Internal work capitalised	7,002	2,005	4,997
PRODUCTION REVENUE[1]	**248,119**	**312,075**	**(63,956)**
Consumption of raw materials and external services[2]	(145,979)	(202,875)	56,896
VALUE ADDED[3]	**102,141**	**109,200**	**(7,060)**
Personnel expense	(67,821)	(85,126)	17,305
Recurring GROSS OPERATING PROFIT (EBITDA)[4]	**34,320**	**24,075**	**10,245**
Non-recurring expenses	(2,064)	(5,816)	3,752
GROSS OPERATING PROFIT/(LOSS) (EBITDA)7	**32,256**	**18,259**	**13,997**
Depreciation and amortisation	(21,784)	(21,528)	(256)
Provisions and impairment losses	(3,289)	(9,770)	6,481
OPERATING PROFIT/(LOSS) (EBIT)[5]	**7,183**	**(13,040)**	**20,223**
Financial income/(expense)[6]	257,722	(9,405)	267,127
Exchange losses	(5,369)	(577)	(4,791)
Fair value gains (losses)	(281)	729	(1,009)
PROFIT/(LOSS) BEFORE TAXES	**259,255**	**(22,293)**	**281,549**
Loss from assets held for sale	(10,601)		(10,601)
Income taxes	(904)	(2,968)	2,064
Profit/(loss) for the period	**247,751**	**(25,261)**	**273,012**
Attributable to:			
Owners of the Parent	251,470	(25,666)	277,136
Non-controlling interests	(3,719)	405	(4,124)
Profit/(loss) for the period	**247,751**	**(25,261)**	**273,012**

[1] Production revenue includes the following items: revenue from sales and services, internal work capitalised, other operating revenue and change in finished products 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] The Value added is the sum of production revenue, consumption of raw materials and external services and other operating costs.

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

Recurring EBITDA represents the normalised EBITDA by eliminating extraordinary and/or non-recurring operating income and expenses from the EBITDA calculation.

[5] EBIT (Earnings before interest and taxes) 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 Group performance insofar as it is not influenced 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 (earnings before interest and taxes) is defined by TREVI Group as profit/(loss) for the year gross of financial income and expense and income taxes.

[6] "Financial income/(expense)" is the sum of the following items: financial income and (financial expense).

The following table shows the analysis of the reclassified statement of financial position as at 30 June 2020; inventories include contract work in progress.

	TREVI GROUP			
	Statement of Financial Position			
	(in thousands of Euro)	**30/06/2020**	**31/12/2019**	**Changes**
A)	**Non-current assets**			
	- Property, plant and equipment ()([7])	205,853	231,545	(25,692)
	- Intangible assets	8,803	6,793	2,010
	- Financial assets ([8])	4,500	7,283	(2,783)
		219,156	**245,621**	**(26,465)**
B)	**Net working capital**			
	- Inventories	194,825	160,227	34,597
	- Trade receivables ([9])	200,810	244,297	(43,487)
	- Trade payables (-) ([10])	(133,003)	(170,096)	37,092
	- Payments on accounts (-) ([11])	(27,270)	(24,753)	(2,517)
	- Other liabilities	(35,433)	(27,372)	(8,062)
		199,928	**182,304**	**17,624**
C)	**Assets and liabilities associated with discontinued operations**	**0**	**99,965**	**(99,965)**
D)	**Invested capital, less current liabilities (A+B+C)**	**419,084**	**527,891**	**(108,806)**
E)	**Post-employment benefits (-)**	(13,094)	(13,682)	588
F)	**NET INVESTED CAPITAL (D+E)**	**405,990**	**514,208**	**(108,218)**
	Financed by:			
G)	**Equity/(deficit) attributable to the owners of the parent**	**156,694**	**(219,090)**	**375,785**
H)	Net deficit attributable to non-controlling interests	(1,764)	(3,076)	1,312
I)	**Net financial position ([12])**	**251,060**	**736,374**	**(485,314)**
L)	**TOTAL SOURCES OF FINANCING (G+H+I)**	**405,990**	**514,208**	**(108,218)**

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

Net invested capital amounted to Euro 405.9 million compared to Euro 514.2 million at 31 December 2019: the decrease is almost entirely attributable to the disposal of the Oil & Gas division and consequent zeroing of assets and liabilities associated with discontinued operations.

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

(7) Property, plant and equipment also include investment property.
(8) Financial assets include equity investments and other non-current loans.
(9) Trade receivables include non-current and current amounts and current amounts due from associates.
(10) Trade payables include current amounts and current amounts due from associates.
(11) Payments on account include both current and non-current amounts.
(12) The net financial position, used as an indicator of financial debt, is the sum of the following assets and liabilities:

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

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 less.

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.

(in thousands of Euro)

Net working capital	**31/12/2019**	**Reclassification**	**31/12/2019 Reclassified**	**30/06/2020**	**Reclassification**	**30/06/2020 reclassified**
- Inventories	160,227	(41,330)	118,897	139,567	55,258	194,825
- Trade receivables	244,297	4,048	248,345	222,642	(21,832)	200,810
- Trade payables (-)	(170,096)	0	(170,096)	(137,105)	4,101	(133,003)
- Payments on account (-)	(24,753)	8,222	(16,531)	(17,450)	(9,820)	(27,270)
- Other assets/(liabilities)	(27,372)	29,060	1,688	(7,726)	(27,707)	(35,433)
Total	**182,304**	**0**	**182,304**	**199,928**	**0**	**199,928**

The Net Financial Position Position at 30 June 2020 compared with figures at 31 December 2019 is shown in the following table:

(in thousands of Euro)

CONSOLIDATED NET FINANCIAL POSITION	**30/06/2020**	**31/12/2019**	**Changes**
Short-term borrowings	(56,358)	(553,193)	496,835
Short-term borrowings from other financial backers	(35,345)	(238,316)	202,971
Current derivatives	0	(132)	132
Current financial assets	2,526	10,977	(8,451)
Cash and cash equivalents	105,107	77,709	27,398
Total short-term	**15.930**	**(702,955)**	**718,884**
Long-term borrowings	(209,445)	(7,656)	(201,789)
Long-term borrowings from other financial backers	(69,056)	(25,764)	(43,292)
Securities at nominal amount	0	0	0
Non-current derivatives	0	0	0
Total long-term	**(278,501)**	**(33,420)**	**(245,081)**
Net financial position (in accordance with Consob notice of 28 July 2006 No. DEM/6064293)	**(262,571)**	**(736,375)**	**473,804**
Non-current financial assets	11,512	1,353	10,159
Total net financial position	**(251,060)**	**(735,022)**	**483,963**

At 30 June 2020, the total Net Financial Position was equal to approximately Euro 251.0 million, compared with the total Net Financial Position at 31 December 2019 equal to Euro 735.0, improving by Euro 484.0 million; the significant improvement is mainly attributable to the positive conclusion of the financial restructuring process and the capital increase which were completed by the end of May 2020. At 31 December 2019 most of the

Group's debt was reclassified in the short term by virtue of the uncertainty of the conclusion of the financial manoeuvre; since the restructuring agreement became effective during the first half of 2020 which, among other things, provides that most of the debt will be repaid bullet in December 2024, the Group has proceeded to reclassify in the short term only the portion of the debt effectively expiring in the 12 months following the end of the period in question.

With the agreements reached with MEIL, in the first days of April 2020, after the sale of the Oil & Gas division, which took place on 31 March 2020, the Parent Trevifin provided a loan of Euro 10 million to MEIL Global Holdings BV, with three-year bullet repayment, with an interest rate of 2%.

Performance of the period

The market context

In the first half of 2020, the spread of the Covid-19 pandemic at a global level negatively affected the world macroeconomic scenario, with a simultaneous sharp adjustment in the prices of oil products which began in January due to the sudden and unexpected contraction in the Chinese demand linked to the measures taken to limit the spread of the virus. The shift of the health emergency from China to Europe has caused a further drop of the oil price, also for the lack of agreement between oil producers in the OPEC meeting of 5 March 2020 and for the answers announced by Russia and Saudi Arabia.

In view of the rapid spread of the virus, many governments have progressively applied extraordinary measures to restrict the movement of goods and people and to close down factories and production activities, in addition to quarantine obligations.

To cope with the economic crisis, numerous governments of the affected countries and various supranational entities have taken extraordinary measures to support household incomes, corporate liquidity and guarantee access to credit. Despite the support measures enforced and those being prepared and implemented, the global economic trend for the year 2020 is still expected to continue in sharp decline.

The crisis, if managed effectively, could be temporary: the substantially unlimited commitment of central banks represents an important element that can make one confident about the speed of recovery of the economies starting next year.

As for Oil & Gas, after the aforementioned abrupt collapse in oil prices in the first quarter, the second quarter saw prices recover as soon as a rebalancing between supply and demand appeared. However, on 31 March 2020, the Oil & Gas Division of the Trevi Group was sold to the Indian Group MEIL as part of the more general capital strengthening and debt restructuring manoeuvre, which is fully described in the paragraph “Disposal of the Oil & Gas Division”.

Orders acquired and order backlog

Orders acquired by the Trevi Group in the first half of 2020 amounted to approximately Euro 238 million, compared to approximately Euro 308.7 million in the same period of the previous year, of which approximately

Euro 203 million relating to the Trevi Division (Euro 193 million in the corresponding period of 2019) and Euro 35 million in the Soilmec Division (Euro 115.8 million in the corresponding period of 2019), gross of intra-divisional orders.

The Trevi Group's order backlog at 30 June 2020 amounted to Euro 400.3 million (Euro 374.5 million at 31 December 2019). As regards the breakdown by Division, Euro 357 million refer to the Trevi Division (Euro 328 million at 31 December 2019), while Euro 43 million refer to the Soilmec Division (Euro 50 million at 31 December 2019).

The performance trend

Trevi Group's revenue forthe first half of 2020 amounted to Euro 238.4 million, namely, Euro 63.4 million lower than Euro 301.7 million of the first half of 2019. The reduction in revenue is essentially due to the lower volumes of orders acquired in the first half of 2020 at an international level, which in turn mainly result from the negative effect caused on the world economy by the Covid-19 pandemic. In fact, the pandemic had very significant effects until May 2020, causing suspensions or slowdowns in the works in many construction sites and, in general, for most of the production activities. These effects continue to influence and negatively limit many production activities in various geographical areas.

Nonetheless, for the Trevi Division, the growing trend in the European market continues also in the first half of 2020; this market still represents the new reference point for strategic development: particularly in Italy, Monte Carlo, France, Germany and Norway, production revenue is up compared to the first half of 2019. Furthermore, again in Europe, better operating results are found due to the definition of some negotiations on variants of projects under construction. In some construction sites it was possible to obtain the recognition of the so-called stand-by rates which covered part of the construction costs during the lockdown.

In the Far East, there is a two-speed trend: in Hong Kong, important changes were obtained and implemented during the construction of the project at the International Airport, while in the Philippines, due to the almost total stop of the works for the Covid-19, the production achieved in the half year has significantly reduced compared to the previous year. However, positive signs of recovery have already been highlighted in June and this contributes to giving positive signs for the second half of 2020.

Activities in Algeria and Nigeria were slightly down, where the lockdown caused difficulties for local and expatriate personnel as regards their transfer to and from the construction sites. In the Middle East there is still a general negative trend in the construction sector, both due to the repercussions of the collapse in the price of oil and the lockdown, which occurred especially in Saudi Arabia, resulting in the blocking of public works and substantial freezing of private activities. It should be considered, when comparing the revenue of the first half of 2020 with the previous year, that in the first half of 2019 there was the contribution of the Mosul contract in Iraq, completed in July 2019, which had generated revenue of about Euro 23.7 million.

Revenue in all countries of South America and North America decreased due to Covid-19. The latter market continues, however, to boast a great growth potential for the Foundations sector and guarantees important acquisitions of works for the Group. In fact, some important initiatives have been identified that allow being optimistic for the next few years.

Instead, with reference to the Soilmec Division, the impact of Covid-19 on construction sites substantially resulted in a blockage of investments in equipment due to the great climate of uncertainty. The signs of recovery in orders were recorded only at the end of June. The supply chain was also significantly affected by the blocking of production activities and the general slowdown of the respective markets, generating delays and inefficiencies that made the production process of the production company in Cesena critical. In order to limit the economic and financial impact of the above, extraordinary cost containment measures were adopted (layoffs in Italian offices, use of similar tools available in foreign countries) and the blocking of investments. Customer support activities were also intensified in terms of product customisations or adaptations in order to seize every order acquisition opportunity available on the market. The start-up of the new SR-45 and SR-65 assembly line should be noted, which is set according to the "Lean Production" logic, such as to guarantee a faster and more reliable order fulfilment associated with greater efficiency of the production process. The decrease in turnover in the first half of 2020 compared to the previous year occurred in all geographical areas, with the exception of North America, which is the only area that has shown growth in the period on an organic basis. In December 2019, 80% of the share capital of the US company Watson Inc. was sold, which had contributed, in the first half of 2019, with approximately Euro 12.7 million and Euro 0.5 million of recurring EBITDA.

In line with the 2018-2022 business plan, the Group has also undertaken a thorough review of the corporate cost structure and optimisation of business processes, in particular by launching IT projects for the preparation of the consolidated financial statements and reporting on the Tagetik platform, as well as for the installation of the SAP/4 HANA ERP system, which includes the module for centralised treasury management.
The reductions in personnel expense were significant, both due to the reduction in the Group's workforce, which went from 4,537 units at 31 December 2019 to 3,645 units at 30 June 2020 and due to cost containment actions.

A breakdown of the main orders acquired is shown below by Geographical Segment:
Trevi Division:

- **Cut and Cover Tunnel and Soil Tunnel - Drammen Project, Norway,** worth Euro 32.2 M, client Veidekke Entreprenor AS; the contract covers consolidation and foundation works for the new railway tunnel in Drammen, which is part of the Vestfoldbanen section from Drammen to Kobbervikdalen.
- **Works for the "Marcegaglia quay renovation" at the port of Ravenna,** commissioned by the Autorità di Sistema Portuale del Mare Adriatico Centro Settentrionale, worth Euro 8.6 M. The technologies used consist of: vibroflottation of the soil; driving of steel pilings; tie-rods. The expected duration is about one and a half years, with works starting from 2020.

- **Kuwait University, with Kharafi, worth approx. Euro 4.5 M**. Construction and maintenance of the 5C bidding package - Medical campus, bypasses and bridge works at the Sabah Salem university town of Kuwait University.
- **The North-South Commuter Railway (NSCR).** The project involves the construction of 22 km of elevated railway and 7 stations from Bocaue (Bulacan province) to Tutuban (Metro Manila); Trevi Philippines will carry out all the foundation works for a value of about Euro 21.0 M.
- **HK International Airport Contract 3206 with customer Penstone Hong Kong Limited in Hong Kong** – with a value of approx. Euro 9,3 M.
- **Herbert Hoover Dike Contract - MATOC TO#4** with USACE: part of the rehabilitation project for the banks of Lake Okeechobee in Florida, value Euro 31 M, duration approx. 2 years. The work is a continuation of the various works previously completed by Treviicos and consists of the installation of a cut-off wall that covers about 4 miles of embankment, with depths between 15 and 20 metres.
- **400 SUMMER STREET project - Boston, MA,** with J. DERENZO CO., value Euro 11 M. The project covers the construction of the foundations of the new building for the New Biomedical Office.
- As for **the Puente Chacao Project, customer Consorcio Puente Chacao SA in Chile,** changes were made for approx. Euro 8 M for the Pila Sud.
- **Contractual extensions of the Algiers Metro** with Cosider for approximately Euro 4.0 M.

Soilmec Division

- Supply of a hydromill system in China for approximately Euro 4 M.
- Supply of equipment with CSP technology in the UK for almost Euro 3 M.

Below is a description of the main contracts of the Trevi Division underway in the first half of 2020, broken down by geographical segment and project:

- **Germany: Frankfurt Four - GP CON GmbH:** Construction of the special foundations of the Four Frankfurt project in the city centre of Frankfurt which includes the construction of 4 towers and 4 floors of underground parking. The project has reached a completion rate close to 100%.
- **Metro Grand Paris-France:** Construction of diaphragm walls with hydromill, jet grouting and drilling & grouting for the new metro line of the Grand Paris Express - Trevi France is carrying out works inside lots 1601 (Eiffage GPT), 1602 (NGE Genie Civil) and 1701 (Groupment AVENIR with DEMATHIEU BARD).
- **Monte Carlo with Bouygues T. P.:** Project for the extension to the sea, with consolidation works using elliptical jet grouting, for the construction of a large residential complex called Anse du Portier. The project has reached a completion rate close to 100%.
- **UAE Integrated Gas Development Expansion Project (IGD - E), client Target and ADNOC (Abu Dhabi National Oil Company):** Piling works include pilot piles, static tests on permanent works, sonic and integrity tests, injections and micropiles.

- **HK International Airport Contract 3206 - client Penstone Hong Kong Limited, in Hong Kong:** The project involves the recovery of a large area to be reclaimed through in situ mixing techniques with jet grouting.
- **USA Florida Herbert Hoover Dike 2 (MATOC):** The project, signed with USACE at the end of 2017, is part of the rehabilitation program of the banks of Lake Okeechobee in Florida.
- **Chile - Puente Chacao:** The project covers the construction of a bridge of about 2,750 meters that will connect the island of Chiloe with the mainland. Trevi Chile has signed the contract for the execution of the bored piles relating to the Central Pile, North Pile and South Pile with related abutments (North and South). Piles vary from a minimum diameter of 1500 mm to a maximum of 2500 mm with depths up to 90 meters.
- **Algeria: Algiers Metro:** Various job orders relating to the foundation works of the underground sections of Lot 2 of Line 1 of the Algiers Metro, with Cosider.
- **Algeria: Rehabilitation works of the DJEBEL EL OUAHCH Tunnel in Constantine with the client Cosider,** which includes consolidation injection works between the two passageways of the tunnel forming part of the East-West motorway.

Oil & Gas Division

The sale of the Group companies operating in the Oil & Gas division (the "**Oil & Gas Division**") took place on 31 March 2020, therefore also for the first three months of 2020 the results of the Division were consolidated in the results of the Trevi Group, while adopting IFRS 5. The results for the first quarter of 2020, after a solid start to the year at a commercial and industrial level, were affected by the first effects of Covid-19 which conditioned the performance of the sector. In particular, there were (i) slowdowns in production activities as a result of the actions taken, in line with government guidelines, to protect the health of workers with a consequent reduction in production hours and less efficiency; (ii) lower progress on programs following the aforementioned slowdowns, restrictions on the movement of resources and the inability to access customers' sites, as well as the initial lower efficiency induced by the reconfiguration of part of the activities in remote work mode; (iii) postponement of deliveries due to the impossibility for customers to carry out the testing and acceptance phases of the machines, (iv) the first signs of a decline in market demand induced by the temporary slowdown in the sector on a global scale, (v) effects on the supply chain, which remains an element of extreme attention.

The Oil & Gas division reacted promptly to the new scenario by implementing a series of measures aimed primarily at guaranteeing the full protection of the health and safety of workers, at the same time preserving the continuity of its production in the main countries in which it operates. In this context, monitoring and action plans have been developed to assess the impacts of Covid-19 on the various areas of activity and contain its effects. From an operational point of view, the initiatives include interventions aimed at recovering adequate levels of productivity through the progressive increase of the presence at the sites in safe conditions, the greater efficiency of remote worki with further investments in digital means and infrastructures, the revision of working calendars to support, in the second half of the year and in agreement with the trade unions, the recovery of the delays accrued.

At the same time, Drillmec has carried out a profound review of its cost base and the level of investments by reducing or delaying all initiatives and expenses that are not strictly necessary or strategic, in order to mitigate the effects of Covid-19 on the results of the year. The first quarter recorded a good commercial performance, confirming the positive positioning of Drillmec products and solutions in the reference markets. In the first part of the year, the company was able to finalise a considerable number of new orders that had been in negotiation for some time. In particular, new contracts were signed for the supply of drilling rigs for over Euro 75 million. The contracts signed to date allow full coverage of estimated revenue for 2020 and continuity of production commitments.

Execution of the manoeuvre to strengthen the Group's capital and restructure its financial debt

Trevi - Finanziaria Industriale S.p.A. ("**Trevifin**" or the "**Company**"), in order to overcome the serious situation of economic and financial tension that emerged at the beginning of 2016, in 2017 started a corporate restructuring process of the Group it heads, based on a financial manoeuvre subject to final approval by the Trevifin Board of Directors on 8 May 2019 and on 17 July 2019. In a nutshell, this manoeuvre provided for: (**i**) a recapitalisation of Trevifin for a total amount equal to a maximum of Euro 213 million, approved by the Board of Directors of Trevifin on 17 July 2019 in execution of the delegation conferred to it by the Extraordinary Shareholders' Meeting of the Company pursuant to Article 2443 of the Italian Civil Code on 30 June 2018; (**ii**) the restructuring of the main part of the Group's debts, to be implemented under the terms of some debt restructuring agreements pursuant to Article 182 bis of the Italian Bankruptcy Law which Trevifin and some Group companies signed with the relative creditor banks on 5 August 2019, subsequently approved on 10 January 2020 by the Court of Appeal of Bologna and concerning a total debt of approximately Euro 639 million at 31 December 2019 (jointly, the "**Restructuring Agreement**"); (**iii**) the disbursement by banks of new financial resources up to a maximum amount of Euro 41 million; and (**iv**) the disposal of the Oil & Gas Division in favour of the Indian group MEIL for a price of approximately Euro 116.4 million.

On 5 August 2019, agreements were signed for the execution of the overall Trevifin recapitalisation and debt restructuring of the Trevi Group and more specifically:

i) Trevifin and its subsidiaries Trevi S.p.A., Soilmec S.p.A. and Trevi Holding USA Corporation signed binding agreements with MEIL Global Holdings B.V., a company incorporated under the Dutch law and directly controlled by MEIL, for the sale to the latter the Oil & Gas Division of the Trevi Group, as described in detail below in this report;

ii) the debt restructuring agreement that regulates the restructuring transaction of Trevifin and Trevi Group's financial debt, including the commitment of the banks to subscribe ordinary shares of Trevifin as part of the capital increase, by converting receivables for a maximum amount of Euro 284.1 million, with a conversion ratio of 4.5:1;

iii) the investment agreement, with which the institutional shareholders FSI Investimenti S.p.A. and Polaris Capital Management, LLC have taken on subscription commitments towards Trevifin for a total of approximately Euro 77.5 million in relation to the Right of First Refusal Increase for a total of Euro 130 million, approved by the Board of Directors of Trevifin on 17 July 2019 (the "**Investment Agreement**"); and

iv) the New Financing Agreement, by which some lending banks undertook to grant a new loan to Trevi S.p.A. and Soilmec S.p.A. to meet the liquidity needs of the Trevi Group in the execution of the Restructuring Agreement and the related business plan, for a maximum amount of Euro 41 million, of which Euro 12 million was made available before the approval of the Restructuring Agreement, subject to the issuance of the authorisation by the Court pursuant to article 182-quinquies of the Italian Bankruptcy Law.

The overall Trevifin recapitalisation and restructuring of the Trevi Group's financial debt was carried out during the first half of 2020, and in particular:

- With decrees of 10 January 2020, notified to Trevifin, Trevi S.p.A. and Soilmec S.p.A. on 21 January 2020, the Court of Appeal of Bologna accepted the complaints against the provisions of the Court of Forlì dated 7 November 2019 (received by the three companies on 15 November 2019) that rejected the approval of the Restructuring Agreement, and therefore it approved the Restructuring Agreement.
- Trevifin took therefore prompt action to complete all the transactions provided for in the Restructuring Agreement as quickly as possible, including the sale of the Oil & Gas Division to the Indian group MEIL and the execution of the capital increase, better described below in this report.

Disposal of the Oil & Gas Division

As already mentioned, the restructuring transaction has provided for the exclusive focus of the Group on its core business consisting of foundation engineering and, therefore, the activities of special foundations, tunnel excavation and soil consolidation and the construction and marketing of machinery and specialist equipment in the sector. This led to the consequent disposal of the Oil & Gas Division.

The Group's decision to dispose of the Oil & Gas Division was determined, on the one hand, by the losses accumulated by the Oil & Gas Division since 2015 and, on the other, by the Group's desire to leave a sector characterised by the need to employ significant cash resources and, consequently, to focus exclusively on its core business.

(i) The Sale and Purchase Agreement

Following the binding offer submitted by MEIL on 4 December 2018 and accepted by Trevifin on 5 December 2018, on 5 August 2019, Trevifin, Trevi S.p.A., Soilmec S.p.A., Trevi Holding U.S.A. Corporation (jointly, the

"**Sellers**") and MEIL Global Holdings BV, a Dutch company directly controlled by MEIL, (the "**Buyer**" and, jointly with the Sellers, the "**Oil & Gas Disposal Parties**") signed an agreement for the sale of investments (the "**Sale and Purchase Agreement**") aimed at regulating the terms and conditions of the sale to the Buyer of the Oil & Gas Division consisting of the entire share capital of Drillmec SpA, Petreven SpA and Drillmec Inc. as well as certain subsidiaries and investees of the latter (the "**Oil & Gas Disposal**").

Under the Sale and Purchase Agreement, prior to the transfer of the Oil & Gas Division, the Sellers and the companies of the Oil & Gas Division were required to carry out certain operations and preliminary activities that were key and preparatory to the completion of the Oil & Gas Disposal and, in particular, to ensure that the scope of the Oil & Gas Division subject to this Disposal included all assets, contracts and investments relating to the performance of the core business of the Oil & Gas Division.
Consequently, on 28 February (date of the first closing) and 31 March 2020 (date of the second closing), the Sellers, on the one hand, and the Buyer, on the other, executed the contract, assigning the Buyer the entire share capital of Drillmec, Petreven, Drillmec Inc. and some subsidiaries and investees of the same, for a debt-free consideration of approximately Euro 116.4 million (the "**Price**").

As provided for in the Sale and Purchase Agreement, the Oil & Gas Disposal was carried out in two stages in order to provide Trevifin with the necessary resources to redeem certain assets leased and used by the companies of the Oil & Gas Division (the "**Leased Assets**") and transfer such assets to Drillmec and Petreven by means of specific contributions in kind, prior to the final full sale of the companies to the Buyer.

During the first part of the closing (the "**First Closing**"), following payment by the Buyer to Trevifin of a portion of the Price equal to about Euro 20.2 million, the following actions took place: (a) a non-controlling interest in Petreven was transferred to the Buyer; (b) Trevifin purchased the Leased Assets using the portion of the Price paid by the Buyer; and (c) Trevifin transferred the Leased Assets already purchased to Petreven and Drillmec.

The Second Closing was, instead, executed between the 30 and 31 March 2020 (the "**Second Closing**") by means of: (a) the transfer from the Sellers to the Buyer of the entire share capital of Drillmec, Petreven (net of the non-controlling interest already transferred in connection with the First Closing) and Drillmec Inc.; (b) the payment by the Buyer of an additional portion of the Price (for further information, see below); and (c) the signing of the following agreements (the "**Ancillary Agreements**"): (a) the so-called Final Escrow Agreement, containing the terms and conditions for deposit, management and release by Cordusio Fiduciaria S.p.A. (entity identified by the Oil & Gas Disposal Parties as trustee) of the Oil & Gas Escrow; (b) the so-called Non-Compete and Non-Solicitation Agreement by which the Sellers have assumed certain non-compete and non-solicitation obligations in respect of the Buyer for a period of five years from the Second Closing; (c) a framework agreement by which Trevifin has undertaken to provide the companies of the Oil & Gas Division, at their request, with certain services related to HR, tax, corporate secretary, technical and technological assistance for a period of 12 months from the Second Closing; and (d) a contract by which Trevifin granted the companies of the Oil & Gas Division the use, free of charge, for a period of 12 months from the Second Closing, of certain intellectual property rights held by Trevifin and used by the companies of the Oil & Gas Division.

Following the signing of the Sale and Purchase Agreement and before the First Closing, in accordance with the provisions of the Restructuring Agreement, among other things: (a) 100% of the financial debt of the companies of the Oil & Gas Division was transferred to Trevifin pursuant to Article 1273 of the Italian Civil Code, then partially repaid by the Company using part of the price and for the residual portion rescheduled as part of the Restructuring Agreement until 2024; and (b) the entire financial debt of the Oil & Gas Division towards the Group was extinguished as a result of offsetting and/or specific waivers.

(ii) Price and method of adjustment

Under the Sale and Purchase Agreement, the initial price for the Oil & Gas Disposal was set at Euro 140 million, an amount subject to adjustment based on any changes in the working capital of Oil & Gas Division companies and other specific aspects. As a result of the procedures provided for in the Sale and Purchase Agreement, as subsequently amended and supplemented by the Parties, the Price was established at a total of approximately Euro 116.4 million, as calculated below:

- **Euro 140 million** (initial price agreed in the Sale and Purchase Agreement);

  minus

- **approximately Euro 21.5 million** as a price adjustment relating, inter alia, to changes in the working capital of companies of the Oil & Gas Division, as established by the Oil & Gas Disposal Parties in an agreement dated 14 November 2019;

  minus

- **approximately Euro 1.1 million** by way of price adjustment relating to the other items specifically provided for in the Sale and Purchase Agreement, as established by the Oil &Gas Disposal Parties with agreement of 30 March 2020;

  minus

- **Euro 1 million** by way of penalty due by the Sellers to the Buyer for the failure to enter into operation 2 rigs (H200 and H301) owned by Petreven and located in job sites in Venezuela by 31 December 2019.

The Price of Euro 116.4 million was paid by the Buyer to the Sellers as follows:

- **approximately Euro 2.0 million** was paid by the Buyer after the signing of the Sale and Purchase Agreement, and therefore before the First Closing, in order to make available to the companies of the Oil & Gas Division the necessary resources to purchase certain assets under lease additional to the Leased Assets;
- **approximately Euro 20.2 million** was paid by the Buyer at the First Closing;

- **approximately Euro 80.1 million** was paid by the Buyer at the Second Closing;
- **Euro 0.1 million** was collected by Trevi Holding USA Corp. on 29 April 2020, as consideration for the sale of 100% of the share capital of Drillmec Inc.;
- **Euro 14 million** was deposited (Euro 5 million on 9 April 2020 and Euro 9 million on 14 July 2020) by the Buyer in a 12-month escrow account (the "**Escrow Oil & Gas**") to guarantee the obligations of the Sellers pursuant to the Sale and Purchase Agreement (including compensation for any breach of representations and warranties). The sum deposited in the Escrow Oil & Gas will be released at the end of the warranty period in favour of the Buyer and/or the Sellers on the basis of a procedure provided for in the Sale and Purchase Agreement, in line with practices followed for similar transactions.

In order to determine the net gains from the sale of Euro 99.9 million, it is necessary to subtract from the Final Price a total of Euro 116.4 million: i) the Final Escrow for Euro 14 million; and ii) the costs of consultants for approximately Euro 2.5 million. At the end of the warranty period, if no potential liabilities arise, the collection of the Final Escrow could turn into a positive economic effect.

For the sake of completeness, it must also be noted that on the date of the Second Closing, Trevifin signed a contract with the Buyer whereby it undertook to provide the Buyer with a loan for an amount of Euro 10 million, with three-year bullet repayment - except in the case of early repayment - and remunerated at a fixed interest rate of 2% per year (the "**Vendor Loan**"). The purpose of this loan is to enable the Buyer to make intra-group loans through which the companies of the Oil & Gas Division can be provided with the necessary resources to meet the financial needs arising from the performance of their core business during the complex situation caused by Covid-19. In line with what was agreed with the Buyer, Trevifin disbursed the Vendor Loan on 6 April 2020, using a portion of the Price not intended to reimburse the Oil & Gas Division's financial debt and, therefore, at the Trevifin's free disposal. The Vendor Loan is also guaranteed by the parent Megha Engineering & Infrastructures Ltd., which has guaranteed to Trevifin that the Buyer has the necessary funds to repay the principal and interest up to a maximum of Euro 11 million and has made a commitment, pursuant to Art.1381 of the Italian Civil Code, that the Buyer correctly fulfils all its the obligations under the Vendor Loan, including the reimbursement of the financed amount and the payment of the related interest.

(iii) Compensation and indemnity obligations

Under the Sale and Purchase Agreement, the Sellers have agreed, severally, to indemnify and hold harmless the Buyer, the companies of the Oil & Gas Division and their respective directors, employees and/or agents authorised to act on behalf of the companies of the Oil & Gas Division for any damage (as defined in the Sale and Purchase Agreement) actually suffered as a result: (a) of any inaccuracy and/or breach of Sellers' representations and warranties; (b) any breach of any obligation of the Sellers under the Sale and Purchase Agreement or Ancillary Agreements; (c) any existing financial debt due to companies of the Oil & Gas Division after the date of the Second Closing and not subject to price adjustment or arising from any transaction entered into by the companies of the Oil & Gas Division before the first day following the date of the Second Closing or, again, arising from actions, facts or omissions carried out by them before the first day following the date of the Second Closing, unless expressly authorised by the Buyer, the representatives of MEIL or MEIL; (d) any enforcement of any of the Existing Oil & Gas Warranties or the New Oil & Gas Warranties replaced by the Buyer after the Second Closing due to circumstances, facts or defects attributable to the management of companies of the Oil & Gas Division by the Sellers before the Second Closing; (e) any loss, including tax losses, arising from waivers of intra-group claims made as part of the preliminary transactions; and (f) any loss incurred by Oil & Gas Division companies in relation to privacy laws and arising from acts or omissions of Oil & Gas Division companies managed by the Sellers (the "Events eligible for compensation"). In addition, under the Sale and Purchase Agreement, the Sellers are solely responsible for any liabilities that may arise: (a) from the supply contracts entered into with Pemex Exploracion Y Produccion and already executed before the date of signing of the Sale and Purchase Agreement; (b) the so-called water division of the Group; (c) the winding-up of certain companies (excluded from the scope of the Oil & Gas Disposal); and (d) the agreed framework between the Parties for the transfer of Drillmec Inc.. The obligation to compensate is provided as an exclusive remedy except in cases of wilful misconduct and gross negligence.

The Sellers' compensation obligations are subject to the following time limitations:

(i) no time limit, for breach of representations and warranties relating to: (a) validity and good standing of the Sellers and companies of the Oil & Gas Division and powers of the Sellers to sign and execute the Sale and Purchase Agreement and the transactions contemplated therein; (b) ownership of transferred assets; (c) absence of conflicts for the signing and execution of the Sale and Purchase Agreement; and (d) compliance with tax regulations and full payment of taxes;

(ii) maximum duration equal to the applicable limitation period, for the breach of obligations contemplated for the Sellers under the Sale and Purchase Agreement;

(iii) maximum duration of 18 months from the Second Closing for the Sellers' breach of representations and warranties regarding compliance with applicable regulations, extraordinary and intra-group transactions, main customers and suppliers, insurance and product liability, ordinary business management, pending lawsuits and absence of further litigation, truthfulness and completeness of financial statements, validity and enforceability of contracts and absence of significant default, existence and validity of receivables, guarantees, real estate, absence of brokers, bank accounts and absence of financial debt, compliance with regulations on corruption of public officials;

(iv) maximum duration equal to the statute of limitations applicable to each statement and warranty for breach of representations and warranties regarding employees, intellectual property rights, processing of personal data, permits to conduct business and environmental regulations.

In addition to the above, with regard to the Sellers' liability for the cases referred to in points (i) and (ii) above there is no limit of amount, while for the cases referred to in points (iii) and (iv) above the application of the following is envisaged (a) a minimum value for each refundable loss or damage (the so-called "de minimis" value) equal to Euro 15 thousand, and (b) a one-off absolute deductible of Euro 3 million (which, therefore, shall be entirely deducted from the amount to be reimbursed by the Sellers as compensation) and a maximum threshold of the reimbursable amount equal, overall, to 30% of the initial price agreed in the Sale and Purchase Agreement (i.e., Euro 140 million).

The economic limitations described above will not apply (and, therefore, the relevant damage must be refunded on a Euro-for-Euro basis, the so-called special indemnities) in the event of wilful misconduct or gross negligence and for the occurrence of damage actually suffered by the Buyer and/or the companies of the Oil & Gas Division in relation to disputes pending on the date of the Second Closing and stated in the Sale and Purchase Agreement. In addition, as part of the agreements signed at the Second Closing, the Sellers also undertook to pay the Buyer an amount of Euro 3 million as a penalty if the logistics base located in Neuquen (Argentina) owned by Food Service S.A. cannot be transferred to Petreven S.A., as provided for in the Sale and Purchase Agreement as part of the so-called "preliminary operations" to be completed before the Second Closing, due to the lack of consent to the transfer by the relevant Argentinian Authority or the exercise, by that authority, of the right of pre-emption to which it is entitled under the law. In the event of failure to transfer the logistics base, Food Service S.A. must pay compensation to Petreven S.A. and, as agreed between the Oil & Gas Disposal Parties, the Buyer has undertaken the obligation to ensure that the above compensation - once actually paid by Food Service S.A. to Petreven S.A. - is transferred to the Sellers.

Notwithstanding the foregoing, the Sellers shall have no obligation to provide compensation under the Sale and Purchase Agreement in the event that: (a) the event or circumstance which is the subject of the compensation obligation has already been taken into account for the purposes of adjusting the Price; (b) the loss to be compensated by Sellers is paid to the parties eligible for compensation by any third party, including any insurance company; (c) any breach of Sellers' representations and warranties have an impact only in terms of accounting, without any cash outflow to the parties eligible for compensation; (d) the loss to be compensated is caused or increased by any act or omission of the persons eligible for compensation; (e) the loss to be compensated is caused or increased by any changes in law, including tax law, subsequent to Second Closing; and/or (f) the loss to be compensated is caused or increased by any changes in applicable accounting standards.

Execution of the capital increase

- With reference to the execution of the capital increase, as resolved by the Board of Directors of Trevifin on 17 July 2019 in execution of the delegation granted to it by the Extraordinary Shareholders' Meeting of the Company pursuant to Article 2443 of the Italian Civil Code on 30 June 2018, on 18 October 2019 an application for approval was submitted to the competent Authority (i.e. CONSOB) for the publication of the prospectus, which was then subsequently withdrawn on 18 November 2019 following the rejection measures taken by the Court of Forlì on 15 November 2019.
- On 27 January 2020, following approval by the Court of Appeal of Bologna, a new formal filing of the application for approving the publication of the prospectus was carried out and a new version of the document

including the necessary attachments was filed. On 19 March 2020, a new filing was carried out in order to comply with the integration requests received by CONSOB in the meantime.

- On 24 February 2020, the Board of Directors of Trevifin resolved, inter alia, to approve some technical amendments made to the resolution of 17 July 2019 relating to the capital increase. Specifically, reference was made to:

  i) the extension of the deadline for executing the capital increase and issuing of the warrants from 31 March to 31 May 2020; and

  ii) in order to achieve an option ratio between integer numbers (avoiding decimals), within the framework of the Right of First Refusal Increase, the increase in the amount of this capital increase to a total amount of Euro 130,001,189.07 (therefore Euro 1,189.07 higher than that already approved), through the issue (taking into account the reverse spit implemented on 18 November 2019) of a total number of No. 13,000,118,907 ordinary shares (No. 118,907 additional shares).

- On 23 April 2020, the Trevifin Board of Directors confirmed the final terms of the capital increase. More specifically, the Trevifin share capital increase for a total amount of Euro 213 million was broken down as follows:

  (i) an indivisible capital increase against consideration, for a total amount of Euro 130,001,189.07 including share premium, through the issue of a total of 13,000,118,907 shares, with no nominal value, having the same characteristics as the outstanding shares, at an issue price per share of Euro 0.01 (the "**Issue Price**"), of which Euro 0.001 to be attributed to capital and Euro 0.009 to be attributed to the share premium, to be offered with right of first refusal to the shareholders pursuant to Art. 2441, paragraph 1, of the Italian Civil Code, by 31 May 2020 (the "**Right of First Refusal Increase**");

  (ii) a capital increase against consideration for a total amount of Euro 63,137,242.00, to be paid in one instalment up to the amount of Euro 10,593,896.00, through the issue of a total of 6,313,724,200 ordinary shares, without nominal value, having the same characteristics as the outstanding shares, at an issue price per share of Euro 0.01, of which Euro 0.001 to be attributed to capital and Euro 0.009 to be attributed to share premium (the "**Conversion Shares**"), to be offered, with the exclusion of the right of first refusal pursuant to Art. 2441, paragraph 5, of the Italian Civil Code, to banks and to be paid by voluntarily converting certain, liquid and collectible receivables, by 31 May 2020, at a ratio of conversion of the receivable to capital of 4.5 to 1 (the "**Conversion Capital Increase**" and together with the Right of First Refusal Increase, the "**Capital Increase**"); and

  (iii) a divisible capital increase against consideration, for a maximum total amount of Euro 19,986,562.21 inclusive of the share premium, which will be implemented through the future issue of maximum of 1,537,170,662 ordinary shares (the "**Conversion Shares**") serving the exercise of a maximum of 1,647,832 warrants (the "**Warrants**") that will be assigned free of charge to the shareholders before the detachment of the right of first refusal relating to the Right of First Refusal Increase (i.e., 4 May 2020) (the "**Capital Increase for the Conversion of Warrants**"). These Warrants can be exercised on the expiry date of the Warrants, which will fall on the fifth anniversary of the issue date, that is to say 5 May 2025.

Furthermore, within the context of the Financial Manoeuvre, the Institutional Shareholders FSI Investimenti S.p.A. and Polaris Capital Management, LLC, through the signing of the Investment Agreement, had undertaken the commitment to subscribe the Right of First Refusal Increase for a total amount of approximately Euro 77.5 million. In particular:

a) FSI Investimenti S.p.A. made an irrevocable subscription commitment up to a maximum amount of Euro 38,728,327.00, of which: (a) for an amount equal to Euro 21,907,237 (of which Euro 2,190,724 as capital and Euro 19,716,513 as share premium) for the subscription of all newly issued shares due to it on the basis of the rights of first refusal; as well as (b) for the maximum amount of Euro 16,821,090 (of which Euro 1,682,109 as capital and Euro 15,138,981 as share premium) for the subscription of any unexercised rights of first refusal; and

b) Polaris Management Capital, LLC, in its capacity as asset management company, made an irrevocable subscription commitment up to a maximum amount of Euro 38,728,327.00, of which: (a) for an amount equal to Euro 13,879,745 (of which Euro 1,387,974 as capital and Euro 12,491,770 as share premium) for the subscription of all newly issued shares due to it on the basis of the rights of first refusal; as well as (b) for the maximum amount of Euro 24,848,582 (of which Euro 2,484,858 as capital and Euro 22,363,724 as share premium) for the subscription of any unexercised rights of first refusal.

Banks had instead undertaken the commitment, subject to the total fulfilment by the Institutional Shareholders FSI Investimenti S.p.A. and Polaris Capital Management, LLC of the subscription commitments indicated above, to subscribe the unexercised shares of the First Refusal Increase and/or the Conversion Shares, freeing them up by voluntarily converting their receivables due from Trevifin for a total of Euro 284.1 million, according to a conversion ratio of credit to capital of 4.5 to 1, for an equivalent amount of approximately Euro 63.1 million.

- On 29 April 2020, the Board of Directors of Trevifin announced that CONSOB had authorised by Note prot. No. 0393199/20 the publication of the Prospectus relating to the notice of rights of Trevifin and the admission to trading of the newly issued shares and Warrants on the Italian Electronic Stock Exchange, organised and managed by Borsa Italiana S.p.A. The Prospectus was filed with CONSOB in the forms and terms required by law. Trevifin made available the Key Investor Documents (KIDs) relating to rights of first refusal and warrants, prepared in accordance with Regulation (EU) No. 1286/2014 and the related implementing legislation.

- On 29 April 2020, the lending banks that are contracting party to the Restructuring Agreement, through the agent, confirmed that all the conditions precedent provided by the same had been met, and that therefore this agreement must be considered fully effective in all its provisions. Through this communication, the banks also confirmed that the commitments to subscribe and pay up the Capital Increase undertaken by them under the Restructuring Agreement are to be understood as irrevocable and unconditional, with the sole exception of the condition relating to the full compliance of FSI Investimenti and Polaris Management Capital LLC with all the commitments to subscribe and pay up the cash Capital Increase undertaken by them under the Investment Agreement.
- On 4 May 2020, Trevifin launched the Notice of Rights in favour of Trevifin shareholders of a total of No. 13,000,118,907 shares, without nominal value, having the same characteristics as the outstanding ones and deriving from the Capital Increase ("**Shares on Offer**"). On the same date, No. 1,645,793 Warrants - admitted to listing on the MTA with Borsa Italiana provision No. 8646 of 20 April 2020 - were assigned free of charge to the shareholders before the detachment of the right of first refusal relating to the Right of First Refusal Increase, in the amount of No. 1 Warrant per each share held.
- On 18 May 2020, Trevifin announced the conclusion of the period for exercising the rights of first refusal (the "**Rights of first refusal**") relating to the Notice of Rights to the shareholders of a total of No. 13,000,118,907 Shares on Offer. During the Subscription Period (from 4 May 2020 to 18 May 2020 included), following the exercise of No. 580,357 Rights of first refusal, a total of No. 4,584,239,943 Shares on Offer was subscribed, for a total value of Euro 45,842,399.43. Furthermore. the Institutional Shareholders FSI Investimenti S.p.A. and Polaris Capital Management LLC exercised all the rights of first refusal to which they were entitled under the Notice of Rights for a total No. of 13,000,118,907 Trevifin ordinary shares, by subscribing and paying up all the related shares for a total value of approximately Euro 35.8 million, in compliance with the subscription obligations assumed by the same and pursuant to the Investment Agreement signed on 5 August 2019. At the end of the Subscription Period, No. 1,065,436 Rights of first refusal were not exercised, which relate to the subscription of No. 8,415,878,964 Shares on Offer, for a total amount of Euro 84,158,789,64.
- On 29 May 2020 Trevifin announced that the Capital Increase was successfully completed, in the context of which No. 15,083,921,496 newly issued ordinary shares of the Company were subscribed, for a total amount of Euro 150,839,214.96. In particular:
  - the tranche of the capital increase offered with rights of first refusal to shareholders was fully subscribed for Euro 130,001,189.07, of which Euro 87,701,972.96 through cash payment and Euro 42,299,216.02 by the main banks converting loans to the Company, at a conversion ratio of 4.5:1; and
  - the tranche of capital increase reserved to the lending banks, with the exclusion of the right of first refusal, was subscribed for Euro 20,838,025.89 by converting loans to the Company granted by the same banks, at the same conversion ratio equal to at 4.5:1.

The financial manoeuvre illustrated above resulted in an overall recapitalisation of the Company for approximately Euro 404.5 million and a change in the net financial position, which at 30 June 2020 was equal to approximately Euro 251 million.

Following the completion of the share capital increase, Trevifin's share capital is equal to Euro 97,475,554, divided into 15,085,569,328 shares.

At the end of the capital increase, Trevifin's share capital is held as follows:

- at 25.67% by FSI Investimenti S.p.A. (subsidiary of CDP Equity S.p.A.);
- at 25.67% by Polaris Capital Management, LLC;
- at 41.85% by banks and financial institutions that have entered into subscription commitments under the Restructuring Agreement; and
- at 6.81% by other investors.

COVID-19

The activity of the Trevi Group was significantly influenced in the first half of 2020 by the spread of Covid-19 both on the national territory and in many of the countries in which the Group operates. The impact of this pandemic made it necessary for the Group to adopt suitable measures to fight it to ensure the safety of employees and the management of the economic consequences, which mainly resulted from the suspension of work on construction sites in countries whose local governments progressively imposed extraordinary measures to limit the circulation of goods and people and the closure of factories and production and commercial activities, as well as from the postponement in the signing of new contracts or the sale of rigs. In order to be able to effectively manage decisions, a "task force" was set up on 26 February 2020, in which the Group CEO participated, who monitored operational issues on a daily basis and approved the actions to be implemented. The main actions undertaken in the period were, in particular:

- Information to staff (internal and external) through a package of information updated from time to time with the rules to be respected in the company premises, with the obligation to remain at home in the presence of fever and, in any case, to comply with all the provisions of the Authorities and the Employer;
- How to enter the company: as of 21 January 2020, trips to the Far East have been limited and Soilmec employees returning from China and Singapore have been placed in precautionary quarantine for 14 days. Furthermore, from 26 February 2020, all employees are required to monitor their temperature daily and, in the event of evidence of feverish state (from 37° onwards), it is forbidden to go to work. In order to ensure maximum prevention, as already implemented since March 2020, the body temperature of all incoming people is measured. To this end, a thermoscanner system was installed in April 2020 at the entrance of the Cesena headquarters (Trevifin, Trevi S.p.A., Soilmec S.p.A.), while in all other locations/construction sites the temperature is monitored with infrared thermometers; an adequate procedure was also set up for the entry of external suppliers as well as a medical Help Desk. The Employer of companies based in Italy informs in

advance the staff and those who are willing to enter the company, of the access foreclosure to those who, in the last 14 days, have had contact with subjects who tested positive for Covid-19. The entry of personnel who have already tested positive can only take place after a medical examination;

- Remote work: from 10 March 2020 remote work has been facilitated for employees and managers, except for those deemed necessary for the management of Operations; communications were sent to the Trevi and Soilmec construction sites and workshops on the obligation to carry out activities with interpersonal distance of less than one meter only with masks and the obligation to interrupt activities in the absence of Personal Protective Equipment (PPE). In Soilmec, between March and April 2020, remote work involved over 90% of employees and executives not involved in Operations, while production and logistics were kept operational in the presence of about 60% of the workforce even in the most complex weeks. Furthermore, a single shift was established from 8:00 to 15:30 in the production plant;
- Since March 2020, in addition to the usual cleaning routine, daily sanitation activities have been launched for closed spaces and appurtenant areas through the destruction or deactivation of pathogenic microorganisms. Sanitisation activities were also launched in March 2020, which take place both daily and weekly, and are carried out in all buildings and outdoor areas and whose purpose is to sanitise closed spaces and appurtenant areas through cleaning, disinfection and sanitisation. Specific protocols are prepared by the cleaning service providers, as well as the technical data sheets of the products used. Suppliers will issue a report for each sanitisation activity carried out, also in compliance with the indications of the competent authorities;
- The purchase of specific PPE for Covid-19 has been centralised for the purchase and distribution phase;
- The company organisation has been thoroughly revised, with diversified and staggered entry times, the closing of the canteen for a long period, the closing of the factory changing rooms, the obligation to wear a mask in all common and transit areas, the review of the occupation of office spaces and the organisation of meetings and training online via Teams. Company training in the classroom was suspended and reactivated on 15 July 2020;
- Special protocols have been defined for the management of any interventions of the Emergency Group, for the management of symptomatic people, and for health surveillance. The latter also continues after 30 June 2020, in compliance with the hygiene measures contained in the decalogue provided by the Ministry of Health and according to the necessary limitations provided by the competent doctor in relation to the epidemiological emergency Covid-19 (for example, postponed spirometry). Since March 2020, the Company Doctor constantly monitors fragile and hypersensitive workers. Furthermore, a statistical screening with serological tests of the employees was carried out at the Cesena headquarters.

Starting from May 2020, and once again gradually in relation to the regression of the epidemic and the contrast measures adopted, a part of the staff working in the office resumed work in the Cesena premises, decreasing the use of remote work, which remained however, a necessary way of organizing work in rotation in each office.

The Group has resorted to the following personnel management measures, to limit the economic effects of Covid-19: in addition to the massive management of remote work, the use of leaves previously accrued was favoured (both at the headquarters and at the construction sites), layoffs were used for the companies based in Italy between March and May and for the Italian personnel in the suspended construction sites in Europe. Other personnel management actions have been implemented: incentive plans have been revised, hires have been restricted, the continuation of the secondment and the suspension of shifts and returns (for example in the Philippines) have been managed and secondments and repatriations (for example in France) have been cancelled, along with incentives in Germany for the continuation of “business as usual” activities to give continuity to the construction sites. In the event of repatriation or transfer to a third country with the continuation of the remote work, the “expatriate” remuneration packages were revised, with the cancellation of the foreign and complementary allowances. Continuous tracking and planning of expiring work permits and changes in the regulations that have occurred over time in individual countries was carried out. Overall, the benefits obtained from the use of leaves amounted to Euro 1.0 million, while another million was obtained as benefits from the Redundancy Fund.
The Group noted the following negative effects that occurred between March and April deriving from the spread of the Coronavirus pandemic and/or from the measures taken by the government authorities of the countries indicated:

- The Group's construction sites in France, Austria, Philippines, Oman, Kuwait, Argentina, Colombia, Venezuela and Nigeria were stopped;
- Construction sites in Boston (Massachusetts) in the United States were stopped, while construction sites in Florida and Tennessee continued with some operational difficulties, as well as in Hong Kong, Chile, Monte Carlo, Algeria, Saudi Arabia, UAE and Australia;
- Furthermore, due to the Coronavirus, negotiations for the sale of Soilmec rigs slowed down and several construction sites in Italy faced operational and logistical difficulties, with the exception of the Rome Metro C construction site;
- The start of the execution of the works for the new contract acquired in Norway in February 2020 has been postponed due to the suspension of air flights to Norway and the consequent inability to start the “mobilisation” for the opening of the site. Operations are active in the offices of the Italian companies and their factories and construction sites, both in presence and in remote work, in compliance with the existing regulations and the precautions enforced by the companies of the Group. Abroad, all of our construction sites are open and active; there are only some restrictions on the movement of employees in Argentina and Venezuela.

In Italy, the companies Trevi S.p.A., Soilmec S.p.A. and PSM S.p.A. have used government supports by participating in the project Click Day of Invitalia for the purchase of PPE, obtaining Euro 76,797 used for the purchase of PPE, thermal scanners and sanitizing gels. The companies Soilmec S.p.A. and PSM S.p.A., by virtue of the rule of Article 18 of the Italian Legislative Decree No.23 of 8/4/2020 (the so-called Liquidity Decree), suspended the payment of the above withholding taxes, charges and taxes for an amount respectively equal to

Euro 700 thousand and Euro 94 thousand. The law provided for the suspension of payments due in the month of April and May 2020 relating to withholding taxes on employee remuneration and similar, VAT and social security contributions, provided that the company had suffered a decrease in turnover (equal to 33% or 50% depending on the size limits) with respect to the month of March and April relating to the previous tax period; the payments will be made for 50% in the current year in four instalments and for the remaining part in the year 2021. Article 24 of the Italian Legislative Decree dated 19 May 2020, No. 34 (the so-called Relaunch Decree) has provided, in the presence of specific conditions, that the Irap balance on the 2019 tax period and the first Irap advance payment on the 2020 tax period are not due. The company Trevi S.p.A., by virtue of the aforementioned rule, obtained an Irap tax saving of approximately Euro 100 thousand. The other Group companies have received government aid such as payment of salaries (a form of layoffs) and deferred payment of taxes (in Saudi Arabia, Argentina, Colombia and Uruguay).

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

This report relating to the first half of 2020 has been prepared on a going concern basis, and in particular the Board of Directors has proceeded to make all the necessary assessments taking into account, for this purpose, all the information available regarding foreseeable future events.

In assessing whether the going concern assumption was appropriate or not, all the available information about the future were taken into account, relating at least - without limitation - to 12 months following the reporting date of the condensed interim consolidated financial statements at 30 June 2020.

The assessment of the going concern assumption, as well as the analysis of the foreseeable evolution of the management, derives mainly from the successful execution of the capital strengthening and debt restructuring transaction of the Group, as well as from the outlook of the results deriving from the implementation of the business plan 2018-2022, also considering the aspects related to Covid-19.

In particular, the following circumstances were considered:

- following the execution of Trevifin's capital strengthening and restructuring of the Group's financial debt:
    - the Parent's equity went from a deficit of Euro 268.6 million at 31 December 2019 to equity of Euro 124.0 million at 30 June 2020, allowing the situation pursuant to Article 2447 of the Italian Civil Code to be overcome;
    - the Group's net financial position has decreased from approximately Euro 746 million at 31 December 2019 to approximately Euro 251 million at 30 June 2020; and

- the residual debt of the Group was almost entirely rescheduled (Euro 337.8 million compared to Euro 349.8 million), providing for a bullet repayment at 31 December 2024, and the modification of the related terms and conditions;

- the first half of 2020 ended in line with the most updated forecasts included in the prospectus relating to the Capital Increase and the forecasts for the current year are in line with those prepared at the beginning of the Covid-19 pandemic;
- the Board of Directors examined the forecasts for the recovery of the Construction sector in the various economies in which the Group operates, deeming that there are various opportunities for new contracts for the Group;
- many governments in many countries with developed and emerging economies, after having protected their socio-economic system with lockdown initiatives and limiting the circulation of people and goods, have adopted tools to support the various economic systems, with expansive fiscal policies, making liquidity available to households and businesses, and by preparing economic recovery plans often based on infrastructure investments. Therefore, although for 2020 the current scenario regarding the Covid-19 pandemic is such that the expected impacts on the Construction market in 2020 are considered significant, particularly in the first half, and the growth estimates of the Construction market for 2020 have been revised downwards in line with the prospects for a contraction in global GDP over the course of the year, the forecast of recovery of this market in the course of 2021 remains confirmed, based on the expected government investments to support the economy (i.e., the US plan of USD 2 trillion), which is expected to see construction as one of the key sectors for the revival; in fact, it is believed that the growth of the Construction market amplifies the underlying GDP growth by approximately 1-1.5x, in line with what has already been found in past crisis situations (Source: comparison between the trend in growth in the Construction sector over the years - data taken from IHS Global Construction Market - and the trend of GDP growth - data taken from the Economist Intelligence Unit);
- with regard to the 2018-2022 business plan, despite the physiological factors of uncertainty linked to its complete implementation, it was drawn up, on the basis of prudential criteria, with the help of leading industrial and financial advisors, and was examined several times by the Board of Directors, as well as certificated by the expert appointed pursuant to Article 182 bis of the Italian bankruptcy law and approved by the Court of Appeal of Bologna.

In light of the above considerations, the Directors therefore adopted the going concern assumption in preparing the 2020 interim financial report, as they believe that the difficult situations that the Group has faced in the recent past have been overcome, while remaining only, as significant uncertainty that may give rise to doubts on the ability of the Company and the Group to continue operating as a going concern, the achievement of the objectives set out in the Plan, which are the repayment of loans and borrowings in December 2024 or the refinancing of residual debts at the best market conditions. The existence and the overcoming of these uncertainties relating to the implementation of the business plan 2018-2022 depend only in part on internal variables and factors controllable by the Company Management, while those remaining depend on external factors which are assessed according to criteria of reasonableness as mentioned above.

Staff and Organisation

During the first half of 2020, in line with the provisions of the 2018-2022 business plan, the Group reorganisation phase continued through the closure or freezing of some foreign companies and the downsizing of the workforce in areas characterised by a slowdown in the business, without compromising the Group's pool of key skills.

Because of the pandemic due to the spread of the Covid-19 virus, in order to reduce the impact caused by the reduction of the workload and the suspension of the activities of some construction sites both in Italy and abroad, the Group has adopted the tools of layoffs made available by the Prime Minister Decree and at the same time directed the staff towards the use of leaves, in particular of those previously accrued.

Continuity of work was achieved by activating remote work schemes for over 90% of clerical staff, while the Cesena production plant continued to operate throughout the lockdown period.

Workforce at 30 June 2020

The Group workforce at 30 June 2020 was 3,645, with a net decrease of 892 units compared to 4,537 in the Foundations sector at 31 December 2019. At 31 December 2019 the workforce also included 1,366 units employed in the Oil & Gas division, the latter sold to the MEIL group in March 2020 (total workforce at 31 December 2019 equal to 5,903 units). The average workforce in the period was approximately 4,091 units.

Company risk management

Aims, management strategies and identification of financial risks

The Trevi Group is subject to various types of risk and uncertainty that may affect its operating activities, financial structure and economic results.

Firstly, one of these is the liquidity risk that affects the strategic choices in terms of investments and acquisition of orders.

Sudden changes within the political contexts in which the Group operates have an immediate effect on its operating results and financial position.

The Group is also exposed to the risk of deterioration of the international macro-economic environment.

The introduction of stricter data protection rules in the European Union and the increasing complexity of IT, exposes the Group to cyber risks.

To mitigate exposure to these risks, the Trevi Group, among other projects, completed the implementation of a risk management system in 2018, based on two milestones in the Project Risk Management System (PRMS) for Trevifin and for the Trevi Division, as well as the definitive centralisation of the Insurance Department and claim management in Trevifin, at the service of all the Divisions of the Group.

The Risk Committee was also set up to provide a detailed analysis of the contracts in the acquisition phase.

Liquidity risk

For a company, the availability of liquidity guarantees compliance with scheduled deadlines and healthy economic growth. Business cash flow planning allows for periodic liquidity planning while maintaining control over income and expenses and promptly recognising peak demand. Following the signing of the Restructuring Agreement with the banking class, signed on 5 August 2019, liquidity management was guaranteed and governed by the Agreement itself. On 29 April 2020, the lending banks party to the Restructuring Agreement, through the agent, confirmed that all the conditions precedent provided for in the Restructuring Agreement had been fulfilled, and that therefore the Agreement must be considered fully effective in all its provisions from that date. The contractual provisions of the Restructuring Agreement provide for certain circumstances (so-called Relevant Events) normally provided for in financing contracts of this nature, the occurrence of which could lead, in the absence of actions or initiatives suitable to remedy such circumstances, to an acceleration clause or withdrawal by the financial parties. The above circumstances include compliance with Financial Covenants and the failure to release the Oil & Gas Escrow on schedule and in the manner prescribed by the Sale and Purchase Agreement. The Directors found the probability of occurrence of the Relevant Events to be low. At 30 June 2020, the Financial Covenants are respected.

A Steering Committee was also established to evaluate the cash performance, giving a permanent boost to financial planning tasks.

Currency risk

Due to the Group's geographical extension and access to international markets for the development of construction, the Group companies are exposed to the risk that a change in exchange rates between the presentation currency and other currencies will generate unexpected changes. The statement of financial position and statement of profit or loss amounts deriving from the above fluctuation could have an impact both on the individual companies' financial statements and at consolidated level. Specifically, given the current Group structure, the exposure to the currency risk is mainly linked to the US dollar. The Group also has interests in countries such as Turkey, Algeria and Nigeria, whose currencies could be subject to significant fluctuations. With regard to the US dollar, the currency risk derives mainly from the translation into Euro of items relating to investments in companies whose presentation currency is different from the Euro (so-called "translation risk").

The Group has not subscribed to derivatives, because of the constraints imposed on it by the negotiation of the Restructuring Agreement.

The management policy for the currency risk is mostly based on the use of price lists in Euro or Dollar.

Interest rate risk

The company's interest rate risk relates to the increase in financial charges derived from the rise in interest rates.

Following the signing of the Restructuring Agreement, the Group obtained a moratorium on principal and interest on medium- and long-term cash lines. With the effectiveness of the Restructuring Agreement, the interest rates on medium and long-term cash lines were standardised at 2% per year.
The Short-Term lines disbursed and governed by the Restructuring Agreement have maintained the pricing appropriate to the nature of the underlying transaction, maintaining the rates of the original financial documents as required by the Restructuring Agreement.

Credit risk

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

Risks pertaining to business activities abroad

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

Cyber risk

A cybercrime occurs when the conduct or the material object of the crime is related to a computer or screen-based system, and when the offence is perpetrated by exploiting or attacking the system.
With the aim of constantly increasing and improving the efficiency of ICT Security processes, the Group has continued to adopt new initiatives, tools and procedures aimed at ensuring increasingly high levels of ICT security.

Purchase of treasury shares

During the first half of year 2020, the company did not buy any treasury shares.

Events after the reporting period

In the months of July and August 2020, the activities of production, negotiation and acquisition of new orders continued, according to the most recent forecasts made for the current year. Operations are active in the offices of the Italian companies and their factories and construction sites, both in presence and in remote work, in compliance with the existing regulations and the precautions enforced by the companies of the Group. Abroad, all our construction sites are open and active, there are only some restrictions on the movement of employees in Argentina and Venezuela.

In the two months of July and August, new orders were acquired for approximately Euro 83.5 million, of which Euro 68.5 million relating to the Trevi Division and Euro 16.4 million relating to the Soilmec Division, gross of intra-group orders. Overall, the orders acquired by the Trevi Group in the eight-month period ended 31 August 2020 amounted to Euro 321.4 million, compared to the Euro 375.8 million acquired in the same period of 2019. The Group's order backlog at 31 August 2020 was equal to approximately Euro 392.4 million (against Euro 458.8 million at 31 August 2019).

On 9 July 2020, Ms. Milena Motta resigned as Chairperson of the Board of Statutory Auditors and as Standing Auditor of Trevifin for personal reasons. In application of Article 2401 of the Italian Civil Code and until the date of the next Shareholders' Meeting, the Alternate Auditor Mara Pierini takes over the role of Standing Auditor, while the Statutory Auditor Marco Vicini takes over the chairmanship of the Board of Statutory Auditors.

Furthermore, on 10 July 2020 the Board of Directors, having acknowledged the resignation of Mr. Sergio Iasi from the position of Director in charge of the internal control and risk management system, has conferred on Mr. Giuseppe Caselli, Trevifin CEO, the related powers.

Finally, on 31 July 2020 Mr. Stefano Trevisani, executive director of the Company, lacking the requisites of independence and who did not hold positions on the internal board committees, resigned from his position to undertake a new professional career, also renouncing the position of Chief Executive Officer of the subsidiary Trevi S.p.A. and defining an agreement for the consensual termination of the executive employment relationship that bound him to the Company. The Board of Directors of the Company will take care to provide, during a future meeting, for the co-opting of a new member pursuant to Article 2386 of the Italian Civil Code as well as the Board of Directors of Trevi S.p.A.

Outlook

At the date of this report and in light of the information available to the Issuer, the forecasts for 2020 of revenue of Euro 489 million and recurring EBITDA of approximately Euro 52 million, already formulated at the beginning of April 2020, are confirmed. In fact, production and sales activities, already positively restarted by both the Trevi and Soilmec Divisions, are expected to continue in the coming months.

As regards, instead, the evolution of future years, the measures currently being prepared by the European Union, the Italian government and that of other European and non-European countries provide that the revival of the economy can mainly take place through extraordinary investment plans that will see the infrastructure sector as one of the most interested and promoted, a circumstance from which the Group's activities could benefit in the future.

However, the Group's forecasts could be influenced by unforeseeable exogenous factors outside the control of the management, which could substantially change the results of the forecasts. Furthermore, the monitoring and high attention paid to the evolution of the Covid-19 pandemic continues, both in Italy and in the European and non-European countries of interest to the Group. In the coming months, in any case, both the revision projects of the Group's operating cost structure and the optimisation of commercial and industrial processes will continue, as well as the implementation of the ERP SAP 4/HANA system.

Cesena, 22 September 2020

On behalf of the Board of Directors

The Chairman

Luca d’Agnese

Condensed Interim Consolidated Financial Statements at 30 June 2020

1. Consolidated financial statements

1.1 Statement of Profit or Loss

(in thousands of Euro)

STATEMENT OF PROFIT OR LOSS	*Notes*	First half 2020	First half 2019
Revenue from sales and services	(19)	214,704	288,319
- of which related parties		*664*	*5,127*
Other operating revenue	(19)	23,678	13,421
- of whichrelated parties		*2,757*	-
Total revenue		**238,383**	**301,740**
Raw materials and consumables		(76,679)	(104,031)
Change in raw materials, consumables and goods		15,729	2,651
Personnel expense	(20)	(68,792)	(85,126)
Other operating expenses	(21)	(86,121)	(107,311)
- of which related parties		*(49)*	*(2,780)*
Depreciation and amortisation	(1)-(2)	(21,784)	(21,528)
Provisions and impairment losses	(22)	(3,289)	(9,770)
Internal work capitalised		7,002	2,005
Changes in finished products and work in progress		2,735	8,330
Operating profit/(loss)		**7,183**	**(13,040)**
Financial income	(23)	288,185	3,888
- of which attributable to the Restructuring Manoeuvre		*244,289*	*0*
(Financial expense)	(24)	(30,463)	(13,293)
- of which attributable to the Restructuring Manoeuvre		*(20,048)*	*0*
Net exchange losses	(25)	(5,369)	(577)
Net financial income (expense)		**252,353**	**(9,982)**
Fair value gains (losses)		(281)	729
Profit/(loss) before taxes		**259,255**	**(22,293)**
Income taxes	(26)	(904)	(2,968)
Profit/(loss) from continuing operations		**258,352**	**(25,261)**
Loss from discontinued operations	(28)	(10,601)	0
Profit/(Loss) for the period		**247,751**	**(25,261)**
Attributable to:			
Owners of the Parent		251,470	(25,666)
Non-controlling interests		(3,719)	405
Basic earnings/(losses) per share:	(27)	0.102	(15.595)
Diluted earnings/(losses) per share:	(27)	0.091	(0.014)

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

1.2 Statement of Comprehensive Income

(in thousands of Euro)

STATEMENT OF COMPREHENSIVE INCOME	First half 2020	First half2019
Profit/(loss) for the period	**247,751**	**(25,261)**
Items that are or may be reclassified to profit or loss		
Translation reserve	(599)	370
Items that are or may be reclassified to profit or loss, net of taxes	**(599)**	**370**
Items that will not be reclassified to profit or loss:		
Items that will not be reclassified to profit or loss, net of taxes	**-**	**-**
Total comprehensive income/(expense), net of taxes	**247,151**	**(24,891)**
Owners of the Parent	250,965	(25,410)
Non-controlling interests	(3,814)	519

The notes are an integral part of these condensed interim consolidated financial statements.

1.3 Statement of financial position

(in thousands of Euro)

ASSETS	*Notes*	30/06/2020	31/12/2019
Non-current assets			
Property, plant and equipment			
Land and buildings		50,569	52,227
Plant and machinery		111,761	128,731
Industrial and commercial equipment		25,432	30,560
Other assets		13,669	16,809
Assets under construction and payments on account		4,422	3,219
Total property, plant and equipment	1)	**205,853**	**231,546**
Intangible assets			
Development costs		6,265	5,260
Industrial patents and intellectual property rights		154	290
Concessions, licences and trademarks		232	142
Goodwill		0	0
Assets under development and payments on account		957	218
Other intangible assets		1,195	884
Total intangible assets	(2)	**8,803**	**6,794**
Equity investments	(3)	4,500	4,000
Equity-accounted investments in associates and joint ventures		*4,267*	*3,403*
- Other equity investments		*233*	*597*
Deferred tax assets	(4)	43,013	44,163
Derivative financial instruments	(5)	0	0
Other loans	(12)	13,725	3,283
- of which related parties		*1,354*	*1,353*
Trade receivables and other assets	(6)	2,222	2,946
Total financial assets		**63,460**	**54,392**
Total non-current assets		**278,116**	**292,732**
Non-current assets held for sale		**0**	**250,420**
Assets held for sale	(28)	0	250,420
Current assets			
Inventories	(7)	139,567	118,897
Trade receivables and other assets	(8)	255,823	289,331
- of which related parties		*13,311*	*14,711*
Tax assets	(9)	9,722	12,086
Derivative financial instruments	(5)	0	0
Financial assets	(12)	2,526	11,122
Cash and cash equivalents	(10)	105,107	77,709
Total current assets		**512,745**	**509,145**
TOTAL ASSETS		**790,861**	**1,052,297**

The notes are an integral part of these condensed interim consolidated financial statements.

(in thousands of Euro)

Equity	***Notes***	**30/06/2020**	**31/12/2019**
Share capital and reserves			
Share capital		97,374	82,290
Other reserves		277,938	157,181
Losses carried forward		(470,087)	(382,760)
Profit/(loss) for the period/year		251,470	(75,802)
Equity/(Deficit) attributable to the owners of the Parent	(11)	**156,694**	**(219,091)**
Deficit attributable to non-controlling interests		**(1,764)**	**(3,076)**
Equity/(Deficit)		**154,930**	**(222,167)**
LIABILITIES			
Non-current liabilities			
Borrowings	(12)	209,445	7,656
Borrowings from other financial backers	(12)	69,056	25,764
Deferred tax liabilities	(4)	26,895	31,729
Post-employment benefits	(13)	13,094	13,682
Provisions for risks and charges	(14)	6,664	7,235
Other liabilities	(15)	12,159	41
Total non-current liabilities		**337,314**	**86,107**
Current liabilities			
Trade payables and other liabilities	(16)	190,056	224,280
- of which related parties		*1,418*	*2,363*
Tax liabilities	(17)	9,322	12,631
Borrowings	(18)	56,358	553,193
Borrowings from other financial backers	(18)	35,345	238,316
Derivative financial instruments	(5)	0	132
Provisions for risks and charges	(14)	7,536	9,350
Total current liabilities		**298,617**	**1,037,902**
Liabilities associated with assets held for sale		0	150,455
Non-current liabilities associated with assets held for sales	(27)	**0**	**150,455**
TOTAL LIABILITIES		**635,931**	**1,274,464**
TOTAL EQUITY AND LIABILITIES		**790,861**	**1,052,297**

The notes are an integral part of these condensed interim consolidated financial statements.

1.4 Statement of cash flows

		Notes	First half 2020	First half2019
	Profit/(loss) for the period		247,751	(25,261)
	Income taxes		(904)	5,654
	Profit/(loss) before taxes		**246,847**	**(19,607)**
	Amortisation, depreciation and impairment losses	(22)	22,410	18,970
	Net financial (income)/expense	(23-24)	(258,107)	14,594
	Change in provisions for risks and charges and post-employment benefits	(13-14-18)	2,936	2,642
	Provisions for risks and charges	(22)	3,545	10,712
	Use of provisions for risks and charges		(5,100)	0
	Fair value gains (losses) and profit/(loss) from discontinued operations	(27)	281	(15,945)
	Losses from the sale or impairment losses on non-current assets		(390)	(478)
(A)	**Cash flows from operating activities before changes in the working capital**		**12,421**	**10,888**
	Increase in inventories	(7)	(25,858)	(865)
	Decrease in trade receivables	(8)	5,601	593
	Increase/(Decrease) in trade payables	(16)	(11,188)	3,011
	(Increase)/Decrease in other assets/liabilities	(8-16)	(8,368)	5,363
(B)	**Changes in working capital**		**(39,813)**	**8,103**
(C)	Financial income collected/Interest expense paid		(10,116)	(14,594)
(D)	Taxes paid	(26)	(4,474)	(1,695)
(E)	**Cash flows from/(used in) operating activities (A+B+C+D)**		**(41,981)**	**2,702**
	Investing activities			
	Investments	(1-2)	(4,756)	(16,290)
	Exchange differences			
	Net change in financial assets	(12)	(451)	(449)
(F)	**Cash flows used in investing activities**		**(5,207)**	**(16,740)**
	Financing activities			
	Increase/(Decrease) in share capital and reserves for the repurchase of treasury shares	(11)	15,084	0
	Other changes including those in non-controlling interests		72,592	(922)
	Changes in loans, financing, derivative financial instruments, finance leases and other financing	(12)	(91,086)	4,836
	Dividends paid		0	(1,041)
(G)	**Cash flows from/(used in) financing activities**		**(3,410)**	**2,873**
(H)	**Change in assets/(liabilities) associated with discontinued operations**		**87,965**	**0**
	Net change in cash flows (E+F+G+H)		**37,367**	**(11,165)**
	Cash and cash equivalents at the beginning of the period		**77,709**	**88,912**
	Change in cash flows for assets held for sale		**(8,444)**	**0**
	Effects of exchange fluctuations on cash and cash equivalents		(1,525)	0
	Net change in cash flows		**37,367**	**(11,165)**
	Cash and cash equivalents at the end of the period		**105,107**	**77,747**

The notes are an integral part of these condensed interim consolidated financial statements.

1.5 Statement of changes in equity

Note (11)

(in thousands of Euro)

	Share capital	Other reserves	Losses carried forward	Capital and reserves attr. to owners of the Parent	Non-controlling interests	Total equity
Balance at 01/01/2019	**82,290**	**152,395**	**(382,760)**	**(148,075)**	**740**	**(147,335)**
Lloss) for the year			(25,666)	(25,666)	405	(25,261)
Other comprehensive income		255		255	115	370
Total comprehensive expense	**0**	**255**	**(25,666)**	**(25,411)**	**520**	**(24,892)**
Allocation of 2018 loss and distribution of dividends		(143,427)	143,427		(1,041)	(1,041)
Balance at 30/06/2019	**82,290**	**9,223**	**(264,999)**	**(173,486)**	**218**	**(173,268)**

	Share capital	Other reserves	Losses carried forward	Capital and reserves attr. to owners of the Parent	Non-controlling interests	Total equity
Balance at 01/01/2020	**82,290**	**157,181**	**(458,562)**	**(219,091)**	**(3,076)**	**(222,167)**
Profit for the period			251,470	251,470	(3,719)	247,751
Actuarial gains/(losses)				0		0
Other comprehensive expense		(505)		(505)	(95)	(599)
Total comprehensive income	**0**	**(505)**	**251,470**	**250,965**	**(3,814)**	**247,151**
Distribution of dividends						0
Share capital increase	15,084	135,028		150,112	16	150,128
Acquisitions/disposals		(13,766)	(11,526)	(25,292)	5,110	(20,183)
Balance at 30/06/2020	**97,374**	**277,938**	**(218,618)**	**156,694**	**(1,764)**	**154,930**

The notes are an integral part of these condensed interim consolidated financial statements.

2. Notes to the condensed interim consolidated financial statements at 30 June 2020

2.1 General information

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

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

- Trevi S.p.A., which heads the sector of foundation engineering;
- Soilmec S.p.A., which heads the Division manufacturing and marketing plant and equipment for foundation engineering.

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

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

This report relating to the first half of 2020 has been prepared on a going concern basis, and in particular the Board of Directors has proceeded to make all the necessary assessments taking into account, for this purpose, all the information available regarding foreseeable future events.

In assessing whether the going concern assumption was appropriate or not, all the available information about the future were taken into account, relating at least - without limitation - to 12 months following the reporting date of the condensed interim consolidated financial statements at 30 June 2020.

The assessment of the going concern assumption, as well as the analysis of the foreseeable evolution of the management, derives mainly from the successful execution of the capital strengthening and debt restructuring transaction of the Group, as well as from the outlook of the results deriving from the implementation of the business plan 2018-2022, also considering the aspects related to Covid-19.

In particular, the following circumstances were considered:

- following the execution of Trevifin's capital strengthening and restructuring of the Group's financial debt:
    - the Company's equity went from a deficit of Euro 268.6 million at 31 December 2019 to equity of Euro 124.0 million at 30 June 2020, allowing the situation pursuant to Article 2447 of the Italian Civil Code to be overcome;

    - the Group's net financial position has decreased from approximately Euro 746 million at 31 December 2019 to approximately Euro 251 million at 30 June 2020; and
    - the residual debt of the Group was almost entirely rescheduled (Euro 337.8 million compared to Euro 349.8 million), providing for a bullet repayment at 31 December 2024, and the modification of the related terms and conditions;
- the first half of 2020 ended in line with the most updated forecasts included in the prospectus relating to the Capital Increase and the forecasts for the current year are in line with those prepared at the beginning of the Covid-19 pandemic;
- the Board of Directors examined the forecasts for the recovery of the Construction sector in the various economies in which the Group operates, deeming that there are various opportunities for new contracts for the Group;
- many governments in many countries with developed and emerging economies, after having protected their socio-economic system with lockdown initiatives and limiting the circulation of people and goods, have adopted tools to support the various economic systems, with expansive fiscal policies, making liquidity available to households and businesses, and by preparing economic recovery plans often based on infrastructure investments. Therefore, although for 2020 the current scenario regarding the Covid-19 pandemic is such that the expected impacts on the Construction market in 2020 are considered significant, particularly in the first half, and the growth estimates of the Construction market for 2020 have been revised downwards in line with the prospects for a contraction in global GDP over the course of the year, the forecast of recovery of this market in the course of 2021 remains confirmed, based on the expected government investments to support the economy (i.e., the US plan of USD 2 trillion), which is expected to see construction as one of the key sectors for the revival; in fact, it is believed that the growth of the Construction market amplifies the underlying GDP growth by approximately 1-1.5x, in line with what has already been found in past crisis situations (Source: comparison between the trend in growth in the Construction sector over the years - data taken from IHS Global Construction Market - and the trend of GDP growth - data taken from the Economist Intelligence Unit);
- with regard to the 2018-2022 business plan, despite the physiological factors of uncertainty linked to its complete implementation, it was drawn up, on the basis of prudential criteria, with the help of leading industrial and financial advisors, and was examined several times by the Board of Directors, as well as certificated by the expert appointed pursuant to Article 182 bis of the Italian bankruptcy law and approved by the Court of Appeal of Bologna.

In light of the above considerations, the Directors therefore adopted the going concern assumption in preparing the 2020 interim financial report, as they believe that the difficult situations that the Group has faced in the recent past have been overcome, while remaining only, as significant uncertainty that may give rise to doubts on the ability of the Company and the Group to continue operating as a going concern, the achievement of the objectives set out in the Plan, which are the repayment of loans and borrowing in December 2024 or the refinancing of residual debts at the best market conditions. The existence and the overcoming of these uncertainties relating to the implementation of the business plan 2018-2022 depend only in part on internal variables and factors controllable by the Company Management, while those remaining depend on external factors which are assessed according to criteria of reasonableness as mentioned above.

2.3 Accounting policies and basis of preparation

Background

The Condensed Interim Consolidated Financial Statements refer to the six-month period ended 30 June 2020 and were prepared pursuant to Art. 154-ter paragraphs 2 and 3 of the Italian Consolidated Finance Act, in accordance with IAS 34 – Interim Financial Reporting). They consist of the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and these Notes.

IAS 34 allows for the preparation of “condensed” interim financial statements, namely based on minimum disclosures that are significantly lower than those required by IFRS as a whole, if complete financial statements prepared in accordance with IFRS have previously been made available to the public. These Interim Consolidated Financial Statements were prepared in a condensed form and should therefore be read together with the Consolidated Financial Statements of the Group at 31 December 2019 prepared in accordance with the IFRS endorsed by the European Union, to which reference should be made to better understand the accounting policies and criteria applied.

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

Financial statements

The Condensed Interim Consolidated Financial Statements are made up of the Statement of Financial Position, the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and these Notes. The Statement of Profit or Loss, Statement of Comprehensive Income and Statement of Cash Flows figures for the six months ended 30 June 2020 are compared to the corresponding figures of the interim financial statements at 30 June 2019, while the Statement of Financial Position and to the Statement of Changes in Equity figures at 30 June 2020 are show the corresponding amounts at 31 December 2019.

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

Finally, these condensed interim consolidated financial statements at 30 June 2020 were reviewed by KPMG

S.p.A..

Changes in accounting policies

For the preparation of the Condensed Interim Consolidated Financial Statements at 30 June 2020, except for what became applicable starting from 1 January 2020 and explained below, the Group applied the same accounting policies and basis of preparation adopted in the consolidated financial statements at 31 December 2019, to which reference should be made for a more complete disclosure. In preparing the Condensed Interim Consolidated Financial Statements at 30 June 2020, the Group has not chosen the early application of standards, interpretations or improvements issued for which application is not yet mandatory.

New standards, amendments and interpretations.

Standards not yet effective

Below is a list of the standards, amendments and interpretations issued by IASB and endorsed by the European Union applied starting from 1 January 2020:

Standard/Interpretation	**IASB effective date**
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 (Business combinations) Definition of a business (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9 (Financial instruments), IAS 39 (Financial instruments: recognition and measurement) and IFRS 7 (Financial instruments: disclosures): Interest Rate Benchmark Reform (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 (Presentation of financial statements) and IAS 8 (Accounting policies, changes in accounting estimates and errors) Definition of material	1 January 2020

Below the standards, amendments and interpretations issued by the IASB and the International Financial Reporting Standard Interpretations Committee (IFRS IC) whose endorsement process has not yet been completed by the competent bodies of the European Union at the reporting date:

Standard/Interpretation	**IASB effective date**
Amendments to IFRS 16 (Leases) Covid-19 Related Rent Concessions (issued on 28 May 2020)	1 January 2020
IFRS 17 (Insurance contracts) issued on 18 May 2017, including the amendment to IFRS 17 issued on 25 June 2020	1 January 2023

Amendments to IAS 1 (Presentation of financial statements): Classification of liabilities as current or non-current (issued on 23 January 2020)	1 January 2022 (issuance of an Exposure draft proposing a deferral to 1 January 2023)
Amendments to: ▪ IFRS 3 Business combinations; ▪ IAS 16 Property, plant and equipment: ▪ IAS 37 Provisions, contingent liabilities and contingent assets ▪ Annual Improvements - 2018-2020 cycle issued on 14 May 2020	1 January 2022
Amendments to IFRS 4 (Insurance contracts) – deferral of effective date of IFRS 9 issued on 25 June 2020)	1 January 2021

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 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 amounts recognised in the Financial Statements, such as 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, because of the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

The Financial Statements items listed below 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 Group’s consolidated Financial Statements:

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

Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss in the period in which the change occurred.

Exchange rates adopted

The exchange rates applied in the translation of financial statements and foreign currency balances at 30 June 2020 were the following (foreign exchange rate corresponding to 1 Euro):

Currency		Average rate at 30 June 2020	Closing rate at 30 June 2020
Pound Sterling	GBP	0.8746	0.9124
Japanese Yen	JPY	119.2668	120.6600
US dollar	USD	1.1020	1.1198
Turkish Lira	TRY	7.1492	7.6761
Argentine Peso	ARS	71.0544	78.7859
Nigerian Naira	NGN	369.8363	403.6879
United Arab Emirates Dirham	AED	4.0473	4.1125
Singapore Dollar	SGD	1.5411	1.5648
Philippine Peso	PHP	55.8253	55.8340
Chinese Renminbi	CNY	7.7509	7.9219
Malaysian Ringgit	MYR	4.6836	4.7989
Mozambican Metical	MZN	73.1785	78.2200
Algerian dinar	DZD	136.9953	144.5298
Hong Kong Dollar	HKD	8.5531	8.6788
Indian Rupee	INR	81.7046	84.6235
Australian Dollar	AUD	1.6775	1.6344
Libyan Dinar	LYD	1.5506	1.5691
Saudi Riyal	SAR	4.1327	4.1993
Brazilian Real	BRL	5.4104	6.1118
Omani Rial	OMR	0.4237	0.4306
Qatari Riyal	QAR	4.0114	4.0761
Mexican Peso	MXN	23.8430	25.9470
Kuwait Dinar	KWD	0.3390	0.3447
Canadian Dollar	CAD	1.5033	1.5324
Colombian Peso	COP	4065.3137	4203.4500
Danish Krone	DKK	7.4648	7.4526
New Belarusian Ruble	BYN	2.5755	2.7013
Egyptian pound	EGP	17.4524	18.1012
Swiss Franc	CHF	1.0642	1.0651
Norwegian Crown	NOK	10.7324	10.9120
Iraqi Dinar	IQD	1303.7214	1324.7230
Chilean Peso	CLP	895.5652	918.7200

Consolidation scope

Compared to 31 December 2019, the consolidation scope at 30 June 2020 has not been changed except for what deriving from the disposal of the Oil & Gas division, as widely described herein.

Impairment test at 30 June 2020

The Group has verified the presence of impairment indicators at 30 June 2020 that could indicate the existence of impairment losses. This test was carried out both with reference to external sources (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 and in consideration of the recommendations included in the Public Statement issued on 20 May 2020 by ESMA (European Securities and Markets Authority) called "Implications of the COVID-19 outbreak on the half-yearly financial reports" concerning the impacts of Covid-19 on interim reports of listed issuers, the Parent has updated, with reference to 30 June 2020, the impairment test carried out at 31 December 2019 pursuant to IAS 36 on the net invested capital in the consolidated financial statements. This update required:

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

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

This update determined the recoverability of the carrying amount of each CGU through the Value in Use, calculated by discounting the plan result flows of each CGU, or through the Discounted Cash Flow method, directly referred to in IAS 36.

For the purposes of carrying out the update, 2020-2022 cash flow forecasts resulting from the 2018-2022 Plans prepared for the Trevi and Soilmec CGUs were used, the preparation of which involved the support of the business advisor Boston Consulting Group. The said forecasts were approved on 1 April 2019 and recently were updated to consider actual results at 30 June 2020. With reference to the uncertainty factors associated with the Plan, it should be noted that said Plan has been drawn up on a prudent basis with the assistance of leading industrial and financial advisors. The Plan has been examined several times by the Board of Directors and has been certified by Mr. Enrico Laghi. With reference to 2020, revenue of approximately Euro 489 million and recurring EBITDA of approximately Euro 52 million, for which forecasts had already been made at the beginning of April 2020, are confirmed.

Given that IFRS exclude the option to take into account restructurings not yet started and the relating benefits over the Plan period when estimating the recoverable amount of CGUs, the restructurings and the corresponding prospective benefits have been excluded from the estimate of the value in use of Trevi and Soilmec CGUs.

Furthermore, the financial parameters at the basis of the discounting of cash flows were updated at 30 June 2020. In continuity with the method used at 31 December 2019, a weighted average cost of capital "WACC" was calculated for the discounting of cash flows, updated at 30 June 2020 and determined according to the economic model of the CAPM (Capital Asset Pricing Model), for the business segment of the CGUs: the «Foundations» segment. The WACC was set at 9.84% and the individual variables were established as follows:

- *risk-free rate:* 1.32%, rate of return on securities of a mature country (United States), equal to the average of 10Y Bonds relating to the twelve months prior to 30 June 2020;
- *beta levered:* 1.09, calculated as an average of the unlevered beta at 3Y of a sample of comparable companies written based on the average D/E ratio of the comparables themselves;
- *equity risk premium:* used at a rate equal to 5.23% (Source: *Aswath Damodaran,* update of July 2020);
- *country risk: 5.12%,* 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 CGU of the "Foundations" sector operate, weighted by the percentage of production of operating profit in 2022 in these countries;
- *inflation differential: 0.81%,* this component was added to Ke in order to consider the effect of inflation and determine the real rate;
- *prudence premium of execution*: it was considered appropriate to increase the Ke by 1.50 percentage points;
- *cost of the gross debt*: equal to 2.39% (post tax: 1.80%) determined by adding to the average actual value of the group's medium/long-term lines (which takes into account the current level of leverage) the present value of the fixed 10-year IRS rate;
- *financial structure:* D/D+E= 36.44%; E/D+E= 63.56%, determined as the average of the comparables already considered for the definition of the beta.

For the years after 2022, the cash flows of the CGUs 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 (2022), net of the full withholding tax. Furthermore, a growth rate g was considered, based on the average expected inflation rate in countries where these CGUs operate, weighted by the percentage of operating profit in 2022 actually produced by these CGUs in those countries. Specifically, the growth rate g identified for the Foundations segment is equal to 3.01%.

For the purposes of determining the Terminal Value, on a prudential basis, the WACC was increased by 1 percentage point (namely a WACC equal to 10.84%).

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

In addition, a further update was carried out in asset side mode, verifying that the recoverable amount of the Group's assets was higher than their carrying amount. The overall enterprise value was calculated according to the sum of the parts (SOTP) approach, that is to say by summing:

- (+) the Enterprise Value of the Trevi and Soilmec CGUs;
- (+) the present value of cash flows of the holding Trevi Finanziaria Industriale;

- (+) the value of the assets pertaining to accessory investments;
- (-) the carrying amount of non-operating funds comparable to financial debt.

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

- (+) the equity of the Group at 30 June 2020;
- (+) the net financial position, recognised at the carrying amount at 30 June 2020.

This comparison shows the absence of impairment losses and, therefore, there is no need for further impairments at 30 June 2020.

Finally, a sensitivity analysis was carried out on the WACC discount rate, as it is believed that this last factor may reflect with the greatest immediacy the impact of the uncertainty arising from the current economic context due to the outbreak of Covid-19.

Therefore, the Parent has analysed the variability of the results of the estimates of the Trevi and Soilmec CGUs and of the II Level of the update assuming an increase in the WACC discount rate both with reference to the explicit period and in relation to the calculation of the *Terminal Value*, keeping all other parameters fixed.

The sensitivity analysis on the discount rate (WACC) was conducted by identifying the precise rate increase that would bring the Group's recoverable amount to be at least equal to the relative carrying amount.

This rate increase was identified as 1.38% (with a WACC for the explicit period equal to 11.22% - against 9.84% in the base case - and a WACC for the Terminal Value equal to 12.22% - against 10.84% in the base case -). This circumstance would result in:

- a margin of approximately Euro 59 million between the recoverable amount and the carrying amount of the assets of the Trevi CGU (I Level);
- a coincidence between the recoverable amount and the carrying amount of the assets of the Soilmec CGU (I Level);
- a coincidence between the recoverable amount and the carrying amount of the Group's assets (II Level).

2.4 Notes to the main items of the Condensed Interim Consolidated Financial Statements at 30 June 2020

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

(1) Property, plant and equipment:

Property, plant and equipment at 30 June 2020 totalled Euro 205,853 thousand, a decrease of Euro 25,694 thousand compared to 31 December 2019.

Changes in the first half of 2020 are summarised in the table below:

(in thousands of Euro)

	Historical cost 31/12/2019	Accumulated deprec. 31/12/2019	Carrying amount at 31/12/2019	Incr.	Decr.	Deprec.	Use of Provision	Impairment	Reclass. of change in acc. depr.	Reclass. of change in historical cost	Exchange diff.	Exchange diff. in acc. depr.	Historical cost 30/06/2020	Accumulated deprec. 30/06/2020	Carrying amount at 30/06/2020
Land	8,772	0	8,772	424	(0)	0	0	0	0	(579)	(387)	0	8,230	0	8,230
Buildings	72,269	(28,813)	43,456	1,729	(633)	(2,299)	0	(44)	(12,043)	12,920	(902)	156	85,338	(42,999)	42,339
Plant and machinery	332,846	(204,113)	128,733	5,366	(9,465)	(9,561)	3,899	(0)	(41,729)	39,060	(18,042)	13,501	349,764	(238,003)	111,761
Industrial and commercial equipment	89,488	(58,927)	30,561	946	(680)	(6,958)	913	(582)	9,208	(7,234)	(4,211)	3,470	77,727	(52,294)	25,432
Other assets	71,058	(54,252)	16,806	357	(1,133)	(2,352)	885	0	21,974	(22,391)	(3,004)	2,527	44,887	(31,218)	13,669
Assets under construction and payments on account	3,220	0	3,220	956	(360)	0	0	0	0	617	(10)	0	4,422	0	4,422
TOTAL	**577,653**	**(346,105)**	**231,548**	**9,778**	**(12,272)**	**(21,171)**	**5,697**	**(626)**	**(22,590)**	**22,393**	**(26,557)**	**19,654**	**570,368**	**(364,514)**	**205,854**

Gross increases in the period were Euro 9,778 thousand while decreases were Euro 12,272 thousand.

Net exchange losses amount to Euro 6,903 thousand.

The impairment losses of the period amounted to Euro 626 thousand and are detailed in the note to the Statement of Profit or Loss.

(2) Intangible assets:

Intangible assets at 30 June 2020 totalled Euro 8,803 thousand. Changes in the first half of 2020 are summarised in the table below:

(in thousands of Euro)

	Historical cost 31/12/2019	Accumulated amort. 31/12/2019	Carrying amount at 31/12/2019	Incr.	Decr.	Amort.	Impairment	Exchange diff. in historical Cost	Exchange diff. in acc. amort.	Other Changes	Historical cost 30/06/2020	Accumulated amort. 30/06/2020	Carrying amount at 30/06/2020
Goodwill	0	0	0								0	0	0
Development costs	61,321	(56,062)	5,260	1.338		(333)					62,659	(56,395)	6,265
Industrial patents and intellectual property rights	7,969	(7,679)	290	47		(66)				(117)	7,899	(7,745)	154
Concessions, licences, trademarks and similar rights	3,934	(3,792)	142		(23)	(7)		(15)	15	120	4,016	(3.784)	232
Assets under development and payments on account	218	0	218	740						(0)	957	0	957
Other intangible assets	18,776	(17,892)	884	588		(207)		(274)	204		19,090	(17,895)	1,195
TOTAL	**92,218**	**(85,424)**	**6,794**	**2,712**	**(23)**	**(613)**	**0**	**(289)**	**219**	**3**	**94,622**	**(85,819)**	**8,803**

Development costs at 30 June 2019 were Euro 6,265 thousand (Euro 5,260 thousand at 31 December 2019 with a total increase of Euro 1,005 thousand); these costs, which meet the requirements of IAS 38, were capitalised and subsequently amortised from the start of production and over the average economic life of the relevant equipment.

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

(3) Equity investments:

Equity investments amounted to Euro 4,500 thousand, up by a total of Euro 500 thousand compared to 31 December 2019. The increase is mainly attributable to the impairment gain on the equity investment in Trevi Icos Nicholson JV measured using the equity method.

(4) Deferred tax assets and deferred tax liabilities:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Deferred tax assets	43,013	44,163	(1,150)
Total	**43,013**	**44,163**	**(1,150)**
Deferred tax liabilities	(26,895)	(31,729)	4,834
Total	**(26,895)**	**(31,729)**	**4,834**
Net deferred tax assets at the end of the period/year	**16,118**	**12,434**	**3,684**

Deferred tax assets refer in part to temporary differences and prior tax losses which, in accordance with tax regulations, may be recovered in future years and, for the remaining part, they refer to the deferred tax effects deriving from consolidation entries. At 30 June 2020, deferred tax assets amounted to Euro 43,013 thousand, down by a total of Euro 1,150 thousand compared to 31 December 2019. Deferred tax assets are considered recoverable in part through the offsetting against deferred tax liabilities that will be concurrently reversed in the future and, for the remaining part, are attributable to tax losses of the U.S. holding company, which generates sufficient taxable income in its tax consolidation to recover net deferred tax assets.

Deferred tax liabilities mainly refer to the differences between the carrying amounts of assets and liabilities shown in the Consolidated Financial Statements and the corresponding amounts recognised for tax purposes in the countries where the Group operates. At 30 June 2020, deferred tax liabilities amounted to Euro 26,895 thousand, down by a total of Euro 4,834 thousand compared to 31 December 2019. Below the table showing the changes in question:

(in thousands of Euro)

	Balance at 31/12/2019	**Provisions**	**Decreases**	**Other changes**	**Balance at 30/06/2020**
Deferred tax assets	44,163	(793)	(792)	434	43,013
Deferred tax liabilities	(31,729)	2,634	507	1,692	(26,895)

Other changes are mainly attributable to exchange differences.

(5) Derivative financial instruments:

Current derivative liabilities at 31 December 2019 for approximately Euro 132 thousand were settled when the restructuring agreement became effective through the new financial debt.

(6) Trade receivables and other non-current assets:

Trade receivables and other non-current assets are shown below:

(in thousands of Euro)

	30/06/2020	**31/12/2019**	**Changes**
Trade receivables	2,041	2,185	(144)
Prepayments and accrued income	181	760	(579)
TOTAL	**2,222**	**2,946**	**(724)**

Trade receivables and other non-current assets are mainly attributable to the subsidiary Swissboring Dubai totalling Euro 1,876 thousand and the subsidiary Trevi Australia for Euro 165 thousand.

(7) Inventories:

Inventories were Euro 139,567 thousand at 30 June 2020 and the breakdown was as follows:

(in thousands of Euro)

	30/06/2020	**31/12/2019**	**Changes**
Raw materials, consumables and supplies	87,053	79,129	7,924
Work in progress and semi-finished products	13,399	11,167	2,232
Finished goods	38,830	28,123	10,707
Payments on account	284	478	(194)
TOTAL	**139,567**	**118,897**	**20,670**

Total inventories increased (Euro 20,670 thousand) with respect to 31 December 2019, mainly attributable to the Soilmec Division for rigs expected to be sold starting from the second half of 2020.

Inventories are shown net of the allowance for inventory write-down of Euro 25,519 thousand (Euro 26,066 thousand at 31 December 2019) to cover the risk of obsolescence and the slow disposal of some inventory units at the end of the reporting period.

(8) Trade receivables and other current assets:

At 30 June 2020 this item totalled Euro 255,823 thousand and is broken down as follows:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Trade receivables	180,978	229,430	(48,452)
Due from customers	21,832	4,048	17,784
Sub Total: Trade receivables	**202,810**	**233,478**	**(30,668)**
Receivables from associates	13,310	14,711	(1,401)
VAT assets	14,604	22,430	(7,826)
Receivables from others	19,403	13,963	5,440
Prepayments and accrued income	5,695	4,749	946
Total s	**255,823**	**289,331**	**(33,508)**

The amounts due from customers are attributable to contracts mainly in Trevi S.p.A., Trevi France and Treviicos USA.
The following table gives details of the breakdown of the item "due to customers":

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Current assets			
Contract work in progress	40,926	80,506	(39,580)
Allowance for contract losses to complete	(27,707)	(29,928)	2.221
Total contract work in progress	**13,219**	**50,578**	**(37,359)**
Progress payments	8,614	(46,530)	55,144
Total receivables due customers	**21,832**	**4,048**	**17,784**
Current liabilities:			
Contract work in progress	70,592	61,860	8,732
Progress payments	(76,605)	(65,877)	(10,728)
Total payables to customers	**(6,013)**	**(4,017)**	**(1,996)**

Trade receivables are stated net of the loss allowance that amounted to Euro 72,436 thousand at 30 June 2020 (Euro 74,979 thousand at 31 December 2019). Changes are shown in the table below:

(in thousands of Euro)

	Balance at 31/12/2019	Accruals	Decreases	Other changes	Balance at 30/06/2020
Loss allowance	74,979	461	(2,139)	(864)	72,436
TOTAL	**74,979**	**461**	**(2,139)**	**(864)**	**72,436**

Accruals totalled Euro 461 thousand at 30 June 2020 and refer to individual measurement of receivables, based on a specific analysis of each position where there could be a payment risk.
Decreases include a release relating to a credit position with an Algerian customer.
"Other changes" mainly includes exchange differences amounting approximately to Euro 0.7 million.

Receivables from associates mainly refer to Treviicos – Nicholson JV (Boone Dam contract) for about Euro 4.9 million, a Joint Venture including Trevi France (Grand Paris contract) for Euro 3.9 million and some associates of Trevi SpA (contracts in Italy) for Euro 1.9 million.
Details of receivables from associates are included in paragraph 2.5 - Related party transactions.

Prepayments and accrued income

This item is mainly composed of prepayments detailed as follows:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Accrued income	677	579	98
Prepayments	4,975	4,143	832
Sabatini law interest	43	27	16
TOTAL	**5,695**	**4,749**	**945**

Prepayments include prepaid lease income and insurance premiums.
The breakdown of "Receivables from others" is as follows:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Receivables from employees	714	1,090	(376)
Advances to suppliers	4,300	4,740	(440)
Other	14,390	8,132	6,258
TOTAL	**19,404**	**13,962**	**5,442**

(9) Tax assets

Current tax assets amounted to Euro 9,722 thousand (Euro 12,086 thousand at 31 December 2019) and are mainly represented by receivables for direct taxes and tax advances.

(10) Cash and cash equivalents:

This item includes:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Bank and postal accounts	104,229	76,899	27,330
Cash-in-hand and cash equivalents	878	810	68
TOTAL	**105,107**	**77,709**	**27,398**

Cash and cash equivalents includes non-transferable amounts without authorisation from the Financial Institution in which they are deposited as they guarantee bank credit lines for issuing commercial bonds; at 30 June 2020 they amounted to approximately Euro 2.5 million in the United Arab Emirates.
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 8.3 million and in Algeria for Euro 1.0 million).
Finally, at 30 June 2020, there were current accounts subject to restrictions, following a dispute with an Italian

supplier, for about Euro 700 thousand: these restrictions were removed after 30 June 2020, against payment by some Group companies of about Euro 390 thousand in July and August 2020. For an analysis of the net financial position and the cash and cash equivalents of the Trevi Group please refer to the Report on Operations and the Statement of Cash Flows.

(11) Equity:

The breakdown of Equity at 30 June 2020 is given in the following table:

- *Share capital:*

The company issued a total of 15,085,569,328 shares, of which 204,000 were purchased as treasury shares. At 30 June 2020, the Parent's fully subscribed and paid-up Share Capital amounted to Euro 97,374 thousand, marking an increase compared to 31 December 2019 following the share capital increase completed in May 2020.

- *Losses carried forward:*

At 30 June 2020, this item amounted to Euro 470,097 thousand and includes the consolidated results of operations of previous years, for the part not distributed as dividends to Shareholders and the results of operations for the period attributable to the Parent.

Other reserves:

The other reserves are as follows:

1. *Extraordinary reserve:*

The Extraordinary reserve at 30 June 2020 totalled Euro 13,184 thousand, marking a decrease of Euro 2,621 thousand compared to 31 December 2019. This decrease is representative of the costs incurred by the Group for the operations strictly related to the capital increase and which, therefore, according to IFRS, are not to be recognised in profit or loss, but to be deducted directly from equity. In particular, they refer to the fees relating to the consultancy costs of advisors and of companies that have supported Trevi Finanziaria Industriale S.p.A. to carry out the share capital increase.

2. *IFRS transition reserve:*

The item includes the effects of the transition to IFRS of the Group companies carried out with reference to 1 January 2004.

3. *Reserve for Treasury Shares:*

The reserve for treasury shares was Euro 736 thousand at 30 June 2020, unchanged compared to 31 December 2019.

4. *Share premium reserve:*

At 30 June 2020, the share premium reserve amounted to Euro 252,129 thousand, marking an increase compared to Euro 114,480 thousand recorded at 31 December 2019 following the share capital increase completed in May 2020.

5. *Legal reserve:*

The legal reserve is the share of profits that pursuant to Article 2430 of the Italian Civil Code cannot be distributed as dividends. Compared to 31 December 2019, the legal reserve has not changed. At 30 June 2020 this reserve was Euro 8,353 thousand.

6. *Translation reserve:*

This reserve, amounting to Euro 16,605 thousand at 30 June 2020, relates to the exchange differences from the translation into Euro of financial statements expressed in currencies other than the Euro. Exchange fluctuations are mainly between the Euro and the US Dollar and between the Euro and the currencies of South American countries.

- *Deficit attributable to non-controlling interests*

At 30 June 2020, the deficit attributable to non-controlling interests amounted to Euro 1,764 thousand.

The recapitalisation carried out by the Parent, already referred to under paragraph “Execution of the capital increase”, partly consists in a capital increase against consideration for a total amount of Euro 63,137,242.00, to be paid in one instalment up to the amount of Euro 10,593,896.00, through the issue of a total of 6,313,724,200 ordinary shares, without nominal amount, having the same characteristics as the outstanding shares, at an issue price per share of Euro 0.01, of which Euro 0.001 to be attributed to capital and Euro 0.009 to be attributed to share premium, to be offered, with the exclusion of the right of first refusal pursuant to Art. 2441, paragraph 5, of the Italian Civil Code, to banks to be paid by voluntarily converting certain, liquid and collectible receivables, by 31 May 2020, at a ratio of conversion of the receivable to capital of 4.5 to 1;

The above-mentioned capital increase falls within the scope of IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”.

The Parent determined, in accordance with IFRIC 19, the fair value of the financial instruments converted into equity taking as reference the official price at the date before the conversion, 28 May 2020, and as such available on the day of conversion, equal to Euro 0.0103 per share, multiplied by the number of shares issued to partially extinguish the financial liability, equal to No. 6,313,724,191; therefore, the fair value of the shares issued is equal to Euro 65,031 thousand. As a result, taking as a reference the Euro 284.1 million that the financial institutions implicitly cancelled for the execution of the financial manoeuvre in the statement of profit or loss, approximately Euro 219.5 million was recognised as income from the execution of the financial manoeuvre.

The recapitalisation carried out by the Parent, already referred to under paragraphs “Execution of the manoeuvre to strengthen the Group’s capital and restructure its financial debt” and “Execution of the capital increase”, partly consists in a divisible capital increase against consideration, for a maximum total amount of Euro 19,986,562.21 inclusive of the share premium, which will be implemented through the future issue of a maximum of 1,537,170,662 ordinary shares, without nominal amount, having the same characteristics as the outstanding shares, at an issue price per share of Euro 0.013, of which Euro 0.001 to be attributed to capital and Euro 0.012 to be attributed to share premium, serving the exercise of a maximum of 1,645,793 warrants that will be assigned to the shareholders before the detachment of the Right of first refusal relating to the Right of First Refusal Increase according to the Right of First Refusal pursuant to Art. 2441, paragraph 1 of Italian Civil Code with free-of-cost issue before 31 May 2020, granting the right to subscribe these Conversion Shares at the expiry date set on the fifth anniversary of the issue date according to the ration on No. 934 new Conversion Shares per each No. 1 Warrant held.

The Trevifin share is the financial instrument underlying the Warrants. The latter grant the holder the right to subscribe newly issued shares in the ratio of No. 934 Conversion Shares per each Warrant held. The exercise of the subscription right can only take place on the expiry date of the Warrants (of European type), i.e., 5 May 2025. The holders of the Warrants who have continuously maintained ownership of these financial instruments between the sixth month following the issue date and the expiry date (i.e., between 4 November 2020 and 5 May 2025), will also have the subscription right of No. 1 Bonus Share every No. 5 Conversion Shares subscribed through the exercise of the Warrants. For the purpose of identifying uninterrupted possession for this period of time, starting from the sixth month following the issue date (i.e., from 4 November 2020), the Warrants will be identified by the ISIN code IT0005402935. If the Warrants are transferred before the aforementioned term, they will take the ISIN code IT0005402885 and in this case, if exercised, they will not entitle to subscribe the Bonus Shares. Warrants are freely transferable and may circulate independently and separately from the shares to which they are attached at the time of issue.

Share capital increase through the exercise of warrants falls within the scope of IAS 32 “Financial Instruments: Presentation”.

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 the definitions of a financial liability, a financial asset and an equity instrument”.

Specifically, according to 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, that 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 though 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 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 as at 30 June 2020. The fair value was determined using the value quoted on the MTA on the day of issue (fair value of level 1). The fair value was updated at 30 June 2020 and will be remeasured at each reporting date. At 30 June 2020, it was equal to Euro 7.26 per warrant, thus determining the carrying amount in approximately Euro 11.9 million. As of today (22 September 2020) the fair value of this liability amounts to approximately Euro 7.2 million.

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

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

The management will continue to monitor the existence of the conditions that led to the recognition of this liability as from 4 November 2020 (the date on which the uninterrupted ownership of the warrants will give right to bonus shares).

In the financial statements at 30 June 2020, this liability had a balancing entry in profit or loss among the costs related to the execution of the overall financial manoeuvre.

(12) Bank borrowings and borrowings from other financial backers:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Bank borrowings	209,445	7,656	201,789
Lease liabilities	49,975	14,998	34,977
Borrowings from other financial backers	19,081	10,766	8,315
TOTAL	**278,501**	**33,420**	**245,081**

The change compared to 31 December 2019 is attributable to the reclassification from current to non-current financial liabilities following the effectiveness of the restructuring agreement. Bank borrowings include the calculation of the fair value of the rescheduled financial debt, in accordance with IFRS 9, determined at the date of effectiveness of the restructuring agreement (with an improvement on non-current bank borrowings for about Euro 44.3 million); at 30 June 2020, the fair value was remeasured and led to an increase in non-current financial liabilities for about Euro 1.6 million.

Borrowings from other financial backers mainly refer to the debt that arose in 2019 following the first application of IFRS 16.

The breakdown of bank borrowings and borrowings from other financial backers by due date was as follows:

(in thousands of Euro)

	From 1 to 5 years	After 5 years	Total
Bank borrowings	204,785	4,660	209,445
Lease liabilities	46,524	3,451	49,975
Borrowings from other financial backers	19,081	0	19,081
TOTAL	**270,390**	**8,111**	**278,501**

(13) Post-employment benefits:

At 30 June 2020, the post-employment benefits item (TFR) and the provision for pensions totalled Euro 13,094 thousand and consisted of the indemnities accrued at year end by employees of Italian companies, as required by law, and provisions made by foreign companies to cover accrued liabilities towards 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 in the first half of 2020 are shown in the following table:

(in thousands of Euro)

	Balance at 31/12/19	Accruals	Benefits and advances paid	Other changes	Balance at 30/06/20
Post-employment benefits	6,143	631	(630)	(1,185)	4,959
Pensions and similar liabilities	7,539	1,139	(1,095)	551	8,135
TOTAL	**13,682**	**1,770**	**(1,724)**	**(634)**	**13,094**

Other changes in the provision for pensions were due to the exchange effects from foreign subsidiaries.

(in thousands of Euro)

	30/06/2020	31/12/2019
Opening balance	**6,143**	**5,998**
Service cost	108	261
Interest expense	22	91
Benefits paid	(630)	(388)
Reclassifications and other changes	(684)	181
Closing balance	**4,959**	**6,143**

The main actuarial assumptions were:

	30/06/2020	31/12/2029
Annual technical discount rate	0.77%	0.77%
Annual rate of inflation	1.00%	1.00%
Annual rate of increase in total salaries	2.50%	2.50%
Annual rate of increase in post-employment benefits	2.25%	2.25%

(14) Provisions for risks and charges:

Provisions for risks and charges consist of:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Contractual risks	2,000	659	1,341
Warranty provision	0	636	(636)
Provision for losses from investees	1,490	1,042	448
Legal disputes	744	1,034	(290)
Tax disputes	1,743	2,076	(333)
Other provisions for risks	687	1,787	(1,100)
TOTAL non-current provisions for risks and charges	**6,664**	**7,235**	**(569)**
Other provisions for risks	7,536	9,350	(1,814)
TOTAL Current provisions for risks and charges	**7,536**	**9,350**	**(1,814)**
TOTAL	**14,200**	**16,584**	**(2,384)**

At 30 June 2020, the warranty provision amounted to approximately Euro 678 thousand and was reclassified to non-current provisions. This item relates to accruals for technical warranty interventions on the serviceable products of the companies in the metalworking sector.

The provision for losses from investees of Euro 1,490 thousand relates to non-controlling interests of Trevi S.p.A.

The non-current provision for legal disputes totalled Euro 744 thousand, with a decrease of Euro 290 thousand compared to the previous year mainly attributable to Trevi S.p.A. for Euro 228 thousand, to the subsidiary Trevi Foundations Nigeria Ltd. for Euro 345 thousand and to the subsidiary RCT Srl for Euro 170 thousand.

The non-current provision for tax disputes amounting to Euro 1,743 thousand mainly refers to the subsidiary Trevi Spa for Euro 511 thousand, to the subsidiary Trevi Foundations Nigeria Ltd. for Euro 495 thousand, to Trevigalante SA for Euro 281 thousand and to PSM SpA for Euro 454 thousand.

These provisions represent the management's best estimate of the liabilities that must be accounted for with reference to:

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

The portion of current provisions at 30 June 2020 amounted to Euro 7,535 thousand (Euro 9,350 thousand at 31 December 2019).

At 30 June 2020, the portion of current provisions for risks and charges amounted to Euro 7,536 thousand: the most significant amount of this balance is attributable to Trevi France for approximately Euro 3,869 thousand and relates to the contracts in progress.

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

(in thousands of Euro)

	Balance at 31/12/2019	aAccruals	Uses	Other changes	Balance at 30/06/2020
Non-current portion	7,235	1,999	(2,493)	(76)	6,664
Current portion	9,350	203	(1,259)	(758)	7,536
TOTAL	**16,585**	**2,202**	**(3,752)**	**(834)**	**14,201**

(15) Other non-current liabilities:

Other non-current liabilities amounted to approximately Euro 12,159 thousand at 30 June 2020 (Euro 41 thousand at 31 December 2019). The balance is composed for Euro 11,948 thousand of the Warrant issued by the Parent in accordance with IAS 32 and provided for by the complex Restructuring Transaction: for further details on the accounting of the Warrant please refer to note (11) Equity.

(16) Trade payables and other current liabilities:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Trade payables	131,672	168,302	(36,630)
Payments on account	15,868	15,982	(114)
Due to customers	6,014	4,017	1,997
Due to associates	832	2,363	(1,531)
Social security charges payable	4,496	5,049	(553)
Accrued expenses and deferred income	4,227	4,736	(509)
Other liabilities	23,161	15,931	7,230
VAT liabilities	3,786	7,900	(4,114)
TOTAL	**190,056**	**224,280**	**(34,224)**

For further details on “due to customers” please refer to note 8 “Trade Receivables and Other current Assets”. Details of amounts due to associates, which totalled Euro 832 thousand, are included in paragraph 2.4 – Related party transactions.

Other liabilities:

“Other liabilities” mostly includes:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Due to employees	11,675	13,578	(1,903)
Other	11,485	2,353	9,132
TOTAL	**23,161**	**15,931**	**7,230**

Amounts due to employees were for wages and salaries and accruals for leaves accrued but not used.

(17) Current tax liabilities:

At 30 June 2020, current tax liabilities amounted to Euro 9,322 thousand, down by a total of Euro 3,309 thousand compared to 31 December 2019.

The balance at 30 June 2020 includes liabilities related to estimated taxes pertaining to the first half of 2020.

(18) Current bank borrowings and borrowings from other financial backers:

Details of current borrowings are shown below:

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Bank overdrafts	16,187	25,200	(9,013)
Trade advances	31,373	45,217	(13,844)
Bank borrowings	6,582	3,956	2,626
Current portion of mortgages and loans	2,215	478,821	(476,606)
TOTAL current borrowings	**56,358**	**553,194**	**(496,836)**

(in thousands of Euro)

	30/06/2020	31/12/2019	Changes
Lease liabilities	25,510	51,200	(25,690)
Borrowings from other financial backers	9,835	187,115	(177,280)
TOTAL Borrowings from other financial backers	**35,345**	**238,315**	**(202,970)**

Current borrowings are made up of bank borrowings and the residual current portions of non-current mortgages. The significant decrease compared to 31 December 2019 is due to the effectiveness of the restructuring agreement and the positive outcome of the capital increase that in May 2020 led to the conversion into equity, with a ratio of 4.5 to 1, of about Euro 284.1 million by financial institutions.

Lease liabilities comprise the principal of instalments due within one year.

"Borrowings from other financial backers" at 30 June 2020 relates to the first application of IFRS 16.

Net financial position

Information of the Net Financial Position of the Group is shown below:

TREVI GROUP

TOTAL NET FINANCIAL POSITION AND NET FINANCIAL POSITION

(in thousands of Euro)

		Notes	30/06/2020	31/12/2019	Changes
A	Cash and other cash equivalents		(105,107)	(77,709)	(27,398)
B	Securities held for trading		0	0	0
C	**Cash and cash equivalents (A+B)**		**(105,107)**	**(77,709)**	**(27,398)**
D	Current loans		(2,526)	(10,977)	8,451
E	Current bank borrowings		54,143	74,372	(20,229)
F	Current portion of non-current debt		2,215	478,821	(476,606)
G	Other current financial liabilities		35,345	238,448	(203,103)
H	**Current financial debt (F+G+H)**		**91,703**	**791,640**	**(699,937)**
I	**Net current financial debt (H-D-C)**		**(15,930)**	**702,954**	**(718,883)**
J	Non-current bank borrowings		159,445	7,656	151,789
K	Bonds issued		50,000	0	50,000
L	Other non-current liabilities		69,056	25,764	43,292
M	**Non-current financial debt (I+K+L)**		**278,501**	**33,420**	**245,081**
N	**Net financial position (I+M)** **(in accordance with Consob notice of 28 July 2006 No. DEM/6064293)**		**262,571**	**736,374**	**(473,803)**
O	Other non-current financial assets		(11,512)	(1,353)	(10,159)
P	**Total Net Financial Position (N+O)**		**251,060**	**735,021**	**(483,962)**

At 30 June 2020, the Financial Covenants were met.

GUARANTEES AND COMMITMENTS

The main guarantees provided are listed below:

• Guarantees given to Insurance companies (both in Euro and US dollars): these amounted to Euro 361,937,613 and refer to the issuance of sureties for VAT refunds of the Parent and the main Italian subsidiaries and to guarantees given in favour of leading US insurance companies, in the interests of the subsidiary Treviicos Corporation, for the execution of its projects; these guarantees are reduced in proportion to the remaining work still to be performed at the end of each year. This category also includes guarantees with local insurance companies agreed by the subsidiaries Trevi Foundations Philippines Inc. and Trevigalante SA.

Guarantees given to third parties: these amounted to Euro 333,602,616 and refer in particular to:

- bank guarantees for Euro 188,028,930 to guarantee cash and secured lines as well as leases for subsidiaries of Trevi Finanziaria Industriale Spa;
- commercial guarantees (mainly to take part in tenders, performance bonds and contractual advances) for Euro 124,923,021;
- financial guarantees of Euro 20,650,665 issued to banks for loans received**.**

At the Trevi Group level, at the date of the preparation of these Condensed Interim Consolidated Financial Statements, some reminders and injunctions were received from suppliers against commercial relations. The aggregate value of these positions is approximately Euro 3.7 million, consisting in approximately Euro 2.5 million which has been settled and approximately Euro 1.2 million that is under definition. At 30 June 2020, there were past due social security charges payable for approximately Euro 178 thousand and past due tax liabilities for about Euro 77 thousand.

OPERATING REVENUE

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

This item amounted to Euro 238,383 thousand, marking a decrease compared to Euro 301,740 related to the first half of 2019. In December 2019, the Trevi Group completed the sale of the US company Watson Inc., which had contributed in the first half of 2020 approximately Euro 12 million of revenue.

Furthermore, the Mosul contract in Iraq generated revenue for approximately Euro 26 million in the first half of 2019.

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)

	First half 2020	%	First half 2019	%
Italy	23,724	9.95%	30,566	10.10%
Europe (excluding Italy)	63,949	26.83%	39,156	13.00%
U.S.A. and Canada	50,687	21.26%	60,424	20.00%
Latin America	13,579	5.70%	19,304	6.40%
Africa	18,481	7.75%	22,654	7.50%
Middle East and Asia	28,195	11.83%	80,134	26.60%
Far East and Rest of the World	39,766	16.68%	49,502	16.40%
TOTAL REVENUE	**238,383**	**100%**	**301,740**	**100%**

The following table gives a breakdown of Group revenue by business segment:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Special foundation works	196,793	209,575	(12,782)
Production of special machinery for foundations	42,916	93,659	(50,743)
Interdivisional eliminations and adjustments	(2,391)	(5,575)	3,183
Sub-Total Foundations Sector (Core Business)	**237,318**	**297,659**	**(60,342)**
Parent	**9,819**	**13,640**	**(3,821)**
Interdivisional and Parent eliminations	(8,754)	(9,560)	806
TREVI GROUP	**238,383**	**301,740**	**(63,357)**

Other operating revenue

"Other operating revenue" amounted to Euro 23,678 thousand, marking an increase respect to Euro 13,421 thousand in the first half of 2019. This item includes:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Grants related to income	115	84	31
Recovery of expenses and recharges to Consortia	5,758	5,427	331
Sales of spare parts and raw materials	2,822	2,350	472
Gains on sale of assets	1,269	982	287
Compensation for damage	1,202	2,184	(982)
Lease income	413	279	134
Prior year income	7,997	541	7,456
Other	4,101	1,573	2,528
Total	**23,678**	**13,421**	**10,258**

"Other" includes approximately Euro 2.4 million for the release of provisions for risks and charges and loss allowances and approximately Euro 1.6 million for the elimination of amounts due to a customer.

PRODUCTION COST

(20) Personnel expense:

This item amounted to Euro 68,792 thousand, compared to Euro 85,126 thousand related to the first half of 2019.

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Wages and salaries	52,485	66,463	(13,978)
Social security charges	11,064	13,450	(2,386)
Post-employment benefits	631	669	(38)
Pension fund	1,139	571	568
Other costs	3,473	3,974	(501)
Total	**68,792**	**85,126**	**(16,335)**

The breakdown of personnel and changes with respect to the previous year are as follows:

	30/06/2020	31/12/2019	Changes	Average
Managers	81	120	(39)	101
White collars and junior managers	1,292	2,030	(738)	1,661
Blue collars	2,272	2,387	(115)	2,330
Total	**3,645**	**4,537**	**(892)**	**4,092**

The reductions in personnel expense were significant, both due to the reduction in the Group's workforce, which went from 4,537 units at 31 December 2019 to 3,645 units at 30 June 2020 and due to cost containment actions. The Italian companies of the Group have benefited from the legal instruments for the reduction of personnel costs as reported in the paragraph "COVID-19" included in the Report on Operations.

(21) Other operating expenses

This item amounted to Euro 86,121 thousand, marking a decrease compared to Euro 107,311 related to the first half of 2019.

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Services	67,904	88,601	(20,697)
Use of third-party assets	12,916	13,138	(222)
Other operating expenses	5,302	5,572	(269)
Total	**86,121**	**107,311**	**(21,189)**

Services:

This item amounted to Euro 67,904 thousand and mostly includes:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Sub-contracts	17,262	21,776	(4,514)
Technical, legal, tax consultancy services	8,364	17,289	(8,925)
Other expenses for the provision of services	9.170	11,974	(2,804)
Food, accommodation and travel expenses	4,769	9,368	(4,598)
Insurance companies	3,958	6,480	(2,522)
Shipping, customs and transport costs	5,386	6,072	(686)
Maintenance and repairs	3,470	4,821	(1,351)
Bank services	2,373	2,153	220
Expenses for energy, telephone, gas, water and post	2,002	1,934	68
Outsourcing	9,156	1,632	7,524
Technical assistance	520	1,576	(1,056)
Advertising and promotions	418	1,249	(831)
Administrative services	706	1,044	(338)
Driving force	136	500	(364)
Commissions and ancillary charges	73	362	(289)
Entertainment expenses	138	276	(138)
Consortium cost share	0	95	(95)
Total	**67,904**	**88,601**	**(20,697)**

Use of third-party assets:

This item amounted to Euro 12,916 thousand and mostly refers to:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Equipment leases	9,944	9,322	622
Lease expenses	2,972	3,816	(844)
Total	**12,916**	**13,138**	**(222)**

"Equipment leases" includes operating lease costs for contracts in progress. These costs are attributable to short-term leases that are eligible for being excluded from accounting in accordance with IFRS 16.

Other operating expenses:

This item amounted to Euro 5,302 thousand. Its composition is as follows:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Indirect duties and fees	1,779	1,570	209
Prior year expense	1,634	401	1,233
Other miscellaneous expenses	1,009	3,059	(2,050)
Ordinary losses on the sale of assets	879	541	338
Total	**5,302**	**5,571**	**(269)**

Indirect duties and fees are mainly due to Trevi Finanziaria Industriale S.p.A. for Euro 706 thousand, Soilmec S.p.A. for Euro 232.6 thousand, Trevi Foundation Philippines Inc. for Euro 227.4 thousand.

(22) Provisions and impairment losses:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Provisions for risks	2,202	1,804	398
Accruals to loss allowances	461	7,966	(7,505)
Impairment losses	626	0	626
Total	**3,289**	**9,770**	**(6,481)**

Provisions for risks:

Provisions for risks were Euro 2,202 thousand and mainly consist in a provision accounted for in Trevi S.p.A. due to a tax dispute with an Iraqi supplier.

Accruals to loss allowances:

The amount of Euro 461 thousand refers to the loss allowance of individual subsidiaries, in accordance with IFRS 9 requirements.

Impairment losses:

During the half year under review impairment losses were accounted for in Trevi Finanziaria Industriale S.p.A. for Euro 582 thousand relating to industrial and commercial equipment and in Trevi S.p.A. for Euro 44 thousand relating to operating buildings.

(23) Financial income:

This item is broken down as follows:

(in thousands of Euro)

	First half 2020	First half2019	Changes
Interest on bank borrowings	98	3,711	(3,613)
Interest on trade receivables	25	47	(22)
Financial income from fair value measurement	42,730	0	42,730
Financial income from financial manoeuvre	244,289	0	244,289
Other financial income	1,043	131	912
Total	**288,185**	**3,888**	**284,296**

“Financial income from fair value measurement” includes 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.

The item “Financial income from financial manoeuvre” mainly includes Euro 239,649 thousand, which represents the positive difference deriving from the conversion of part of the financial liabilities into capital by the creditor banks and, in particular, from the simultaneous elimination of part of the financial liabilities in execution of the restructuring agreement pursuant to art. 182-bis of the Italian Bankruptcy Law.

This income derives:

a) for an amount of Euro 230,753 thousand, from a conversion of a pre-existing debt and consequent elimination of the remaining liability and, therefore, not from a relationship characterised by a financial cause that may be interest or similar income;
b) for an amount of Euro 8,896 thousand, from a waiver by banks of interest accrued but not collected.

(24) Financial expense:

This item is broken down as follows:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Interest expense on bank borrowings	15,460	11,564	3,896
Bank fees and commissions	533	53	480
Interest expense on loans	84	240	(156)
Interest on lease liabilities	734	784	(50)
Interest on borrowings from other financial bakers	19	652	(633)
Expense deriving from the recognition of Warrants	11,948	0	11,948
Other financial expense	1,298	0	1,298
Impairment losses on loans	386	0	386
Total	**30,463**	**13,293**	**17,170**

"Expense deriving from the recognition of Warrants" reflects the recognition detailed in the Note to "Other non-current liabilities".

(25) Net exchange losses:

In the first half of 2020, the realised and unrealised net exchange losses amounted to Euro 5,369 thousand and mostly originate from the fluctuation between the Euro and the US Dollar, and between the Euro and the currencies of South American countries.

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Realised exchange gains	3,189	1,865	1,324
Realised exchange losses	(3,402)	(2,196)	(1,206)
Sub-total of realised exchange losses	**(213)**	**(331)**	**118**
Unrealised exchange gains	2,748	2,189	559
Unrealised exchange losses	(7,904)	(2,436)	(5,468)
Sub-total of unrealised exchange losses	**(5,156)**	**(247)**	**(4,909)**
Net exchange losses	**(5,369)**	**(577)**	**(4,791)**

(26) Income taxes:

The main components of income taxes in the condensed interim consolidated financial statements are:

(in thousands of Euro)

	First half 2020	First half 2019	Changes
Current taxes:			
- Regional Business Tax (IRAP)	1,881	377	1,504
- Income taxes	864	6,034	(5,170)
Change in deferred tax liabilities	(2,634)	(1,244)	(1,390)
Change in deferred tax assets	793	(2,199)	2,992
Total	**904**	**2,968**	**(2,064)**

The income taxes for the period refer to the estimate of direct taxes, calculated on the basis of the taxable income of the individual consolidated companies of the Group.

Taxes for foreign companies are calculated according to the tax rates in force in the respective countries.

(27) Earnings/(losses) per share:

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

		First half 2020 Profit (loss) from continuing operations	First half 2020 Profit (loss) from discontinued operations	First half 2019 Profit (loss) from continuing operations	First half 2019 Profit (loss) from discontinued operations
A	Profit/(loss) for the period (thousands of Euro)	262,071	(10,601)	(25,666)	0
B	Weighted average number of ordinary shares for the determination of basic earnings per share	2,570,885,516	2,570,885,516	1,645,793	1,645,793
C	Profit/(Loss) per basic share: (A*1000) / B	0.102	(0.004)	(15.595)	0
D	Profit/(loss) adjusted for the dilution analysis (thousands of Euro)	262,071	(10,601)	(25,666)	0
E	Weighted average number of ordinary shares for calculating diluted earnings per share (B)	2,885,079,533	2,885,079,533	1,846,253,678	1,846,253,678
F	Diluted earnings/(losses) per share: (D*1000) / E	0.091	(0.004)	(0.014)	0

(28) Discontinued Operations:

The Oil & Gas division was sold on 31 March 2020; therefore, the loss for the period from discontinued operations still includes the results of the Oil & Gas division for the first quarter of 2020.

2.5 Related party transactions

The related party transactions of the Trevi Group were mainly commercial transactions between the subsidiary Trevi S.p.A. and its consortia, settled at market terms.

The most significant amounts of these non-current loans at 30 June 2020 and at 31 December 2019 are as follows:

(in thousands of Euro)

Non-current loans	30/06/2020	31/12/2019	Changes
Porto Messina S.c.a.r.l.	721	720	1
Pescara Park S.r.l.	633	633	(0)
TOTAL	**1,354**	**1,353**	**1**

The most significant amounts of current trade receivables at 30 June 2020 and at 31 December 2019 included in "Trade receivables and other current assets" are shown below:

(in thousands of Euro)

Trade receivables and other current assets	30/06/2020	31/12/2019	Changes
Parcheggi S.p.A.	51	63	(12)
Roma Park S.r.l.	634	634	(0)
Sofitre S.r.l.	8	7	1
Other	0	29	(29)
Sub-total	**693**	**733**	**(40)**
Porto di Messina S.c.a.r.l.	794	794	(0)
Nuova Darsena S.c.a.r.l.	822	822	0
Trevi S.G.F. Inc. per Napoli	1,860	1,860	0
Trevi Nicholson JV	4,892	4,342	550
Sep Trevi Sefi	3,906	5,812	(1,906)
Other	345	348	(3)
Sub-total	**12,619**	**13,978**	**(1,359)**
TOTAL	**13,311**	**14,711**	**(1,400)**
% on consolidated trade receivables	6.0%	5.1%	

Group revenue generated with these companies in the first half of 2020 are shown in the following table:

(in thousands of Euro)

Revenue from sales and services	First half 2020	First half 2019	Changes
IFC	6	0	6
Parcheggi S.p.A.	40	106	(66)
Sub-total	**45**	**106**	**(61)**
Hercules Foundation AB	0	438	(438)
Nuova Darsena	0	625	(625)
Sep Trevi Sefi	499	3,957	(3,458)
Trevi Nicholson JV	2,522	0	2,522
Other	354	1	353
Sub-total	**3,375**	**5,021**	**(1,646)**
TOTAL	**3,420**	**5,127**	**(1,707)**
% on total revenue	1.4%	1.7%	

The most significant amounts due to related parties at 30 June 2020 and at 31 December 2019 included in "Trade payables and other current liabilities" are shown below:

(in thousands of Euro)

Trade payables and other current liabilities	**30/06/2020**	**31/12/2019**	**Changes**
Parcheggi S.p.A.	1	0	1
IFC Ltd	139	139	(0)
Sofitre S.r.l.	103	0	103
Sub-total	**242**	**139**	**103**
Consorzio Trevi Adanti	9	9	0
Porto di Messina S.c.a.rl.	403	403	(0)
Trevi S.G.F. Inc. S.c.a.r.l.	43	43	(0)
Sep Trevi Sefi	0	971	(971)
Other	721	798	(77)
Sub-total	**1,175**	**2,224**	**(1,049)**
TOTAL	**1,418**	**2,363**	**(945)**
% on consolidated trade payables	1.0%	1.1%	

Expenses incurred by the Group with related parties in the first half of 2020 were as follows:

(in thousands of Euro)

Consumption of raw materials and external services	**First half 2020**	**First half 2019**	**2018**
Sofitre S.r.l.	49	21	28
Sub-total	**49**	**21**	**28**
Nuova Darsena S.C.A.R.L.	0	53	(53)
Sep Trevi Sefi	0	2,706	(2,706)
Sub-total	**0**	**2,759**	**(2,759)**
TOTAL	**49**	**2,780**	**(2,731)**
% on consumption of raw materials and consolidated external services	*0.0%*	1.4%	

3. Significant non-recurring events and transactions

There were no significant non-recurring events or transactions other than those already described in the paragraph “Execution of the manoeuvre to strengthen the Group’s capital and restructure its financial debt”, “Disposal of the Oil & Gas Division” and “Execution of the capital increase” related to the debt restructuring and the sale of the Oil & Gas Division.

4. Positions or transactions deriving from atypical and/or unusual operations

In the first half of 2020, the Trevi Group did not record positions or transactions deriving from atypical and/or unusual operations.

Attachments

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

1 Companies included in the condensed interim consolidated financial statements at 30 June 2020 on a line-by-line basis

2 Organisational chart of the Group

Attachment 1

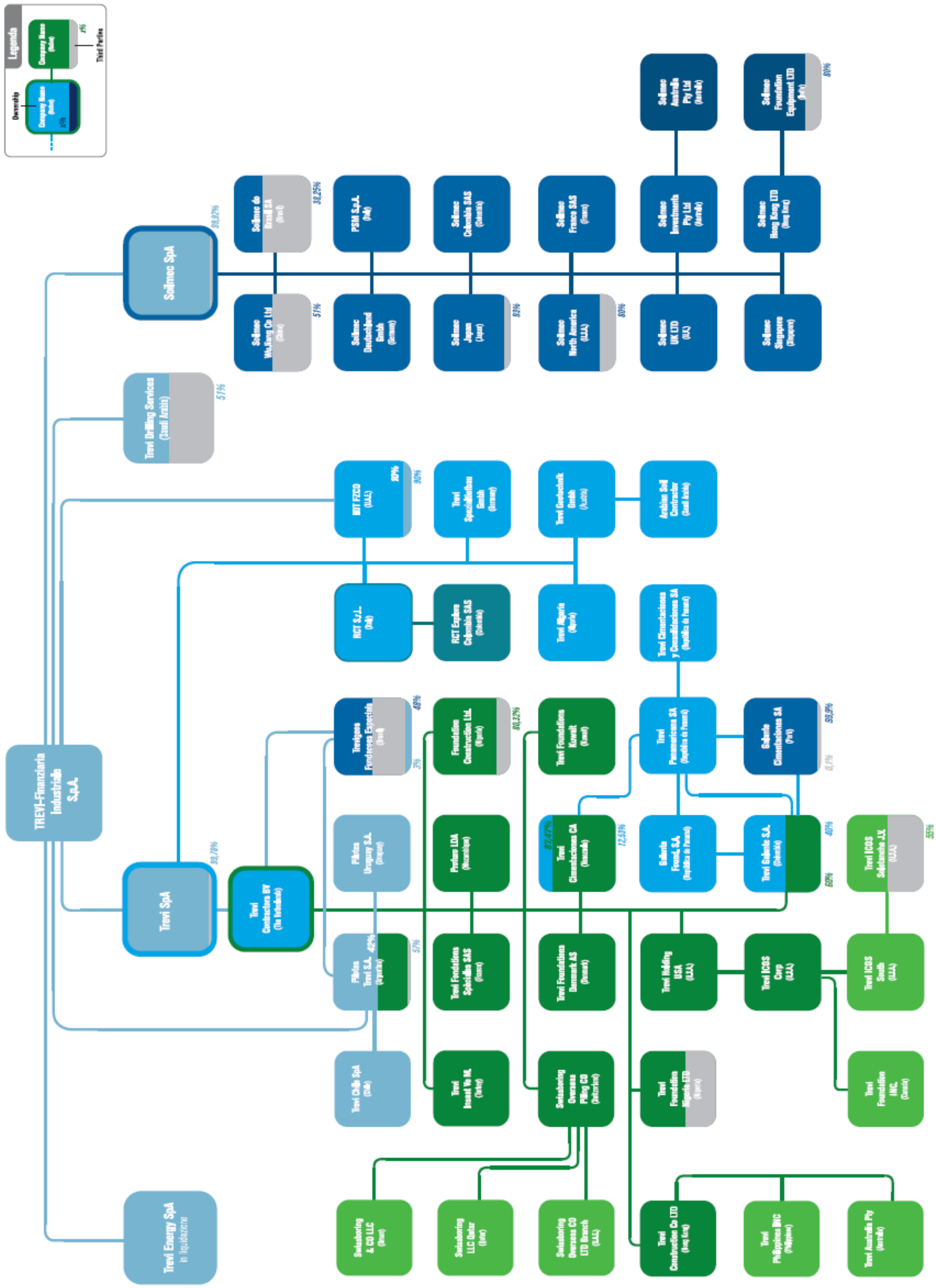
Companies included in the condensed interim consolidated financial statements at 30 June 2020 on a line-by-line basis

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE/QUOTA CAPITAL	% HELD BY THE GROUP
1	TREVI – Finanziaria Industriale S.p.A.	Italy	Euro	97,373,554	Parent company
2	Arabian Soil Contractors Saudi Arabia LLC	Saudi Arabia	Saudi riyal	1,000,000	84.80%
3	Borde Seco	Venezuela	Bolivar	-	94.90%
4	Cifuven CA	Venezuela	Bolivar	300,000	99.80%
5	Drillmec International Sales Inc.	U.S.A.	US Dollar	2,500	99.90%
6	Foundation Construction Ltd	Nigeria	Naira	28,006,440	80.20%
7	Galante Cimentaciones Sa	Peru	Peruvian Sol	3,000	99.80%
8	Galante Foundations Sa	Republic of Panama	Balboa	-	99.80%
9	Hyper Servicos de Perfuracao Ltda	Brazil	Brazilian Real	1,200,000	50.90%
10	Idt Fzco	United Arab Emirates	Dirham	1,600,000	99.80%
11	Idt Llc	United Arab Emirates	Dirham	1,000,000	99.80%
12	Idt Llc Fzc	United Arab Emirates	Dirham	6,000,000	99.80%
13	Immobiliare SIAB Srl	Italy	Euro	80,000	100%
14	Pilotes Trevi Sacims	Argentina	Peso	1,650,000	98.90%
15	Pilotes Uruguay Sa	Uruguay	Uruguayan Peso	80,000	98.90%
16	Profuro Intern. Lda	Mozambique	Metical	36,000,000	99.30%
17	PSM SpA	Italy	Euro	1,000,000	99.90%
18	RCT Explore Colombia SAS	Colombia	Colombian Peso	960,248,914	99.80%
19	RCT S.r.l.	Italy	Euro	500,000	99.80%
20	Soilmec Algeria	Algeria	Algerian dinar	1,000,000	69.90%
21	Soilmec Australia Pty Ltd.	Australia	Australian Dollar	100	99.90%
22	Soilmec Colombia Sas	Colombia	Colombian peso	335,433,812	99.90%
23	Soilmec Deutschland Gmbh	Germany	Euro	100,000	99.90%
24	Soilmec do Brasil Sa	Brazil	Real	5,500,000	38%
25	Soilmec F. Equipment Pvt. Ltd	India	Indian Rupee	500,000	79.90%
26	Soilmec France Sas	France	Euro	1,100,000	99.90%
27	Soilmec H.K. Ltd	Hong Kong	Euro	44,743	99.90%
28	Soilmec Investment Pty Ltd.	Australia	Australian Dollar	100	99.90%
29	Soilmec Japan Co. Ltd	Japan	Yen	45,000,000	92.90%
30	Soilmec North America Inc.	U.S.A.	US Dollar	10	79.90%
31	Soilmec SpA	Italy	Euro	25,155,000	99.90%
32	Soilmec Singapore Pte Ltd	Singapore	Singapore Dollar	100,109	99.90%
33	Soilmec U.K. Ltd	United Kingdom	British Sterling	120,000	99.90%
34	Soilmec WuJiang Co. Ltd	China	Renminbi	58,305,193	51%
35	Swissboring & Co. LLC	Oman	Omani rial	250,000	99.80%
36	Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.80%
37	Swissboring Qatar WLL	Qatar	Qatary riyal	250,000	99.80%

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE/QUOTA CAPITAL	% HELD BY THE GROUP
38	Trevi Algerie EURL	Algeria	Dinar	53,000,000	99.80%
39	Trevi Arabco JV	Egypt	Egyptian pound	-	50.90%
40	Trevi Asasat JV	Libya	Libyan Dinar	300,000	64.90%
41	Trevi Australia Pty Ltd	Australia	Australian Dollar	10	99.80%
42	Trevi Chile SpA	Chile	Chilean Peso	10,510,930	98.90%
43	Trevi Cimentaciones CA	Venezuela	Bolivar	12,766,206,370	99.80%
44	Trevi Cimentacones y Consolidaciones Sa	Republic of Panama	Balboa	10,000	99.80%
45	Trevi Construction Co. Ltd	Hong Kong	US Dollar	2,051,668	99.80%
46	Trevi Contractors BV	The Netherlands	Euro	907,600	99.80%
47	Trevi Drilling Services Saudi Arabia Co. Ltd	Saudi Arabia	Saudi riyal	7,500,000	51.00%
48	Trevi Energy SpA in winding-up	Italy	Euro	1,000,000	100%
49	Trevi Fondations Spéciales Sas	France	Euro	100,000	99.80%
50	Trevi Foundations Canada Inc	Canada	Canadian Dollar	10	99.80%
51	Trevi Foundations Denmark A/S	Denmark	Danish Krone	2,000,000	99.80%
52	Trevi Foundations Kuwait Co. WLL	Kuwait	Kuwait Dinar	100,000	99.80%
53	Trevi Foundations Nigeria Ltd	Nigeria	Naira	402,554,879	59.90%
54	Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	52,500,000	99.80%
55	Trevi Foundations Saudi Arabia Co. Ltd	Saudi Arabia	Saudi riyal	500,000	99.80%
56	Trevi Galante Sa	Colombia	Colombian peso	1,000,000,000	99.80%
57	Trevi Geotechnik GmbH	Austria	Euro	100,000	99.80%
58	Trevi Holding USA Corporation	United States	USD	1	99.80%
59	Trevi Insaat Ve Muhendislik AS	Turkey	Turkish Lira	777,600	99.80%
60 days	Trevi ITT JV	Thailand	Baht	-	94.90%
61	Trevi Panamericana Sa	Republic of Panama	Balboa	10,000	99.80%
62	Trevi SpA	Italy	Euro	32,300,000	99.80%
63	Trevi SpezialTiefBau GmbH	Germany	Euro	50,000	99.80%
64	TreviGeos Fundacoes Especiais Ltda	Brazil	Brazilian Real	5,000,000	50.90%
65	Treviicos Corporation	U.S.A.	US Dollar	23,500	99.80%
66	Treviicos Soletanche JV	United States	US Dollar	-	54.90%
67	Treviicos South Inc	U.S.A.	US Dollar	5	99.80%
68	Wagner Constructions LLC	U.S.A.	US Dollar	5,200,000	99.80%
69	6V Srl	Italy	Euro	154,700	50.90%

Attachment 2

ORGANISATIONAL CHART OF THE GROUP



Declaration relating to the Summary Consolidated First-Half Financial Statements in accordance with Article 154-*bis* of Legislative Decree 58/98 and of Article 81-*ter* of Consob Ruling no. 11971 of 14 May 1999 and subsequent modifications and additions

1. The undersigned Giuseppe Caselli, Managing Director, and Massimo Sala, Group Chief Financial Officer and in his capacity as Manager responsible for drawing up the financial statements of the Trevi Group, declare, taking note of the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree of 24 February 1998, no. 58:
   - the appropriateness in relation to the characteristics of the business; and
   - the effective application

   of the administrative and accounting procedures for the preparation of the Summary Consolidated First-Half Financial Statements for the first semester of 2020.

2. It is also declared that:

2.1 The Summary Consolidated First-Half Financial Statements at 30 June 2020:

a) have been prepared in accordance with the applicable International Accounting Standards recognised by the European Community in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;

b) correspond to the results contained in the accounting records and documents;

c) provide a true and fair view of the capital, economic and financial position of the issuer and of the businesses included in the area of consolidation.

2.2 The review of operations includes information on significant events that occurred in the course of the first six months of the financial year and of their impact on the Summary Consolidated First-Half Financial Statements, together with a description of the main risks and uncertainties of the remaining six months of the financial year, and information concerning material related party transactions.

Cesena, 22 September 2020

Giuseppe Caselli
Amministratore Delegato

Massimo Sala
Direttore Amministrazione, finanza e controllo di Gruppo