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

Annual Report

31 DECEMBER 2020

ASTALDI

Webuild Group

Astaldi S.p.A. – Company subject to the management and coordination by Webuild S.p.A.

Astaldi S.p.A.
Share capital €340,431,460.27
Registered office in Rome, Via Giulio Vincenzo Bona 65
Rome Company Register and Tax Code 00398970582
Rome Economic and Administrative Index no. 152353 – VAT no. 00880281001

www.astaldi.com

Contents

Corporate bodies

Board of Directors

Paolo Astaldi[1], Chairman

Filippo Stinellis[2], Chief Executive Officer

Andrea Gemma[3], Director

Maria Raffaella Leone[3], Director

Nicoletta Mincato[3], Director

Daniela Montemerlo[4], Director

David Morganti[4], Director

Teresa Naddeo[5], Director

Michele Valensise, Director

In 2020, the following were also in office: (i) Alessandro De Rosa, as Deputy Chairman, from 31 July 2020 to 21 January 2021, (ii) Flavia Insom, as an independent non-executive Director, from 31 July 2020 to 5 November 2020.

---

[1] Executive Director. Confirmed Chairman of the Board of Directors with Board resolution dated 31 July 2020.

[2] Executive Director. Confirmed Chief Executive Officer with Board resolution dated 31 July 2020.

[3] Independent director as per art. 147-ter, fourth paragraph of the Consolidated Finance Act and art. 2 of the Corporate Governance Code. Appointed by shareholders' resolution of 31 July 2020.

[4] Independent director as per art. 147-ter, fourth paragraph of the Consolidated Finance Act and art. 2 of the Corporate Governance Code. Co-opted with Board resolution dated 10 February 2021.

[5] Independent director as per art. 147-ter, fourth paragraph of the Consolidated Finance Act and art. 2 of the Corporate Governance Code. Appointed by shareholders' resolution of 31 July 2020.

Control and Risks Committee

Nicoletta Mincato, Chairwoman

Daniela Montemerlo[6]

Teresa Naddeo

Appointments and Remuneration Committee

Teresa Naddeo, Chairwoman

Nicoletta Mincato

David Morganti[7]

Related Parties Committee

Andrea Gemma, Chairman

Maria Raffaella Leone

Daniela Montemerlo[8]

Board of Statutory Auditors[9]

Giovanni Fiori, Chairman of the Board of Statutory Auditors

Anna Rosa Adiutori, Statutory auditor

Lelio Fornabaio, Statutory auditor

Giulia De Martino, Alternate statutory auditor

Francesco Follina, Alternate statutory auditor

Gregorio Antonio Greco, Alternate statutory auditor

Independent auditors

PricewaterhouseCoopers S.p.A.[10]

---

[6] Appointed Member of the Control and risks committee, replacing Alessandro De Rosa, with Board resolution dated 10 February 2021 – see § "Events after the reporting date".

[7] Appointed Member of the Appointments and remuneration committee, replacing Alessandro De Rosa, with Board resolution dated 10 February 2021 – see § "Events after the reporting date".

[8] Appointed Member of the Related parties committee, replacing Flavia Insom, with Board resolution dated 10 February 2021 – see § "Events after the reporting date". Note also that Director Teresa Naddeo held the position of Member of the Related parties committee, replacing Flavia Insom, from 26 November 2020 to 10 February 2021.

[9] Appointed by shareholders' resolution dated 27 April 2018 and in office until the Shareholders' Meeting to approve the financial statements as at 31 December 2020.

[10] Assigned to perform the statutory audit of the separate financial statements of Astaldi S.p.A. and the consolidated financial statements of the Astaldi Group for the years from 2020 to 2028 (inclusive), as well as for the Consolidated Non-Financial Statement and for the Astaldi Separate Unit, appointed by shareholders' resolution dated 31 July 2020.

General management

Paolo Citterio[11], General Manager of Administration and Finance and Manager in charge of financial reporting

Cesare Bernardini[12], General Manager of Operations

Filippo Stinellis[13], General Manager Turkey

---

[11] Confirmed as the Manager in charge of financial reporting, as well as the General Manager of Administration and Finance, with Board resolution dated 31 July 2020.

[12] On 10 February 2021, the Company terminated by mutual agreement its employment relationship with Francesco Maria Rotundi, General Manager (Italy, the Americas, Algeria, Morocco and Tunisia), whose powers on the same date were assigned to Cesare Bernardini, former General Manager (Europe, Asia and Africa and Brenner, Italy). With Board resolution dated 10 February 2021, Cesare Bernardini therefore assumed the role of General Manager of Operations – see § "Events after the reporting date".

[13] Appointed as General Manager of Turkey with Board resolution dated 27 July 2020.

Financial highlights

Table 1 - Selected profit or loss figures - Astaldi Group

(€ millions)	**December 2020** **Consolidated Financial Statements of the Astaldi Group**		**December 2020** **Pro-forma Core Assets Scope** (*management view*)*	
Total revenue	**1,452.3**	**100.0%**	**1,453.2**	**100.0%**
Gross operating profit (loss)	**(47.3)**	**-3.3%**	**72.4**	**5.0%**
Operating profit (loss)	**(124.5)**	**-8.6%**	**18.1**	**1.2%**

(*) The "**Pro-forma Core Assets Scope (management view)**", to be understood as operating data not subject to auditing, reflects the effects of the segregation of the Separate Unit and excludes the non-recurring effects attributable to the composition with creditors procedures of Astaldi and certain Group companies.

Table 2 - Selected statement of financial position figures and financial indicators - Astaldi Group

(€ millions)	**31/12/2020**	**31/12/2019**
Net invested capital	660.0	761.5
Equity	975.8	(1,540.1)
Total Net Financial Position / (Total Net Financial Debt)	315.8	(2,301.6)

Note: The Total Net Financial Debt and Equity as at 31 December 2019 do not take into account the effect of the discharge of debt, as the order approving the Astaldi composition with creditors was issued on 17 July 2020.

Group profile

The Astaldi Group (the "**Group**") is an **internationally renowned group** and **one of the major players in the Italian construction sector**, with a **significant presence in Europe and worldwide**. Listed on the stock exchange since 2002, it mostly operates as an EPC[14] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works. As of 5 November 2020 the Astaldi Group is part of the Webuild Group.

The Group has an **offer capacity based on several product lines - transport infrastructure, hydraulic and energy production plants, civil and industrial construction and industrial plants**. It **also operates under concession and provides operation and maintenance (O&M) services** for the management of the infrastructure and works it builds.

Transport Infrastructure represents the Group's core business, divided into the following sectors: (*i*) railways and metros, (*ii*) roads and motorways and (*iii*) airports and ports, within which Astaldi designs, builds and sometimes operates the infrastructure built, using **highly qualified human resources** and **internationally recognised expertise**. Just in the past decade, the Astaldi Group has **completed more than 2,000 kilometres of railway and metro lines and more than 1,600 kilometres of road and motorway sections**, including about 300 kilometres of tunnels and about 180 kilometres of bridges and viaducts. Over the same period, in the Hydraulic and Energy Production Plants sector, among other things it built **7 hydroelectric plants, 5 dams and 2 waste-to-energy plants**, and in the Civil and Industrial Construction sector it completed **39 buildings, including 12 healthcare facilities**.

Figure 1 – Astaldi Group business areas and product lines (Core Assets Scope)

[14] Engineering, Procurement, Construction.

At 31 December 2020, the **Group's Order Backlog amounted to approximately €8.3 billion**, of which **about €6.4 billion (77% of the total) for Construction and approximately €1.9 billion (23% of the total) for O&M**. At the same date, the **Group's Order Backlog was located for approximately €3.9 billion (47% of the total) in Italy** and **€4.4 billion (53% of the total) abroad**, where it operates in Europe (Romania, Poland, Sweden, Turkey), the American Continent (Chile, Canada, USA, Paraguay), Africa (Algeria) and Asia (India).

In 2020 the Astaldi Group **recorded total revenue of about €1.4 billion**, **97% of which from Construction** and the remaining **3% from O&M contracts**, while **38% derived from projects in Italy**, with the remaining **62% generated by projects abroad** (mainly Europe and America).

At 31 December 2020 the Group had an average annual workforce of **4,032 employees**, of whom **roughly 27% based in Italy** and the remaining 73% abroad and distributed to oversee the **over 50 operational projects that the Group has under way worldwide**.

Key events of 2020

The key events recorded by the Company during 2020 as well as the main press releases issued as part of the composition with creditors procedure are summarised below. For completeness, also refer to the information available on the website www.astaldi.com, in the section Media – Press releases, in addition to what is presented below in terms of the Composition with Creditors Procedure and events recorded after the reporting date – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law" and "Events after the reporting date".

Table 3 – Key events recorded in 2020

19 March 2020	Astaldi announced that it had finalised the sale to IC Içtas Inşaat Sanayi ve Ticaret A.Ş. of the shares held in the asset represented by the Third Bosphorus Bridge, the concession for the construction and management of the Northern Marmara Highway that includes the Yavuz Sultan Selim bridge (the "**Third Bosphorus Bridge**") in Turkey.
12 May 2020	Astaldi announced that it had signed a €407 million contract (including the price revision) for the design and construction of Lot 5 of the Sibiu-Pitesti Motorway in Romania, over 30 kilometres long. The new infrastructure is identified as the most important motorway construction being carried out in Romania and will ensure a strengthening of the country's connections to the rest of Europe.
19 May 2020	In Italy, the delivery ceremony was held for the start of construction on Mega-Lot 3 of the Jonica State Road (SS-106), a strategic work to reinforce the transportation network in the southern part of the country.
17 June 2020	Astaldi announced that the Board of Directors approved the financial statements at 31 December 2018 and at 31 December 2019 and called the Shareholders' Meeting (*i*) in ordinary session, to approve the aforementioned financial statements, as well as to appoint the Board of Directors and to assign the statutory audit of the accounts for the years 2020-2028, and (*ii*) in extraordinary session, to implement the transactions envisaged in the Composition with Creditors Proposal.
2 July 2020	In Italy, the drilling ceremony of the last diaphragm of the Monte Olibano Tunnel was held as part of the project for the construction of the Cumana Railway. Once implemented, the new infrastructure will allow the modernisation and strengthening of the transport system in the metropolitan area of Naples.
31 July 2020	The Shareholders' Meeting of Astaldi (*i*) in ordinary session, approved the financial statements at 31 December 2018 and at 31 December 2019, as well as the appointment of the new Board of Directors and the assignment of the statutory audit of the accounts for the years 2020-2028 to PricewaterhouseCoopers, and (*ii*) in extraordinary session, implemented the transactions envisaged in the Composition with Creditors Proposal.
10 August 2020	In Italy, a ceremony was held for the signing of the agreement between RFI (FS Group) and the IRICAV DUE Consortium to start work on the construction of the new Verona–Padua High Speed and High Capacity Railway Line. The contract refers to the design (final and executive) and construction of the First Functional Lot Verona-Vicenza Junction, part of the entire line, which will be built by IRICAV DUE (working as General Contractor, an investee of Astaldi for 37.49% and Webuild for 45.44%).
10 September 2020	The negotiations between the lending banks (Lenders) and the Customer of the project for the construction and management under concession of the Etlik Integrated Health Campus in Ankara, Turkey, were successfully concluded with the approval of the Lenders. The agreement establishes some waivers relating to conditions precedent required for the restructuring of the initiative's financing, remedying the existing project defaults and restoring the initiative to performing condition.
21 September 2020	Astaldi reported that Metro Line 5 in Bucharest, Romania, opened on 15 September 2020.
30 September 2020	In Romania, in Bucharest, two new motorway segments were inaugurated and opened to traffic: the Ogra–Campia Turzii, part of the A3 Transylvania Motorway, and the Ciurel Motorway Junction, which is the terminal part of the urban segment of the A1 Motorway.
23 December 2020	In Italy, a new section of the Quadrilatero Marche-Umbria Road System opened up to traffic, a strategic artery for the economic development of the country's central-eastern area. The formal opening followed the approval by ANAS (FS Group) of two last additional lots of the new infrastructure, for the part referred to the Pedemontana delle Marche road.

Table 4 – Key press releases issued in 2020 regarding the Composition with Creditors Procedure.

15 January 2020	The Astaldi Board of Directors resolved to convene the General Meetings of the Bondholders of the bonds "€140,000,000 4.875 per cent. Equity-Linked Notes due 2024" and "€750,000,000 7.125% Senior Notes due 2020". Calling the meetings is a necessary step in Astaldi's composition with creditors procedure. Pursuant to Italian law, the result of voting by each of the aforementioned Meetings on Astaldi's composition with creditors proposal was then announced by the Joint Representative of the Bondholders at the creditors' meeting.
11 February 2020	Astaldi announced that the report prepared by the Court-Appointed Receivers pursuant to Article 172 of the Bankruptcy Law had been submitted to the Court of Rome in Astaldi's composition with creditors procedure. At the conclusion of their observations and findings, the Court-Appointed Receivers expressed their positive opinion on the legal and economic feasibility of the Composition with Creditors Plan and Proposal.
25 February 2020	The General Meeting of the bondholders of the bond "€140,000,000 4.875 per cent. Equity-Linked Notes due 2024" was held on its first call and approved said Composition with Creditors Proposal with 80.05% of the votes present. The General Meeting of the bondholders of the bond "€750,000,000 7.125% Senior Notes due 2020" called on that day to resolve on the Composition with Creditors Proposal was not held because the quorum was not reached, so the meeting was postponed until the second call.
9 March 2020	In light of the worsening COVID–19 emergency, the Astaldi Board of Directors resolved to postpone to 17 March 2020 the General Meeting of the bondholders of the bond "€750,000,000 7.125% Senior Notes due 2020", already convened on second call for 10 March 2020.
17 March 2020	The General Meeting of the bondholders of the bond "€750,000,000 7.125% Senior Notes due 2020" met on second call with 73.2% of those present voting against, rejecting the Composition with Creditors Proposal.
23 March 2020	With a special order, the Court of Rome, Bankruptcy Section, postponed the creditors' meeting and their vote (the "**Meeting**"), previously called for 26 March 2020, until 9 April 2020. Having declared the urgency of the composition with creditors procedure, the short postponement was ordered in light of the COVID–19 emergency, to allow the Meeting to be held electronically.
9 April 2020	The Astaldi creditors' meeting was held electronically. On the basis of the valid votes cast on that day, the composition with creditors proposal on a going concern basis made by Astaldi received 58.32% of the votes in favour cast by the voting credit claims, thereby achieving on that date the majority required for its approval.
5 May 2020	Astaldi reported that the Court of Rome, Bankruptcy Section, issued a specific order scheduling the hearing in judges' chambers on 23 June 2020 for its decision on approval of the composition with creditors pursuant to Article 180 of the Bankruptcy Law. Inter alia, the order took note of the conclusion of voting on the composition with creditors proposal, with the proposal being approved by a 69.4% majority of the voting credit claims. The figure comprises the votes validly cast until 9 April 2020 (58.32% of the votes were in favour), along with additional votes in favour validly cast over the 20 days after the meeting (11.08%), in accordance with the provisions of Article 178 of the Bankruptcy Law.
14 May 2020	Astaldi announced that the Meeting of the bondholders of the bond "Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022", which met on 13 May 2020, unanimously approved certain changes to the loan rules.
25 May 2020	In accordance with the terms of the Composition with Creditors Plan and Proposal presented to the Rome Court and approved by the creditors, Astaldi announced that the Board of Directors had resolved on 24 May 2020, pursuant to Articles 2447-bis et seq. Italian Civil Code, to establish a separate unit for the sole purpose of satisfying the parent's unsecured creditors by selling all the assets, rights and legal relationships included in the separate unit and allocating the net proceeds from the sale of the assets to holders of the participating financial instruments that the parent simultaneously resolved to issue and that were assigned to the unsecured creditors after final approval of the composition with creditors.
12 June 2020	Implementing the Composition with Creditors Plan and Proposal submitted to the Court of Rome and approved by the creditors, Astaldi announced that the incorporation of Astaldi Concessions had become effective. This company was created from the partial demerger of Astaldi Concessioni (100% Astaldi Group), as resolved on 22 January 2020.
17 June 2020	Astaldi announced that the Board of Directors approved the financial statements at 31 December 2018 and at 31 December 2019 and called the Shareholders' Meeting (*i*) in ordinary session, to approve the aforementioned financial statements, as well as to appoint the Board of Directors and to assign the statutory audit of the accounts for the years 2020-2028, and (*ii*) in extraordinary session, to implement the transactions envisaged in the Composition with Creditors Proposal.

17 July 2020	The Court of Rome, upon completion of its review of the compliance of the Composition with Creditors Procedure and the results of the creditors' vote, published its order in approval of the composition with creditors on a going concern basis of Astaldi. The order, issued without opposition as prescribed by paragraph 3 of Article 180 of the Bankruptcy Law, is not subject to appeal and, therefore, must be considered irrevocable and immediately enforceable.
31 July 2020	The Shareholders' Meeting of Astaldi (*i*) in ordinary session, approved the financial statements at 31 December 2018 and at 31 December 2019, as well as the appointment of the new Board of Directors and the assignment of the statutory audit of the accounts for the years 2020-2028 to PricewaterhouseCoopers, and (*ii*) in extraordinary session, implemented the transactions envisaged in the Composition with Creditors Proposal.
20 October 2020	Astaldi announced that on 19 October 2020, it had signed an unsecured loan agreement (the "**RCF Loan Agreement**") with a pool of banks comprised by Banca Monte dei Paschi di Siena, Banco BPM, BNP Paribas (Italian Branch), Intesa Sanpaolo and Unicredit (the "**Banks**"), pursuant to which the Banks committed themselves, subject to satisfaction of certain conditions precedent for disbursement, to provide Astaldi with a revolving credit facility in cash totalling €200 million (the "**RCF 200**"), which is pre-preferential pursuant to Article 182-quater, paragraph 1, and Article 111 of the Bankruptcy Law, and usable, after the approval date of the composition with creditors and execution of the capital increase reserved for Webuild S.p.A., to finance the ordinary business activities of Astaldi and allow repayment of the portion of the bond that has not yet been repaid at that date (the "**Pre-preferential Bond**", as identified below – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law").
21 October 2020	Following up on the resolution by the shareholders' meeting held on 31 July 2020, Astaldi announced, also pursuant to Article 85-*bis* of the Issuer Regulation and Article 2.6.2, paragraph 1, sub-paragraph a) of the Stock Market Regulation of Borsa Italiana, the new composition of the fully subscribed and paid-in share capital, beginning on 23 September 2020, equal to €22,510,345.00, for a total of 97,871,066 shares without par value.
29 October 2020	Astaldi announced that CONSOB (Italian Stock Exchange Regulator), with a bulletin dated 28 October 2020, approved the publication of the Prospectus relating to the admission of Astaldi S.p.A. ordinary shares to trading on the electronic stock market, more specifically, of (*i*) 978,260,870 newly issued Astaldi S.p.A. ordinary shares originating from a capital increase, with exclusion of rights offering pursuant to Article 2441, fifth paragraph of the Italian Civil Code, reserved for subscription by Webuild (the "**New Shares**" and the "**Webuild Increase**"), and (*ii*) maximum 428,929,765 newly issued Astaldi S.p.A. ordinary shares originating from a capital increase, with exclusion of rights offering pursuant to Article 2441, fifth paragraph of the Italian Civil Code, reserved for unsecured creditors of Astaldi S.p.A. in conversion of claims they have against Astaldi (the "**New Conversion Shares**" and the "**Capital Increase by Conversion**"). Both of these capital increases were approved by the Extraordinary Shareholders' Meeting on 31 July 2020 and are necessary for the execution of Astaldi's composition with creditors pursuant to Article 161, sixth paragraph of the Bankruptcy Law, as approved by the Court of Rome by order published on 17 July 2020. The Prospectus was consequently made available on the Company's website and at its registered office.
6 November 2020	Among other things, Astaldi announced (*i*) that it executed the Webuild Increase and the Capital Increase by Conversion, (*ii*) that it completed the assignment of the New Shares and the Participating Financial Instruments to unsecured creditors, (*iii*) that it issued and assigned the Anti-Dilutive Warrants and the Lender Warrants (also "**2020-2023 Astaldi Warrants**", as identified below – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law").
12 November 2020	Astaldi fully repaid the pre-preferential bond "Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022" ahead of time (the "**Pre-preferential Bond**", subscribed by Beyond and illimity). As required by the rules of said Pre-preferential Bond, the full early repayment was made as a result of the Webuild Increase and the subsequent disbursement of the RCF 200 (as identified above).
19 November 2020	Astaldi published the updated Articles of Association, available on the website www.astaldi.com.
22 December 2020	Astaldi announced the new composition of the share capital, fully subscribed and paid up, following the request on 26 November 2020 by Banco BPM to exercise 4,222,094 2020-2023 Astaldi Warrants, for which 4,222,094 2020-2023 Astaldi Warrants were consequently cancelled and 4,222,094 Astaldi Ordinary Shares were assigned to Banco BPM.

Composition with creditors on a going concern basis as per article 186–bis of the Bankruptcy Law

Foreword

On 28 September 2018 Astaldi S.p.A. ("**Astaldi**" or the "**Company**") filed an application for composition with creditors on a going concern basis as per Articles 161 et seq. of the Bankruptcy Law (procedure no. 63/2018, the "**Astaldi Composition with Creditors**" or the "**Procedure**") with the Court of Rome, Bankruptcy Section (the "**Court of Rome**").

The final version of the composition with creditors plan was filed on 19 June 2019 (the "**Plan**"), together with the composition with creditors proposal and the additional documentation required (subsequently supplemented on 16 July 2019, 20 July 2019 and 2 August 2020 – the "**Composition with Creditors Proposal**").

In order to support the Plan, among other things, Astaldi accepted the offer of financial and industrial support formulated by Webuild S.p.A. ("**Webuild**", then Salini Impregilo S.p.A.) on 13 February 2019, then supplemented and confirmed on 15 July 2019 (the "**Webuild Offer**"). From 5 November 2020 Webuild holds a stake in Astaldi, which at the date of preparation of this report stands at 66.10% of the total capital, acquired as part of the Astaldi Composition with Creditors.

For further information on the reasons for the financial difficulties and the various steps of the Astaldi Composition with Creditors, as well as for the description of the Composition with Creditors Plan and Proposal (approved by the Court of Rome on 17 July 2020), please refer to what is presented in the Annual Report as at 31 December 2019 available on the website www.astaldi.com in the section Investor Relations – Financial Reports.

Here, please note that the Plan envisaged:

a) the separation between:
   i. Astaldi's assets related to construction, infrastructure construction, plant engineering, study, design, transport, maintenance, facility management and complex system management, intended to continue as a going concern (the "**Core Assets Scope**");
   ii. Astaldi's assets relating to the management under concession of infrastructure and other assets, intended for liquidation and to be transferred to a separate unit pursuant to Articles 2447-*bis* et seq. of the Italian Civil Code (the "**Astaldi Separate Unit**");

b) the satisfaction of the creditors involved in the composition:
   i. with regard to pre-preferential creditors and preferential creditors, in cash, also through the resources deriving from Webuild's financial support through a capital increase in Astaldi for €225,000,000.00 (the "Webuild Increase", as detailed below);
   ii. with regard to the "**Unsecured Creditors**" (understood as the unsecured creditors of Astaldi at 28 September 2018, the date specified in the Astaldi Composition with Creditors), by assigning them: (*a*) newly issued Astaldi ordinary shares to be assigned to them as settlement of their claims in the ratio of 12.493 new shares for every €100 of unsecured claim against Astaldi, and (*b*) participating financial instruments issued by Astaldi pursuant to Article 2447-*ter*, paragraph 1, letter e) of the Italian Civil Code, which give them the exclusive right to receive the net proceeds from the sale of the assets in the Separate Unit (Participating Financial Instruments, the "**PFIs**"), in the ratio of 1 PFI for each €1.00 of unsecured claim. In fact, the Astaldi

Composition with Creditors provides both for the participation of the Unsecured Creditors in the core assets (through the assignment of ordinary Company shares) and their exclusive right to benefit from the proceeds of the disposal of assets destined for liquidation (through the assignment of the PFIs). The Unsecured Creditors are to be understood in their capacity as both "**Confirmed Creditors**" (understood as the Unsecured Creditors by title or cause prior to the publication of Astaldi's pre-composition appeal on 1 October 2018, as resulting from the list of debts filed together with the Composition with Creditors Proposal and the additions made by the Court-Appointed Receivers upon completion of the assessments assigned to them pursuant to Article 171 of the Bankruptcy Law) and "**Additional Creditors**", understood as "**Potential Creditors**" (Unsecured Creditors whose claims, after completion of the assessments assigned to the Court-Appointed Receivers pursuant to Article 171 of the Bankruptcy Law, were not wholly or partially included in the debts listed in the composition liabilities, but instead were fully included in the provisions for risks listed in the composition liabilities, as adjusted by the Court-Appointed Receivers) or "**Unforeseen Creditors**" (understood as (*i*) the Unsecured Creditors whose claims, after completion of the assessments assigned to the Court-Appointed Receivers pursuant to Article 171 of the Bankruptcy Law, were not even partially included in the debts and provisions for risks listed in the composition liabilities, and (*ii*) Potential Creditors for the portion not satisfied by the Capital Increase by Conversion, as defined below);

c) Astaldi's issuance of warrants intended for Webuild and aimed at ensuring that Webuild maintains a certain stake in Astaldi depending on the results of the subscription of Astaldi shares reserved for Unsecured Creditors (the "**Anti-Dilutive Warrants**").

In the same period as the transactions envisaged by the Composition with Creditors Proposal, Astaldi also issued warrants intended for banks that have made new resources available during the Procedure (the "Lenders", as detailed below), aimed at ensuring them the possibility of subscribing to a stake in the Company's share capital (the "**Lender Warrants**").

For the sake of completeness, the key steps of the Procedure recorded from 1 January 2020 are shown below.

Composition with creditors on a going concern basis

In February 2020 the Court-Appointed Receivers submitted the report prepared pursuant to Article 172 of the Bankruptcy Law to the Court of Rome. At the conclusion of their observations and findings, the Court-Appointed Receivers expressed their positive opinion on the legal and economic feasibility of the Composition with Creditors Plan and Proposal, finding that the Proposal was "*certainly more advantageous for the unsecured creditors*" than the alternative scenario of extraordinary administration.

Subsequently, on 25 February 2020, the General Meeting of the bondholders of the bond "€140,000,000 4.875 per cent. Equity-Linked Notes due 2024" was held on its first call and approved said Composition with Creditors Proposal with 80.05% of the votes present. Then, on 17 March 2020, the General Meeting of the bondholders of the bond "€750,000,000 7.125% Senior Notes due 2020" met on second call with 73.2% of those present voting against, rejecting the Composition with Creditors Proposal. The two votes represent a necessary step in the Procedure and, pursuant to Italian law, the result of voting by both Meetings was then announced by the Joint Representative of the Bondholders at the creditors' meeting, as defined below.

On 9 April 2020, the meeting of Astaldi's creditors was held electronically (the "**Meeting**"), and, at the end of the voting, with order of 4 May 2020, the Court of Rome noted that 69.4% of the credits admitted to vote voted in favour of the Composition with Creditors Proposal. With order no. 2900/2020 filed and published on 17 July 2020 (General Court Docket no. 26945/2020 – the "**Approval Order**"), the Court of Rome approved the Astaldi Composition with Creditors. Since the only opposition filed by creditors was withdrawn, the Approval Order became final and effective from 17 July 2020. The shareholders' resolution on the capital increase reserved for Webuild was then passed on 31 July 2020.

Moreover, with a Board resolution of 24 May 2020, implementing the Composition with Creditors Plan and Proposal (on that date already approved by the creditors), the Company's Board of Directors established the Astaldi Separate Unit. The Board of Directors also resolved:

(i) to assign management and sale of the Astaldi Separate Unit, in the interest of the Unsecured Creditors, to Mr Claudio Sforza, an individual fulfilling the professional and integrity requirements prescribed for members of the board of statutory auditors (the "**Astaldi Separate Unit Proxy**"), granting him a specific, irrevocable mandate (the "**Mandate**"), to be finalised before the date of publication of the Court of Rome order approving the Composition with Creditors Proposal (the "**Approval**", which took place on 17 July 2020) and with effect from the same date. The Mandate concerns performance, in the name and on behalf of Astaldi, but in the interest of the Unsecured Creditors holding the PFIs, of all acts, legal transactions, contracts and activities of any sort and kind, as deemed necessary, useful and/or appropriate to execute the specific deal to which the Astaldi Separate Unit is dedicated and to manage and sell all the assets, rights and legal relationships of the Astaldi Separate Unit in execution of the Plan;
(ii) to approve the financial plan of the Astaldi Separate Unit (the "**Astaldi Separate Unit Plan**"), which covers a period from 2020 to 2023, a period within which it is expected that the sale of the assets transferred to the Astaldi Separate Unit will be completed, in implementation of the Composition with Creditors Proposal and within the terms defined therein;
(iii) to establish the rules for reporting on the Astaldi Separate Unit, notwithstanding the fact that such Astaldi Separate Unit is subject to audit by the same independent auditors of the Company;
(iv) to issue, in one or more issues, PFIs with no par value, pursuant to Article 2447-*bis*, sub-paragraph e), of the Italian Civil Code, to be assigned to the Unsecured Creditors in exchange for contribution to the Astaldi Separate Unit of the unsecured claims owned (the "**Unsecured Claims**") pursuant to Article 2447-*bis,* sub-paragraph d) of the Italian Civil Code;
(v) to approve the Regulation for the PFIs (the "**PFI Regulation**"), for which reference is made to the information provided by the Company on the website www.astaldi.com, in the Liquidation Perimeter section;
(vi) to grant each Unsecured Creditor one PFI for each €1.00 of Unsecured Claim contributed, while not recognising cash adjustments or the issuance of fractional PFIs and, therefore, cancelling the remainders. The PFIs are equity-based instruments and the contribution made by each Unsecured Creditor for release of the PFIs is a forgivable loan and does not grant any right to return and/or reimbursement of the contribution, but exclusively the financial and administrative rights pertaining to those PFIs;
(vii) that the first issue of PFIs be executed after the Approval, in a number corresponding to the amount of the unsecured claim indicated in the liabilities of the Plan, as adjusted in the Report by the Court-Appointed Receivers prepared pursuant to Article 172 of the Bankruptcy Law. Any additional issues of PFIs will be made after a specific resolution by the Board of Directors, on a half-yearly basis after any recognition, in court or out of court, of unsecured claims not included in the liabilities of the Composition with Creditors Plan or the possible materialisation of liabilities that were taken into account during recognition of the provisions for risks within the Plan. The first issue took place in November 2020, as detailed below.

For further information on the assets, rights and legal relationships (related assets and liabilities) of the Company and of Astaldi Concessioni S.p.A. ("**Astaldi Concessioni**") merged and segregated into the Separate Unit, please refer to the Astaldi Separate Unit Financial Report attached to Astaldi S.p.A.'s Separate Financial Statements as at 31 December 2020.

Here it is considered appropriate to point out that, in view of establishing the Astaldi Separate Unit, in implementation of the Composition with Creditors Plan and Proposal, Astaldi Concessioni first underwent a proportionate partial demerger, executed with a deed dated 28 May 2020 (becoming effective 12 June 2020), designed to isolate the liquidation perimeter (that will remain within the demerged Astaldi Concessioni) from the assets of the Core Assets Scope (which has flowed into a newly incorporated company named Astaldi Concessions S.p.A. ("**Astaldi Concessions**")). The assets included in Astaldi Concessions essentially refer to O&M contracts, other minor concessions for which construction work is expected to be completed and other related assets and liabilities, including those vis-à-vis third parties.

On 31 July 2020, in order to comply with the obligations assumed with the Astaldi Composition with Creditors, the Extraordinary Shareholders' Meeting of Astaldi resolved, among other things:

(i) (*a*) an indivisible increase in share capital against payment, with exclusion of rights offering pursuant to Article 2441, paragraphs 5 and 6, Italian Civil Code, for a total amount of €225,000,000.00, including the share premium, through the issuance of 978,260,870 ordinary shares without par value, at a unit price of €0.23, to be reserved for subscription by Webuild and to be paid in cash (the "**Webuild Increase**"); (*b*) the issuance and allocation reserved for Webuild of 80,738,448 Anti-Dilutive Warrants, which give Webuild the right to the allocation of a maximum 80,738,448 Astaldi ordinary shares without par value ("bonus shares") at the ratio of 1 newly issued Astaldi ordinary share for every 1 Anti-Dilutive Warrant exercised; (*c*) the issuance of a maximum 80,738,448 Astaldi ordinary shares without par value ("bonus shares") to be assigned upon the exercise of Anti-Dilutive Warrants, without any change in share capital;
(ii) a divisible increase in share capital against payment, with exclusion of rights offering pursuant to Article 2441, paragraphs 5 and 6, Italian Civil Code, for a maximum total amount of €98,653,846.00, including the share premium, through the issuance of a maximum 428,929,765 Astaldi shares without par value, at a unit price of €0.23, to be reserved for subscription by the Confirmed Creditors and the Potential Creditors, to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi ("**Capital Increase by Conversion**");
(iii) a divisible increase in share capital against payment, with exclusion of rights offering pursuant to Article 2441, paragraphs 5 and 6, Italian Civil Code, for a maximum total amount of €10,000,000.00, including the share premium, through the issuance of a maximum 43,478,261 Astaldi shares without par value, at a unit price of €0.23, to be reserved for subscription by the Unforeseen Creditors, to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi ("**Unforeseen Creditors Capital Increase**").

On the same date, the Astaldi Shareholders' Meeting also resolved: (*a*) the issuance and assignment of 79,213,774 Lender Warrants to the Astaldi lending banks, granting the right to subscribe ordinary shares of Astaldi at the ratio of one share for every Lender Warrant, to be exercised by the deadline of three years after the date of entry of the resolution in the Company Register; (*b*) a divisible increase in share capital against payment, with exclusion of rights offering pursuant to Article 2441, paragraphs 5 and 6, Italian Civil Code, for a maximum total amount of €18,219,168.00, including the share premium (the "**Lender Warrant Capital Increase**"), through the issuance of a maximum 79,231,774 Astaldi shares without par value, at a unit price of €0.23, to be reserved exclusively and irrevocably for service of the Lender Warrants and thus exercise of the subscription right due to the holders of those Lender Warrants.

In execution of the shareholders' resolutions adopted by Astaldi on 31 July 2020, on 5 November 2020:

(i) Webuild fully subscribed and paid the Webuild Increase, with an issue in its favour of 978,260,870 new Astaldi shares;
(ii) Astaldi carried out the Capital Increase by Conversion, by issuing 399,782,755 new Astaldi shares;
(iii) Astaldi issued 3,199,975,846 PFIs for a value of €3,199,975,846.00;
(iv) Astaldi issued and assigned to Webuild 80,738,448 Anti-Dilutive Warrants;
(v) Astaldi issued and assigned to the lending banks (Unicredit, Intesa Sanpaolo, SACE, BNP Paribas, Banca Monte dei Paschi di Siena and Banco BPM) 79,213,774 Lender Warrants.

Following the request by Banco BPM on 26 November 2020 to exercise 4,222,094 Lender Warrants, 4,222,094 Lender Warrants were consequently cancelled and 4,222,094 Astaldi shares were issued and assigned to Banco BPM, as part of the Lender Warrant Capital Increase.

At the date of preparation of this report, therefore, the amount of Astaldi's share capital is equal to €340,431,460.27 divided into 1,480,136,785 shares, already including the sum of €91,950,033.65 and the corresponding 399,782,755 shares subscribed on 5 November 2020 in execution of the Capital Increase by Conversion, and the sum of €971,081.62 and the corresponding 4,222,094 shares subscribed on 26 November 2020 relating to the Lender Warrant Capital Increase. The Unforeseen Creditors Capital Increase has been approved but not subscribed, not even partially.

As a result of the transactions described above, at the date of preparation of this report Astaldi's capital is therefore 66.10% owned by Webuild, 3.57% by Fin.Ast. and the remaining 30.33% by the market[15].

For the sake of completeness, on 19 October 2020 Astaldi signed an unsecured loan agreement (the "**RCF Loan Agreement**") with a pool of banks comprised by Banca Monte dei Paschi di Siena, Banco BPM, BNP Paribas (Italian Branch), Intesa Sanpaolo and Unicredit (the "**Lenders**"), pursuant to which the Banks committed themselves, subject to satisfaction of certain conditions precedent for disbursement, to provide Astaldi with a revolving credit facility in cash totalling €200 million (the "**RCF 200**"), which is pre-preferential pursuant to Article 182-quater, paragraph 1, and Article 111 of the Bankruptcy Law, and usable, after the Approval and execution of the Webuild Increase, to finance the ordinary business activities of Astaldi and allow repayment of the portion of the pre-preferential bond that has not yet been repaid at that date (the "**Pre-preferential Bond**", also "Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022", subscribed in 2019 by Beyond and illimity). Astaldi then made the full early repayment of the Pre-preferential Bond on 12 November 2020, as a result of the Webuild Increase and the subsequent disbursement of the RCF 200, as required by the loan rules.

Appeals to the Supreme Court against the approval order of 17 July 2020

On 14 and 15 September 2020 the Company was notified of two extraordinary appeals to the Supreme Court pursuant to Article 111 of the Italian Constitution, separately filed by an individual ("**Individual Appeal**") and a group of bondholders ("**First Collective Appeal**"), against the approval order of 17 July 2020. Subsequently, on 13 and 14 October 2020 the Company received notification of two further extraordinary appeals to the Supreme Court, respectively filed by eight ("**Second Collective Appeal**") and eighteen bondholders ("**Third Collective Appeal**"), which almost fully reproduce the arguments contained in the First Collective Appeal. The four appeals were combined pursuant to art. 335 of the Italian Code of Civil Procedure and were assigned General Court Docket no. 23901/2020.

On 23 October 2020, Astaldi served its counter-appeal against the First Collective Appeal and the Individual Appeal, replying with a single filing to both appeals, given the substantial similarity of most of the grounds for appeal, requesting that they be declared inadmissible or unfounded. Subsequently, on 2 November 2020 the Company filed its pleadings.

With a further counter-appeal served on 20 November 2020, again pursuant to art. 372 of the Italian Code of Civil Procedure, Astaldi replied with a single filing to the Second Collective Appeal and the Third Collective Appeal, requesting that they be declared inadmissible or unfounded. Subsequently, on 3 December 2020 the Company filed its pleadings with the clerk of the court.

[15] Of which 16,984,348 shares allocated to Group Companies in conversion of unsecured claims against Astaldi S.p.A.

At the date of preparation of this report, the Court of Cassation has yet to schedule a hearing or a meeting to deal with the appeals.

Based on the assertions of its lawyers, stressing that the filing of appeals does not hinder the execution of the composition with creditors, the Company considers the risk of losing to be remote, considering the appeals to be unfounded and inadmissible.

Other procedures linked to the Astaldi composition with creditors

NBI S.P.A. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 5 November 2018 NBI S.p.A. (“**NBI**”, a company wholly owned by Astaldi) initiated a separate composition with creditors on a going concern basis procedure before the Court of Rome, filing a specific appeal pursuant to art. 161, paragraph 6, of the Bankruptcy Law. Subsequently, NBI was authorised to continue some orders and obtained clearance from the Court of Rome for the issuance of a DURC (certification of labour compliance) and the collection of some receivables due from customers. The composition with creditors proposal was then filed on 7 June 2019, within the time authorised by the Court of Rome. As a result of the clarifications requested by the Court and within the timeline set by it, on 6 November 2019 NBI filed a revised composition with creditors proposal. It also commenced a debt restructuring procedure in Chile. NBI informed the Court of Rome with its communication of 7 February 2020 that it had obtained the majority vote required by Chilean law for approval of its local debt restructuring proposal presented in that country. With order of 26 February 2020, the Court of Rome accepted NBI’s application for the composition with creditors procedure and ordered that the creditors’ meeting be called for 24 June 2020. On 9 May 2020, the relevant court-appointed receivers issued a positive opinion on the plan and proposal submitted pursuant to art. 172 of the Bankruptcy Law. On 24 June 2020 the creditors' meeting was held electronically, and after voting the composition with creditors proposal and plan submitted by NBI were approved by a large majority (78.12% of the total amount of credits admitted to the voting). By order of 22 July 2020, the Court of Rome scheduled the hearing for 30 September 2020 for its decision on approval of the NBI composition with creditors. The Court of Rome published its order approving the NBI composition with creditors on 9 October 2020. The order, issued without opposition as prescribed by Article 180, paragraph 3 of the Bankruptcy Law, is not subject to appeal and, therefore, must be considered irrevocable and immediately enforceable. In short, NBI's composition with creditors provides for the full settlement of pre-preferential and preferential claims together with the cash settlement of a portion of unsecured claims equal to 10.1% over the period of the plan, in addition to any payments to unsecured creditors deriving from the sale of certain assets not needed by the company to operate as a going concern. Execution of the composition with creditors is assigned to NBI, and the relevant court-appointed receivers will monitor exact compliance with the composition with creditors. Furthermore, in accordance with NBI's composition with creditors proposal, the Court appointed a liquidator responsible for the disposal of assets not necessary for the company to operate as a going concern and entrusted said liquidator with a series of tasks aimed at satisfying creditors. The approval sanctioned the return of NBI to a performing condition.

AFRAGOLA FS S.C.R.L. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 3 June 2019 Afragola FS S.c.r.l. (“**Afragola**”, consortium company 82.54% owned by Astaldi and the remaining 17.46% by NBI) initiated a separate composition with creditors subject to confirmation procedure before the Court of Rome pursuant to art. 161, paragraph 6 of the Bankruptcy Law. By order of 12 June 2019, the Court of Rome set 3 September 2019 as the deadline for the submission of the composition with creditors proposal, the composition with creditors plan and the additional documentation required by law. With a subsequent petition dated 30 August 2019, pursuant to art. 161, last paragraph of the Bankruptcy Law, Afragola asked the Court of Rome to grant a sixty-day extension of such deadline. With order dated 5 September 2019, the Court of Rome authorised the extension requested. On 4 November 2019 Afragola filed a composition with creditors proposal pursuant to art. 160 et seq. of the Bankruptcy Law with liquidation instructions. With order issued on 22 January 2020 the bankruptcy judge made some remarks on the composition with creditors proposal submitted by the company, to which Afragola replied on 25 February 2020 with clarifications, accompanied by an update of the plan, the related declaration and other documents. With order issued on 4 October 2020 and filed with the clerk on 5 November 2020, the Court of Rome admitted Afragola to the composition with creditors procedure. On 10 March 2021, the creditors' meeting was held, and pursuant to Article 178, paragraph 4 of the Bankruptcy Law the voting procedures will be completed on 30 March 2021. At the meeting, the proposal received around 40% of the votes in favour. Therefore, at the date of preparation of this report, the directors consider it highly likely that approval of the proposal will be obtained.

PARTENOPEA FINANZA DI PROGETTO S.c.p.A. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

Partenopea Finanza di Progetto ("**PFP**", consortium company 99% owned by Astaldi) filed a petition for bankruptcy with the Court of Naples and, not having sufficient means to meet its debts (its main asset is a receivable from Astaldi, not collectable due to the composition with creditors procedure of the parent), has in turn filed an appeal with the Court of Naples pursuant to art. 161, paragraph 6 of the Bankruptcy Law. The Court of Naples granted PFP until 1 June 2019 (subsequently extended to 31 July 2019) for the submission of the composition with creditors proposal. On 31 July 2019 PFP submitted the proposal, and on 8 August 2019 the Court of Naples requested clarifications, setting a hearing for 18 September 2019. As a result of the clarifications requested by the Court and within the timeline set by it, the company filed a revised composition with creditors proposal with the related documentation. With order of 15 January 2020, the Court of Naples accepted PFP's application for the composition with creditors. With a report drafted pursuant to art. 172 of the Bankruptcy Law filed on 16 March 2020 the relevant court-appointed receiver expressed a "*positive opinion on the plan, with regard to its legal and economic feasibility*", clarifying that "*the plan proposed by PFP appears to have substantial logic and reasonableness and should be considered feasible and appropriate with respect to the possible concrete alternatives (bankruptcy)*". With order of 27 April 2020, the PFP creditors' meeting, originally scheduled for 30 April 2020, was postponed to 17 June 2020. With order issued on 23 July 2020, the Court of Naples declared the PFP proposal to be approved, setting the hearing for the approval of the company's composition with creditors for 23 September 2020 pursuant to art. 180 of the Bankruptcy Law. With order of 21 October 2020, the Court of Naples approved PFP's composition with creditors and appointed the liquidator in charge of disposing of the company's assets and distributing the proceeds to creditors.

ASTALDI CHILE BRANCH - JUDICIAL REORGANISATION PROCEDURE

On 6 November 2018 the Astaldi Chile Branch applied to the Court of Santiago (the "**Court of Santiago**") to have the Astaldi composition with creditors procedure endorsed so that the effects of the Italian procedure would be valid in that country. The Chilean bankruptcy law provides that endorsement of crossborder composition with creditors procedures gives the debtor temporary protection from individual enforcement actions by creditors. As provided for by the local law, the Astaldi Chile Branch applied to the Court of Santiago for a precautionary financial protection measure as per Article 57, no. 1 of the local bankruptcy law ("**Financial Protection**"). Subsequently, upon a creditor's request, the Court of Santiago revoked Astaldi Chile Branch's Financial Protection. Consequently, on 25 February 2019 the Astaldi Chile Branch applied for the Chilean judicial reorganisation procedure (which is an alternative to a winding up procedure) which, in short, provides for (*i*) the presentation by the Astaldi Chile Branch of a debt restructuring proposal for its Chilean creditors, (*ii*) the appointment of a body by the three main Chilean creditors to assist the debtor in preparing its proposal and to express an opinion on its feasibility, and (*iii*) the calling of a meeting of Chilean creditors to vote on the debtor's proposal. On 27 March 2019, Astaldi presented an application to the Court of Rome for its authorisation to activate the procedure, which the Court granted on 29 March 2019. Consequently, on the same day the Astaldi Chile Branch presented its judicial debt restructuring agreement proposal to the eleventh civil courtroom of Santiago ("Juzgado Civil"). The proposal was put to the vote of creditors on 15 April 2019 and was approved by a sufficiently large majority (over 90% of qualified creditors, by amount and per capita). Starting from that date, the Chilean debt restructuring agreement is valid in accordance with Chilean bankruptcy legislation and, therefore, the branch commenced payment of the instalments as per the agreement within the dates and using the methods approved therein. Subsequently, as a result of the COVID-19 pandemic that has significantly affected the Chilean economy, CODELCO – the main client of the Astaldi Chile Branch – instructed the stoppage/slowdown of activities on two operating sites, Chuquicamata Mine and El Teniente Mine. As of June 2020 the payment of the amounts envisaged in the original judicial restructuring agreement was therefore impacted, and consequently an amendment to the payment plan was presented to Chilean creditors (and approved by the creditors in September 2020), which takes into account the consequent change in flows to service the judicial restructuring. This amendment calls for the payment in 2022 of the two outstanding portions of principal for 2020. The two deferred portions are those of 15 July 2020 and 15 October 2020. The new reorganisation provides for the payment of instalments of varying amounts from April 2022 (last instalment of the old reorganisation) to July 2023 (last instalment of the new reorganisation). For the sake of completeness, note that the instalment of January 2021 (envisaged in the amended calendar) was regularly paid on the scheduled date. The Company's directors consider the risk of possible negative effects on the Company to be remote.

ASTALDI HONDURAS BRANCH - JUDICIAL ADMINISTRATION

At the request of certain creditors and in accordance with local regulations, Astaldi's representatives in Honduras had to make a formal statement before the local Court regarding the value of the assets held by the Company. On 25 May 2019 the local judicial authority appointed a judicial administrator with full powers to manage the assets of the Astaldi Honduras Branch (while Astaldi representatives were deprived of any dispositive authority) for the purpose of their management and conservation in order to liquidate them in favour of local creditors, still ongoing. The Company's directors consider the risk of possible negative effects on the Company to be remote, in addition to what is already envisaged in the provisions.

ASTALDI PERU BRANCH - BANKRUPTCY PROCEDURE

Prompted by a Peruvian creditor and following a series of checks, including with Astaldi's legal advisers, the local commission (INDECOPI - *Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual*) initiated ordinary bankruptcy procedure of the Astaldi Peru Branch with a decision on 18 March 2019. On 4 April 2019, the Astaldi Peru Branch appealed against such decision. Under current legislation, on 22 October 2019 the competent authority established that the appeal was unfounded. On 9 December 2019 the bankruptcy procedure was therefore formally initiated. At the date of preparation of this report, the credit reconciliation phase is under way. The Company's directors consider the risk of possible negative effects on the Company to be remote.

Directors' report

Contents

Introduction

Foreword

The Astaldi Group's 2020 Annual Report comprises this directors' report, the consolidated financial statements, the separate financial statements of the parent, Astaldi S.p.A., the report on corporate governance and ownership structure and the related annexes.

Pursuant to Legislative Decree no. 32 of 2 February 2007 and given the structure of the Astaldi Group (the "**Group**"), Astaldi S.p.A. ("**Astaldi**" or the "**Company**") decided to present in a single report – called the directors' report (the "**Report**") – the information that in the past was contained in the directors' reports of the consolidated financial statements and of the separate financial statements of Astaldi S.p.A.

The Annual Report as at 31 December 2020 was prepared in accordance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board), and the interpretations issued by the IFRIC (International Financial Reporting Interpretations Committee) and the SIC (Standing Interpretations Committee), recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the reporting date. Reference has also been made to the measures issued by CONSOB in implementation of Article 9, paragraph 3, of Legislative Decree no. 38/2005. For the sake of completeness, please also refer to the Notes to the consolidated financial statements annexed to this Report for the part referring to the "Accounting policies", and in particular to the "Newly-issued and endorsed standards and interpretations applicable to annual periods beginning on or after 1 January 2020".

The parent's Board of Directors approved the 2020 Annual Report on 17 March 2021.

From 5 November 2020 Astaldi is subject to management and coordination by Webuild S.p.A. ("**Webuild**").

Main changes in the consolidation scope

In 2020 the consolidation scope of the Astaldi Group underwent some changes, also in implementation of the provisions of the Composition with Creditors Plan and Proposal (see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law"). Specifically, note that:

i. as a result of the establishment of the Astaldi Separate Unit, from the approval of the Composition with Creditors Proposal (17 July 2020), legal segregation has been achieved between the assets and liabilities transferred to the Astaldi Separate Unit and those within the Core Assets Scope, as defined above;
ii. in the first half of 2020, Astaldi Concessioni S.p.A. was involved in a proportionate partial demerger, resulting in the establishment of Astaldi Concessions S.p.A.;
iii. within the broader context of the agreement signed with the partner ICTAS for the transfer of the stake held in the Concession Operator of the Third Bosphorus Bridge (the "**ICTAS Transaction**" - see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law"), Astaldi S.p.A. has withdrawn from projects carried out in partnership with ICTAS in Russia and Turkey.

For the sake of completeness, please refer to the Notes to the consolidated financial statements annexed to this Annual Report for the part referring to the "Consolidation Scope", and in particular to the "Main changes in the consolidation scope".

COVID-19 disclosure

During 2020, the Italian and other EU and non-EU governments applied extraordinary measures to curb the spread of the COVID-19 virus, declared a pandemic by the World Health Organization.

According to statistics, Italy was one of the countries hit hardest by the pandemic, especially in the initial stages. This circumstance has exposed the Company to risks generated by the extraordinary measures applied by the Italian government to prevent and/or curb the spread of the virus involving, inter alia, the temporary closure of industrial plants and construction sites, as well as severe restrictions to the movement of people and means of transport. Moreover, the global spread of the pandemic exposed the Company to the consequences deriving from the application of extraordinary measures issued both in Europe and beyond, where the Group operates or has offices or sites.

The effects on the world economy have been and continue to be significant, and the economies of the countries in which the Group operates – albeit to varying degrees – have not escaped the consequent economic and social impacts.

Below is a brief description of the measures implemented and the effects experienced by the Astaldi Group during the year as a result of the pandemic.

Stable coordination unit implemented at the corporate level

At the end of February 2020, in an effort to oversee all issues related to the COVID-19 situation (at that date not yet declared a pandemic, but already a growing emergency), the Astaldi Group set up a specific committee. Chaired by senior management, its members include the heads of all head-office and peripheral operating structures along with the heads of the parent's main departments involved, in order to (*i*) monitor the spread of the virus at Italian and foreign production units, (*ii*) supervise measures to contain the risk of infection, (*iii*) activate channels to liaise with the Italian embassies in the countries where the Group operates, (*iv*) coordinate actions to safeguard contracts with customers against the possible impact of the pandemic on production activities.

Measures introduced to protect the health of Astaldi Group employees

Following the spread of the virus, Astaldi and its subsidiaries progressively implemented due precautionary measures, also related to safety and securing the health of employees and suppliers on job sites, in compliance with the Prime Minister's various decrees, ministerial circulars, orders from the national civil protection service, along with recommendations issued over time by other authorities in Italy and abroad.

Despite promptly implementing the health protocols defined in the general guidelines set out in the agreement reached between social partners and the government right from the onset of the pandemic, the parent has encountered growing problems in organising the work of the Italian production units, basically as manpower is not available due to the disease, the ban on movement between regions and lock-down restrictions progressively imposed by regional authorities (which put a stop to commuting, especially common among blue collar workers). As routine activities became impossible to guarantee in many production sites, a large number of customers decided to suspend works. Accordingly, starting in mid-March and once the sites had been brought up to safety standards, the parent implemented a series of actions to protect the employees and company value (using up accrued holidays and leave, implementing shock absorbers provided by the Italian government, introducing working from home). In April and May, the parent closed the Rome and Milan offices and accordingly reduced the working hours of the entire workforce by applying for the COVID-19 government-sponsored lay-off scheme[16],

[16] Conventionally to be understood as the government-sponsored lay-off scheme introduced by the Heal Italy Decree (Law Decree no. 18 of 17 March 2020) in response to the health emergency caused by COVID-19.

while simultaneously ruling that the remaining work be performed from home. Moreover, even before closing down the production units, the parent had drafted protocols introducing a series of measures (control, distancing, personal protection, sanitisation of the workplace and work tools, health monitoring, managing emergencies following detection of Covid-19 symptoms) to guarantee the safety of work areas in preparation for the resumption of activities. Therefore, these protocols were fully implemented with the gradual recommencement of production activities at the various sites starting in May 2020 as soon as restrictions around the country began to be lifted. In order to offer further protection to employees, starting from 1 March and for the whole of 2020, the parent has taken out a specific insurance policy covering Covid-19 risks for its employees and their family units. At the date of preparation of this report, production activities had resumed in Italy.

Beyond Italy, considering the rapid spread of the virus, extraordinary measures were progressively adopted in almost all the countries where the Group operates to restrict the circulation of goods and people, with the closure of plants and commercial and production activities. Similarly to Italy, such measures, together with those implemented by the Group to protect employee health, made it progressively difficult for the Group to continue its ordinary production activities. This led to the slowdown or, in some cases, the suspension of production activities, with additional problems (due to restrictions on air traffic) linked to the logistics of personnel who were off-site at the outbreak of the pandemic (because they were forced to repatriate due to the health emergency or, on the contrary, because they were unable to return to the production sites that remained open). At the date of preparation of this report, almost all projects abroad were fully operational with the exception of Algeria, where activities only restarted in mid-February 2021 following a specific authorisation from the local authorities.

Impacts on operations

According to the World Health Organization[17], at the date of preparation of this report the ten countries most affected by the pandemic worldwide are the United States, India, Brazil, Russia, UK, France, Spain, Italy, Turkey and Germany. With regard to these areas, the Group is operational only in the United States (with a single project that has not been affected by business stoppages due to COVID-19), Turkey (where the pandemic has not caused problems for the Etlik Integrated Health Campus in Ankara, as the project was already on standby for other issues, then resolved in September 2020 with operations resuming normally), as well as Italy and India (where the effects of the pandemic have been more evident). In the second half of 2020 all activities resumed again, with the exception of specific situations (Algeria, where some impediments related to the pandemic remain and where activities only restarted in mid-February 2021 following a specific authorisation from the local authorities).

Regarding the situation experienced during 2020, the impacts deriving from the COVID-19 emergency began to have indirect effects on the production of projects starting in the first months of the year, especially in Italy, and then spread to the sites in Europe, North America and South America. Despite the highly uncertain situation, mitigating actions (activities and discussions started with all customers) have already been implemented in the short term in Italy and abroad in an effort to neutralise the negative effects (most importantly financial stress) of the lockdown and the resulting suspension or slowdown of activities.

These measures concerned requests by Astaldi regarding contracts in Italy and abroad for:

(i) accelerating payment of slow-moving items (mostly claims[18] and contractual variations);

(ii) recovery of higher costs incurred for the new protocols adopted to guarantee employee health and safety in the workplace;

(iii) payment of all progress reports issued and work in progress at the beginning of the lockdown;

---

[17] Source: *WHO Coronavirus Disease (COVID–19) Dashboard*, World Health Organization – March 2021 update.

[18] Requests made to the customer in a project for the payment of higher compensation, reimbursement or indemnities in addition to the contractual consideration, which are normally made when the Group incurs higher costs that are deemed to be directly and/or indirectly ascribable to the customer itself.

(iv) rescheduling progress reports' issue dates and related payments;

(v) possibly obtaining advances and/or payments on account on contracts and/or projects and supplies to cover the considerable financial costs of resuming work and simultaneously maintaining the supplier/subcontractor system;

(vi) reviewing production cycles to take into account new site and supply logistics, as well as to allow effective management of the measures put in place to protect employee health;

(vii) rescheduling contractual deadlines due to slowdowns or total stoppages of work.

Please refer to the following for further information on the specific situations in the sites of the Astaldi Group at the date of preparation of this report.

Italy

Of the numerous measures adopted in 2020 by the Italian government to deal with the health emergency, those worthy of note include: (*i*) the "Heal Italy Decree" (Law Decree no. 18 of 17 March 2020) which allocated a total of €25 billion to support, among other things, the health system and civil protection and to preserve employment and support income and businesses; (*ii*) the "Liquidity Decree" (Law Decree no. 23 of 8 April 2020), which provided for the granting of state guarantees to support credit for €400 billion; (*iii*) the "Relaunch Decree" (Law Decree no. 34 of 19 May 2020), which put in place tax measures for an additional €55 billion in support of, among other things, families and businesses; (*iv*) the Prime Minister's Decree[19] of 7 August 2020, which allocated an additional €25 billion to support and relaunch the economy. With the latter decree, the total resources deployed to respond to the emergency in Italy amounted to €100 billion (equal to 6 percentage points of GDP[20]). This decree was followed by various so-called "relief" Prime Minister's decrees containing further urgent measures to address the consequences of the COVID-19 epidemic (24 October 2020, 7 November 2020, 21 November 2020, 29 November 2020). Subsequently, on 18 December 2020, the Council of Ministers approved a law decree that introduces additional urgent provisions to address the health risks associated with the spread of the COVID-19 virus and provides for the allocation of €645 million to be used for the immediate relief of some commercial activities. Subsequently, Council of Ministers no. 86 of 23 December 2020 approved a law decree containing urgent provisions regarding the extension of legal deadlines. Among other things, the text provides for the extension of some terms related to the measures followed by the declaration of a state of epidemiological emergency due to COVID-19 until the date of cessation of the state of emergency, and in any case no later than 31 March 2021 (then postponed to 6 April 2021 with Prime Minister's decree on 2 March 2021), with the provision that the related measures are implemented within the limits of the available resources authorised by current legislation.

For the sector in question, the "Simplifications Decree" (Law Decree no. 76 of 16 July 2020) introduced a series of measures aimed at reducing levels of bureaucracy, among other things providing for the acceleration of tender procedures and for the start of construction sites, the reduction of contract award times and the introduction of a model based on dedicated extraordinary commissioners to facilitate the rapid execution of some projects identified as strategic. Furthermore, the Government launched the so-called "Fast Italy Plan" consisting of 66 infrastructure projects (of which 40 priority works), which aims to strengthen and modernise the country's railway, road and motorway, port and airport system through an investment plan equal to €131 billion declared as already available. These measures are in addition to those already introduced by the "Unfreeze Italy Decree" (Law decree no. 133 of 12 September 2014) and the "2020 Budget Law" (Law no. 160 of 27 December 2019), which favoured the introduction of mechanisms aimed at restarting the infrastructure sector at a national level.

In this context, also worth considering are two recent changes to the regulation concerning contract advances, referred to in art. 35, paragraph 18, of Legislative Decree no. 50/2016, contained in the Heal Italy Decree and in the Relaunch Decree and which follow changes to the regulation already put in place in 2019 with the Unfreeze

[19] DPCM (Prime Minister's Decree).

[20] Gross Domestic Product.

Job Sites Decree. Taken as a whole, these measures strengthen the instrument of contract advances with the aim of providing new impetus to the companies put to the test by the lockdown. In fact, it was established that under certain conditions and within certain limits the advance envisaged in the aforementioned art. 35, paragraph 18 can be increased from 20% to 30%.

With regard to the management of the Group's contracts, during the first half of 2020 and for about two months there were production slowdowns, and in some cases total stoppage of construction works (i.e. Brenner Base Tunnel, Cumana Railway Line and Naples-Capodichino Metro Station in Naples Line 1, Infraflegrea Project and Quadrilatero Marche-Umbria Road System, Nuovo Ospedale del Sud-Est Barese in Monopoli-Fasano, Sigonella NATO Base, Container Terminal of the Port of Taranto). The activities related to the contracts still in the design or initial start-up phase (e.g. in the case of the Verona-Padua high speed and high capacity railway line and the Jonica State Road), but also those activities considered essential for the territory and which by virtue of this are still ongoing despite the emergency (i.e. the Rome Metro), were carried out continuously, although in compliance with the safety measures necessary for the protection of the health of personnel and all related activities connected to the construction site. The State also made an extraordinary contribution, which made it possible to put in place instruments such as the aforementioned COVID-19 government-sponsored lay-off scheme (used at a Group level for 70% of personnel) and which, among other things, with the Relaunch Decree and the Simplifications Decree introduced measures to support liquidity. In particular, the aforementioned increase in contract advances from 20% to 30% envisaged by the Relaunch Decree resulted in benefits for some specific Italian contracts (specifically, Quadrilatero Marche-Umbria Road System, Brenner Base Tunnel and Jonica State Road Mega-Lot 3). In the second half of 2020 all projects gradually returned to full operation, implementing the new safety protocols.

<u>Europe (including Turkey)</u>

The COVID–19 pandemic has caused a serious economic shock with significant negative repercussions throughout Europe. The impact on the GDP growth of individual countries will depend on the duration of the pandemic and the measures taken worldwide to slow its spread, protect production capacities and, more generally, support the economy. EU Member States have already taken or are taking budgetary measures to increase the capacity of health systems and support categories and sectors that have been strongly affected. Important liquidity support measures and other forms of guarantee were also adopted. In general, in Romania, Poland, Sweden and Turkey the construction sites have not experienced disruptions in operations due to COVID-19.

<u>Romania</u>[21] – The country has not escaped the effects of the COVID–19 pandemic on the global economy, at least as recorded in the first half of 2020. In any case, the local government is working to contain the effects of the crisis and to support businesses, not just in the health sector. In July 2020 the Romanian Government launched an important post-COVID–19 relaunch plan that aims at a new model for economic development, with investments of approximately €100 billion by 2023 involving various sectors, including infrastructure and health. The plan is one of the most important state investment programmes in recent years and also provides for structural measures including, by way of example, the establishment of a national development bank as a credit institution to support investment projects. With regard to infrastructure, among other things the relaunch plan calls for: (*i*) the connection of all regions of Romania through approximately 3,000 kilometres of motorways and state roads by 2030; (*ii*) the start of work on a new metro line in Cluj-Napoca, a strategic centre for the development of the country; (*iii*) the completion of the metro connection between Bucharest and the Henri Coanda International Airport of Bucharest-Otopeni; (*iv*) the construction of three regional hospitals in Cluj-Napoca, Iasi and Craiova by 2027; (*v*) a road, water and sewerage renovation plan, which includes the restoration of 20,000 kilometres of local roads; (*vi*) investments in the energy sector for a total amount of about €12.5 billion between 2020 and 2025. Important liquidity support measures and other forms of guarantee were

[21] Sources - *The World Bank in Romania. Country Snapshot*, World Bank, April 2020; *Commission Report. Romania. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 14 February 2020; *Planul Național de Investiții și Relansare Economică*, Government of Romania, July 2020.

also adopted, especially for small and medium-sized enterprises. The July 2020 economic relaunch plan also provides for active measures for employment and social protection, such as: the extension of unemployment benefits for job categories whose activities were suspended; the stimulation of flexible work programmes and subsidies for vocational training; the stimulation of employment for youth, those over 50 and citizens returning from abroad; measures to encourage teleworking. The financing of these measures will be covered by the European SURE programme (launched after the crisis caused by the pandemic). With specific regard to the Group's ongoing projects in Romania, where not already envisaged, measures are being taken to revise/update the contract price in agreement with the customers in order to allow for a proportionate adjustment of costs in light of the changed market conditions because of the pandemic.

Poland[22] – Lockdowns and closures of borders have helped to preserve Poland from the spread of the COVID-19 pandemic, but have not saved the country from its economic effects which led to 2020 being classified as one of the worst years of the last 30. To cope with the emergency and support the country's economy, the Polish Government introduced the so-called Shield Plan, a package of fiscal measures and initiatives totalling PLN312.1 billion (about €69 billion), equal to approximately 3.2% of the GDP estimated for 2020. The infrastructure sector suffered less from the effects of the pandemic as it managed to contain downtime and, more generally, the impact on construction. It should also be noted that in July 2020 the results of the presidential elections confirmed the second term of the incumbent President.

Sweden[23] – Despite a strong recovery in GDP in the last four months of 2020 (4.9% on the previous quarter) – driven by the recovery in exports together with an increase in domestic consumption (SCB estimates – Swedish Statistical Institute) – the Swedish economic forecast for 2020 foresees a contraction in GDP of 3.4% (European Commission estimates, updated in November 2020) due to the severe economic shock caused by the COVID-19 pandemic. At the same time, a marked rebound is expected in 2021 which is estimated to lead to GDP growth of 3.3%, due to the post-pandemic global recovery. In fact, the Swedish Government reacted to the economic effects of the pandemic by adopting measures to defend employment, stimulate the economy with large injections of liquidity and facilitate access to credit for a total cost, as calculated by the Swedish Government, equal to about 3% of GDP. For the sector at hand, the current infrastructure investment plan with a time horizon until 2029 (2018–2029 National Transport System Plan adopted by the Swedish Government in May 2018) continues to drive the market with initiatives aimed at relaunching the country's infrastructure system, also in connection with European networks (total investment planned equal to SEK700 billion – approximately €67.5 billion). Lastly, note that the two Group contracts in progress in the country (Haga and Kvarnberget Station, part of the West Link – Gothenburg Rail Link) were not significantly impacted by the effects of the pandemic in light of the willingness of local authorities not to impose particular restrictions on the workplace and on production in general.

Turkey[24] – The increasing number of cases at the end of October 2020 led the Turkish Government to adopt more stringent measures: total lockdown on the weekend, curfew after 9 pm, limited circulation, closure of all public and dining venues, obligation to present a SARS-CoV-2 PCR negative test upon entry into the country. In 2020 the Turkish Central Bank (CBRT) revised its monetary policy, raising the official interest rate from 10.25% in October 2021 to 15% in November 2020 (subsequently to 17% on 21 January 2021). This was due to factors that have negatively affected the inflation outlook, such as the "delayed" effects of the depreciation of the Turkish lira, the increase in international food prices and worsening inflation expectations. Following the appointment of the new Minister of Treasury and Finance (in November 2020), the Turkish Government also announced a new line aimed at increasing the quality of public finance, combating inflation and maintaining

---

[22] Sources - *Commission Report. Poland. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 20 May 2020.

[23] Sources – SCB Statistics Sweden https://www.scb.se/en/finding-statistics/statistics-by-subject-area/national-accounts/national-accounts/national-accounts-quarterly-and-annual-estimates/; European Commission (updated in November 2020) https://ec.europa.eu/info/sites/info/files/economy-finance/ip136_en_2.pdf; *The Government's work in response to the virus responsible for COVID-19*, Swedish Government – Ministry of Finance.

[24] Sources – *Policy Responses to COVID–19 – Policy Tracker: Turkey*, International Monetary Fund; *OECD Economic Outlook Volume 2020. Issue 1: Preliminary Version – Economic Forecast Summary (June 2020) – Turkey Economic Snapshot*, OECD, June 2020.

fiscal legislation, including through a programme of micro-reforms aimed at enhancing macroeconomic stability. It is also worth noting that in Turkey the pandemic has not caused problems for the Etlik Integrated Health Campus in Ankara, as the project was already on standby for other issues (then resolved in September 2020 with operations resuming normally).

American Continent

Chile[25] – Chile suffered severely from the effects of the pandemic, which added to those of the social turmoil at the end of 2019. Consequently, in August 2020 Moody's lowered its outlook rating for the country's sovereign credit from stable to negative. The decision is essentially motivated by the rapid increase in debt levels that Chile has experienced in recent years, whose trend has accelerated with the spread of the pandemic. However, with a credit rating of A-1, Chile remains one of the most stable economies in Latin America. The country has entered the pandemic with low fiscal reserves and debt levels compared to countries with the same rating, although the pandemic is gradually deteriorating its position. The impacts of the pandemic (Chile is one of the hardest hit countries in Latin America), the deteriorating global economic prospects and the turbulence of the financial markets are in fact creating a serious economic and financial shock, which for Chile mainly translates into weaker economic growth and a greater demand for social programmes. Moreover, the pandemic has exacerbated discontent over certain social issues, such as the high cost of living, the quality and coverage of public services and income inequality. The International Monetary Fund notes that the Chilean economy contracted with an estimated fall in real GDP of 6% in 2020, and forecasts a recovery in 2021 with a growth rate of 4.5% supported by significant fiscal, monetary and financial measures. To counter the emergency situation, the Chilean Government has a plan to relaunch the national economy (*Plan paso a paso Chile se recupera*). This plan includes infrastructure investments of USD34 billion (equal to €28 billion), more than 10% of the country's GDP, of which USD9.4 billion (equal to €7.8 billion) for the two-year period 2020–2022, for the construction of 2,130 projects in the next two years involving the building and modernisation of bridges and motorways, railway and metro lines, ports and airports and hydraulic works. The objective is to protect income, support the most vulnerable groups of the population, safeguard jobs – including with remote working – and ensure business continuity, on the one hand accelerating payments to suppliers and on the other putting in place advantageous tax initiatives. Social shock absorbers have also been introduced nationally. Within Astaldi, Chile is undoubtedly the area most affected by the COVID-19 pandemic among those where the Group has operations. The consequences of the spread of the virus on the contracts that the Astaldi Group has in the country have been significant, and, precisely in order to mitigate the economic impact that could result negotiations are under way with customers (private and public), and results are expected in the short term. Construction sites were at a standstill (even for more than two months, particularly for the El Teniente mining project) and there was a sharp slowdown in activities upon resumption, as a result of stringent safety procedures adopted. At the date of preparation of this report, activities have resumed full operation, in particular with regard to the El Teniente project. Note also that on 15 April 2019 the Astaldi Chile Branch saw the successful completion of the judicial reorganisation procedure (initiated following the Astaldi composition with creditors) with the acceptance of the relevant proposal by the creditors, a proposal that provided for the payment of the debt through instalments corresponding to the cash flows deriving from the contracts. The aforementioned shutdown of construction sites then resulted in the need to renegotiate the original repayment plan of the branch's debts – for details, see § “Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law”, in the part referring to the “Other procedures linked to the Astaldi composition with creditors”.

Canada[26] – Canada has put in place a long-term investment plan to strengthen the country's infrastructure system. This plan calls for investments worth more than CAD180 billion (€116 billion) to be made in 12 years, starting from 2016, in five priority areas: infrastructure for mass transport and other transport infrastructure (CAD38.8 billion, equal to €24.7 billion), renewable energy (CAD26.9 billion, equal to €17.1 billion), infrastructure for social welfare (CAD25.3 billion, equal to €16.1 billion). To cope with the COVID-19 emergency, this plan was

---

[25] Sources – *Outlook for Latin America and the Caribbean: An Intensifying Pandemic*, International Monetary Fund, 26 July 2020; *Plan paso a paso Chile se recupera*, Chilean Government, 3 September 2020; *Trading Economics* https://tradingeconomics.com/chile/rating.
[26] Sources - *Investing in Canada Plan*, Government du Canada.

reinforced with an additional CAD33 billion (equal to €21 billion). With regard to the areas where the Astaldi Group is present, only Quebec passed a special law to compensate for a percentage of employees' salaries during the period of total work stoppage. During the spread of the virus all work in Quebec was stopped, and in order to prevent companies from immediately dismissing their personnel, the provincial government established a system similar to the government-sponsored lay-off scheme used in Italy. Note that in Canada, as a result of the pandemic only the activities related to the contracts of the investee TEQ in Quebec (a very marginal part of the Group's Order Backlog in the country) were halted, but it was in this province that the local government introduced the aforementioned shock absorbers.

USA – As with other countries, the United States identified infrastructure as a driving force to counter the effects of the pandemic. The country suffered and continues to suffer heavily from the spread of COVID–19 infection, and as a counteraction the government has launched a plan to modernise the country's infrastructure system with investments of USD2 billion (equal to €1.6 billion) in bridges, roads and other infrastructure. The plan launched is much broader than those previously approved in the country and will be financed with new federal debt, leveraging a market characterised by interest rates equal to zero. For the Astaldi Group, the only contract in place in the area (I–405 Motorway) was not halted.

Paraguay[27] - For Paraguay, where the Group has one project for the construction of a hydroelectric plant financed by an independent binational body, at the date of preparation of this Report there was no impact on production, as this project in the area is still in the start-up phase.

Other countries

Algeria – In order to mitigate the economic impacts of the COVID-19 pandemic, the Algerian government is working on an economic recovery plan that among other things aims to introduce a series of measures for the simplification of bureaucratic processes and the revision of public procurement rules. We remind you that the Astaldi Group has two railway projects in Algeria, which were halted due to measures put in place by the Algerian government to prevent the spread of the virus, and that work resumed only in mid-February 2021 following a specific authorisation from the local authorities.

India – Although the country is suffering heavily from the effects of the COVID-19 pandemic, as a result of an easing of virus containment measures, lockdowns and mobility limits the infrastructure sector has been almost fully operational since the second half of 2020. The Indian Government is considering policy actions in support of the domestic economy, with effects that cannot yet be estimated at the date of preparation of this Report.

Outlook

Please refer to the information provided below on the outlook – see § “Outlook” and “Events after the reporting date”.

Here it is only appropriate to underscore that, with regard to the economic effects generated by the spread of the COVID-19 pandemic, there was a decrease in production for the period of approximately 20% compared to what was planned, with a consequent impact on the Operating Profit (Loss) that was substantially related to the margins not achieved by these activities.

.

[27] Sources – *2020 World Economic Outlook, International Monetary Fund, April 2020.*

Comments on the Group's operating performance

The Group's performance

The Astaldi Group's Reclassified Statement of Profit or Loss for 2020 is as follows.

Table 5 – Reclassified Statement of Profit or Loss for 2020 - Astaldi Group

(€'000)	**Note no.***	**2020**	**%**	**2019**	**%**
Revenue from contracts with customers	1	1,380,830	95.1%	1,368,827	92.8%
Other operating revenue	2	71,481	4.9%	106,197	7.2%
Total revenue		**1,452,311**	**100.0%**	**1,475,024**	100.0%
Operating costs	3 – 4	(1,143,048)	-78.7%	(1,135,850)	-77.0%
Added value		**309,263**	**21.3%**	**339,174**	23.0%
Personnel expenses	5	(248,109)	-17.1%	(300,872)	-20.4%
Other operating costs	6	(42,000)	-2.9%	(24,231)	-1.6%
Change in costs capitalised to fulfil a contract	7	1,887	0.1%	(2,863)	-0.2%
Share of profits (losses) from joint ventures and associates	8	(68,371)	-4.7%	30,671	2.1%
Gross operating profit (loss)		**(47,331)**	**-3.3%**	**41,878**	2.8%
Amortisation and depreciation	9	(53,680)	-3.7%	(50,985)	-3.5%
Provisions	10	(6,196)	-0.4%	4,307	0.3%
Impairment losses	9	(17,281)	-1.2%	14,546	1.0%
Capitalised internal costs		--	0.0%	--	0.0%
Operating profit (loss)		**(124,487)**	**-8.6%**	**9,747**	0.7%
Non-recurring income from discharge of debt on continuing operations	11	2,172,144	149.6%	--	0.0%
Net financial income (expense)	12 – 13	(36,795)	-2.5%	(45,906)	-3.1%
Pre-tax profit (loss)		**2,010,863**	138.5%	**(36,159)**	-2.5%
Income taxes	14	(179,443)	-12.4%	(27,804)	-1.9%
Non-recurring income from discharge of debt on discontinued operations	11	74,127	5.1%	--	0.0%
Net profit (loss) from discontinued operations	15	(104,324)	-7.2%	(6,620)	-0.4%
Profit (loss) for the year		**1,801,223**	**124.0%**	**(70,584)**	**-4.8%**
Profit (loss) attributable to non-controlling interests		(499)	0.0%	1,417	-0.1%
Profit (loss) attributable to the owners of the parent		1,801,721	-124.1%	(72,000)	

(*) Notes to the Consolidated Financial Statements as at 31 December 2020 attached to this Report.

To facilitate the analysis of the performance for the period, for operating purposes only, some selected statement of profit or loss figures are shown below, focusing on the Pro-forma Core Assets Scope, to be understood as operating data not subject to auditing that reflects the effects of the segregation of the Separate Unit and excludes the non-recurring effects attributable to the composition with creditors procedures of Astaldi and certain Group companies.

Table 6 - Selected statement of profit or loss figures - Astaldi Group

(€ millions)	**December 2020** **Consolidated Financial Statements Astaldi Group**		**December 2020** **Pro-forma Core Assets Scope** (*management view*)*	
Total revenue	**1,452.3**	**100.0%**	**1,453.2**	**100.0%**
Gross operating profit (loss)	**(47.3)**	**-3.3%**	**72.4**	**5.0%**
Operating profit (loss)	**(124.5)**	**-8.6%**	**18.1**	**1.2%**

(*) The "**Pro-forma Core Assets Scope (management view)**", to be understood as operating data not subject to auditing, reflects the effects of the segregation of the Separate Unit and excludes the non-recurring effects attributable to the composition with creditors procedures of Astaldi and certain Group companies.

The consolidated results of the Astaldi Group at 31 December 2020 were affected by (*i*) the slowdown in the start-up of projects due to delays in the provision of the guarantees necessary to start and/or continue some contracts, and (*ii*) the impact of COVID-19, which led to construction site stoppages and/or slowdowns in the activities related to the procedures adopted for the management and containment of the health emergency for some projects (especially in Italy, but also abroad). The mitigating actions introduced by the Company made it possible to limit those effects and, as necessary, negotiations are under way with its own customers, aiming to guarantee the reimbursement of the extra costs consequently incurred and/or a redefinition of delivery times to compensate for the delays related to the pandemic (see § "COVID-19 disclosure").

As at 31 December 2020, total revenue amounted to €1,452.3 million, including €1,380.8 million (95.1% of the total) of revenue from contracts with customers and the remaining €71.5 million (4.9% of the total) of other operating revenue. Total revenue for the Pro-forma Core Assets Scope amounted to €1,453.2 million (*management view not subject to audit*). Compared to the previous year, the figure shows a decrease of 1.5% compared to €1,475.0 million at 31 December 2019, due essentially to the slowdown in production caused by COVID-19, especially in Italy and on the American continent.

38% of revenue from contracts with customers was attributable to activities in Italy and the remaining 62% to projects abroad (mainly Europe and the American continent). In terms of business lines, 97% came from Construction and the remaining 3% from O&M contracts.

The works that most contributed to the year's production were, in Italy, (*i*) for Construction, Maxi–Lot 2 of the Quadrilatero Marche-Umbria Road System which gradually resumed work after the beginning of May 2020, Mega-Lot 3 of the Jonica State Road which was operating at full capacity in the second half of the year, the Naples-Cancello and Apice-Hirpinia sections of the Naples-Bari high speed railway line, as well as Line 4 of the Milan Metro, the Brenner Base Tunnel and Line C of the Rome Metro, and (*ii*) for O&M, GE.SAT., the O&M Company of the Four Tuscan Hospitals. In Europe, the accounts reflect the progress of the projects in Sweden (Haga and Kvarnberget Station), Romania (three lots of the Frontieră-Curtici-Simeria railway line and Braila Bridge) and Poland (Warsaw Southern Bypass and S–7 expressway for the Naprawa-Skomielna Biała section).

Overall, these projects compensate for the slowdown in production volumes in Turkey, following the final completion of the Gebze-Orhangazi-Izmir Motorway in the second half of 2019. On the American continent, production was driven by works in the USA (I-405 highway) and Canada (HuLRT Project and contracts of the subsidiary T.E.Q. Construction Enterprise Inc.). Taken as a whole, these projects counteracted the general delay in Chile in the development and/or start-up of some projects as a result of the severe restrictions adopted by the local authorities to contain the pandemic. Lastly, we note the progress of activities in Asia, for orders in India (VBSL, Mumbai Metro) and Africa, and for contracts in Algeria (railway lots), although both areas were penalised by the measures introduced in response to COVID-19.

The tables below show the distribution of the Astaldi Group's revenue from contracts with customers by geographical segment and business line as at 31 December 2020.

Table 7 – Revenue from contracts with customers by geographical segment

(€ millions)	***31 December 2020***	***%***	***31 December 2019***	***%***	***Annual variation***
Italy	**526**	**38.1%**	**431**	**31.5%**	**95**
Abroad	**855**	**61.9%**	**938**	**68.5%**	**(83)**
Europe (*)	*462*	*33.5%*	*470*	*34.3%*	*(8)*
American continent	*374*	*27.1%*	*452*	*33.0%*	*(78)*
Africa	*6*	*0.5%*	*10*	*0.7%*	*(4)*
Asia	*13*	*0.9%*	*6*	*0.4%*	*7*
TOTAL	***1,381***	***100%***	***1,369***	***100%***	***12***

(*) In this table, Europe does not include Italy but does include Turkey.
Note: Revenue from contracts with customers, as identified in Note 1 of the Consolidated Financial Statements as at 31 December 2020, attached to this Report.

Table 8 – Revenue from contracts with customers by business line

(€ millions)	***31 December 2020***	***%***	***31 December 2019***	***%***	***Annual variation***
Construction	**1,341**	**97.1%**	**1,324**	**96.7%**	**17.1**
Transport infrastructure of which:	**1,125**	**81.5%**	**992**	**72.5%**	**132.6**
Railways and metros	*538*	*38.9%*	*519*	*37.9%*	*18.2*
Roads and motorways	*469*	*34.0%*	*347*	*25.3%*	*122.6*
Ports and airports	*118*	*8.6%*	*126*	*9.2%*	*(8.3)*
Hydraulic works and energy generation plants	**23**	***1.7%***	**18**	***1.4%***	***(4.2)***
Civil and industrial construction	**94**	***6.8%***	**126**	***9.2%***	***(31.9)***
Industrial plants	**99**	***7.2%***	**187**	***13.6%***	***(87.8)***
O&M	**40**	**2.9%**	**45.0**	**3.3%**	**(5.1)**
TOTAL	***1,381***	***100.0%***	***1,369***	***100.0%***	***12.0***

Note: Revenue from contracts with customers, as identified in Note 1 of the Consolidated Financial Statements as at 31 December 2020, attached to this Report.

At 31 December 2020, the gross operating profit (loss) was a loss of €47.3 million (profit of €41.9 million and margin of 2.8% at 31 December 2019), including €12.8 million of non-recurring effects related to the composition with creditors procedure (advisors and legal expenses). The gross operating profit (loss) of the Pro-forma Core Assets Scope was a profit of €72.4 million, with a margin of 5% (*management view not subject to audit*). Compared to the previous year, the figures are penalised by the pandemic and more generally by the production slowdowns mentioned above.

The cost structure reflects the dynamics of production volumes and the composition with creditors: (*i*) operating costs reflect, in particular, the progress of significant contracts in Italy and Romania, as well as in Sweden, while (*ii*) personnel expenses reflect the effects of the slowdown in direct activities in Chile, as well as the actions undertaken by the Parent in the context of the composition with creditors procedure in order to adapt the operating structure to the new business environment. The accounts for the period also include portions of losses from joint ventures and associates for €68.4 million (profits of €30.7 million at 31 December 2019), essentially attributable to the lack of contributions from the stakes held in the Turkish Concession Operators, as they are segregated within the scope of the Separate Unit.

At 31 December 2020 the operating profit (loss) was a loss of €124.5 million (profit of €9.8 million with margin of 0.7% at 31 December 2019). Excluding non-recurring effects related to the composition with creditors procedure, the operating profit (loss) of the Pro-forma Core Assets Scope was a profit of €18.1 million with a margin of 1.2% (*management view not subject to audit*). Compared to the previous year, the figures are penalised mainly by non-recurring effects related to specific provisions and more conservative valuations of some claims (not included in the Core Assets Scope), as well as by revisions to the budgets of some contracts being closed. More specifically, the provisions relate to the risk associated with any adverse actions that could be taken by creditors seeking payment that are involved in Astaldi's composition with creditors but that are located in foreign countries that do not recognise the composition with creditors procedure, as well as to the partial revision of the budgets of contracts being closed that do not fall within the Core Assets Scope.

The accounts for the period show non-recurring income from discharge of debt, both for continuing operations (€2,172.1 million) and for discontinued operations (€74.1 million), as a result of the approval of the composition with creditors of Astaldi and some of its investees. The figure includes the accounting for the positive economic effects deriving from the discharge of debt realised at the time of the assignment of the new conversion shares and the PFIs to unsecured creditors in light of the cancellation of their claims.

The balance of financial income and expense is a net financial expense of €36.8 million (€45.9 million at 31 December 2019), with an impact on revenue falling to 2.5% (3.1% at 31 December 2020).

Income taxes for the period are estimated at €179.4 million (€27.8 million at 31 December 2019), with an increase on the previous year essentially linked to the effects of the approval of the Astaldi composition with creditors, and specifically to the tax treatment applicable to the non-recurring income from discharge of debt detailed above.

The net profit (loss) from discontinued operations is a net loss of €104.3 million (loss of €6.6 million as at 31 December 2019) and includes the effects of the reclassification within discontinued operations of the income components attributable to the areas/contracts closed or identified as closing in execution of the Composition with Creditors Plan and Proposal (i.e. Russia, Honduras, other minor countries).

The changes described above resulted in a net profit attributable to the owners of the parent of €1,801.7 million compared to a loss of €72 million at 31 December 2019.

The Group's financial position and performance

The Astaldi Group's Reclassified Statement of Financial Position at 31 December 2020 is as follows. As regards the 2020 financial year, the values in the table take into account the effect of the discharge of debt resulting from the approval of the Astaldi composition with creditors on 17 July 2020.

Table 9 – Reclassified Statement of Financial Position at 31 December 2020 - Astaldi Group

(€'000)	**Note no.***	**31/12/2020**	**31/12/2019**
Intangible assets	20	35,139	48,295
Property, plant and equipment	17-19	61,180	100,065
Equity investments	21	88,152	502,088
Other non-current assets, net	14-22-23	159,318	396,460
Non-current assets held for sale	30	9,933	154,060
Liabilities directly associated with non-current assets held for sale	30	(15,111)	(172,040)
Right-of-use assets	18	23,440	38,724
TOTAL non-current assets (A)		**362,051**	**1,067,652**
Inventories	24	38,675	38,231
Contract work in progress	25	927,083	796,967
Trade receivables	27	379,178	26,717
Amounts due from customers	27	351,735	578,259
Other assets	23	296,959	255,960
Tax assets	28	79,271	68,620
Progress payments from customers	25	(693,978)	(384,063)
Sub total		**1,378,923**	**1,380,691**
Trade payables	35	(116,664)	(69,461)
Amounts payable to suppliers	35	(594,566)	(1,024,881)
Other liabilities	34	(332,424)	(432,119)
Sub total		**(1,043,655)**	**(1,526,462)**
Operating working capital (B)		**335,269**	**(145,771)**
Employee benefits	33	(6,189)	(6,998)
Provisions for risks and charges	37	(31,119)	(153,344)
Total provisions (C)		**(37,308)**	**(160,342)**
Net invested capital (D) = (A) + (B) + (C)		**660,012**	**761,540**
Cash and cash equivalents	29	500,344	314,061
Current loan assets	22	130,120	100,012
Current financial assets from concession activities		--	--
Securities		--	--
Current financial liabilities	32	(165,315)	(2,844,903)
Non-current financial liabilities	32	(198,976)	(185,541)
Non-recourse financial debt		--	--
Net financial debt of disposal groups	30	116	179,412
Net loans and borrowings (E)		**266,290**	**(2,436,959)**
Financial assets from concession activities		--	--
Non-current loan assets	22	49,512	135,331
Total net loans and borrowings (F)		**315,802**	**(2,301,628)**
Equity attributable to the owners of the parent	31	(973,628)	1,541,825
Equity attributable to non-controlling interests	31	(2,186)	(1,737)
Equity (G) = (D) - (F)		**975,814**	**(1,540,088)**

(*) Notes to the reconciliation with the Consolidated Financial Statements as at 31 December 2020 attached to this Report.

The consolidated financial position of the Astaldi Group as at 31 December 2020 was impacted by effects attributable to the pandemic, as well as by the developments of the composition with creditors, including the effects of the discharge of debt resulting from the approval of the Astaldi composition with creditors on 17 July 2020.

Net invested capital amounted to €660.0 million (€761.5 million at the end of 2019), showing a reduction of €101.5 million on the previous year, essentially as a result of the events mentioned above.

Total non-current assets decreased by €705.6 million, dropping to €362.0 million from €1,067.6 million at 31 December 2019. The performance for the period was essentially determined (*i*) by the decrease in equity investments by €413.9 million and non-current assets held for sale by €144.1 million, attributable to the transfer of certain specific equity investments (SPVs) to the Separate Unit, and (*ii*) by the consequent reduction in other net non-current assets by €237.1 million. Moreover, right-of-use assets decreased by €15.3 million, including, as required by the new IFRS 16 (Leases), the value of leased assets (used for the performance of contracts in Chile, the USA and Italy).

Operating working capital increased by €481.0 million, going to €335.3 million from a negative value of €145.8 million as at 31 December 2019. The working capital cycle, while still influenced by the financial tension of the composition with creditors, showed signs of a first reversal of the trend and the resumption of business despite the effects of the COVID-19 pandemic. Contract work in progress increased by €130.1 million for the progress of contracts, in particular in Italy (Rome Metro Line C, Brenner Base Tunnel, Mega-Lot 3 of the Jonica State Road), Romania (Braila Bridge) and the USA (I-405 highway). The performance for the period takes into account an increase of €395 million in contract advances, mainly attributable to Italian contracts (Mega-Lot 3 of the Jonica State Road, Quadrilatero Marche-Umbria Road System, Verona-Padua high speed railway line), also following the application of art. 120 of the Relaunch Decree (Law Decree no. 34 of 19 May 2020 – *urgent measures to aid the liquidity of contractors*) which, it is recalled, established an increase of up to 30% of advances on public works under certain conditions (see § “COVID-19 disclosure”).

Equity increased by €2,515.9 million, going to €975.8 million from a negative amount of €1,540.1 million as at 31 December 2019. The figure for the period includes the dynamics described above, as well as the effects of the discharge of debt and the Webuild Capital Increase executed in November 2020 (see § “Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law”).

CONSOLIDATED NET FINANCIAL POSITION

The breakdown of the Astaldi Group's Consolidated Net Financial Position as at 31 December 2020, as per CONSOB Communication no. DEM/6064293/2006, is provided below with a comparison with the year ended 31 December 2019. As regards the 2020 financial year, the values in the table take into account the effects of the discharge of debt, as the approval order took effect on 17 July 2020.

Table 10 – Consolidated Net Financial Position at 31 December 2020 – Astaldi Group

	(€'000)		**31/12/2020**	**31/12/2019**
A	Cash		500,344	314,061
C	**Liquidity**	**(A+B)**	**500,344**	**314,061**
	Current loan assets		130,120	100,012
	of which with related parties			*15,863*
D	**Current loan assets**		**130,120**	**100,012**
E	Current bank loans and borrowings		(30,880)	(1,568,807)
F	Current portion of bonds		-	(907,446)
	of which with related parties			*(6,689)*
G	Current portion of non-current debt		(4,883)	(29,745)
H	Other current loans and borrowings		(129,552)	*(338,905)*
	of which with related parties			(20,189)
J	**Current Financial Debt**	**(E+F+G+H+I)**	**(165,315)**	**(2,844,903)**
K	**Net current financial debt**	**(J+D+C)**	**465,149**	**(2,430,830)**
L	Non-current bank loans and borrowings		(183,657)	(9,398)
M	Bonds		-	(130,572)
N	Other non-current financial liabilities		(15,319)	(45,571)
P	**Non-current financial debt**	**(L+M+N+O)**	**(198,976)**	**(185,541)**
Q	Net financial debt from continuing operations	**(K+P)**	**266,174**	**(2,616,371)**
R	**Net financial position of disposal groups**		**116**	**179,412**
	of which with related parties			200,616
S	**Net financial debt**	**(Q+R)**	**266,290**	**(2,436,959)**
	Non-current loan assets		11,008	14,015
	Subordinated loans		38,504	*121,316*
	of which with related parties			60,949
T	Non-current loan assets		49,512	135,331
U	**Total Net Financial Position / (Total Net Financial Debt)**		**315,802**	**(2,301,628)**

At 31 December 2020, the Net Financial Position was positive for €315.8 million, an improvement of €2,617.4 million on the previous year (total financial debt of €2,301.6 million at 31 December 2019).

The figure for the period includes (*i*) the effects of the discharge of debt as a result of the approval of the composition with creditors on 17 July 2020, and in particular the elimination of unsecured liabilities through the allocation of the newly issued shares and the PFIs, as provided for in the Composition with Creditors Plan, as well as (*ii*) the effects of the Webuild Capital Increase executed on 5 November 2020 (see "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law".). The figure for the period also includes the settlement of a portion of pre-preferential claims, relating only to legal expenses, as well as the settlement of a first portion of preferential claims relating to employees, carried out in compliance with the provisions of civil law regarding the degree of preference to be applied in the settlement of debt positions and in compliance with the provisions of the aforementioned approval order. Compared to what was originally envisaged in the Company's Composition with Creditors Plan, pre-preferential claims relating to the remuneration of the court-appointed receivers are still to be settled, for which the Company is awaiting a decision by the Court of Rome, and the remaining part of the preferential claims is to be settled within 12 months of the approval order (i.e. by 17 July 2021). Note that the Net Financial Position also includes the component – measured in accordance with IFRS 2 – relating to the additional remuneration linked to the Lender Warrants granted to the Lending Banks of the new 200-million RCF Line.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Astaldi Group's Statement of Cash Flows for 2020 is as follows.

Table 11 – Statement of Cash Flows for 2020 – Astaldi Group

(€'000)	2020	2019
A) Net cash flows generated by (used in) operating activities	**(14,316)**	**(217,463)**
B) Cash flows generated by (used in) investing activities	**(55,792)**	**(620,349)**
C) Cash flows generated by (used in) financing activities	**255,745**	**383,345**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) *	**185,637**	**103,848**
OPENING CASH AND CASH EQUIVALENTS	**314,823**	**210,974**
CLOSING CASH AND CASH EQUIVALENTS	**500,460**	**314,823**

*Including changes in bank deposits classified as non-current assets held for sale (Disposal Group)

Financial position and performance of the parent Astaldi S.p.A.

Financial performance of Astaldi S.p.A.

The Reclassified Statement of Profit or Loss of the Parent Astaldi S.p.A. for 2020 is as follows. For further information on the performance for the period, please refer to Astaldi S.p.A.'s Separate Financial Statements attached to this Report.

Table 12 – Reclassified Statement of Profit or Loss for 2020 – Astaldi S.p.A.

(€'000)	**Note no.***	**2020**	**%**	**2019**	**%**
Revenue from contracts with customers	1	989,547	94.3%	1,037,943	92.3%
Other operating revenue	2	60,033	5.7%	86,960	7.7%
Total revenue		**1,049,581**	**100.0%**	**1,124,902**	100.0%
Operating costs	3 – 4	(870,641)	-83.0%	(861,257)	-76.6%
Added value		**178,940**	**17.0%**	**263,646**	23.4%
Personnel expenses	5	(167,816)	-16.0%	(226,935)	-20.2%
Other operating costs	6	(37,676)	-3.6%	(16,638)	-1.5%
Change in costs capitalised to fulfil a contract	7	1,860	0.2%	(125)	0.0%
Share of profits (losses) from joint ventures and associates	8	(96,219)	-9.2%	30,805	2.7%
Gross operating profit (loss)		**(120,912)**	**-11.5%**	**50,753**	4.5%
Amortisation and depreciation	9	(41,257)	-3.9%	(44,129)	-3.9%
Provisions	10	(35,261)	-3.4%	(21)	0.0%
Impairment losses	9	(26,601)	-2.5%	4,831	0.4%
Capitalised internal costs		--	0.0%	--	0.0%
Operating profit (loss)		**(224,030)**	**-21.3%**	**11,435**	1.0%
Non-recurring income from discharge of debt on continuing operations	11	2,309,146	220.0%	--	0.0%
Net financial income (expense)	12 – 13	(83,344)	-7.9%	(31,824)	-2.8%
Pre-tax profit (loss)		**2,001,772**	190.7%	**(20,389)**	-1.8%
Income taxes	14	(180,046)	-17.2%	(26,837)	-2.4%
Non-recurring income from discharge of debt on discontinued operations	11	74,127	7.1%		0.0%
Net profit (loss) from discontinued operations	15	(90,459)	-8.6%	(6,531)	-0.6%
Profit (loss) for the year		**1,805,394**	**172.0%**	**(53,757)**	**-4.8%**

(*) Notes to the reconciliation with the Separate Financial Statements of Astaldi S.p.A. as at 31 December 2020 attached to this Report.

Financial position and performance of Astaldi S.p.A.

The Reclassified Statement of Financial Position of the Parent Astaldi S.p.A. at 31 December 2020 is as follows. As regards the 2020 financial year, the values in the table take into account the effect of the discharge of debt resulting from the approval of the Astaldi composition with creditors on 17 July 2020. For further information on the performance for the period, please refer to Astaldi S.p.A.'s Separate Financial Statements attached to this Report.

Table 13 – Reclassified Statement of Financial Position at 31 December 2020 – Astaldi S.p.A.

(€'000)	**Note no.***	**31/12/2020**	**31/12/2019**
Intangible assets	20	28,687	37,231
Property, plant and equipment	17-19	37,110	72,111
Equity investments	21	111,794	537,653
Other non-current assets, net	14-22-23	145,617	380,480
Non-current assets held for sale	30	10,103	149,633
Liabilities directly associated with non-current assets held for sale	30	(15,337)	(173,392)
Right-of-use assets	18	14,719	29,589
TOTAL non-current assets (A)		**332,692**	**1,033,306**
Inventories	24	30,981	32,492
Contract work in progress	25	722,000	692,554
Trade receivables	27	609,404	183,385
Amounts due from customers	27	208,304	422,326
Other assets	22-23	344,082	567,506
Tax assets	28	34,345	39,005
Progress payments from customers	25	(434,244)	(330,097)
Sub total		**1,514,872**	**1,607,170**
Trade payables	35	(500,079)	(367,669)
Amounts payable to suppliers	35	(240,434)	(735,506)
Other liabilities	32-34-36	(245,112)	(425,862)
Sub total		**(985,626)**	**(1,529,037)**
Operating working capital (B)		**529,247**	**78,134**
Employee benefits	33	(3,976)	(4,765)
Provisions for risks and charges	37	(42,895)	(178,340)
Total provisions (C)		**(46,871)**	**(183,104)**
Net invested capital (D) = (A) + (B) + (C)		**815,068**	**928,335**
Cash and cash equivalents	29	339,462	241,134
Current loan assets	22	69,518	128,683
Current financial assets from concession activities			
Securities			
Current financial liabilities	32	(90,408)	(2,847,232)
Non-current financial liabilities	32	(189,046)	(177,222)
Non-recourse financial debt			
Net financial debt of disposal groups	**30**	**116**	**173,485**
Net loans and borrowings (E)		**129,642**	**(2,481,152)**
Financial assets from concession activities			
Non-current loan assets	22	77,358	62,059
Total net loans and borrowings (F)		**207,001**	**(2,419,094)**
Equity (G) = (D) - (F)	**31**	**1,022,069**	**(1,490,758)**

(*) Notes to the reconciliation with the Separate Financial Statements of Astaldi S.p.A. as at 31 December 2020 attached to this Report.

NET FINANCIAL POSITION

The breakdown of the Net Financial Position of the Parent Astaldi S.p.A. as at 31 December 2020, as per CONSOB Communication no. DEM/6064293/2006, is provided below with a comparison with the year ended 31 December 2019. As regards the 2020 financial year, the values in the table take into account the effects of the discharge of debt, as the approval order took effect on 17 July 2020.

For further information on the performance for the period, please refer to Astaldi S.p.A.'s Separate Financial Statements attached to this Report.

Table 14 – Net Financial Position at 31 December 2020 – Astaldi S.p.A.

(€'000)		**31/12/2020**	**31/12/2019**
Cash		339,462	241,134
Securities held for trading			
Cash and cash equivalents	**A**	**339,462**	**241,134**
Current loan assets		69,518	128,683
Current financial assets from concession activities			
Current loan assets	**B**	**69,518**	**128,683**
Current bank loans and borrowings		(12,124)	(1,478,799)
Current portion of bonds			(907,446)
Current portion of non-current debt		(2,899)	(2,784)
Other current loans and borrowings		(75,384)	(458,203)
Total current loans and borrowings	**C**	**(90,408)**	**(2,847,232)**
Net current financial debt		**318,573**	**(2,477,415)**
Non-current bank loans and borrowings		(183,657)	(8,065)
Bonds			(130,572)
Other non-current financial liabilities		(5,389)	(38,585)
Total non-current loans and borrowings	**D**	**(189,046)**	**(177,222)**
Total gross debt	**E=C+D**	**(279,454)**	**(3,024,454)**
Gross non-recourse debt	**F**		
Total net financial debt	**G=A+B+E+F**	**129,526**	**(2,654,637)**
Net financial position of disposal groups	**H**	**116**	**173,485**
Total financial debt	**I=G+H**	**129,642**	**(2,481,152)**
Non-current loan assets		38,855	27,146
Subordinated loans		38,504	34,912
Financial assets from concession activities			
Non-current loan assets	**L**	**77,358**	**62,059**
Total net financial debt	**M=I+L**	**207,001**	**(2,419,094)**
Treasury shares in portfolio			
Total Net Financial Position / (Total Net Financial Debt)	**O=M+N**	**207,001**	**(2,419,094)**

STATEMENT OF CASH FLOWS

The Statement of Cash Flows of the Parent Astaldi S.p.A. for 2020 is as follows. For further information on the performance for the period, please refer to Astaldi S.p.A.'s Separate Financial Statements attached to this Report.

Table 15 – Statement of Cash Flows for 2020 – Astaldi S.p.A.

(€)	2020	2019
A) Net cash flows generated by (used in) operating activities	**(158,360,101)**	**(229,507,358)**
B) Cash flows generated by (used in) investing activities	**9,126,273**	**(105,374,251)**
C) Cash flows generated by (used in) financing activities	**246,915,926**	**431,216,141**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) *	**97,682,098**	**96,334,532**
CLOSING CASH AND CASH EQUIVALENTS	**339,578,088**	**241,895,990**

*Including changes in bank deposits classified as non-current assets held for sale (Disposal Group)

Reconciliation between the equity and profit or loss of the parent Astaldi S.p.A. with the Group's equity and profit or loss

Pursuant to CONSOB communication no. DEM/6064293 of 28 July 2006, the following table provides a reconciliation of the Parent's equity and profit or loss for the year with those of the Group.

Table 16 – Reconciliation between the Parent's equity and profit or loss with those of the Group

(€'000)	**Equity at 31/12/2020**	**2020 profit (loss)**	**Equity at 31/12/2019**	**2019 profit (loss)**
Astaldi S.p.A.	**1,022,069**	**1,805,394**	**(1,490,758)**	**(53,757)**
- Elimination of carrying amount of investments in subsidiaries and share of profit or loss of equity-accounted associates	(48,432)	73,119	(100,480)	6,541
- Equity and profit (loss) of subsidiaries net of non-controlling interests and other minor adjustments	(193,788)	(19,638)	(201,519)	(34,107)
- Elimination of the loss allowances of subsidiaries	89,101	40,781	48,320	9,322
- Elimination of the provisions for risks on subsidiaries	245,155	42,543	202,612	
- Elimination of the effects of discharge of debt on Corporate Guarantees	(140,478)	(140,478)		
Consolidated financial statements (portion attributable to the owners of the parent)	**973,628**	**1,801,721**	**(1,541,825)**	**(72,000)**
Consolidated financial statements (portion attributable to the non-controlling interests)	**2,186**	**(499)**	**1,737**	**1,417**
Consolidated financial statements	**975,814**	**1,801,223**	**(1,540,088)**	**(70,584)**

Disclosure as per art. 114 of Legislative Decree no. 58/98 (“Consolidated Finance Act”)

With regard to the Disclosure as per art. 114 of Legislative Decree no. 58/98 (“**Consolidated Finance Act**” - *Testo Unico della Finanza*, *TUF*) relating to data from 31 December 2020, which is provided as per CONSOB’s request of 15 May 2018, please refer to what was reported by the Company in a press release available on the website www.astaldi.com, in the section Media - Press Releases.

Order backlog

Definition and structure

The order backlog of the Astaldi Group (the “**Group**”) is the sum of the projects to be performed for contracts awarded to the Group net of revenue recognised in profit or loss at the reporting date.

It is calculated as *(i)* the revenue to complete projects measured in accordance with the IFRSs for the Construction contracts, and *(ii)* as revenue due for existing management contracts for the O&M segment.

The Group includes orders in progress and any new orders (net of any backlog decreases) and options, as defined below, in its order backlog. Orders in Progress are (*i*) for the Construction segment, the sum of the projects for which contracts have been signed or awarded as per the relevant calls for tenders and for which the customer has guaranteed the funds necessary to start and complete the works, and *(ii)* for the O&M segment, the projects for which contracts have been signed or for which the Group has a contractual obligation. New Orders include additions to the Orders in Progress (including contract increases for existing projects). Backlog decreases, if any, are amounts not included in the order backlog (mostly due to modifications to existing orders or also the termination of contracts). Any options refer to projects awarded or for which the Group is the preferred bidder in the related call for tenders as well as those for which the related contract and/or financing is still to be signed or those with conditions precedent that have not yet been met (this may arise even if the Group has made the related investments). Projects carried out as unconsolidated joint ventures are included in the order backlog for just the portion proportionate to the Group’s investment in such joint venture.

At 31 December 2020, the Group's Order Backlog amounted to approximately €8.3 billion, of which about €6.4 billion (77% of the total) for Construction and approximately €1.9 billion (23% of the total) for O&M. At the same date, the Group's Order Backlog was located for approximately €3.9 billion (47% of the total) in Italy and about €4.4 billion (53% of the total) abroad, where it operates in Europe (Romania, Poland, Sweden, Turkey), the American Continent (Chile, Canada, USA, Paraguay), Africa (Algeria) and Asia (India).

The above data are to be understood as referring to the Core Assets Scope as defined in the Composition with Creditors Plan and Proposal (see § “Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law”).

Table 17 – Changes in the Order Backlog by business line – Astaldi Group (Core Assets Scope)

(€ millions)	***01/01/2020***	***Increases/Decreases***	***Decreases for production***	***31/12/2020***
Construction	**6,573**	**1,158**	**(1,341)**	**6,390**
Transport infrastructure of which:	**5,355**	**1,273**	**(1,125)**	**5,503**
Railways and metros	*3,161*	*372*	*(538)*	*2,995*
Roads and motorways	*2,002*	*909*	*(469)*	*2,442*
Airports and ports	*192*	*(8)*	*(118)*	*66*
Hydraulic works and energy generation plants	**168**	***(2)***	**(23)**	***143***
Civil and industrial construction	**791**	***(59)***	**(94)**	***638***
Industrial plants	**259**	***(54)***	**(99)**	***106***
O&M	**1,313**	**592**	**(40)**	**1,865**
Civil construction of which:	**1,313**	**592**	**(40)**	**1,865**
Healthcare construction	*1,313*	*592*	*(40)*	*1,865*
INDUSTRIAL PORTFOLIO	***7,886***	***1,750***	***(1,381)***	***8,255***

Table 18 – Changes in the Order Backlog by geographical segment – Astaldi Group (Core Assets Scope)

(€ millions)	***01/01/2020***	***Increases/Decreases***	***Decreases for production***	***31/12/2020***
Italy	**3,797**	**632**	**(526)**	**3,903**
Abroad	**4,089**	**1,118**	**(855)**	**4,352**
Europe [(*)]	*2,302*	*1,082*	*(462)*	*2,922*
Americas	*1,425*	*(106)*	*(374)*	*945*
Africa	*98*	*(2)*	*(6)*	*90*
Asia	*264*	*144*	*(14)*	*395*
INDUSTRIAL PORTFOLIO	***7,886***	***1,750***	***(1,381)***	***8,255***

[(*)] In this table, Europe does not include Italy but does include Turkey.

New Orders

At 31 December 2020 the Astaldi Group recorded **approximately €1.8 billion of New Orders** related to new contracts and/or net increases on existing contracts, specifically for €1.1 billion (64% of the total) abroad (in Romania, Turkey, Poland) and the remaining €632 million (36% of the total) in Italy. Broken down by business, the New Orders include approximately €1.2 billion (66% of the total) for Construction (Transport Infrastructure) and the remaining €592 million (34% of the total) for O&M (Healthcare Construction).

The New Orders include, among others:

(i) the €407 million contract (including the price revision) for the design and construction of Lot 5 of the Sibiu-Pitesti Motorway in Romania (over 30 kilometres long, a strategic project for the country), signed in May 2020;

(ii) the increase of €164 million in the relevant share in the contract for the Verona-Vicenza Junction First Functional Lot of the Verona-Padua high speed/high capacity Railway Line in Italy, following the signing of the Rider to the original Agreement on 6 August 2020.

For more information please refer to § "Construction" for details on the individual geographical segments referred to above.

Construction

Foreword

Construction is the Group's core business.

As at 31 December 2020, the Group was involved in Construction with over 50 projects in 11 countries worldwide, developed in Italy, Europe (Romania, Poland, Sweden and Turkey), the American continent (Chile, Canada, USA, Paraguay), Africa (Algeria) and Asia (India). At the same date, Construction generated 97% of revenue and accounted for 77% of the Order Backlog.

In the Construction business, the Group operates in the following sectors:

(i) **Transport Infrastructure** – It represents the Group's core business, divided into (*i*) railways and metros, (*ii*) roads and motorways, (*iii*) airports and ports, for which the Group designs, builds and sometimes operates the infrastructure built. As at 31 December 2020 Transport Infrastructure generated 81% of revenue and accounted for approximately 66% of the Order Backlog;

(ii) **Hydraulic and Energy Production Plants** – The Group operates as an EPC[28] Contractor for the design, construction and maintenance of plants for the production of renewable energy, hydraulic and hydroelectric plants, waste-to-energy plants, dams, aqueducts, wastewater treatment plants. As at 31 December 2020, Hydraulic and Energy Production Plants generated approximately 2% of revenue and accounted for approximately 2% of the Order Backlog;

(iii) **Civil and Industrial Construction** – The Group designs, builds and sometimes operates healthcare, sports, administrative, university and industrial facilities, and car parks. As at 31 December 2020, Civil and Industrial Construction generated approximately 7% of revenue and accounted for approximately 8% of the Order Backlog;

(iv) **Industrial Plants** – The Group designs, assembles, installs and operates engineering, electrical, HVAC (Heating, Ventilation, Air Conditioning) and other systems within the Transport Infrastructure, Hydraulic and Energy Production Plants, and Civil and Industrial Construction sectors. In the Industrial Plants sector, the Group operates mainly through NBI, a Group company wholly owned by Astaldi. As at 31 December 2020, Industrial Plants generated 7% of revenue and accounted for approximately 1% of the Order Backlog.

Below is a brief summary table of the Group's current main projects, conventionally identified as projects having a residual backlog exceeding €50 million as at 31 December 2020. This is followed by a brief analysis of the geographical segments where the Group operates in the Construction sector.

---

[28] Engineering, Procurement, Construction.

Table 19 – Astaldi Group's main projects with a residual backlog exceeding €50 million as at 31 December 2020

Projects	**Residual backlog *(€ millions)***	**% progress**
Brenner Base Tunnel - Mules 2-3 Lot	211.9	*56.6%*
Verona-Padua high speed/high capacity Railway Line (Verona-Vicenza Junction First Functional Lot)	879.7	*5.0%*
Naples-Bari high capacity Railway Line, Naples-Cancello Section	127.7	*28.5%*
Naples-Bari high capacity Railway Line, Apice-Hirpinia Section	235.5	*2.7%*
Rome Metro Line C	106.4	*88.4%*
Line 4 of the Milan Metro (EPC Contract)	170.9	*72.7%*
Infraflegrea Project - Monte Sant'Angelo Railway Connector	127.0	*28.5%*
Jonica State Road (SS-106), Mega-Lot 3	510.7	*13.1%*
Quadrilatero Marche-Umbria Road System, Maxi Lot 2	204.3	*67.6%*
New Cagliaritana State Road (SS -554)	62.2	*1.1%*
Nuovo Ospedale del Sud-Est Barese in Monopoli-Fasano	56.3	*21.7%*
ITALY		
Sibiu-Pitesti Motorway, Lot 5	393.1	*1.4%*
Braila Bridge	183.3	*37.2%*
Frontieră-Curti-Simeria Railway Line - Lot 3	150.6	*44.9%*
Frontieră-Curti-Simeria Railway Line - Lot 2B	82.8	*56.9%*
Frontieră-Curti-Simeria Railway Line - Lot 2	65.5	*60.0%*
Romania		
S2 - Warsaw Southern Bypass - Lot A	52.3	*78.3%*
S-7 expressway, Naprawa-Skomielna Biała Section and Zakopianka Tunnel	59.5	*68.7%*
Gdańsk Waste-to-Energy Plant	53.9	*14.1%*
Poland		
Gothenburg Rail Link - Haga Station	194.7	*37.4%*
Gothenburg Rail Link – Kvarnberget	94.7	*31.0%*
Sweden		
Etlik Integrated Health Campus in Ankara (Etlik Hastane EPC)	212.4	*54.7%*
Istanbul Metro (Kirazli–Halkali Section)	77.3	*2.2%*
Turkey		
EUROPE		
New Linares Hospital	107.1	*14.3%*
Barros Luco Trudeau Hospital in Santiago	240.4	*7.1%*
Chile		
I-405 Highway	231.6	*51.3%*
USA		
Hurontario Light Rail Transit Project (HULRT)	212.9	*11.1%*
Canada		
Yaciretà Hydroelectric Power Plant (Brazo Aña Cuá Project)	62.1	*7.2%*
Paraguay		
AMERICAS		
Saida-Tiaret Railway Line	71.2	*80.1%*
Algeria		
AFRICA		
Versova-Bandra Sea Link ("VBSL") in Mumbai	364.4	*2.0%*
India		
ASIA		
TOTAL PROJECTS	**560.2**	
Other initiatives	788.1	
TOTAL ASTALDI CONSTRUCTION BACKLOG	**6,390.3**	

Italy

Italy is Astaldi's home ground and its reference market. Despite the country's particular economic situation of recent years, it continues to be central to the Group's commercial development policies and expansion strategies. The main sectors of interest are Transport Infrastructure (railways, roads, motorways and ports) and Civil Construction (hospitals). As at 31 December 2020, Construction in Italy generated 38% of revenue and accounted for 40% of the Order Backlog.

CURRENT MAIN PROJECTS IN ITALY

Below is a brief description of the current main construction contracts in Italy. The projects listed – referring only to the Core Assets Scope (as defined by the Composition with Creditors Plan and Proposal – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law") – are conventionally identified as projects having a residual backlog exceeding €50 million as at 31 December 2020.

Italy // Brenner Base Tunnel (Mules 2–3 Lot) – The contract refers to the construction of the main section of the Italian side of the Brenner Base Tunnel, the **Italian-Austrian joint project for the construction of a railway tunnel that will connect Italy to Austria**. The work is part of the project to upgrade the Munich-Verona railway line which **will become the longest underground railway line in the world** once completed. Lot "Mules 2–3" includes the construction of approximately 75 kilometres of tunnels of various sizes, excavated in part using traditional tunnelling methods and in part using Tunnel Boring Machines (TBMs). The customer is BBT SE, a company 50% owned by Italy and 50% by Austria, and the works are being carried out in a consortium by Astaldi (47.23%) with Ghella (Italy, 47.21%), PAC (Italy, 5.55%) and Cogeis (Italy, 0.01%). This project includes the construction of main line tunnels, an emergency stop, an exploratory tunnel and side tunnels. The main line tunnels running towards the south will be excavated using only traditional tunnelling methods, while the main line tunnels running north will be excavated in part using traditional methods and in part using TBMs. Due to the COVID-19 pandemic work was suspended from 14 March 2020 to 18 May 2020.
Sustainable value of the work[29] *– Once completed, the entire infrastructure will ensure (i) a reduction in noise pollution, CO_2 emissions and traction energy consumption of up to 40% thanks to the line running underground and the significant reduction in maximum slopes, (ii) the separation of freight traffic from passenger traffic, with a consequent reduction in travel times for the fastest trains (from the current 75 minutes to 25 minutes), (iii) the strengthening of freight traffic by rail, also in response to the objectives set by the EU Transport White Paper.*

Italy // High Speed/High Capacity Verona-Padua Railway Line (Verona-Vicenza Junction First Functional Lot) – The contract includes the design (final and executive) and construction of the Verona-Vicenza Junction First Functional Lot, part of the entire Verona-Padua high speed, high capacity railway line that will be built by the IRICAV DUE consortium, General Contractor owned by Astaldi (37.49% share), with Webuild (leader, 45.44%), Hitachi Rail STS (Italy, 17.05%), Fintecna (Italy, 0.01%) and Lamaro (Italy, 0.01%). On 6 August 2020 the relevant contract was signed (Rider to the original Agreement – hereinafter, the "**Rider**") for a total value of €2,470 million. This First Functional Lot, which is expected to be completed by 2027, **will consist of a 44.2 kilometre route and cross 13 municipalities, quadrupling the existing line and increasing its integration with the European network**. The work consists of two Construction Lots, of which (*i*) the First Construction Lot (amounting to €874 million) has already been started with the signing of the Rider of 6 August 2020, and (*ii*) the Second Construction Lot (amounting to €1,596 million) will be financed within 12 months of said signing. As a result of the signing of the Rider, for the Astaldi Group the value of the contract – already in the Order Backlog, based on the original Agreement – was increased by an amount equal to €164 million for Astaldi's share in the

[29] Source: FS Group.

second half of 2020. The customer is RFI (FS Group). Since it is still in the start-up phase, in 2020 the project was not slowed down due to COVID-19.
Sustainable value of the work[30] *– Once completed, the entire infrastructure will ensure (i) a reduction in travel times, (ii) an increase in capacity and regularity of traffic, (iii) the improvement of the regional transport system thanks to the freed-up capacity of the historic line, (iv) a greater integration of the Italian railway system with the European network.*

Italy // Naples-Bari High Capacity Railway Line, Naples-Cancello and Apice–Hirpinia Sections – The project refers to the design and construction of two sections of the new Naples-Bari high capacity railway line, **a strategic work for Southern Italy**. The works are being carried out by a joint venture between Astaldi (40%) and Webuild (leader, 60%). The customer is RFI (FS Group).
Naples-Cancello section – The contract consists of the construction of a variation of the existing Naples-Cancello line, along a first section of 15.5 kilometres of the Naples-Bari line, including an artificial tunnel of 2.3 kilometres built using the "cut and cover" method, 4 viaducts and 3 new stops, in addition to the connection to the Naples-Afragola high speed station (also built by Astaldi). The completion of the preparatory work for the activation of the Napoli–Cancello variation is scheduled for August 2023, while the completion of all the work and the dismantling of the existing line is scheduled for July 2024.
Apice-Hirpinia section – The contract involves the construction of an additional 18.7 kilometres of new section, a variation with respect to the existing line, including the construction of the Hirpinia station, 3 natural tunnels and 4 viaducts.
Sustainable value of the work[31] *– Once completed, the entire infrastructure will ensure, among other things, (i) a reduction in travel times, with a recovery of up to 35 minutes on the Rome-Bari section, (ii) an increase in transport capacity, from 4 to 10 trains/hour, (iii) greater accessibility to the regions served.*

Italy // Line C of the Rome Metro – The contract includes the construction, supply of rolling stock and roll-out of the new metro line (25.4 km of route, 29 stations) along the Monte Compatri/Pantano-Clodio/Mazzini to Rome section. The customer is Roma Metropolitane (Municipality of Rome). The works are entrusted to Metro C S.c.p.A., general contractor owned by Astaldi (34.5%), with Vianini Lavori (Italy, 34.5%), Hitachi Rail (Italy, 14%), Cooperativa Muratori e Braccianti di Carpi (Italy, 10%) and Consorzio Cooperative Costruzioni (Italy, 7%). Line C is the **first fully-automated metro line built in Rome**. **Driverless technology** allows operating the line completely automatically, ensuring the safe running of trains and the operation of the transport service. For this project, the First Strategic Phase from the Monte Compatri/Pantano station to the San Giovanni station (19 kilometres of line, 22 stations) has been completed, with delivery of the third functional phase up to the San Giovanni station on 8 March 2018, while Section T3 is being built from the San Giovanni station to Piazza Venezia (approximately 3 kilometres). The project includes construction of two stations, Amba Aradam and Fori Imperiali, and two ventilation shafts, Giardini di Via Sannio and Piazza Celimontana. At the end of 2019, the customer ordered the final design activities be recommenced for the Fori Imperiali-Venezia sub-section, bringing forward the mechanised tunnelling of the line tunnels from the end of Section T3 to Piazza Venezia. The final project of the Piazza Venezia Station was delivered in June 2020, and despite the COVID–19 pandemic emergency and thanks to the adoption by the company of all measures to prevent and protect against the risk of spreading the virus, the mechanised tunnelling of the line tunnels from the end of Section T3 to Piazza Venezia was completed at the end of August 2020.
Sustainable value of the work[32] *- At full capacity, Line C of the Rome Metro will be able to transport over 600,000 people per day, with a transport capacity of 60,000 passengers during peak hours. Due to the characteristics and uniqueness of the region served, the design and construction of the line represent a true engineering challenge, also accepted with the aim of enhancing the invaluable archaeological heritage found*

---

[30] Source: RFI (FS Group), Hearings in the Chamber of Deputies, "*RFI Hearings. Prime Minister's Decree Scheme for Extraordinary Commissioners - 3 February 2021*".
[31] Source: RFI (FS Group), Hearings in the Chamber of Deputies, "*RFI Hearings. Prime Minister's Decree Scheme for Extraordinary Commissioners - 3 February 2021*".
[32] Source: Metro C.

during excavations. Indeed, inside San Giovanni Station an exhibit of archaeological finds was built to give passengers an immersive experience, and the same strategy was adopted for the construction of the Amba Aradam and Fori Imperiali stations, also intended to house important museum installations for the exhibition and promotion of what was found during the excavations.

Italy // Line 4 of the Milan Metro (EPC Contract) – The EPC contract is tied to the concession for the development and long-term operation of the new Line 4 of the Milan Metro. **The new infrastructure will be a light, fully automated metro serving the city** along the San Cristoforo-Linate Airport line (15.2 km, 21 stations, maximum passenger capacity of 24,000 passengers/hour in both directions). The EPC Contract includes the (final and executive) design and construction of all the civil works, including the superstructure, systems and supply of the rolling stock. The contract also includes the construction of a depot/workshop in San Cristoforo for the recovery and maintenance of rolling stock. The construction of civil works and non-system plants is entrusted to Metro Blu S.c.r.l., owned by Astaldi (50%) and Webuild (general contractor, 50%). On 5 February 2019, the Customer – the Municipality of Milan – and the operator (SPV Linea M4 S.p.A., 9.63% owned by the Astaldi Group and 9.7% by Webuild) signed Rider no. 1 which, inter alia, revised the general construction schedule providing for the activation of the line's functional sections, acceptance of the extra consideration for the time delays, waiver of the claims, additional variations and the review of the security and coordination plan. Subsequently in September 2019, SPV Linea M4 and the contractor (MM4, a consortium including Astaldi) signed the new EPC contract. From an execution point of view, all the tunnels of the West, East and Central Sections have been completed and works are under way to complete the stations, structures and connections between the tunnels and the stations/structures (also using the innovative soil freezing technique), as well as the surface finishing works, the superstructure and non-system plants. Works slowed down due to the pandemic associated with the spread of the COVID–19 virus, as well as archaeological finds at De Amicis Station, along the Central Section. However, the Linate Station-Forlanini FS Station First Functional Section is scheduled to become operational in the first half of 2021. For more information on the relevant concession contract of the Astaldi Group, see § "Concessions".
Sustainable value of the work[33] *– Once completed, Line 4 of the Milan Metro (together with Line 5, also built by Astaldi) will ensure (i) -30 million trips by car per year, (ii) -2% of pollutant emissions, (iii) -16 million tonnes in fuel consumption per year.*

Italy // Infraflegrea Project - Monte Sant'Angelo Railway Connector and work on the Pozzuoli Port – The contract covers a number of activities in the urban areas of the Naples and Pozzuoli municipalities. They include construction of Line 7 of the Naples Regional Metro System (the Monte Sant'Angelo railway connector), extension and upgrading of the Pozzuoli Port and works for the Bagnoli ring road. The works are entrusted to Infraflegrea Progetto S.p.A. – general contractor owned by Astaldi (51%) and Giustino Costruzioni (Italy, 49%) – and the portions financed at 4 August 2016 are being carried out by Astaldi as executing partner. At the date of preparation of this Report, the Monte Sant'Angelo railway connector and the work on the Pozzuoli Port have been partially financed, while the other works have yet to be funded. For this initiative, for the First and Second Lots an extension of the completion times was granted until 31 December 2021. For the Parco San Paolo Station, the activities of moving the underground services, removing war devices and archaeological investigations have been completed, pending the ratification by the Municipal Council of the approval of the variation appraisal at the Services Conference. For the work on the Pozzuoli Port, the examination of the project at the Services Conference is still ongoing, and is expected to be concluded favourably in the first quarter of 2021. During 2020 work progress was severely affected by the COVID-19 emergency, stopping completely in the period between March and May 2020.
Sustainable value of the work *– The Monte Sant'Angelo Railway Connector alone will serve 2,000,000 people, guaranteeing an increase in use also for the two connected railway lines, Circumflegrea and Cumana.*

---

[33] Source: M4.

Italy // Jonica State Road (SS-106), Mega-Lot 3 – The contract includes the construction of Mega-Lot 3 of the SS-106 Jonica State Road (also called Lot DG-41/08) using the EPC method. The contract consists in the construction of the new section from the intersection with SS-534 (at Sibari) to Roseto Capo Spulico. The section is 38 km with three twin-tube bored tunnels, 15 viaducts, 11 artificial tunnels and four junctions. The customer is ANAS (FS Group) and the works are being carried out by Sirjo S.c.p.A., general contractor owned by Astaldi (60%) and Webuild (40%). The Executive Design was approved on 9 March 2020. The works are expected to take 2,274 days from the date of signature of the works delivery document (19 May 2020). At the date of preparation of this Report, archaeological excavations, the foundation works of some viaducts, the construction in the factory of prefabricated elements of the artificial tunnels and the assembly of viaduct structures are under way. Since it is still in the start-up phase, in 2020 the project was not halted due to COVID-19.
Sustainable value of the work[34] *– Once completed, among other things the new infrastructure will (i) ensure an increase in the level of road safety and a reduction in the environmental impact of traffic in the area, (ii) create a strategic link, as the work will allow the completion of an integrated Adriatic-Ionian-Tyrrhenian transport system in Southern Italy, and (iii) serve about 200,000 users, improving the accessibility, economy and tourism of sites of significant historical and archaeological value (Sibari excavations).*

Italy // Quadrilatero Marche-Umbria Road System, Maxi Lot 2 – The contract covers the upgrading and extension of the Perugia-Ancona section (roughly 31 km in both directions, including 22 km of tunnels) and the construction of the Pedemontana delle Marche Road (around 36 km, single lane, including 5 km of tunnels) on a general contracting basis. The customer is Quadrilatero Marche S.p.A., a subsidiary of ANAS (FS Group). The contractor is Dirpa 2 S.c.ar.l., owned by Consorzio Stabile Operae (99.98%), in turn owned by Astaldi for 98%, NBI (Astaldi Group) for 1% and GIT Service for the remaining 1%. The works are executed by Astaldi. At the date of preparation of this report, 17 kilometres of route have been formally handed over to ANAS and works continue on the remaining sections. As a result of the national emergency caused by the COVID-19 pandemic, in March 2020 there was a progressive loss of productivity up to a total halt of works and a subsequent gradual resumption of activities starting from the beginning of May 2020.
Sustainable value of the work[35] *– Once completed, among other things the new infrastructure will ensure the upgrading of the Marche-Umbria road system, with consequent economic impacts and greater accessibility to the regions served. The work will also ensure a 20% reduction in travel times on the Perugia-Ancona section, with consequent benefits in terms of pollution levels.*

Italy // New Cagliaritana State Road (SS-554) – The contract relates to the integrated total award of the executive design and subsequent works to upgrade the urban road to Astaldi as per Article 53.2.c) of Legislative Decree no. 163/2006. It includes elimination of the intersections along roughly seven km of the Cagliaritana state road (SS-554) from Km 1+500 to Km 7+100 (the first stage). The customer is ANAS (FS Group). The works are financed with European funds (Development and Cohesion Fund Programme) and by the Sardinia Region. Agreement of the contract is subject to the customer's approval of the definitive project. After the design phase, on 10 October 2018 the project was sent to the Italian Superior Council for Public Works (**CSLP**) for its approval. In September 2019, the CSLP expressed its favourable opinion, subject to the re-presentation of the revised definitive project updated to include certain requests. In December 2019, Astaldi sent the customer the revised definitive project as per the CSLP's requests and, in May 2020, ANAS sent the project to the Ministry of the Environment and Land and Sea Protection for commencement of the Environmental Impact Assessment, the results of which are not known at the date of preparation of this Report.
***Sustainable value of the work** – Once completed, among other things the new infrastructure will ensure greater accessibility to the regions served.*

Italy // Nuovo Ospedale del Sud-Est Barese in Monopoli-Fasano – The contract covers all the civil works and systems for the **new healthcare facility of excellence** in Puglia, which will have 299 beds and nine operating rooms in a surface area of 178,000 square metres. The works are slated to take approximately three

---

[34] Source: ANAS (FS Group).
[35] Source: ANAS (FS Group).

years. The customer is the local health authority of the Bari Province. The contract was awarded to Astaldi as part of a joint venture with Guastamacchia (whose shares have been reduced to 0.01%). Construction continued in 2020, though the site had a total work stoppage from 23 March 2020 to 11 May 2020, as ordered by the customer following the COVID-19 epidemiological emergency.

***Sustainable value of the work** – Once completed, the new infrastructure will ensure the expansion and modernisation of hospital care capacity in the Apulia Region, benefiting 236,000 people. The project also involves the construction of a photovoltaic plant capable of producing 512 Kw, as well as the replanting of 199 old trees in the project area.*

***

Note that for the aforementioned projects – Brenner Base Tunnel, Mules 2-3 Lot, Naples-Bari high capacity Railway Line, Rome Metro Line C, Milan Metro Line 4, Infraflegrea Project, Quadrilatero Marche-Umbria Road System, Maxi Lot 2 – costs were incurred for activities that had not initially been budgeted, therefore requests for additional consideration were submitted. These costs were taken into account in the valuation of contractual assets and liabilities to the extent that their recognition is considered highly probable, also based on the opinions expressed by the Group's consultants.

REFERENCE SCENARIO AND OUTLOOK

Italy remains one of the countries most affected by the COVID-19 pandemic, and its economy has not escaped the resulting effects. In this regard, please refer to the information provided on the subject (see § "COVID–19 disclosure"). However, it is considered appropriate to report here what has been done by the Italian Government for the reference sector. In 2020, the Simplifications Decree (Law Decree no. 76 of 16 July 2020) introduced a series of measures aimed at reducing levels of bureaucracy, among other things providing for the acceleration of tender procedures and for the start of construction sites, the reduction of contract award times and the introduction of a model based on dedicated official receivers to facilitate the rapid execution of some projects identified as strategic. Furthermore, the government launched the so-called Fast Italy Plan consisting of 66 infrastructure projects (of which 40 priority works), which aims to strengthen and modernise the country's railway, road and motorway, port and airport system through an investment plan equal to €131 billion declared as already available. These measures are in addition to those already introduced by the Unfreeze Italy Decree (Law Decree no. 133 of 12 September 2014) and the 2020 Budget Law (Law no. 160 of 27 December 2019), which favoured the introduction of mechanisms aimed at restarting the infrastructure sector at a national level. In this context, also worth considering are two recent changes to the regulation concerning contract advances, referred to in art. 35, paragraph 18, of Legislative Decree no. 50/2016, contained in the Heal Italy Decree and in the Relaunch Decree and which follow changes to the regulation already put in place in 2019 with the Unfreeze Job Sites Decree (Law Decree no. 32 of 18 April 2019). Taken as a whole, these measures strengthen the instrument of contract advances with the aim of providing new impetus to the companies put to the test by the lockdown and the general effects of the pandemic. In fact, it was established that under certain conditions and within certain limits the advance envisaged in the aforementioned art. 35, paragraph 18 can be increased from 20% to 30%.

The issue of infrastructure development is also at the centre of the agenda of the new Draghi government, which took office on 13 February 2021. The government aims to address the crisis that the country is experiencing, stimulating a robust and effective economic recovery in terms of employment, with an approach that also involves the Infrastructure sector and which has already led to the creation of a Ministry for Ecological Transition, as well as the transformation of the Ministry of Infrastructure and Transport into the current Ministry of Sustainable Infrastructure and Mobility. Indeed, the aim is to encourage recovery through an acceleration of the 58 works envisaged by the aforementioned Unfreeze Job Sites Decree (road, railway, port, water and safety infrastructure). The resources put in place amount to €65-70 billion, of which €22 billion will be used for works in the North, €18 billion in the Centre and €27 billion in the South.[36] The new infrastructure is considered of fundamental importance for the regions that will benefit from it, but also for the country's economic development and for the increase in employment levels. The development guidelines of the Italian Infrastructure sector will be set out in the National Recovery and Resilience Plan that the new Draghi government must submit to the European Commission by 30 April 2021. By the same date, a draft proposal for a Prime Minister's decree implementing the Unfreeze Job Sites Decree, to be approved by 30 June 2021, is also expected. The acceleration of priority works will be supported by the introduction of extraordinary Commissioners for construction sites, highly qualified technical-administrative professionals in charge of speeding up procedures, but who will also be immediately operational.

Europe

The Group's foothold in Europe includes its historical stamping grounds such as Poland, Romania and Turkey as well as areas it has recently moved into like Sweden. It mainly carries out contracts in the transport infrastructure sector (roads, motorways, airports and railways) as well as small energy projects (Waste-to-Energy plants). As at 31 December 2020, Construction in Europe generated 33% of revenue and accounted for 20% of the Order Backlog.

CURRENT MAIN PROJECTS IN EUROPE

Below is a brief description of the current main construction contracts in Europe. The projects listed – referring only to the Core Assets Scope (as defined by the Composition with Creditors Plan and Proposal – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law") – are conventionally identified as projects having a residual backlog exceeding €50 million as at 31 December 2020.

Romania // Sibiu-Pitesti Motorway, Lot 5 – The contract (100% Astaldi) covers the construction of over 30 km of the Sibiu-Pitesti Motorway, **the most important section under construction in Romania**. The contract was signed in May 2020, thus being included in the New Orders of the period. It is an EPC contract and covers the design and construction of Lot 5 of the motorway, from Km 92+600 to Km 122+950. The planned duration of the works is 60 months, 12 months of which for design and 48 months for construction. The contract is financed partly with European funds (85%) and partly with State funds (15%) and includes the adjustment of contract prices starting from the date of the submission of the bid. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure, and the works were awarded to the Astaldi Group.
Sustainable value of the work *– Once completed, the new infrastructure will ensure the expansion and modernisation of transport capacity in the area, as well as the greater accessibility to the regions served.*

Romania // Braila Bridge – The contract covers the **design and construction of a 1,975-metre suspension bridge on the Danube as well as roughly 23 km of access roads**. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure. The works are included in the country's transport master plan and are financed using European LIOP Funds (Large Infrastructure Operational Programme). Design and construction will be performed as a joint venture between Astaldi (main contractor, 60%) and IHI (Japan, 40%). The design work was completed in 2018 and the construction phase began at the

[36] Sources - *Unfreeze Job Sites infrastructure projects: hearing of Minister Giovannini in joint committees, 8th Senate committee and 8th and 9th Chamber committees*, hearing in the Senate as part of the examination of Government Act no. 241 on the identification of infrastructure projects (Unfreeze Job Sites Law Decree), joint committees, Public Works committee of the Senate and Environment and Transport committee of the Chamber, 2 March 2021.

start of 2019. At the date of preparation of this Report, approximately 60% of the work on the suspension bridge had been completed.
Sustainable value of the work *– Once completed, the new infrastructure will ensure a 20% reduction in travel times, as well as an expansion of the transport system in the area and greater accessibility to the regions served. Its completion will also contribute to endowing the country with an iconic work, which will contribute to the country's connection to the rest of Europe.*

Romania // Frontieră–Curtici–Simeria Railway Line (Lots 2A and 2B and Lot 3) – The contract includes the rehabilitation of 120 kilometres of the Frontieră–Curtici–Simeria railway line, divided into three lots and **part of Pan-European Corridor IV**. The customer is CFR (the Romanian National Railways Company). The works are 75% funded by the EU as part of the LIOP (Large Infrastructure Operational Programme) and 25% by the state.
Lots 2A and 2B – These two lots involve the rehabilitation of about 80 kilometres of railway line, the construction of 11 stations, 30 bridges and a tunnel, as well as the installation of a European Rail Traffic Management System (ERTMS) for signalling and telecommunications. Construction work will take 36 months. Some sections were delivered to the customer in 2019, and the rest of the works continued in 2020. The execution of the works is entrusted to a joint venture between Astaldi (leader, 49.5%), FCC Construction (Spain, 49.5%) and Salcef (Italy, 1%).
Lot 3 - The contract includes the rehabilitation of 40 km of railways between Gurasada and Simeria of the 614 km Radna-Simeria section. The scope of the contract also includes the construction of 17 bridges, electrification, the installation of the ERTMS signalling and telecommunications system, the renovation of eight railway stations and some minor works. Construction work will take 3 years. The execution of the works is entrusted to a joint venture between Astaldi (49.5%), FCC Construction (Spain, leader, 49.5%) and Convesa (Spain, 1%).
Sustainable value of the work *– Once completed, the new infrastructure will ensure a 50% reduction in travel times, encouraging the use of rail transport in place of road transport, and allowing for a significant reduction in CO2 emissions, as well as an expansion of the transport system in the area and greater accessibility to the regions served. The project also provides for a substantial reduction of noise pollution in urban areas adjacent to the railway, as well as works to manage the flow of the Mures river in the event of flooding and the greening of areas adjacent to the railway. It is estimated that the entire project will serve 3.2 million people.*

Poland // S-2 Warsaw Southern Bypass (Lot A) – The contract (100% Astaldi) covers the development of lot A of the Warsaw Southern Bypass, a **strategic project to develop the city's infrastructure**, **ensuring significant benefits connected with the reduction of traffic congestion in the city centre**. The works involve the design and construction of approximately 5 kilometres of expressway with two separate three-lane carriageways in each direction, linking the Puławska and Przyczółkowa junctions. The performance of complex works along the route is planned comprising nine bridges, a twin-tube tunnel measuring 2.3 kilometres in length, two road junctions and all related works. The customer is Poland's General Road and Motorways Authority (GDDKiA) and the works are being financed using EU funding. The works were awarded to the Astaldi Group.
Sustainable value of the work *– Once completed, the new infrastructure will ensure a reduction of about 1 hour of travel along the entire section. Furthermore, approximately 60% of excavation materials will be recycled and approximately 20,000 square metres of green areas will be restored.*

Poland // S-7 Expressway, Naprawa-Skomielna Biała Section and Zakopianka Tunnel – The contract (100% Astaldi) provides for the construction of the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój expressway, **including the Zakopianka Tunnel, the longest bored road tunnel in Poland**. It will involve the construction of 3 km of new sections, including 2 km of twin-tube tunnels, a 400 m viaduct, external works, systems and environmental protection works. The customer is Poland's General Road and Motorways Authority (GDDKiA) and the works were awarded to the Astaldi Group.
Sustainable value of the work *– Once completed, the new infrastructure will ensure a reduction of about 30 minutes of travel along the entire section. Furthermore, approximately 60% of the excavation materials will be recycled.*

Poland // Gdańsk waste-to-energy plant – The contract covers the construction of a WtE plant to treat urban waste in the Gdańsk-Gdynia-Sopot metropolitan area and Operation and Maintenance (O&M) activities for 25 years. The planned duration of construction activities is 48 months, 12 months of which for design, and 36 months for the construction work. The construction activities are being carried out by a joint venture comprising Astaldi (leader, with a 51% share), and Termomeccanica Ecologia (Italy, 49%). An SPE will be set up for the O&M activities, held by Astaldi (with a 10% stake), Termomeccanica Ecologia (10%), and Dalkia Wastenenergy (formerly Tirù, France, 80%). The customer is Port Czystej Energii, a municipal special-purpose company established by the Municipality of Gdańsk for the management of the investment. The contract is financed with European funds and the state budget.
Sustainable value of the work *– Once completed, the plant will ensure (i) the treatment of 160,000 tonnes of urban waste per year, (ii) 12MW of electricity, with energy production for about 110,000 MWh/year, serving about 55,000 families, (iii) 36MW of heat, with heat production serving about 4,200 families.*

Sweden // Gothenburg Rail Link - Haga Station (West Link – Lot E04 Haga Station) – The EPC contract includes the design and construction of a new underground station of the railway link in the city centre and a 1.5 km service tunnel. The works are being carried out by the AGN Haga AB joint venture, which includes Astaldi (40%), Gülemark (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the national transport authority. The works are financed using European funds and the state budget. They are expected to take roughly eight years, with completion slated for 2026. In 2020, the project was not significantly impacted by the effects of the pandemic in light of the willingness of local authorities not to impose particular restrictions on the workplace and on production in general.
Sustainable value of the work *– Once completed, as a whole the new infrastructure will allow for a significant expansion of the regional rail transport system, ensuring fast travel under Gothenburg and the connection of the city centre.*

Sweden // Gothenburg Rail Link – Kvarnberget (West Link – Lot E03 Kvarnberget) – The EPC contract covers the construction of roughly 600 metres of railway tunnel as part of the Gothenburg Rail Link project, which Astaldi is already involved in via construction of Haga Station (see above). The tunnel is being built using the "cut and cover" method. The works, financed using European funds and local funding, are being carried out by the AGN Haga AB joint venture, which includes Astaldi (40%), Gülemark (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish transport authority. As a result of the rider signed in the second half of 2020, the works are planned to take approximately five years, with completion slated for June 2023. In 2020, the project was not significantly impacted by the effects of the pandemic in light of the willingness of local authorities not to impose particular restrictions on the workplace and on production in general.
Sustainable value of the work *– Once completed, as a whole the new infrastructure will allow for a significant expansion of the regional rail transport system, ensuring fast travel under Gothenburg and the connection of the city centre.*

Turkey // Etlik Integrated Health Campus in Ankara (Etlik Hastane EPC) – The EPC contract includes the design, construction and supply of electro-medical equipment and furnishings, as well as the long-term operation under concession of the healthcare facility that, for its size, **is one of the largest projects under way in Europe in the health sector**. The customer is the Turkish Ministry of Health (the entity granting the concession) and the works are being carried out by a joint venture between Astaldi (51%) and Turkeler (Turkey, 49%). In 2020, the COVID-19 pandemic has not caused problems for the project as it was already on standby for other issues, then resolved in September 2020 with operations resuming normally. In September 2020, the negotiations between the project's lending banks (Lenders) and the customer were successfully concluded with the Lenders' approval of some waivers relating to conditions precedent required for the restructuring of the initiative's financing. A new work end date was thus negotiated (31 December 2021) and a contractual variant was defined due to the larger scope of work. Lastly, it is worth noting that, in implementation of the Composition with Creditors Plan and Proposal, in 2020 the Astaldi Group's participation in the Concession linked to this initiative was included in Astaldi's Separate Unit (see § "Composition with creditors on a going concern basis as per Article

186–bis of the Bankruptcy Law"). For further information please refer to the Financial Report of the Astaldi Separate Unit attached to Astaldi S.p.A.'s Separate Financial Statements as at 31 December 2020.
Sustainable value of the work *– Once completed, the work will ensure a significant expansion of the hospital care capacity in the area, as it will provide 3,700 beds in eight buildings, as well as a hotel, for a total of about 1.2 million square metres of total area and 400,000 square metres of greenery. The user base is expected to be 100,000 people per day.*

Turkey // Istanbul Metro (Kirazli–Halkali Section) – The contract (to be performed by a joint venture, Astaldi having a 15% share) concerns the construction of civil works and the installation of electromechanical systems for the new section of the Istanbul Metro, which will connect Kirazli to Halkali. The contract includes construction of 10 km of twin-tube tunnels, (including 7 km using TBMs), nine stations and related works. The customer is the Municipality of Istanbul. The works were awarded to the Astaldi Group. In 2020 the project was not impacted by the COVID-19 pandemic.
Sustainable value of the work *– Once completed, the new infrastructure will serve 52,000 passengers/hour in each direction.*

***

Note that for the aforementioned projects – Braila Bridge, Frontieră-Curtici-Simeria Railway Line, Lots 2A and 2B and Lot 3, Warsaw Southern Bypass, S-7 Expressway, Naprawa-Skomielna Biała Section and Zakopianka Tunnel – costs were incurred for activities that had not initially been budgeted, therefore requests for additional consideration were submitted. These costs were taken into account in the valuation of contractual assets and liabilities to the extent that their recognition is considered highly probable, also based on the opinions expressed by the Group's consultants.

REFERENCE SCENARIO AND OUTLOOK

The COVID–19 pandemic has caused a serious economic shock with significant negative repercussions throughout Europe. The impact on the GDP growth of individual countries will depend on the duration of the pandemic and the extent of the measures taken worldwide to slow its spread, protect production capacities and, more generally, support the economy. EU Member States have already taken or are taking budgetary measures to increase the capacity of health systems and support the people and sectors that have been strongly affected. Important liquidity support measures and other guarantees were also adopted. Below is a brief summary of the situation in the European countries where the Astaldi Group operates, in line with the information provided above (see § "COVID-19 disclosure").

Romania[37] – The country has not escaped the effects of the COVID–19 pandemic on the global economy, at least as recorded in the first half of 2020. The local government is working to contain the effects of the crisis and to support businesses. In July 2020 the Romanian Government launched an important post-COVID–19 relaunch plan that aims at a new model for economic development, with investments of approximately €100 billion by 2023 involving various sectors, including infrastructure and health. The plan is one of the most important state investment programmes in recent years and also provides for structural measures including, by way of example, the establishment of a national development bank as a credit institution to support investment projects. With regard to infrastructure, among other things the relaunch plan calls for: (*i*) the connection of all regions of Romania through approximately 3,000 kilometres of motorways and state roads by 2030; (*ii*) the start of work on a new metro line in Cluj-Napoca, a strategic centre for the development of the country; (*iii*) the completion of the metro connection between Bucharest and the Henri Coanda International Airport of Bucharest-Otopeni; (*iv*) the construction of three regional hospitals in Cluj-Napoca, Iasi and Craiova by 2027; (*v*) a road, water and

[37] Sources - *The World Bank in Romania. Country Snapshot*, World Bank, April 2020; *Commission Report. Romania. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 14 February 2020; *Planul Național de Investiții și Relansare Economică*, Government of Romania, July 2020.

sewerage renovation plan, which includes the restoration of 20,000 kilometres of local roads; (*vi*) investments in the energy sector for a total amount of €12.48 billion between 2020 and 2025. Important liquidity support measures and other forms of guarantee were also adopted, especially for small and medium-sized enterprises. The July 2020 economic relaunch plan also provides for active measures for employment and social protection, such as: the extension of unemployment benefits for job categories whose activities were suspended; the stimulation of flexible work programmes and subsidies for vocational training; the stimulation of employment for youth, those over 50 and citizens returning from abroad; measures to encourage teleworking. The financing of these measures will be covered by the European SURE programme (launched after the crisis caused by the pandemic). With specific regard to the Group's ongoing projects in Romania, where not already envisaged, measures are being taken to revise/update the contract price in agreement with the customers in order to allow for a proportionate adjustment of costs in light of the changed market conditions because of the pandemic.

Poland[38] – Lockdowns and closures of borders have helped to preserve Poland from the spread of the COVID-19 pandemic, but have not saved the country from its economic effects which led to 2020 being classified as one of the worst years of the last 30. To cope with the emergency and support the country's economy, the Polish government introduced the so-called Shield Plan, a package of fiscal measures and initiatives totalling PLN312.1 billion (about €69 billion), equal to approximately 3.2% of the GDP estimated for 2020. The infrastructure sector suffered less from the effects of the pandemic as it managed to contain downtime and, more generally, the impact on activities. It should be noted that in July 2020 the results of the presidential elections confirmed the second term of the incumbent President.

Sweden[39] – Despite a strong recovery in GDP in the last four months of 2020 (4.9% on the previous quarter) – driven by the recovery in exports together with an increase in domestic consumption (SCB estimates – Swedish Statistical Institute) – the Swedish economic forecast for 2020 foresees a contraction in GDP of 3.4% (European Commission estimates, updated in November 2020) due to the severe economic shock caused by the COVID-19 pandemic. At the same time, a marked rebound is expected in 2021 which is estimated to lead to GDP growth of 3.3%, due to the post-pandemic global recovery. In fact, the Swedish government reacted to the economic effects of the pandemic by adopting measures to defend employment, stimulate the economy with large injections of liquidity and facilitate access to credit for a total cost, as calculated by the Swedish government, equal to about 3% of GDP. For the sector at hand, the current infrastructure investment plan with a time horizon until 2029 (2018–2029 National Transport System Plan adopted by the Swedish government in May 2018) continues to drive the market with initiatives aimed at relaunching the country's infrastructure system, also in connection with European networks (total investment planned equal to SEK700 billion – approximately €67.5 billion).

Turkey[40] – The increasing number of cases at the end of October 2020 led the Turkish Government to adopt more stringent measures: total lockdown on the weekend, curfew after 9 pm, limited circulation, closure of all public and dining venues, obligation to present a SARS-CoV-2 PCR negative test upon entry into the country. The Turkish Central Bank (CBRT) revised its monetary policy, raising the official interest rate from 10.25% in October 2021 to 15% in November 2020, and subsequently to 17% on 21 January 2021. This was due to factors that have negatively affected the inflation outlook, such as the "delayed" effects of the depreciation of the Turkish lira, the increase in international food prices and worsening inflation expectations. Following the appointment of the new Minister of Treasury and Finance (in November 2020), the Turkish Government also announced a new line aimed at increasing the quality of public finance, combating inflation and maintaining fiscal legislation,

---

[38] Sources - *Commission Report. Poland. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 20 May 2020.

[39] Sources – SCB Statistics Sweden https://www.scb.se/en/finding-statistics/statistics-by-subject-area/national-accounts/national-accounts/national-accounts-quarterly-and-annual-estimates/; European Commission (updated in November 2020): https://ec.europa.eu/info/sites/info/files/economy-finance/ip136_en_2.pdf; *The Government's work in response to the virus responsible for COVID-19*, Swedish Government – Ministry of Finance.

[40] Sources – *Policy Responses to COVID–19 – Policy Tracker: Turkey*, International Monetary Fund; *OECD Economic Outlook Volume 2020. Issue 1: Preliminary Version – Economic Forecast Summary (June 2020) – Turkey Economic Snapshot*, OECD, June 2020.

including through a programme of micro-reforms aimed at enhancing macroeconomic stability. According to more recent estimates (Global Economic Prospects, January 2021), the World Bank has increased Turkey's GDP growth projections for 2020, estimating growth of 0.5% for the whole year, followed by growth of 4.5% in 2021 and 5% in 2022.

American continent

For the Astaldi Group the American Continent includes both the group's traditional markets (USA and Chile), areas where it has recently started operating (Canada and Paraguay) as well as areas where it is discontinuing its activities (Mexico, Peru and Central America). Its main sectors of interest are transport infrastructure (roads and motorways), followed by civil construction and energy generation plants. Chile is the Group's main market in Latin America, where it is active in the transport infrastructure (airports), healthcare buildings and mining sectors. As at 31 December 2020, Construction on the American Continent generated 27% of operating revenue and accounted for 11% of the Order Backlog.

CURRENT MAIN PROJECTS ON THE AMERICAN CONTINENT

Below is a brief description of the current main construction contracts on the American Continent as at 31 December 2020.

The projects listed – referring only to the Core Assets Scope (as defined by the Composition with Creditors Plan and Proposal – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law") – are conventionally identified as projects having a residual backlog exceeding €50 million as at 31 December 2020.

Chile // Barros Luco Trudeau Hospital in Santiago – The contract (100% Astaldi) covers the design and construction of a new hospital in Santiago, Chile. The works will take seven years. The customer is the Chilean Ministry of Health. The works are financed using state funds. The works were awarded to the Astaldi Group. The design phase was delayed due to changes requested by the customer and the difficulties caused by the severe isolation measures imposed by the Chilean authorities to contain the COVID-19 pandemic. At the date of preparation of this report, the design phase was coming to an end and it is believed that the entire executive design will be approved by the first quarter of 2021, at the same time as the start of construction.
Sustainable value of the work *– Once completed, the new hospital will have 967 beds and 28 operating rooms, split into two 10-floor buildings (with one underground floor to house the nuclear medicine department), covering a total area of 200,000 square metres and 10,000 square metres of green areas. The new structure will serve 2,000,000 people. The project also includes a number of solutions aimed at ensuring the structure's energy efficiency (solar panels, air recycling systems, laminated glass, electrical regeneration systems for lifts).*

Chile // New Linares Hospital – The EPC contract (100% Astaldi) includes the design and construction of a new healthcare facility in central Linares in the Maule region. The works were awarded to Astaldi and the systems will be built by NBI (Astaldi Group). The works will take just over six years, with design activities starting in 2017. The customer is the Chilean Ministry of Health and the works are financed using state funds. The design phase ended with the approval of the executive design in the last quarter of 2020 and construction began in January 2021. Preliminary activities to get the construction sites up and running have already started. Even though it is still in the start-up phase, in 2020 the project suffered some slowdowns due to COVID-19.
Sustainable value of the work *– Once completed, the new facility will have 329 beds and 11 operating rooms in a surface area of roughly 87,000 square metres in an eight-floor building, including one underground. The new structure will serve 265,600 people. Among other things, the project includes the development of about 15,500 square metres of green areas.*

Canada // Hurontario Light Rail Transit (HULRT) Project – The contract covers the design, construction, financing and 30-year operation of an 18-kilometre, 19-stop light rail transport system that will run along Horontario Street from Port Credit in Mississuaga to the Brampton Gateway Terminal in Brampton, Ontario. The project was commissioned by Infrastructure Ontario and Metrolinx and was awarded to the Mobilinx Consortium, consisting of Astaldi (28%) and Webuild (42%) and other partners from Canada and other countries. Design continued in 2020, and work began to eliminate interference with underground services and traffic management.
Sustainable value of the work *– Once completed, the new infrastructure will ensure an integrated transport system that will extend to the entire region and provide a sustainable alternative to mobility.*

USA // I-405 Highway – The contract includes the design and construction of the improvement works for 26 km of the I-405 highway between Los Angeles and San Diego. **To date, it is one of the most important projects assigned in California for the infrastructure sector**. The customer is OCTA (Orange County Transportation Authority) and the works are being carried out by OC 405 Partners, a joint venture between the Astaldi Group (40%) and OHL (Spain, 60%). In 2018, the designs were prepared for the bridges and the main structures, and activities were carried out to demolish the existing structures to be replaced and for traffic management. In 2019, the design phase was completed and construction of 11 bridges and three miles of drainage infrastructure were commenced. Construction continued in 2020 without being halted by COVID-19, and is currently in full operation.
Sustainable value of the work *– Once completed, the work will ensure a 45% reduction in travel times for 257,000-370,000 vehicles per day (depending on the location).*

Paraguay // Yaciretà Hydroelectric Power Plant (Brazo Aña Cuá Project) – The contract covers works to upgrade the Yaciretà Hydroelectric Power Plant on Río Paraná. The contract covers all the civil works and some electromechanical works to install three additional Kaplan turbines in the existing hydroelectric power plant to increase its installed capacity by 270 MW for an average annual energy output of 1,700 GWh. The works are being carried out in a free zone in Paraguay. The execution of the works is entrusted to a joint venture between Astaldi (leader, 55%), Rovella Carranza (Argentina, 25%) and Tecnoedil Constructora (Paraguay, 20%). The customer is Entidad Binacional Yaciretà, the independent binational body that operates the plant. The start of the works, approved by the customer on 4 March 2020, was then postponed to 24 June 2020 due to the difficulties related to the COVID-19 pandemic, which compromised the full operation of the construction site. Activities have now begun and are proceeding in full compliance with the safety protocols imposed by the local authorities to prevent COVID-19 infections. At the date of preparation of this report, the progress of the work was in line with the contractual schedule agreed with the customer.
Sustainable value of the work *– Once completed, the work will ensure an increase of 9% in the plant's installed capacity.*

***

Note that for the aforementioned project – Barros Luco Trudeau Hospital in Santiago, Chile – costs were incurred for activities that had not initially been budgeted, therefore requests for additional consideration were submitted. These costs were taken into account in the valuation of contractual assets and liabilities to the extent that their recognition is considered highly probable, also based on the opinions expressed by the Group's consultants.

REFERENCE SCENARIO AND OUTLOOK

Below is a brief summary of the situation in the countries on the American Continent where the Astaldi Group operates, in line with the information provided above (see § "COVID-19 disclosure").

Chile[41] – Chile suffered severely from the effects of the pandemic, which added to those of the social turmoil at the end of 2019. In August 2020 the Moody's rating agency lowered its outlook for Chile's sovereign credit from

[41] Sources – *Outlook for Latin America and the Caribbean: An Intensifying Pandemic,* International Monetary Fund, 26 July 2020; ***Plan paso a paso Chile se recupera***, Chilean Government, 3 September 2020.

stable to negative. The decision is essentially motivated by the rapid increase in debt levels that the country has experienced in recent years, whose trend has accelerated with the spread of the COVID-19 pandemic. However, with a credit rating of A-1, Chile remains one of the most stable economies in Latin America. The country has entered the pandemic with low fiscal reserves and debt levels compared to countries with the same rating, although the pandemic is gradually deteriorating its position. The impacts of the pandemic (Chile is one of the hardest hit countries in Latin America), the deteriorating global economic prospects and the turbulence of the financial markets are in fact creating a serious economic and financial shock, which for Chile mainly translates into weaker economic growth and a greater demand for social programmes. Moreover, the pandemic has exacerbated discontent over certain social issues, such as the high cost of living, the quality and coverage of public services and income inequality. The International Monetary Fund notes that the Chilean economy contracted with an estimated fall in real GDP of 6% in 2020, and forecasts a recovery in 2021 with a growth rate of 4.5% supported by significant fiscal, monetary and financial measures. To counter the emergency situation, the Chilean government has a plan to relaunch the national economy (*Plan paso a paso Chile se recupera*). This plan includes infrastructure investments of USD34 billion (equal to €28 billion), more than 10% of the country's GDP, of which USD9.4 billion (equal to €7.9 billion) for the two-year period 2020–2022, for the construction of 2,130 projects in the next two years involving the building and modernisation of bridges and motorways, railway and metro lines, ports and airports and hydraulic works. The objective is to protect income, support the most vulnerable groups of the population, safeguard jobs and ensure business continuity, on the one hand accelerating payments to suppliers and on the other putting in place advantageous tax initiatives. Social shock absorbers have also been introduced nationally.

Canada[42] – Canada has put in place a long-term investment plan to strengthen the country's infrastructure system. This plan calls for investments worth more than CAD180 billion (equal to €116 billion) to be made in 12 years, starting from 2016, in five priority areas: infrastructure for mass transport and other transport infrastructure (CAD38.8 billion, equal to €24.7 billion), renewable energy (CAD26.9 billion, equal to €17.1 billion), infrastructure for social welfare (CAD25.3 billion, equal to €16.1 billion). To cope with the COVID-19 health emergency, this plan was reinforced with an additional CAD33 billion (equal to €21 billion). In the areas affected by the Group's existing contracts, only Quebec passed a special law to compensate for a percentage of employees' salaries during the period of total work stoppage. During the spread of the virus all work in Quebec was stopped, and in order to prevent all companies from immediately dismissing their personnel, the provincial government established a system similar to the government-sponsored lay-off scheme used in Italy.

USA – As with other countries, the United States identified infrastructure as a driving force to counter the effects of the pandemic. The country suffered and continues to suffer heavily from the spread of COVID–19 infection, and as a counteraction the government has launched a plan to modernise the country's infrastructure system with investments of USD2 billion (equal to €1.6 billion) in bridges, roads and other infrastructure. The plan launched is much broader than those previously approved in the country and will be financed with new federal debt, leveraging a market characterised by interest rates equal to zero.

Paraguay[43] – The country has reacted effectively to the COVID-19 emergency and therefore has managed to contain the pandemic, recording only a small number of victims (compared to the rest of the world). However, the economic impact has been harsh and the International Monetary Fund expects a decline in GDP of 5% in 2020. In any case, the local government is reacting by trying to relaunch economic growth through a series of reforms.

[42] Sources - *Investing in Canada Plan*, Government du Canada.

[43] Sources – *2020 World Economic Outlook, International Monetary Fund, July 2020.*

Africa

The Astaldi Group's work in Africa mainly refers to its historical presence in Algeria. As at 31 December 2020, Construction in Africa generated 0.5% of revenue and accounted for 1% of the Order Backlog, all for Transport Infrastructure.

CURRENT MAIN PROJECTS IN AFRICA

Below is a brief description of the current main construction contracts in Africa. The projects listed – referring only to the Core Assets Scope (as defined by the Composition with Creditors Plan and Proposal – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law") – are conventionally identified as projects having a residual backlog exceeding €50 million as at 31 December 2020.

Algeria // Saida-Tiaret Railway Line – The contract covers the design and construction of 154 km of a single-track railway line along the Saida-Tiaret section with 45 railway bridges and viaducts, 35 road overpasses, four main stations and nine switching stations. It includes the executive design and development of the railway works and the railway signalling and telecommunication systems for the entire lot, the earthwork activities, road structures and road deviations from km 108.5 km to km 154 for a total of 45.5 km of a single track non-electrified railway line. The customer is ANESRIF, the national agency for the development and modernisation of the Algerian railway system. The works are being carried out by a joint venture between Astaldi (58.92%) and COSIDER (Italy, 41.08%). Following the COVID-19 emergency, the project was halted due to measures put in place by the Algerian government to prevent the spread of the virus, and work resumed only in mid-February 2021 following a specific authorisation from the local authorities.
***Sustainable value of the work** – Once completed, the new infrastructure will ensure an improvement in the national transport system and greater accessibility to the regions served.*

***

Note that for the aforementioned project – the Saida-Tiaret Railway Line – costs were incurred for activities that had not initially been budgeted, therefore requests for additional consideration were submitted. These costs were taken into account in the valuation of contractual assets and liabilities to the extent that their recognition is considered highly probable, also based on the opinions expressed by the Group's consultants.

REFERENCE SCENARIO AND OUTLOOK

Below is a brief analysis of the reference scenario in Algeria.

Algeria – In order to mitigate the economic impacts of the COVID-19 pandemic, the Algerian government is working on an economic recovery plan that among other things aims to introduce a series of measures for the simplification of bureaucratic processes and the revision of public procurement rules.

Asia

For the Astaldi Group, Asia mainly refers to India, a country it has recently moved into. As at 31 December 2020, Construction in Asia generated around 1% of revenue and accounted for 5% of the Order Backlog, all for Transport Infrastructure.

CURRENT MAIN PROJECTS IN ASIA

Below is a brief description of the current main construction contracts in Asia. The projects listed – referring only to the Core Assets Scope (as defined by the Composition with Creditors Plan and Proposal – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law") – are conventionally identified as projects having a residual backlog exceeding €50 million as at 31 December 2020.

India //Versova–Bandra Sea Link ("VBSL") in Mumbai – The EPC contract (to be performed by a joint venture, with Astaldi having a 50% share) covers the work to improve the road system in Mumbai. The new infrastructure will require the construction of complex works at sea and stretch for a length of approximately 17.7 kilometres, linking the neighbourhoods of Bandra, Otter, Juhu and Versova. The new infrastructure will be situated about 900-1,800 metres from the coast of the city of Mumbai. In addition, the Main Bridge will also include the construction of a cable-stayed bridge of 150 metres and three bridges of variable section, with a main span of 100 metres, to guarantee navigation in the area. Maintenance activities for two years are also planned. The customer is Maharashtra State Road Development Corporation (MSRDC), and the works will be financed by a pool of banks headed by SBI (State Bank of India) and guaranteed by the State. The works were awarded to Astaldi, in a joint venture with the Indian company Reliance Infrastructure. The State of Maharashtra suffered a serious setback due to the COVID-19 pandemic, with consequent restrictions that have seriously compromised operations starting from a total lockdown in March 2020 that lasted until July 2020. The construction sites then resumed but with reduced efficiency due to the lack of workers, who mainly come from outside Mumbai, as internal mobility in India is still limited. However, it now seems that such restrictions are being eased.
Sustainable value of the work *– Once completed, the work will ensure a 30% reduction in travel times for a forecasted peak of 175,800 vehicles per day.*

REFERENCE SCENARIO AND OUTLOOK

Below is a brief analysis of the reference scenario in India.

India – Although the country is suffering heavily from the effects of the COVID-19 pandemic, as a result of an easing of virus containment measures, lockdowns and mobility limits the infrastructure sector has been almost fully operational since the second half of 2020. The Indian government is considering policy actions in support of the domestic economy, with effects that cannot yet be estimated at the date of preparation of this report.

Operation & Maintenance

Over the last ten years the Group has acquired recognised expertise in the provision of Operation and Maintenance ("**O&M**") services, typically for works built by Astaldi. The services provided include ordinary and extraordinary maintenance of civil works and plants, heat and energy management, the management of health technologies, electromedical equipment and the sterilisation of medical instruments, as well as the management of hotel services such as, for example, cleaning and catering, management of green areas and commercial areas.

Within this sector the Group is particularly interested in the hospital segment, where it has already honed its skills significantly thanks to its prior experience gained in the concessions segment.

O&M activities are typically carried out in order to provide the services that enable the Operation of the infrastructure built. For this purpose, a specific O&M Company (special purpose entity dedicated to the provision of services and maintenance of the infrastructure) is established for each contract. The O&M Companies were initially owned by Astaldi Concessioni, and from June 2020 by Astaldi Concessions (following the partial demerger of Astaldi Concessioni – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law"), from which it inherited industrial activities, human resources and skills, as well as the references of a decade of activity, with the aim of continuing to support the Astaldi Group in the development of the O&M sector.

As at 31 December 2020, O&M activities generated about 3% of revenue and accounted for 23% of the Order Backlog. The residual O&M backlog as at 31 December 2020 amounted to €1,865.0 million.

Below is a brief description of the initiatives that the Astaldi Group had in place in the O&M sector as at 31 December 2020.

OPERATIONAL INITIATIVES

GE.SAT (Four Tuscan Hospitals, Italy) – GE.SAT, in which the Astaldi Group holds a majority stake of 53.85%, is the O&M Company of the Four Tuscan Hospitals built by Astaldi under concession – Ospedale San Jacopo of Pistoia, Ospedale Santo Stefano of Prato, Ospedale San Luca of Lucca, Ospedale delle Apuane of Massa Carrara – with a total of 1,710 beds. Under the O&M contract entered into with the Operator SAT (valid until 2033), since 2013 GE.SAT has provided all non-health and commercial services for the four hospitals, all completed and under management.

VENETA SANITARIA FINANZA DI PROGETTO ("**VSFP**") (Ospedale dell'Angelo in Venice-Mestre, Italy) – VSFP, of which the Group owns a minority stake, is the O&M Company responsible for the O&M activities of Ospedale dell'Angelo in Venice-Mestre (680 beds). Built by the Astaldi Group via project finance, the hospital has been managed since 2008.

ANKARA ETLIK HASTANE IŞLETME VE BAKIM A.Ş. (Etlik Integrated Health Campus in Ankara, Turkey) - Ankara Etlik Hastane Işletme ve Bakim A.Ş. is the O&M Company – in which the Group holds a 51% stake – established for the execution of the O&M activities for the Etlik Integrated Health Campus in Ankara, which Astaldi is executing under concession in a joint venture with a Turkish company. The O&M Company is the sole contractor of all services under concession, which include maintenance (of civil works, systems, medical equipment, etc.), health support (hospital integrated information system, clinical support services such as laboratory, imaging, sterilisation and rehabilitation) and hotel services (catering, cleaning, laundry, waste disposal, security and pest control). At the date of preparation of this report, the Company was selecting the providers of the various services under concession, in order to be fully operational once the work is completed. For more information on the related EPC Contract, see § “Construction” in the “Europe” section.

OTHER INITIATIVES

SAMO (West Metropolitan Hospital in Santiago, Chile) – Sociedad Austral de Mantenciones y Operaciones (“**SAMO**”), in which the Astaldi Group holds a 100% stake, is the O&M Company established for the West Metropolitan Hospital in Santiago. Its opening was affected by the dispute that arose between Astaldi’s Chilean branch (acting as EPC Contractor) and the Operator (Sociedad Concesionaria Metropolitana de Salud S.A., “**SCMS**”) after the latter’s decision to terminate the EPC contract in January 2019. In order to safeguard its position, jeopardised by SCMS’s serious non-fulfilment as well as non-compliance with the start dates of the management phase, in September 2019 SAMO was obliged to notify the termination of the O&M contract and commence arbitration proceedings.

Concessions

The Astaldi Group's involvement in this segment takes the form of stakes in the capital of operators having in turn concessions for the construction and operation of works typically built by Astaldi. As a rule, during the construction phase, the projects are financed on a non-recourse basis through equity injections by the shareholders of the operator, debt dedicated to the project, medium- to long-term bridge loans and project finance.

As at 31 December 2020, the concessions held by the Astaldi Group can be divided into two clusters: those relating to the Core Assets Scope and those included in Astaldi's Separate Unit, as defined in the Composition with Creditors Plan and Proposal (see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law").

The initiatives related to the Core Assets Scope consist of minority stakes in the capital of operators active in the Transport Infrastructure segment in Italy and Canada that Webuild also has a stake in. The initiatives included in Astaldi's Separate Unit, on the other hand, are the main concessions held by the Astaldi Group at the commencement date of the composition with creditors (28 September 2018). For further information on these initiatives, refer to the Financial Report of Astaldi's Separate Unit attached to Astaldi S.p.A.'s Separate Financial Statements as at 31 December 2020.

For the sake of completeness, it should be noted here that, in implementation of the Composition with Creditors Plan and Proposal, Astaldi Concessioni – the hub of the Astaldi Group dedicated to the development of Concessions and O&M – underwent a proportionate partial demerger, approved with a deed dated 28 May 2020, designed to isolate the scope of the assets to be liquidated (to be included in Astaldi's Separate Unit), which remains within the demerged Astaldi Concessioni, from the assets of the Core Assets Scope, which has flowed into a newly incorporated company named Astaldi Concessions S.p.A. ("**Astaldi Concessions**"), also wholly owned by Astaldi. As a result of this demerger, the O&M activities and minor stakes in concessions detailed below were assigned to Astaldi Concessions.

The resolution to demerge Astaldi Concessioni was taken by the Shareholders' Meeting of Astaldi Concessioni on 22 January 2020 and registered with the Rome company registrar on 23 January 2020. The parent waited for the terms reserved to the subsidiary's creditors to oppose the demerger to expire before finalising the demerger deed. This deadline was 26 May 2020, given the suspension of judicial activities during the lockdown period imposed in Italy to deal with the COVID-19 public health emergency[44]. The formal stipulation of the demerger deed and the separation of the demerged company (Astaldi Concessioni) from the beneficiary (Astaldi Concessions) took place on 28 May 2020, effective from 8 June 2020, when the deed was registered with the Rome company registrar. The Astaldi Separate Unit was set up as approved by Astaldi's Board of Directors on 24 May 2020, subject to the condition precedent that the composition with creditors proposal be authorised (which took place on 17 July 2020).

Below is a brief description of the concessions of the Astaldi Group as at 31 December 2020 related to the Core Assets Scope (as defined above).

[44] The deadline was originally 23 March 2020 and was deferred to 26 May 2020 given the extraordinary suspension of activities imposed by the COVID-19 public health emergency, as the provisions of art. 83 of Law decree no. 18/2020 and art. 36, paragraph 1 of Law decree no. 23/2020 established the extraordinary suspension of civil, criminal and tax proceedings for the period between 9 March 2020 and 11 May 2020.

CONCESSIONS RELATED TO THE ASTALDI GROUP'S CORE ASSETS SCOPE

SPV Linea M4 | Italy
Infrastructure: Line 4 of the Milan metro.
Project KPI: 15.2 km of metro line, 21 stations, transportation capacity of 24,000 passengers/hour in either direction
Operator: SPV Linea M4 (Astaldi Group's share: 9.63%, Webuild's share: 9.7%).
Status of the concession: under construction and not yet operational.
The investment refers to the construction and subsequent operation of the new Line 4 of the Milan metro to be built as a P3 (Public Private Partnership). The infrastructure will be light, fully automated, driverless metro trains with station doors and a CBTC (Communication Based Train Control) signalling system. The concession includes the design, construction and long-term operation (until January 2047) of the public transport service for the entire line from San Cristoforo to Linate Airport (15.2 km of line and 21 stations for a maximum transportation capacity of 24,000 passengers/hour in both directions). The concession also comprises the construction of a depot/workshop in San Cristoforo for the recovery and maintenance of rolling stock (47 vehicles). The concession is in the construction phase. Please also refer to the information provided on the relevant EPC Contract in § "Construction" regarding "Italy".
Sustainable value of the work[45] *– The new Line 4 of the Milan Metro (together with Line 5, also built by Astaldi) will ensure (i) -30 million trips by car per year, (ii) -2% of pollutant emissions, (iii) -16 million tonnes in fuel consumption per year.*

MOBILINX | Canada
Infrastructure: Hurontario Light Rail Transit (HULRT).
Project KPI: 19 kilometres of railway with 19 stations
Operator: MOBILINX (Astaldi Group's share: 28%, Webuild's share: 42%).
Status of the concession: under construction and not yet operational.
The investment refers to the design, construction, financing and 30-year operation of a 19-kilometre, 19-stop light rail transport system that will run along Hurontario Street from Port Credit in Mississuaga to the Brampton Gateway Terminal in Brampton, Ontario. Astaldi (28%) is a member of the Mobilinx consortium that was awarded the contract, together with Webuild (42%) and other partners from Canada and other countries. Design continued in 2020, and work began to eliminate interference with underground services and traffic management – see § "Construction" regarding the "American Continent".
Sustainable value of the work *– Once completed, the new infrastructure will ensure an integrated transport system that will extend to the entire region and provide a sustainable alternative to mobility.*

[45] Source: M4.

Astaldi Separate Unit

The Astaldi Separate Unit was established in 2020 in implementation of the Composition with Creditors Plan and Proposal. The unit was set up as approved by Astaldi's Board of Directors on 24 May 2020, subject to the condition precedent that the composition with creditors proposal be authorised (which took place on 17 July 2020) – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law".

In summary, the initiatives included in Astaldi's Separate Unit are the main concessions held by the Astaldi Group at the commencement date of the composition with creditors (28 September 2018). For further information on individual projects refer to the Statement of Cash Flows of Astaldi's Separate Unit attached to Astaldi S.p.A.'s Separate Financial Statements as at 31 December 2020.

Here it is worth providing the following information.

EARLY LIQUIDATION PAYMENTS

With regard to Astaldi Group's concessions included in the Separate Unit, note that the Composition with Creditors Plan provided for a commitment by Astaldi to make early payments to the Separate Unit up to a maximum amount of €77 million (the "**Early Liquidation Payments**"). The Early Liquidation Payments are mainly aimed at ensuring the fulfilment of the equity/subordinated loan payment commitments for the concessions that fall within the Group's Core Assets Scope (i.e. the Etlik Integrated Health Campus in Ankara, Turkey, and the Arturo Benitez International Airport in Santiago, Chile). With respect to the planned commitment, at 31 December 2020 Astaldi had made Early Liquidation Payments for a total of approximately €34.4 million, of which approximately €2 million as an initial cash endowment for the Separate Unit. Also in accordance with the Composition with Creditors Proposal, the Early Liquidation Payments will be returned to Astaldi by the Separate Unit upon sale of the assets included therein.

STANDSTILL AGREEMENT WITH TURKISH BANKS

Due to the fact that Turkey does not recognise the composition with creditors on a going concern basis procedure, thus excluding Turkish creditors from the protection guaranteed by such procedure, Astaldi commenced negotiations in 2019 with some Turkish banks that have claims with Astaldi's Turkish branch (also related to commitments deriving from the guarantees issued in favour of the subsidiary ASTUR) in order to reach a **standstill** agreement on credit collection actions pending the sale of the investments in the SPEs operating the projects in Turkey, with the understanding that upon collection the claims of the banks involved in the agreement will be fully settled. Under the standstill agreement, upon the sale of the first Turkish asset for disposal and collection of the related amount, the Turkish banks will receive full repayment of the principal and full payment of the interest expense calculated at the contractual rate up to the date of repayment of the principal. The standstill agreement, entered into in September 2019, will expire at the earliest of *(i)* the date when the sale price of the first Turkish asset (i.e. the Third Bosphorus Bridge) is collected and *(ii)* 18 months after the signing of the agreement (i.e. March 2021). In accordance with the provisions of the Composition with Creditors Plan and the Separate Unit Plan, the claims of the Turkish banks will be settled from the Astaldi Separate Unit with the proceeds from the sale of the Turkish assets. Note that in January 2021 the Astaldi Separate Unit received the payment of the first instalment of the sale price of the Third Bosphorus Bridge for an amount equal to approximately USD24 million. In accordance with the standstill agreements, this payment was forwarded fully and directly to the Turkish banks. The Astaldi Separate Unit is currently negotiating an extension of the standstill agreement's duration to take account of the instalment payment of the price of the stake in the Third Bosphorus Bridge by the buyer.

GUARANTEES

As a result of the establishment and separation of the Astaldi Separate Unit, also due to the demerger of Astaldi Concessioni, the guarantee commitments made as a shareholder of the operators of the projects included in the Separate Unit are attributable to the latter.

Below is a summary table of the guarantee commitments of the Separate Unit as at 31 December 2020.

Table 20 – Separate Unit's Guarantee Commitments as at 31 December 2020.

COUNTRY	PROJECT	TYPE OF GUARANTEE	VALUE (€)
CHILE	Airport of Santiago	Management Performance Bond	4,388,355
		Equity Stand By Letter of Credit	13,231,861
TURKEY	Gebze Izmir Motorway	Management Performance Bond	1,135,747
	Etlik Hospital	Equity Stand By Letter of Credit	36,784,815
		Investment Term Performance Bond	3,872,448
Total Guarantees Issued			**59,413,226**

The values are expressed in euros, valued at the exchange rate as at 31 December 2020.

For more information on Astaldi's commitments to the Separate Unit and other details, see the resolution establishing the Separate Unit, adopted by the Board of Directors on 24 May 2020 and available on the website www.astaldi.com in the Liquidation Perimeter section.

SERVICE AGREEMENT

Thanks to a specific service agreement, the Astaldi Separate Unit makes use of the services rendered by Astaldi Concessions for the performance of (i) administrative management and compliance support, (ii) operational management of the assets under concession included in the Separate Unit, (ii) disposal of the assets under concession.

CIVIL LITIGATION

Italy // Monte Nieddu Dam – For the contract relating to the Monte Nieddu Dam, Astaldi filed an application for termination of contract pursuant to art. 169-*bis* of the Bankruptcy Law with the Court of Rome. The Court-Appointed Receivers[46] asked the customer (Consorzio di Bonifica della Sardegna Meridionale, the "**consortium**") to present its position in relation to the termination of the contract, and the customer stated its intention to find an out-of-court solution that would make the contract financially stable. In discussing the content of a possible agreement, the consortium proposed the settlement of the parent's claims via an amicable settlement as per Article 240 of Legislative Decree no. 163/2006. The person responsible for such procedure

[46] To be understood as the Court-Appointed Receivers responsible for Astaldi's composition with creditors procedure.

(the Italian *RUP*, *Responsabile Unico del Procedimento*) presented the parties with the proposal of the amicable settlement commission with a notification dated 9 July 2019. The proposal includes the payment of €8.2 million for work carried out up to the 16th progress report[47] (30 June 2018) against the claim for €30.6 million, in addition to €3.97 million "*starting from recommencement of work until completion of work*" and €1.2 million "*due if the contract is terminated after the 16th progress report*", specifying that, pursuant to the law, the proposal is subject to both parties accepting it. With resolution of 29 July 2019, the consortium stated that it was not obliged to accept the proposal of the competent commission. Subsequently, with notification dated 24 September 2019, the consortium formalised a proposal for the payment of claims of €6 million. On 12 November 2019, the Rome Court issued a decree authorising the termination of the contract. As a result, Astaldi notified the consortium on 13 November 2019 stating the termination of the contract as per Article 169-bis of the Bankruptcy Law. On 12 December 2019, the consortium requested that Astaldi formalise the status of the work site and the works, inviting Astaldi to dismantle the site. The status report was drafted jointly by the parties on 10 June 2020. The parent recognised the penalties estimated to result from the termination of the contract in the separate and consolidated financial statements at 31 December 2018.

Poland // E–59 Railway Line – On 27 September 2018, Astaldi notified the customer of this project of the termination of the contract due to the extraordinary and unforeseeable change in the works performance as evidenced by the abnormal increase in materials and labour costs, as well as the serious unavailability of materials, services and labour on the market, including rail transport of construction materials. It also informed the customer of a number of events that legitimised the parent to terminate the contract due to the customer's default. On 5 October 2018, the customer replied by terminating the contract and requesting payment of the penalty (amounting to PLN130.9 million, the equivalent of approximately €29 million) and enforcing the guarantees totalling €20.3 million (including the advance payment bond). Subsequently, on 7 February 2019, the customer filed an application before the Court of Warsaw, requesting the payment of penalties for an amount of PLN87.25 million (the equivalent of €19 million), net of the value of the performance bond enforced (€9.4 million). The customer also requested the reimbursement of direct payments made to subcontractors for an amount of PLN10.7 million (including interest) (the equivalent of about €2.4 million). Astaldi filed its defence brief on 2 December 2019 and the first-instance ruling is still pending. Following the termination of the contract, Astaldi issued its final statement to the customer requesting payment for work performed but not paid. However, as such final statement was not paid and attempts to resolve the matter out of court were unsuccessful, Astaldi filed a claim before the Warsaw Court on 17 March 2020 for the non-payment of work performed and certified by the Works Management, for PLN17.6 million (the equivalent of approximately €4 million). Subsequently, Astaldi filed an additional claim on 26 May 2020 requesting payment of a further PLN16.8 million (the equivalent of €3.9 million, of which about €1.3 million related to unpaid invoices and about €2.6 million for the works performed and not certified by the Works Management). Also based on the opinions of its external legal advisers, the parent recognised the estimated penalties of terminating the contract in the separate and consolidated financial statements at 31 December 2018.

Poland // Dęblin-Lublin No. 7 Railway Line – On 27 September 2018, just after work began, Astaldi as the leader of the consortium (with a 94.98% share) for development of the Dęblin–Lublin Railway Line notified the customer of the termination of the contract due to the extraordinary and unforeseeable change in the works performance as evidenced by the abnormal increase in materials and labour costs, as well as the serious unavailability of materials, services and labour on the market, including rail transport of construction materials. It also informed the customer of a number of events that legitimised the company to terminate the contract due to the customer's default. On 5 October 2018, the customer replied by terminating the contract and requesting payment of the penalty (amounting to PLN248.7 million, the equivalent of €55 million) and enforcing the guarantees totalling €43.3 million (including the advance payment bond). Subsequently, on 7 February 2019, the customer filed an application before the Court of Warsaw, requesting the payment of penalties for an amount of PLN155.63 million (the equivalent of approximately €34.4 million), net of the value of the performance bond

[47] Based on progress reports.

enforced (€21.7 million). The customer also requested the reimbursement of direct payments made to the subcontractors employed by the consortium for an amount of PLN66.85 million (including interest) (the equivalent of about €15 million). Astaldi filed its defence brief on 2 December 2019 and the ruling is still pending. Following the termination of the contract, Astaldi issued its final statement to the customer requesting payment for work performed but not paid. However, as such final statement was not paid and attempts to resolve the matter out of court were unsuccessful, Astaldi filed a claim before the Warsaw Court on 17 March 2020 for the non-payment of work performed and certified by the Works Management, for PLN37.9 million (the equivalent of approximately €8.4 million). Subsequently, Astaldi filed an additional claim on 26 May 2020 requesting payment of a further PLN135.3 million (the equivalent of about €30 million) for work performed but not certified by the Works Management. Also based on the opinions of its external legal advisers, the parent recognised the estimated penalties of terminating the contract in the separate and consolidated financial statements at 31 December 2018.

Chile // ESO E-ELT (European Extremely Large Telescope) Observatory – On 3 December 2018, Astaldi's joint venture partner Cimolai claimed Astaldi had defaulted on the commitments made under the deed of partnership and regulations and thus requested its investment in the joint venture be diluted to 0.01%. On 5 December 2018, Astaldi strongly disputed Cimolai's claim as being ungrounded and unlawful. This was followed by reciprocal disputes between the parties. In the meantime, Cimolai temporarily became the general contractor to allow the works to continue. On 17 June 2019 Cimolai commenced a formal dispute (arbitration) and appointed its arbitrator. The claim is for damages of roughly €100 million, including €38.2 million for collections exceeding work performed, €43.5 million for greater damage (higher costs that Cimolai will have to incur compared to Astaldi's budget forecasts) and €12 million for delays. Astaldi deems all claims to be unfounded, and requests the payment of €6.5 million as damages suffered for requests from third-party suppliers. On 8 July 2019, Astaldi appointed the second arbitrator. The two arbitrators appointed the third member and chairperson of the arbitration board. Since November 2019, briefs are being exchanged and documents are being appraised. On 30 January 2020 the first appearance hearing was held, during which the arbitration board assigned the parties the terms for their preliminary briefs. The discussion hearing was held on 18 June 2020. With order dated 7 September 2020, the arbitration board appointed an expert to analyse some technical and accounting issues, subject to the formulation of the relief sought during the appearance hearing scheduled for 20 November 2020. The board reserved the right to decide on the appointment of the expert following the request of the parties and gave a deadline to Cimolai, until 15 February 2021, to provide arguments on the documentation filed by Astaldi. The award is expected to be issued in 2021. There is good cause to believe that the arbitration board may reject Cimolai's claims or at most accept them but at far lower amounts than petitioned. Therefore, the parent recognised a prudent accrual in the financial statements at 31 December 2018 for the lesser amount petitioned that is subject to risk, also based on the opinions of its external legal advisers.

USA // Astaldi Construction Corporation – Given the difficulties encountered by Astaldi Construction Corporation ("**ACC**", a Group company incorporated under US law) during the development of the projects in Florida and taking into account the fact that Astaldi, due to its financial difficulties also resulting from the application for composition with creditors dated 28 September 2018, was unable to provide additional resources to the contracts, ACC had to acknowledge its default on projects in progress due to its substantial inability to continue the works. Therefore, in 2019 the customer (FDOT) exercised its right to request the intervention of the relevant sureties (American Home Assurance Company, Fidelity and Deposit Company of Maryland, Liberty Mutual Insurance Company and Zurich American Insurance Company, i.e. the guarantors for the performance of the works of the projects in question – jointly, the "sureties") that had issued the performance bonds. After a period of support provided by the sureties to ACC to continue its operations, the sureties decided to exclude ACC from the performance of the contracts and assign them to other parties. Following the request for compensation for costs incurred by the sureties for the completion of the aforementioned projects, on 25 November 2019 Zurich Insurance Plc. (Rappresentanza Generale per l'Italia) requested that the parent, as the indemnitor of ACC, include the receivable related to its share of the co-insurance among Astaldi's composition with creditors liabilities. A similar request was received from Liberty

Mutual Insurance Company and American Home Assurance Company on 9 January 2020. The accruals to the provision for risks for the guarantees Astaldi had issued for ACC's projects are included in the separate and consolidated financial statements at 31 December 2018. On 23 June 2020 a draft agreement (the "**Term Sheet Agreement**") was also signed with the sureties involved in the projects in the USA (and Canada), whereby payment to the sureties of all or part of the amounts due for the higher costs incurred to complete the works in Florida (defined and fixed by the agreement itself) will be possible only after the realisation of the expected profit of the I-405 Highway project in California and the sale of a real estate asset in Florida, as well as, under certain conditions, the realisation of amounts from litigation pending in Canada. On 30 October 2020, the Company signed the final agreement (the "**Settlement Agreement**") with the sureties (AIG Liberty and Zurich) based on the provisions of the Term Sheet Agreement. On 29 December 2020 the sale of the ACC property in Florida was completed, whose net proceeds were allocated to the partial settlement of the Sureties' claims under the Settlement Agreement. Furthermore, the relevant equity investment was fully impaired in Astaldi's separate financial statements due to the above. Therefore, reference should be made to the notes to the separate and consolidated financial statements at 31 December 2018 to see the statement of financial position and statement of profit or loss effects of the above.

Peru // Alto Piura Hydro Project – This project was hindered by significant delays due to a series of unexpected events that led to a considerable rise in costs for the contractor (Obrainsa Astaldi consortium, the "**Consortium**") which the customer (PEIHAP) refused to pay. On 18 September 2018, the customer formally communicated its decision to proceed with an *Intervención Económica* in the project (the "**Economic Intervention**" by the customer to assist the contractor) and requested a contribution of PEN20 million (roughly USD6 million, equal to about €5 million) from the Consortium. As it is difficult to challenge a measure of this type, the Consortium accepted the Economic Intervention by the customer while reserving its right to object/challenge the decision, setting out in a letter dated 4 October 2018 the items to be considered in establishing the payable/receivable amounts in discussion. With its resolution dated 24 October 2018, the customer terminated the contract due to default. The contractor commenced an arbitration proceeding to challenge both the Economic Intervention and the termination. The chairperson of the arbitration board was appointed on 22 December 2018. The proceeding was initially suspended due to the COVID-19 health emergency and then restarted on 1 July 2020. Concurrently with this proceeding, there are four other arbitrations underway for the payment of higher fees, commenced during the performance of the contract, pursuant to the terms of the contract. Also based on the opinions of its external legal advisers, the parent recognised the estimated penalties of terminating the contract in the separate and consolidated financial statements at 31 December 2018. There was no change in the estimate included in the financial statements as at 31 December 2019 and in the half-yearly financial statements as at 30 June 2020.

Peru // Cerro Del Águila Hydroelectric Project – In November 2011, the Consorcio Rio Mantaro ("**CRM**" or "**Consortium**"), formed by Astaldi (leader at 50%) and the Peruvian group GyM – Grana y Montero S.A., was awarded the EPC contract worth USD680 million (equal to about €561 million) to build the Cerro del Águila hydroelectric power plant in Peru. The work comprised building a concrete dam of 380,000 cubic metres, an underground power plant with 510MW of installed power, nine kilometres of tunnels, and 60 kilometres of access roads. The contract was commissioned by the Peruvian company KALLPA Generación S.A. (the "**Customer**" or "**KALLPA**") which generates and distributes energy. On 15 February 2012, CRM signed a subcontract with Andritz Hydro, a leader in supplying electro-mechanical systems, to complete the electro-mechanical works (excluding civil construction works) of the hydroelectric power plant. However, serious defects were found in the electro-mechanical supplies during the performance of the subcontracted works as well as continued delays in completing the works due to the subcontractor's conduct. This meant that CRM had to negotiate a deferral of the contractual milestones with KALLPA. However, the subcontractor's defaults continued. Inevitably, these circumstances led to the customer raising specific disputes against the Consortium, leading to penalties being imposed in September 2016. As a result of the above and in order to obtain reimbursement of the greater costs and damage incurred, on 1 June 2017, the Consortium filed for an arbitration with the ICC (International Chamber of Commerce) in Paris (ICC no. 22863/JPA) for an initial estimated amount of USD80 million (equal to €66 million). The arbitration award was issued on 7 May 2020, unfortunately against the Consortium. On 7 September 2020, Astaldi filed a notice of objection with the Court of Appeal of Rome pursuant to art. 840 of the

Italian Code of Civil Procedure for the revocation and suspension of the ruling of such Court of 18 June 2020 recognising the enforceability of the arbitration award in Italy. Moreover, on 7 October 2020 CRM appealed the award to the Peruvian courts. The appeal triggers a procedure which the local companies expect to last eight to ten months. The appeal does not suspend the enforceability of the award unless a guarantee of the same amount is issued. The negative effects of the award were reflected in the separate and consolidated financial statements at 31 December 2018.

Nicaragua // El Comejen–Waslala Road (Sections I and II) – There were significant delays in the project in 2018 as a result of force majeure events affecting the supply of materials for the site, thus slowing down the progress of work. Deeming the contractor (Astaldi Nicaragua Branch) responsible for the delay, the customer (local Ministry of Transport and Infrastructure) decided to terminate both contracts (Sections I and II) as per Article 15.2 of the contract and enforced the advance payment bonds, paid on 1 March 2019 by the counter-guarantor bank (Monte Paschi di Siena). On 24 August 2020, the customer repeated its intention to commence a settlement procedure in order to reach an amicable solution to the disputes for this project along with the Pantasma–Wiwilí project. The negotiations are currently under way. Also based on the opinions of its external legal advisers, the parent recognised the estimated penalties of terminating the contract in the separate and consolidated financial statements at 31 December 2018. There was no change in the estimate included in the financial statements as at 31 December 2019 and in the half-yearly financial statements as at 30 June 2020.

Venezuela // ICC Arbitration no. 24538/JPA – Astaldi, Ghella and Webuild are members of the Consorzio di Imprese Italiane (the "Consortium") that is executing projects in Venezuela relating to the Puerto Cabello-La Encrucijada railway line and the San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines. Due to the increasing complexities encountered in the country, on 13 June 2019 with the help of its legal advisors the Consortium filed for arbitration (ICC no. 24538/JPA), in accordance with ICC rules, against the Bolivarian Republic of Venezuela and the Instituto de Ferrocarriles del Estado ("IFE", a Venezuelan Ministry of Transport body). The arbitration was requested to collect huge amounts of trade receivables (non-payment for works performed and already certified by the customer IFE) as well as compensation for damage deriving from the irregular performance of the contract and other typical issues in construction contracts (delays in delivering areas, price revisions, lost profit, unforeseen costs, additional works, etc.), all to be quantified at a later stage. The Bolivarian Republic of Venezuela issued two replies (one under President Maduro and one under President Guaidò), refuting the jurisdiction of the ICC, reiterating the authority of the local courts, denying the local government's liability and reserving its right to appeal any claims on such issues. The consortium appointed Josè Rosell as arbitrator and Venezuela (President Maduro) appointed Deva Villanùa. On 9 April 2020, the ICC court confirmed the appointment of the two co-arbitrators, Josè Rosell and Deva Villanùa. Again in April 2020, the lawyers of Venezuela (under President Maduro) and the IFE accepted the consortium's lawyers' proposal for the co-arbitrators to select the chairperson of the arbitration board in agreement with the parties. Accordingly, the proposal was formally presented to the ICC secretary who accepted it, allowing 30 days for the appointment of the chairperson. On 22 May 2020, the two co-arbitrators reached an agreement on Joao Bsco Lee, who accepted the appointment. On 1 October 2020, the Court approved the Terms of Reference with the terms of the mandate of the arbitration board. According to the proceedings schedule, by 12 March 2021 the arbitration board must decide on the legal representation of the Republic of Venezuela and then rule on its standing to decide the dispute. Reference should be made to the details set out in the notes to the separate and consolidated financial statements at 31 December 2020 regarding the recoverable amount of the parent and Group's exposure to the Venezuelan government.

Main Group companies

Astaldi Concessions

Astaldi Concessions S.p.A. (“**Astaldi Concessions**”) is the company wholly owned by Astaldi that, in implementation of the Composition with Creditors Plan and Proposal, was incorporated in 2020 as a result of a proportionate partial demerger involving Astaldi Concessioni, the Astaldi Group's hub dedicated to the development of Concessions and O&M activities.

The proportionate partial demerger, approved with a deed dated 28 May 2020, aimed to isolate the scope of the assets to be liquidated (to be included in Astaldi’s Separate Unit), which remains within the demerged Astaldi Concessioni, from the assets of the Core Assets Scope, which has flowed into a newly incorporated company, Astaldi Concessions S.p.A., also wholly owned by Astaldi. As a result of this demerger, the O&M activities and minor stakes in concessions held by the Astaldi Group at the date of commencement of the composition with creditors (28 September 2018) were assigned to Astaldi Concessions – for details, see § “Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law”.

The resolution to demerge Astaldi Concessioni was taken by the Shareholders’ Meeting of Astaldi Concessioni on 22 January 2020 and registered with the Rome company registrar on 23 January 2020. The parent waited for the terms reserved to the subsidiary’s creditors to oppose the demerger to expire before finalising the demerger deed. This deadline was 26 May 2020, given the suspension of judicial activities during the lockdown period imposed in Italy to deal with the COVID-19 public health emergency[48]. The formal stipulation of the demerger deed and the separation of the demerged company (Astaldi Concessioni) from the beneficiary (Astaldi Concessions) took place on 28 May 2020, effective from 8 June 2020, when the deed was registered with the Rome company registrar. The Astaldi Separate Unit was set up as approved by Astaldi’s Board of Directors on 24 May 2020, subject to the condition precedent that the composition with creditors proposal be authorised (which took place on 17 July 2020). For further information on Astaldi Concessioni, refer to the Financial Report of Astaldi’s Separate Unit attached to Astaldi S.p.A.'s Separate Financial Statements as at 31 December 2020.

As at 31 December 2020, the concessions held by Astaldi Concessions are all those managed by the Astaldi Group in the O&M sector (see § “Operation and Maintenance”), in addition to the concessions included in the Astaldi Group Core Assets Scope (see § “Concessions”).

NBI

NBI S.p.A. (“**NBI**”) is the Company of the Astaldi Group – wholly owned by Astaldi – active in the facility management and plant engineering sector, specialised in renewable energies, engineering and complex system management.

NBI designs innovative processes and systems, creates plant engineering solutions – including civil works – and provides Maintenance and Energy Services, especially in the Health, Infrastructure, Industry, Management and

[48] The deadline was originally 23 March 2020 and was deferred to 26 May 2020 given the extraordinary suspension of activities imposed by the COVID-19 public health emergency, as the provisions of art. 83 of Law Decree no. 18/2020 and art. 36, paragraph 1 of Law Decree no. 23/2020 established the extraordinary suspension of civil, criminal and tax proceedings for the period between 9 March 2020 and 11 May 2020.

Commercial sectors. It is active both in Italy and abroad, where it operates in synergy with the other Astaldi Group companies, offering specialised support mainly in Chile and Turkey.

On 5 November 2018, NBI initiated a separate composition with creditors on a going concern basis procedure before the Court of Rome, filing a specific appeal pursuant to art. 161, paragraph 6, of the Bankruptcy Law. See § "Composition with creditors on a going concern basis as per Article 186-bis of the Bankruptcy Law" for more information. Here, it is worth noting that the Court of Rome published its order approving the NBI composition with creditors on 9 October 2020. The order, issued without opposition as prescribed by Article 180, paragraph 3 of the Bankruptcy Law, is not subject to appeal and, therefore, must be considered irrevocable and immediately enforceable. The approval sanctioned the return of NBI to a performing condition.

Astaldi Construction Corporation

Astaldi Construction Corporation ("**ACC**") is based in Florida and has managed the Astaldi Group's activities in the US for more than 30 years, acting as contractor for Transport Infrastructure construction projects (mainly motorways and viaducts) on behalf of public sector customers.

As at 31 December 2020, ACC had one project under way, referring to the design and execution of works to modernise 26 kilometres of the I-405 Highway in partnership with the Spanish company OHL – for more information, please refer to § "Construction" regarding the "American Continent".

TEQ Construction Enterprise

TEQ Construction Enterprise ("**TEQ**") is the company of the Astaldi Group dedicated to supporting the development of the Canadian market. It is based in Montréal, operates mainly in the province of Quebec and has specific expertise in the civil construction sector, both as a Contractor and as a Construction Management operator.

Risk management

With the aim of ensuring timely, efficient and effective responses to any uncertain event capable of negatively or positively impacting the achievement of strategic business objectives, the Astaldi Group pursues the continuous development of a Risk Management system that is strongly integrated with decision-making and planning processes.

Due to the nature of its business, the Risk Management process that the Astaldi Group has adopted is based on an approach aimed at identifying, assessing, managing and monitoring the main risks, both at the enterprise level (Enterprise Risk Management) and at the project level (Project Risk Management).

In 2020, the presence of Astaldi in various European and non-European countries – both with offices and with sites – exposed the Group to the consequences deriving from the extraordinary measures adopted by their respective governments in response to the global spread of the COVID-19 emergency.

The central role and the solidity of the Astaldi Group's Risk Management system in support of the main corporate decision-making processes emerged precisely in this emergency situation. To deal with this extraordinary event, a series of measures and safeguards were promptly put in place, aimed on the one hand at responding adequately and promptly to the need to protect the health of all employees, and on the other at monitoring the situations of production sites in order to preserve the value generated by production and support business continuity as far as possible.

While this emergency was being managed, the Astaldi Risk Management Model continued to be developed. Both at the project level and from the perspective of ERM (Enterprise Risk Management), much attention was paid to adjusting the analysis, taking into account the changing conditions of the reference scenario. This development was also based on the assumption of a model that incorporates the guidelines introduced by Borsa Italiana's Corporate Governance Code (formerly the Code of Conduct for Listed Companies) in order to meet the Board of Directors' need to define the nature and level of risk compatible with the Group's strategic objectives and relevant guidelines for the internal controls and risk management system, after consulting the control and Risks Committee.

In this perspective, in 2020 particular attention was paid to strengthening two central areas: the dissemination of risk culture in the company and the development of risks related to ESG (Environmental, Social, Governance) issues.

In order to disseminate the "risk culture" in the company, workshops were organised and held by the Group Risk Management on a monthly basis involving personnel from Corporate and peripheral areas divided into uniform working groups. Such workshops had the following objectives:

- Strategic objective – to fortify the "risk culture" within the organisation, i.e. the collective and individual ability to identify, understand, discuss and make decisions on current and future risks;
- General objectives – *a*) accountability at all levels of the organisation with respect to risk governance through the development of management and employee awareness of risk exposure and opportunities to be seized; *b*) making the organisation "resilient", i.e. able to develop the ability to identify and adapt to changes in the business environment;
- Specific objective – train personnel by increasing their skills and making them feel like an active part of risk analysis and management.

The Group's growing sensitivity to structured ESG risk management is also in sync with the guidance of Borsa Italiana, which revised its Corporate Governance Code, published at the end of 2019, placing particular emphasis on the integration of sustainability – including environmental and social sustainability – in the strategies, risk management and remuneration policies of listed companies. On the other hand, Legislative decree no. 254/2016, which regulates the management of non-financial information and data, establishes the liability (and the related sanctions) of the Board of Directors and the Board of Statutory Auditors for the correct presentation of such information, risks and related policies. The EC guidelines on non-financial reporting refer to an adequate internal control system to manage ESG risks and non-financial information in order to ensure that the data and information reported are correct and accurate.

The overall objective is to move towards a Sustainable Enterprise Risk Management (SERM) process that, compared to the traditional ERM process, also includes the analysis of non-financial risks with an integrated approach that aims to understand and manage these risks, also identifying business opportunities and improving corporate resilience for the creation of sustainable corporate value over time for the benefit of all Stakeholders.

Sustainability

Reference should be made to the Non-Financial Statement for the year ended 31 December 2020 prepared by the Astaldi Group as per Legislative Decree no. 254 of 30 December 2016. This report is available in the Investor Relations – Financial Reports section of the Group’s website www.astaldi.com.

Human Resources and Organisation

Changes in the workforce

In 2020, in continuity with the trend identified at the start of the Composition with Creditors Procedure, the workforce of the Astaldi Group further plummeted (-40%) compared to the previous year, down to an average workforce of 4,032 employees.

This was a result of the Group's downsizing of activities and the streamlining actions rolled out in the second half of 2018 and continued throughout 2019 and 2020.

Specifically, in 2020 the number of managers dropped to 165 (-12%), junior managers to 155 (-10%), white collars to 1,880 (-18%) and blue collars to 1,832 (-54%).

Management actions taken to counter the effects of the pandemic

At the end of February 2020, the objectives of workforce streamlining outlined in the Company's Business Plan were superseded by the urgent measures that the Company had to adopt with respect to human resources due to the outbreak of the COVID-19 pandemic, with regard to both the need to minimise the risks of infection in the workplace and the operational and economic repercussions that the suspension or slowdown of activities produced on the Company's organisation.

As already noted above (see § "COVID–19" disclosure), the measures adopted to protect the health of employees, to support business continuity and/or continued remuneration and to defend production activities were of a different nature: rigorous application of sanitisation and distancing measures in the workplace, repeated periodic serological and antigen testing campaigns, application of isolation protocols in the event of detection of positive cases, facilitation of remote working where compatible with the job, use of holidays and leave for professionals whose tasks were not compatible with remote working, COVID-19 government-sponsored lay-off scheme[49] in Italy or similar measures abroad, insurance policy in the event of hospitalisation due to COVID-19.

More specifically, between March and May 2020, due to the lockdown, remote working and a simultaneous partial reduction in working hours through the use of the COVID-19 government-sponsored lay-off scheme were used for the personnel at Corporate level. 98% of the workforce worked remotely.

Starting in June 2020, with the reopening of the Rome office and after completing a first serological testing campaign for all personnel, we returned to a partial normality, alternating physical attendance with remote working, gradually varying the percentages based on the trend of infections in the country.

In June 2020 and the first week of July 2020 the COVID-19 government-sponsored lay-off scheme was still being partially used. Overall, between March 2020 and the first week of July 2020 the partial use of the COVID-19 government-sponsored lay-off scheme concerned on average 87% of junior managers, white collars and blue collars, for a total of about 21,200 hours out of 104,000 workable hours (about 20%).

[49] Conventionally to be understood as the government-sponsored lay-off scheme introduced by the Heal Italy Decree (Law Decree no. 18 of 17 March 2020) in response to the health emergency caused by COVID-19.

Since September 2020, antigen testing campaigns have been repeated every 20-30 days on all personnel.

Where compatible with the work to be done, remote working and the COVID-19 government-sponsored lay-off scheme were used for Italian contract personnel. Between March 2020 and May 2020 most of the construction sites signed work suspension agreements with the customers, noting the difficulties related to the mobility of workers between regions and the numerous absences due to illness. The COVID-19 government-sponsored lay-off scheme was also used for contracts where work was completed but collective personnel reduction procedures could not be executed due to the blocking of dismissals.

Overall, in 2020 the use of the COVID-19 government-sponsored lay-off scheme affected about 54% of employees hired as junior managers, white collars and blue collars.

Finally, as was done at Corporate level, the construction sites also organised several screening campaigns to prevent the spread of the virus.

Similar measures were taken for personnel employed abroad, both as regards measures to reduce the risk of infection and as regards measures to support workers. Some local governments (Canada and Chile) for the first time also introduced measures similar to the COVID-19 government-sponsored lay-off scheme used in Italy.

In some cases (Algeria and Tunisia), expatriate personnel were forced to return home, and since the COVID-19 government-sponsored lay-off scheme did not apply to them, other solutions were found to protect the continuity of their remuneration and work as far as possible (use of holidays, remote working, temporary employment in other activities, partially paid leave).

Trade union relations

As described above, in 2020 trade union relations were essentially based on the management of the health emergency, i.e. the sharing of precautionary containment measures adopted in the workplace to combat the COVID-19 epidemic, including through the establishment of committees within the various production units.

Furthermore, during the epidemiological emergency, due to the slowdown in the work on Italian projects the use of the COVID-19 government-sponsored lay-off scheme as a shock absorber was discussed during meetings with the unions. This solution was used for employees of the Rome and Milan offices and those employed on the construction sites.

Training

Training has always played a fundamental role in the management and development of the Astaldi Group's human resources. While the corporate and health crises did not reduce the level of attention to this area, they certainly forced a reshaping of the training programmes and the teaching methodology.

In terms of content, it was preferred to act with targeted and customised actions based on the needs of the resources working in the Corporate structure, pursuing the objectives of developing fundamental skills to ensure organisational stability at this critical time, increasing the loyalty of resources and preparing them for the change that the Company is undergoing.

At the same time, for the resources working on the projects it was decided to focus the training on the young talents, who participated in the entire technical and management programme of the Astaldi Corporate Academy project.

The teaching methodology was completely revised due to the restrictions imposed by the pandemic and the necessary infection prevention measures. Therefore, only distance learning methods were used (seminars, webinars and e-learning courses).

Overall, approximately 2,000 hours of training were delivered on the following content: administration and financial statements, organisational analysis, management training, safety and environment management, IT, internal audit, languages and the quality management system.

Organisation

The rationalisation of organisational structures that started in 2019 continued in 2020 following the reduction and reconfiguration of the scope of the Company's activities. In particular, further actions to improve efficiency were taken, including the cancellation of the Sustainability and QHSE Management service and the consequent redistribution of its responsibilities within other company functions, and the decision-making chain was further streamlined with the elimination of the Europe Deputy General Management Department.

In light of these changes, the documentation of the Company Management System was updated by revising the manual, the job description and the main procedures, and the organisational weights of the positions were recalibrated according to the weighting systems adopted by the Group.

For the sake of completeness, please also refer to the information on the organisation provided below in § “Significant events after the reporting date”.

Report on Corporate Governance and Ownership Structure

Reference should be made to the Report on Corporate Governance and Ownership Structure at 31 December 2020 prepared by the Astaldi Group as per Article 123-bis of the Consolidated Finance Act. This report is made available in the Governance–Report on Corporate Governance section of the Group's website www.astaldi.com.

Main risks and uncertainties

In addition to what is set out in the above "Risk management" section on the general risk management model adopted by the Astaldi Group, the specific risk situations examined by management for the reporting period are set out below.

Going concern

The situation of the Company and the Group described in the Financial Report as at 31 December 2019 and in the Financial Report as at 30 June 2020 was examined with regard to the events that occurred in particular in the second half of 2020 and led the Company's management to make the appropriate considerations regarding the possibility of continuing to operate as a going concern.

In this regard, with respect to the main uncertainties that could have given rise to significant doubts about the Company's and the Group's ability to continue to operate as a going concern, as summarised in the notes to the 2019 financial statements – the positive development of which was widely illustrated in the notes to the Half-yearly Financial Report as at 30 June 2020 – the Board of Directors took into account the further favourable results of the overall asset and financial turnaround already initiated by the Company with the filing of the composition with creditors application and culminating in the full implementation of the integrated financial manoeuvre referred to in the composition with creditors proposal.

Specifically, the following elements were considered:

(i) <u>the capital increases</u> on 5 November 2020 for an amount initially equal to €323.5 million – of which €225 million dedicated to Webuild S.p.A. and €98.5 million for unsecured creditors – to which further capital increases may subsequently be added due to the exercise of the lending bank warrants by the lending banks and the issuance of shares in conversion of unsecured claims subsequently ascertained;
(ii) <u>the granting of a revolving credit facility by banks</u> for €200 million (the "**RCF Loan Agreement**") to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of the residual portion of the Pre-preferential Bond[50];
(iii) <u>the granting of a bonding facility benefiting Astaldi</u> for a total of €384 million (the "**Bonding Facility**") aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress;
(iv) <u>the sale of specific assets excluded from the Astaldi core assets scope</u> which, with the approval of the composition with creditors were transferred to a separate unit as per Article 2447-bis of the Italian Civil Code along with other assets/liabilities set out in the composition with creditors plan of 19 June 2019 (the "**Separate Unit**"), whose proceeds will be used to settle the claims of Astaldi's unsecured creditors against the assignment thereto of specific Participating Financial Instruments;
(v) <u>the implementation of the provisions referred to in the "Relaunch Decree"</u> issued following the COVID-19 emergency (Law Decree no. 34 of 19 May 2020) with regard <u>to the benefits introduced by the urgent measures to aid the liquidity of contractors</u> regarding the collection of advance payments from individual customers;
(vi) the Company's ability to settle pre-preferential and preferential claims as envisaged in the composition with creditors plan within the terms set out in the approval order (i.e. 12 months from the date of the approval order).

[50] Bond originally valued at €75 million, issued on 12 February 2019 ("*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*"), subsequently increased and amended to €190 million on 27 November 2019 ("*Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*").

Finally, the Directors carefully monitored and assessed all aspects related to the COVID-19 emergency, and did not identify any critical issues such as to significantly compromise the objectives set out in the Company's 2021-2023 business plan.

Taking into account the above and the provisions of the treasury plan from 1 January 2021 to 30 June 2022, the Directors of the Company believe that the Group can continue to operate as a going concern as at present there are no significant uncertainties that could give rise to significant doubts in this regard.

Main risky and/or uncertain situations

The most significant pending litigation is outlined below together with the main situations that can be considered risky and/or uncertain as at 31 December 2020. For the sake of completeness, please also refer to what is detailed on the subject in the section dedicated to the Separate Unit (see § "Astaldi Separate Unit").

CIVIL LITIGATION

For the litigation detailed below, note that with regard to the assessment of the individual cases unless otherwise specified the Directors considered the risk of Astaldi losing the case to be remote.

Italy // Astaldi-Municipality of Avola litigation - The works on the water system in the Municipality of Avola were substantially completed and handed over to the Administration on 13 February 1999. Note that on 28 January 2021 judgement no. 453/2021 was filed by the Court of Catania – Business Section – which ordered the Municipality of Avola to pay €4.1 million, in addition to revaluation and interest from the date of the application (Astaldi share equal to 50%).

Italy // Brenner Base Tunnel, Mules 2–3 Lot – As part of the contract concerning the construction of the Mules 2–3 Lot, the main part of the Italian side of the Brenner Base Tunnel, following the establishment of the Technical Advisory Board on 16 December 2020 pursuant to art. 6, of Decree law no. 76/2020, on 5 February 2021 Decision no. 1 was filed, which recognised to the joint venture executing the works the amount of approximately €25.5 million for increased safety charges. This amount will be paid out as progress reports are filed, based on the percentage of the project's completion.

Italy // Salerno-Reggio Calabria Motorway, Second Lot – With regard to the dispute about the construction of the works to upgrade the Salerno-Reggio Calabria motorway to CNR 80 type 1/A standards, on 12 February 2020 Judgement no. 1058/2020 was published, which ordered the customer (ANAS) to pay Astaldi the total amount of €3 million. This amount was fully collected.

Italy // San Filippo Municipal Stadium in Messina – With regard to the dispute arising from the contract for the construction of the San Filippo Municipal Stadium in Messina, on 3 December 2020 the Municipality of Messina decided to settle the dispute with the contractor. The Municipality of Messina agreed to pay Astaldi the amount of €1.7 million by April 2021 in full and complete satisfaction of all claims.

Italy // New Site of the Marshals and Brigadiers School of the Carabinieri of Florence – With regard to the dispute for the construction of the New Site of the Marshals and Brigadiers School of the Carabinieri of Florence, with Judgement no. 1239/2020 of 20 January 2020, in acceptance of Astaldi's petition, the Court of Rome ordered the Italian Ministry of Infrastructure and Sustainable Mobility (formerly the Ministry of Infrastructure and Transport) to pay the amount of €1.5 million plus interest and revaluation. The judgement became final and enforcement proceedings were initiated for the compulsory recovery of this amount. This amount refers to the reserves recorded in the accounts for Lot B and not subject to the arbitration award of 21 September 2011. We remind you that at present the litigation relating to Lots A and B has entailed an overall settlement for the joint venture executing the works of approximately €55 million plus any additional costs established by law, of which

€36 million already collected. Following a series of attachment attempts with the Bank of Italy, most recently with an order issued on 8 March 2020, following the new declaration of the garnishee the enforcement judge assigned Astaldi (on behalf of the joint venture) the sum of €22.4 million, which represents the total amount due to the joint venture for the litigation in question net only of the amount established for the Lot A reserves – post-award, still in progress. For the sake of completeness, note that the Bank of Italy made the payment on 24 March 2021.

Italy // Ospedale San Luca of Lucca and Ospedale delle Apuane di Massa Carrara - The mediation procedure pursuant to art. 5, paragraph 2 of Legislative Decree no. 28 of 4 March 2010 with respect to the two disputes pending before the Court of Florence related to the construction of the Ospedale San Luca of Lucca and the Ospedale delle Apuane of Massa Carrara was settled through the Operator SAT. This mediation involved the payment by the competent Local Health Authorities (ASL) of the total amount of €7.8 million.

Italy // CO.MERI (Jonica State Road, Lot DG–21) – With regard to the litigation relating to the construction of the E-90, a section of the Jonica State Road (SS-106) from the Squillace Junction (Km 178+350) to the Simeri Crichi Junction, on 29 October 2020 the Court of Appeals of Rome fully rejected the appeal of ANAS (customer) against the arbitration award of 28 October 2013 which had awarded CO.MERI the amount of approximately €103 million, including any additional costs established by law.

Chile // Punilla Multi-Purpose Dam – Right from the outset, this contract for the construction and operation of the multi-purpose dam under concession on behalf of the Chilean Ministry of Public Works was blighted by issues threatening to jeopardise the feasibility of the project leading to a supplementary agreement ("**Framework Agreement**") being defined and signed by the Ministry of Public Works in January 2018. However, while Astaldi – through its subsidiary Astaldi Concessioni (subsequently Astaldi Concessions which, due to a demerger, became the owner of all the rights and obligations related to the project) – immediately made good on its commitments (also incurring additional costs), the Ministry never completed the process to have the agreement legally validated. Moreover, the environmental impact assessment for some areas (to be performed by the Ministry) is still pending to date and without it works cannot be performed. In addition, the Group has been summonsed as a third party for environmental damage following the forced expropriation by the Ministry in November 2018 for certain lots. Such summons - actually against the Ministry since Astaldi was not involved in the expropriation procedures - brought the relevant works to a standstill. The most important critical issue involves the storage capacity set out in the contract (625 million cubic metres) which actually turned out to be lower (563 million cubic metres), negatively impacting both the minimum irrigation service guaranteed under contract and the forecast revenue from the project (which is therefore no longer financially sustainable). Astaldi brought the issue before the Concessions Technical Panel (the "**Technical Panel**"), the local advisory body in charge of resolving any disputes between operators and customers before arbitration. The Technical Panel acknowledged the error in the call for tenders documents and stated that the contract cannot be performed in its current format and presented possible solutions (re-establishing the storage capacity, acknowledging the extra costs incurred by Astaldi, or amending the concession contract, compensating Astaldi for lower revenue). Despite these complications, Astaldi has always reached the set contract milestones. However, in order to limit further exposure, also in light of the findings of the Technical Panel, on 10 August 2019, Astaldi did not pay the remainder of the contractual minimum mandatory amount (36 months after winning the project). As a result, on 14 August 2019, the Ministry enforced the performance bond (roughly €15 million) issued by a local insurance company. On 2 September 2019, the Ministry presented a request to terminate the concession for gross negligence, thus commencing an arbitration as per local regulations on concessions. In compliance with the principles established by the bilateral investment treaty signed between Italy and Chile in 1995, through its subsidiary Astaldi Concessioni (subsequently Astaldi Concessions, as noted above) in October 2019 the Astaldi Group initiated a six-month amicable negotiation between the parties that ended in April 2020 without any settlement. After this period, Webuild can choose between continuing the dispute before a local court, an UNCITRAL (United Nations Commission on International Trade Law) arbitration or an ICSID (International Centre for Settlement of Investment Disputes) international arbitration. Also based on the opinions of its external legal advisers, the operator (indirectly controlled by Astaldi) adjusted the carrying amount of the investment made up to 31 December 2018 to its recoverable amount and recognised the reduction in fees in line with the enforcement of the guarantee in 2019.

Chile // Arturo Merino Benítez International Airport in Santiago (ICC Arbitration no. 25888/GR). On 12 March 2015, Supreme Decree no. 105 was issued, signed by the President of the Republic and the Minister of Public Works (MOP - *Ministerio de Obras Públicas*), as customer, with which the concession for the construction, renovation, maintenance and operation of the Arturo Merino Benítez International Airport in Santiago de Chile was awarded to Sociedad Concesionaria Nuevo Pudahuel S.A. ("**NPU**") (45% owned by Aéroports de Paris, 40% by VINCI Airports and 15% by Astaldi Concessioni - now included in the Astaldi Separate Unit). On 18 November 2015, NPU entrusted an EPC contract to a joint venture formed by Astaldi and VINCI Construction Grands Projets (VCGP) (the "**JV**") for the design, construction and renovation of the airport. Due to the delay of the customer (MOP) in approving the final design prepared by the Contractor within the contractual deadlines, from the outset the contract has suffered serious delays, consequently generating additional costs for the JV, in particular due to a general difficulty in planning the activities and consequent loss of productivity and significant cost overruns linked to the continuous interruptions that occurred during the design approval process. Indeed, the loss of productivity has led on the one hand to the need for additional resources to mitigate the delays suffered, and on the other to longer time spent on site than planned. The management of the leader VCGP has also been problematic, from the outset putting in place a costly site organisation and a decidedly weak contractual strategy with respect to the operator NPU, which is 40% owned by Vinci. This management model and the operational choices, largely in contrast with Astaldi, have over time generated a deterioration in the result of the project. Throughout the project VCGP has always rejected the proposals for improvements in management and process efficiency offered by Astaldi, so much so that it has expressed its intention to file a lawsuit for mismanagement. At the same time, Astaldi was struggling with the financial crisis that then led to the composition with creditors procedure, so the Company was unable to meet the significant financial needs of the JV. VCGP agreed to provide the necessary financial resources to the JV, also for Astaldi's share. VCGP's conflict of interest with the VINCI Airports group company, which holds 40% in NPU, resulted in a lack of determination in demanding that NPU and the MOP immediately cover all the higher costs incurred. Astaldi has always challenged this policy, but it has gone unheeded. Due to this growing level of disagreement, on 23 November 2020 – formally citing the successful conclusion of Astaldi's composition with creditors procedure and the subsequent capital increase of 5 November 2020 – VCGP exercised its right of withdrawal from the Interim Agreement, a document signed in June 2019 by which VCGP agreed to provide the necessary financial resources to the JV also for Astaldi's share. Moreover, on 4 December 2020 VCGP asked Astaldi to repay the share of loans to the JV (plus interest) contributed by VCGP to that point, for approximately €38 million. For its part, believing that the distress of the JV was caused by the unilateral mismanagement of the leader (VCGP) and its proposal to resolve the dispute amicably having been refused, Astaldi challenged the request and proceeded on 14 December 2020 to file an arbitration application with the International Chamber of Commerce against VCGP, requesting that the latter bear all the costs of its management choices and indemnify Astaldi against any further risk deriving from the project. Subsequent to the arbitration application, consistent with its approach and having argued Astaldi's default, VCGP also declared its exclusion from the JV. Pursuant to the agreements between the parties, without prejudice to the fact that the determination of liability is the subject of the arbitration pending to date, the defaulting party ceases to participate in the joint venture and an expert (appointed by the parties, or, in the event of disagreement, by the International Chamber of Commerce) must certify any credit (or debt) of the excluded party, taking into account the reasonably foreseeable losses and revenue actually accrued at the exclusion date. At the end of the project, the excluded party shall not be entitled to the effects of a better result than expected, while in the event of a worse result (lower profits or greater losses) the consequences shall be borne by the excluded party in proportion to its original stake.

Chile // Arturo Merino Benítez International Airport in Santiago. Arbitration before the Concessions Arbitration Commission – As part of the EPC contract for the design, construction and renovation of the airport, on 24 May 2019 the joint venture formed by Astaldi and VINCI Construction Grands Projets (VCGP) gave the operator NPU, for subsequent submission to the *Panel Técnico de Concesiones* (the "**Technical Panel**"), the quantification of the additional costs incurred as a result of the delayed approval of the project by the customer, the Minister of Public Works (MOP – *Ministerio de Obras Públicas*). On 16 August 2019, the Technical Panel only partially acknowledged the Contractor's claims (for approximately €12 million). Following this result, on 4 August 2020 the operator submitted an application to the *Comisión Arbitral de Concesiones* in accordance with the back-to-back principle regarding the reserve referred to in the ruling of the Technical Panel. The amount requested in the arbitration is equivalent to approximately €101.4 million. The arbitration is currently in progress. On 18 March 2020, the Contractor submitted a new request to the Operator for the subsequent submission to the Technical Panel for the recognition of the additional costs associated with the changes to the Baggage Handling System (BHS) and the check-in system of Terminal T-2. On 15 May 2020, while acknowledging the right to the reimbursement of the additional costs, the Technical Panel rejected the request, considering the methodology used for the quantification to be inadequate. Therefore, in November 2020 a new application for arbitration was submitted to the *Comisión Arbitral de Concesiones* for an amount equivalent to approximately €29.5 million. The arbitration is currently in progress.

Canada // Muskrat Falls Hydroelectric Project – During the construction of the Muskrat Falls Hydroelectric Project in Canada, a series of unforeseeable circumstances together with some operational difficulties during the start-up phase of the works led to an increase in the costs of the entire project. More specifically, the level of productivity of the local workforce was unpredictably and abnormally low. In December 2016, Astaldi Canada Inc. and the customer (Muskrat Falls Corporation - "**MFC**") signed a rider to the contract (Completion Contract) in which the customer acknowledged the higher costs incurred by the Contractor in the construction of the project. However, the difficulties continued and the Contractor submitted a further request for an extension of the execution time and for the reimbursement of additional costs, in particular for civil works in the hydroelectric power plant. MFC did not accept the Contractor's requests and was therefore forced to initiate arbitration proceedings. Therefore, during the performance of the works for this project (95% completed to date), on 27 September 2018 – before the presentation of the application for composition with creditors procedure – Astaldi Canada Inc. notified MFC that it was requesting arbitration for payment *quantum meruit* of the actual value of the works performed due to the fact that Nalcor had arbitrarily imposed a pain/gain share mechanism to its sole advantage and to Astaldi's cost, thus causing the contractor to incur financial difficulties in performing the works. In addition, Astaldi claimed Nalcor had not fulfilled its obligation of good faith or its contractual obligations as seen in a series of defaults and omissions during the works. The estimated amount of damages set out in the application was CAD429 million (equal to €280 million). In reply, the customer sent a notice of default on 28 September 2018 and subsequently terminated the contract by sending a notice of termination on 8 November 2018, enforcing the letters of credit acting as performance bond (CAD100 million, equal to €65 million) and advance payment bond (CAD84 million, equal to about €55 million) for a total of CAD 184 million, equal to €120 million, generically alleging lack of funds and non-payment of subcontractors and third parties. The Arbitration Board was established on 26 November 2018. During 2019, briefs were exchanged and documents are currently being appraised. More specifically, Astaldi filed its brief on 31 May 2019, requesting the Arbitration Board to order the customer to pay (*i*) CAD284.4 million (equivalent to about €186 million) for work performed and unpaid, (*ii*) CAD14.2 million (equivalent to €9 million) for costs incurred by the Contractor following the termination of the contract, (*iii*) CAD100 million (equivalent to €65 million) to return the value of the Letter of Credit and (*iv*) CAD30.8 million (equivalent to €20 million) for machinery, materials and loss of profit, for a total amount of CAD429.4 million (equivalent to €280 million). On 26 August 2019, MFC filed its defence brief with a counterclaim, with which it requested the Arbitration Board to order Astaldi to pay CAD315.5 million (equivalent to €206 million) as damages; considering the balance of the values to be executed and the amount of the Letter of Credit enforced, the amount requested by the customer was reduced to CAD55.7 million (equivalent to approximately €36 million). The hearing of witnesses took place on 2-12 November 2020, while the experts will be heard in March 2021. The award is expected in the fourth quarter of 2021. The Separate Financial Statements of Astaldi S.p.A. and the Consolidated Financial Statements of the Astaldi Group as at 31 December 2018 already included the effects of the enforcement of the bonds and no change in the estimate was recognised in the financial statements as at 31 December 2019 and 31 December 2020.

Romania – Rehabilitation of the Frontieră-Curtici-Simeria Railway Line, Lot 2A (ICC Arbitration no. ICC/25794/HBH) – The contract for the renovation of the railway line and the refurbishment of some stations was signed on 19 May 2017 by CFR (Romanian railways) and the Astaldi-FCC-Salcef-Thales lot 2A joint venture. During the execution of the works, a series of events occurred outside the Contractor's responsibilities including the lack of possession of work areas, the lack of construction permits, the absence and delay in expropriations, delays in the delivery of technical documentation and the lack of environmental authorisations. In order to obtain an extension of the completion times of the works and to recover the higher charges and costs incurred by the Contractor due to the aforementioned events, on 13 November 2020 the Contractor filed an application for arbitration against the customer CFR according to the rules of the International Chamber of Commerce (ICC). The applicant requested that the arbitration board rule on non-compliance with the contractual obligations of the counterparty, and therefore grant an extension for the completion of the work as well as order CFR to pay a sum amounting to no less than RON66.3 million (equivalent to approximately €13.4 million) plus interest and the reimbursement of charges and expenses incurred for the proceedings. The arbitration board is in the process of being established.

Romania – Rehabilitation of the Frontieră-Curtici-Simeria railway line, Lot 2B (ICC Arbitration no. ICC/25795/HBH)– The contract for the renovation of the railway line was signed on 19 May 2017 by CFR (Romanian railways) and the Asocierea Astaldi-FCC-Salcef-Thales lot 2B joint venture. During the execution of the works, a series of events occurred outside the Contractor's responsibilities including the lack of possession of work areas, the lack of construction permits, the absence and delay in expropriations, delays in the delivery of technical documentation and the lack of environmental authorisations. In order to obtain an extension of the completion times of the works and to recover the higher charges and costs incurred by the Contractor due to the aforementioned events, on 13 November 2020 the Contractor filed an application for arbitration against the customer CFR according to the rules of the International Chamber of Commerce (ICC). The applicant requested that the arbitration board rule on non-compliance with the contractual obligations of the counterparty, and therefore grant an extension for the completion of the work as well as order CFR to pay a sum amounting to no less than RON78.7 million (equivalent to approximately €15.9 million) plus interest and the reimbursement of charges and expenses incurred for the proceedings. The arbitration board is in the process of being established.

Romania – Rehabilitation of the Frontieră-Curtici-Simeria Railway Line, Lot 3 (Arbitration no. 88/20) – The contract relating to Lot 3 of the Frontieră-Curtici-Simeria Railway Line was signed on 7 August 2017 by CFR (Romanian railways) and the Asocierea FCC-ASTALDI-CONVENSA lot 3 joint venture. During the execution of the works, a series of events occurred outside the Contractor's responsibilities including the lack of possession of work areas, the lack of construction permits, the absence and delay in expropriations, the presence of archaeological remains and delays in the delivery of technical documentation. In order to obtain an extension of the completion times of the works and to recover the higher charges and costs incurred by the Contractor due to the aforementioned events, on 13 November 2020 the Contractor filed an application for arbitration with the International Court of Arbitration of the Bucharest Chamber of Commerce against the customer CFR. The applicant requested that the arbitration board rule on non-compliance with the contractual obligations of the counterparty, and therefore grant an extension for the completion of the work as well as order CFR to pay a sum amounting to no less than RON106.1 million (equivalent to approximately €21.4 million) plus interest and the reimbursement of charges and expenses incurred for the proceedings. The arbitration is currently in progress.

CRIMINAL LITIGATION

The Directors maintain that there is only a remote risk of the Company being involved financially in the outcomes of the litigation outlined below.

Italy // Criminal Proceedings related to Line C of the Rome Metro – With regard to the preliminary investigations for the out-of-court Agreement signed by Roma Metropolitane S.r.l. and Metro C S.c.p.A., on 23 January 2019, an extension was requested for the preliminary investigations into Metro C in relation to the crime, as per Legislative Decree no. 231/2001. Metro C adopted the model as per Legislative Decree no. 231/2001 with Board of Directors' resolution of 20 December 2007. There are no proceedings as per Legislative decree no. 231/2001 against Astaldi. With regard to this investigation, at the request of the Public Prosecutor with order dated 9 September 2020 the Judge for Preliminary Investigations (*Giudice per le Indagini Preliminari*, *GIP*)ordered the closure of the proceeding, having found that the evidence gathered is not sufficient to support the accusations in court.

<u>Italy // Investigations related to Metro C</u> – – In July 2016 the Company became aware of preliminary investigations carried out by the Public Prosecutor's Office of Rome as part of a criminal investigation relating to the construction of Line C of the Rome Metro. The works were awarded by Roma Metropolitane S.r.l. to Metro C S.c.p.A. ("Metro C"), an SPE 34.5% owned by Astaldi. The alleged offence was aggravated fraud involving public disbursements (art. 640-*bis* of the Italian Criminal Code), and the investigations were focused on some managers of Roma Metropolitane S.r.l. and Metro C S.c.p.A., including the current Chief Executive Officer of Astaldi as well as four other former managers of Astaldi, who are no longer employed there. On 19 July 2018, the conclusion of the preliminary investigations pursuant to art. 415-*bis* of the Italian Code of Criminal Procedure was served. The preliminary hearing was held on 12 September 2020, and since more time was needed further hearings were scheduled for 3 November 2020 and 15 December 2020. That day the civil claimants appeared (Italian Ministry of Infrastructure and Transport, Lazio Region, Municipality of Rome and Roma Metropolitane S.r.l.). The trial is in its initial phase. As part of the investigation, on 11 July 2016 Metro C S.c.p.A. was served a search and seizure warrant and is also being investigated for infractions of Legislative Decree no. 231/2001 (with order of 9 September 2020, the Judge for Preliminary Investigations then ordered the closure of the proceeding – see the above paragraph). With regard to Metro C S.c.p.A., it should be noted that it adopted the model as per Legislative Decree no. 231/2001 with Board of Directors' resolution of 20 December 2007. With regard to this last investigation, at the request of the Public Prosecutor the Judge for Preliminary Investigations ordered the closure of the proceeding, having found that the evidence gathered is not sufficient to support the accusations in court.

<u>Italy // Proceedings relating to the Jonica State Road SS-106 (Lot DG-21) - Fiumarella</u> – On 16 March 2017 the Court of Catanzaro ordered the indictment of three employees of Astaldi, officials of CO.MERI, in charge of the works on the Jonica State Road SS-106 (Lot DG21) on behalf of ANAS (FS Group). The proceeding concerns alleged negligent damage followed by flooding, landslide or avalanche (art. 427 and art. 449 of the Italian Criminal Code) due to alleged errors in rainfall calculations during the design phase, which allegedly affected the dispersal of rainwater affecting an area of 100 metres of private property. On 9 April 2018 it was decided to postpone the hearing to 12 November 2018, which was then further postponed to 3 June 2019. At the hearing on 3 June 2019, the technical consultant of the Public Prosecutor's office was heard and a postponement was ordered to hear two prosecution witnesses and the two civil claimants at the hearing on 21 October 2019, then postponed to 24 May 2020. The hearing set on 24 May 2020 to hear the two witnesses and the two civil claimants was postponed due to the pandemic to 2 November 2020, and subsequently to 1 March 2021. Negotiations are under way with the civil claimants for compensation of the damages and a waiver of their joining the case. At the hearing on 1 March 2021, the new judge Ms. Gennaro acknowledged the waiver by the civil claimants to join the case, their failure to be present to be heard and the failure to summon the other two witnesses of the Public Prosecutor. She then adjourned the case until the hearing on 24 May 2021 for the continuation of the hearing of the Public Prosecutor's witnesses.

<u>Italy // Investigations relating to the Jonica State Road (Lot DG21) - Germaneto Wall</u> – On 28 June 2017, as part of an ongoing investigation of unknown persons following the collapse of a wall, the Public Prosecutor's Office of Catanzaro ordered the seizure of a section of the Jonica State Road SS-106, built by CO.MERI, 99.99% owned by Astaldi. On 26 July 2017 ANAS (FS Group) informed the Group of the release of the area. CO.MERI is working with ANAS to ascertain the reasons behind the accident, in order to prepare a project for the repair works. As part of this investigation, on 20 March 2018 the designer of CO.MERI, currently an Astaldi manager, the works manager and the tester were notified of the conclusion of the preliminary investigations for negligent collapse (art. 434 and art. 449 of the Italian Criminal Code). The preliminary hearing was first set for 15 October 2018, then postponed to 20 November 2018 and finally to 5 February 2019. At this hearing ANAS and the Consumer Protection Association appeared as civil claimants, and the Judge postponed the proceedings to 19 March 2019 to decide on the admissibility of the Association and for discussion. At the hearing, the Preliminary Hearing Judge (*Giudice dell'Udienza Preliminare*, *GUP*) ordered an evidentiary hearing and postponed it to 17 June 2019, and then to 2 July 2019, assigning technical consultants with the task of ascertaining the causes of the collapse and those responsible. Having made the assignment, the Preliminary Hearing Judge adjourned the case until 29 January 2020 for the hearing of the court-appointed expert. The hearing of 29 January 2020 for the court-appointed expert was postponed at the request of the defence to 6 April 2020 and then, due to the pandemic, it was postponed to 30 October 2020 and subsequently to 18 January 2021. The court-appointed experts were heard and the discussion was postponed to 15 March 2021. At the hearing of 15 March 2021, scheduled for the discussion of all parties, the defence of the Works Manager chose to continue the trial using the abbreviated procedure, and the Judge adjourned the case until the hearing of 4 June 2021, at which time the defendant Works Manager will be heard and the discussion will take place. Intending to issue a single order, the judge postponed the discussion of the other defence arguments to the same date.

Italy // Investigations relating to the Jonica State Road (Lot DG21) - Borgia Junction – At the end of 2017, the outer part of the deceleration lane of the Borgia junction collapsed. Road traffic was restricted to the overpass lane only. In November 2017 the Italian Tax Police (*Guardia di Finanza*) performed an inspection and requested the General Contractor to produce any relevant documentation. In December 2017 CO.MERI started a geognostic survey and prepared a project (already approved by the works management), and preparatory activities are currently in progress. On 28 February 2018 and 1 March 2018, the Public Prosecutor's consultant performed tests on site. The defendants (including an Astaldi employee – designer) were charged with the crime of abetting negligent disaster for having generally and specifically caused the collapse of the SS 106 road travelling north near the Borgia junction. The preliminary hearing was scheduled for 7 February 2020. At the preliminary hearing on 7 February 2020, the Preliminary Hearing Judge of the Court of Catanzaro rejected the defendants' motion to dismiss and ordered them to stand trial, the hearing being scheduled for 8 July 2020. At that hearing, the Judge, about to be transferred, adjourned the case until the hearing of 20 January 2021 (with a subsequent postponement to 12 May 2021).

Italy // Della Monica accident, proceedings relating to the Fiera Milano project – In 2012, at the Fiera di Rho Milano area, a gate caused the death of a worker. On 13 June 2016, the Milan Public Prosecutor's Office initiated a criminal proceeding with an accusation of manslaughter against two Astaldi managers (at the time working at NPF S.c.a.r.l., 50% owned by Astaldi, which performed the works for the Fiera di Rho Milano project). On 9 March 2017 the Court of Milan declared its lack of jurisdiction and the consequent transfer of the case to the Court of Bergamo, before which the proceedings resumed. The first hearing of the trial was to be held on 9 July 2018 but was postponed to 29 October 2018. The Judge set a deadline until 10 October 2018 to allow Astaldi to prepare its observations on the list of documents which the Public Prosecutor had requested. Furthermore, the Public Prosecutor was authorised to summon two eyewitnesses and a judicial police officer who intervened at the scene of the accident. Hearings were finally scheduled on 25 January 2019, 15 February 2019 and 22 February 2019. With regard to these proceedings, other defendants – not related to the Astaldi Group – who were officials at the specialised company in charge of the design, construction and installation of the gate concluded the proceedings with a settlement. On 10 June 2020, the Court of Bergamo acquitted one of the two Astaldi managers involved in the proceedings (Nicoletta Miniero), together with another defendant unrelated to the Astaldi Group, but sentenced the other (Gennaro Fiscina) to 9 months' imprisonment with a suspended sentence and the conviction expunged from his criminal record. The judgement will be filed within 90 days from the reading of the sentence. Three other defendants not related to the Astaldi Group were sentenced to the same penalty with the same dual legal benefits. In October 2020 an appeal was filed by the defendants.

Italy // Proceedings relating to Partenopea Finanza di Progetto (Ospedale del Mare of Naples) – In July 2009, the Public Prosecutor's Office of Naples initiated criminal proceedings with an accusation of aggravated fraud against the State (art. 640, paragraph 2, no. 1 of the Italian Criminal Code) with regard to the concession of the Ospedale del Mare. The proceeding involves criminal accusations against numerous public officials and technical consultants, as well as against a former official of Astaldi and the operator (SPE) Partenopea Finanza di Progetto S.c.p.A. ("PFP", at the time 59.99% owned by Astaldi, which subsequently increased its stake to 99.99%) pursuant to Legislative Decree no. 231/2001. At the hearing on 26 November 2020, at the end of the preliminary stage the Public Prosecutor discussed the case requesting a ruling that the statute of limitations had expired for the various crimes relating to natural persons and the sole conviction of PFP for the purposes of Legislative Decree no. 231/2001 (payment of 400 shares of €1,550 each and some disqualifications). The defence discussions were scheduled for 2021.

Italy // Investigation related to Unicredit Factoring – In June 2019, the Company learned that the Chairman and the Chief Executive Officer of Astaldi were being investigated for the crime of misappropriation in criminal proceedings no. 21903/2019 (Public Prosecutor's Office at the Court of Rome) following a complaint filed by Unicredit Factoring. The Company is currently cooperating with the Public Prosecutor's Office and the Judicial Police Authorities formally tasked with acquiring documents useful for investigations. No further developments in the investigation are known.

Italy // Investigation related to the Niagara srl complaint – In December 2020 the Company learned that the Chairman and the Chief Executive Officer of Astaldi were being investigated in criminal proceedings General Court Docket no. 24699/19 via preliminary investigations before the Public Prosecutor's Office at the Court of Rome for the crimes referred to in Articles 236, 223, 216 of Royal Decree 267/42 following a complaint filed by Niagara S.r.l. Niagara is a subcontractor that was allegedly unpaid in violation of the contract, and that – for ridiculous amounts equal to a few tens of thousands of euros – also filed a civil lawsuit against the entire Astaldi Board of Directors, making reckless accusations of unfair preference in bankruptcy related to the aforementioned non-payment. The Company has well-founded reasons to affirm that, on the contrary, the non-payment was related to contractual breaches of the subcontractor. The possible risk of having to pay compensation in the parallel civil proceedings under way also appears negligible in the event of a loss. The Company is currently cooperating with the Public Prosecutor's Office and the Judicial Police Authorities formally tasked with acquiring documents useful for investigations. No further developments in the investigation are known. The civil case is still ongoing after the initial exchanges of briefs.

Italy // Investigation relating to the Aosta Factor and Vianini complaint – For the merits of the matter see the civil litigation section, and in particular the paragraphs relating to Line C of the Rome Metro – Metro C S.c.p.A. v Astaldi litigation and Vianini-Astaldi litigation. In this context, Aosta Factor and Vianini also filed a complaint to ascertain any criminal implications of the matter. Subsequent to the formalisation of the settlement agreements reached by the parties, Aosta Factor withdrew the complaint and Vianini agreed to do the same.

El Salvador // Investigation of the El Chaparral Project – On 21 January 2019, the parent became aware that the Public Prosecutor's Office of the Republic of El Salvador (*Fiscalía*) had commenced proceedings alleging crimes against the Public Administration by certain individuals. One of the people under investigation is an Astaldi employee who acts as a representative of Astaldi's El Salvador branch. The alleged corruption, and the request for precautionary measures, refers to the settlement of the El Chaparral project in 2012. This agreement called for the consensual termination of the contract due to the extraordinary and unforeseen geological situation of the site, which made it impossible to proceed with the construction of the aforementioned project. This agreement included an indemnity to the Company of USD28.7 million (equal to about €24 million) paid between November 2012 and February 2013. This amount was derived from the total of approximately USD108.5 million, equal to €89 million (of which USD85 million, equal to €70 million, for works performed and USD23.5 million, equal to €19 million, as reimbursement of the higher costs incurred for the partial execution of the work and subsequent termination), with subsequent deduction of the sums previously paid by the customer for approximately USD79.8 million (equal to about €66 million). The Public Prosecutor's Office of the Republic of El Salvador also began proceedings against another employee of Astaldi's El Salvador branch (as the agent of the branch) for income tax evasion by not presenting income related to the above-mentioned settlement. The proceedings are currently at a preliminary stage. Both proceedings were suspended on 22 March 2020 due to the COVID-19 pandemic. However the experts appointed by the prosecutor continued their activities. In the meantime the Company learned (on 6 July 2020) that the former customer of the El Chaparral Project, the Hydroelectric Executive Commission of the Rio Lempa ("CEL"), filed an application on 25 June 2020 for preventive seizure against Astaldi with the same criminal court for the sum of USD173 million (equal to about €143 million), of which: (*i*) USD61.3 million, equal to €50 million, for damages consisting of payments not due to

Astaldi (CEL disputes both the valuation of the works carried out and the higher charges recognised in the settlement), and (*ii*) USD111.6 million, equal to €92 million, for loss of profit from the lack of electricity generation due to the failure to build the dam until 2020. The requested amount was then increased to USD227 million (equal to €187 million), by a further USD54 million (equal to €44 million), according to CEL due as financial charges and interest on the amount claimed as damages. On 28 September 2020 the Salvadoran Court issued a preventive cautionary seizure order on Astaldi's assets, up to the amount of USD227 million (equal to €187 million), in relation to the subsidiary civil liability under El Salvador regulations for legal entities whose employees or agents are liable for corruption offences. The Salvadoran Court also requested mutual legal assistance from the Italian Republic under Article 46 of the United Nations Convention against Corruption. Astaldi was informed of the aforementioned measure first on 29 September 2020 through reports of the foreign press, and subsequently on 2 October 2020 via formal notification. On 8 October 2020 the Company then filed an appeal for the revocation of the order granting the aforementioned precautionary measure. Subsequently, with an order dated 26 October 2020 (learned of by the Company on 31 October), the *Camara Tercera Penal* of the local Court established the nullity of the seizure – against both the defendants and the Company, whose subsidiary civil liability had been established – referring the case to the court of first instance (*Juzgado Noveno de Instruccion*) to replace the order with another measure to be issued according to the criteria outlined by the *Camara Tercera* which had found several defects in the act. With a procedure that does not call for hearings, the *Juzgado Noveno* will therefore have to assess and reissue the order following the guidance of the *Camara Tercera*, nullifying the seizure or granting it with new and adequate reasons, a circumstance that, based on the experience of Astaldi's local lawyers (*Consortium Legal*), is still possible. On 3 February 2021, CEL reiterated its request for the granting of a preventive seizure (and related international cooperation). On 10 February 2021, the Judge reserved the right to decide based on the findings of the appraisals under way in the criminal proceedings. In this unlikely event, any amounts due that may be recognised with respect to the matter under investigation would be subject to the same treatment as envisaged in the Proposal for Composition with Unsecured Creditors (as defined in the Composition with Creditors Proposal – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law"). Furthermore, based on the provisions governing compositions with creditors, the aforementioned precautionary measure requested by the local court would not be enforceable since the alleged amounts claimed and not ascertained were incurred prior to the publication in the company register of the appeal pursuant to art. 161 of the Bankruptcy Law, filed by the Company for admission to the composition with creditors procedure. Regarding any liability pursuant to Legislative Decree no. 231/2001, based on the information available, the Company considers that the related administrative offence abstractly attributable to it pursuant to art. 25 of Legislative Decree no. 231/2001 must be considered as non-prosecutable pursuant to art. 22 of Legislative Decree no. 231/2001 since five years have elapsed since the commission of the act, in the absence of significant interrupting acts. Although the criminal proceedings in El Salvador are still in the preliminary stage, the Company's risk of being found liable for the damage in dispute has so far been assessed by the directors of the parent as being remote since there does not seem to be a real and immediate risk of conviction which might lead to civil liability for the parent, if proven, for the damage related to the crime. Based on such considerations and the opinions of the legal advisers (even the local ones), even though the criminal proceedings are still pending, to date the directors deem the risk of liability for the parent to be remote, and for this reason no accrual was made in the consolidated financial statements.

Honduras // Investigations of the Bahía de Tela Complex – With a letter dated 16 February 2018, as part of an investigation related to the Bahía de Tela project the *Dirección Nacional de Investigación e Inteligencia – División de Investigación* of Honduras asked Astaldi for information regarding the construction of the road leading to the Bahía de Tela Complex, the construction contract of the project, as well as other related information. This project was completed almost ten years ago (December 2010). Based on the information available, the investigation does not seem to involve Astaldi and the content of the letter is very general (there are no accusations of crime nor does it specify the involvement of natural persons).

USA // Astaldi Construction Corporation - United States Attorney of the U.S. Department of Justice - District of Columbia – On 22 January 2020 Astaldi Construction Corporation received a communication from the United States Attorney of the U.S. Department of Justice – District of Columbia regarding a criminal investigation. Said communication accompanied a subpoena in which the Company was invited to provide documents and information relating to persons of Honduran nationality who may have had relations with the company and with the Group. Astaldi is making every effort to provide the US authorities with the required documentation and information, and investigations are still ongoing. At the same time, on 9 July 2020 Astaldi signed a document with the US authorities aimed at interrupting the statute of limitations until March 2021 with regard to a purely theoretical or possible liability that could concern Group companies with respect to the ongoing investigation. There are no proceedings concerning the Company's liability pursuant to Legislative Decree 231/2001 for events in the periods relating to the financial information in this Report.

Peru // Investigation related to the Lomas de Ilo Project – At the end of October 2020, the Company learned from Peruvian press reports that criminal investigations were under way in Peru. The case concerns the Lomas de Ilo Irrigation Project (for a total value of approximately USD30 million, equivalent to approximately €25 million), executed at the time by the Consortium formed by Obrainsa (local entity) and Astaldi. The investigations were actually initiated by the local Public Prosecutor's Office (*Fiscalía*) to ascertain whether public officials had been bribed, presumably by a representative of Obrainsa (who also held an executive position in the Consortium). At present, the Astaldi parties involved are possible fact witnesses. These include Astaldi's former representative in the country and in the Consortium (currently no longer employed by the Group) and two current Group employees (involved only to a pro-forma extent or indirectly and in any event unrelated to the facts of the case). Such facts, which gave rise to an accusation of bribery of local officials, allegedly took place between January and April 2014. Regarding any liability pursuant to Legislative Decree no. 231/2001, based on the information available, the Company considers that the related administrative offence abstractly attributable to it pursuant to art. 25 of Legislative Decree no. 231/2001 must be considered as non-prosecutable pursuant to art. 22 of Legislative Decree no. 231/2001 since five years have elapsed since the commission of the act, in the absence of significant interrupting acts. Local regulations provide for the civil liability of legal entities with compensation for damages paid to the injured person in the event of the conviction of one or more of the representatives, managers and/or officials of the legal entity who have committed unlawful acts for the legal entity's benefit. The very early state of the proceedings did not allow local lawyers to make assessments of Astaldi's abstract liability in this regard. There are also disqualification measures against legal entities, such as ancillary penalties determined in criminal proceedings (i.e. fines, prohibitions against carrying out certain activities, suspension of business, closure of plants, etc.). It is also worth noting that the Company has not been operational in the country for a long time.

Alternative performance indicators

The group assesses its financial performance using alternative performance indicators (API), which are not defined by the International Financial Reporting Standards (IFRS) but that the Company's Management considers representative of the results achieved and useful for monitoring the performance of the Company and the Group.

The related calculation methods are set out below to assist an understanding of the analysis.

EBITDA (gross operating profit (loss)) – Indicator of the operating performance calculated by deducting operating costs, personnel expenses and other operating costs from revenue. It includes the Group’s share of the profits or losses of joint ventures and associates active in the Group’s core business.

EBIT (net operating profit (loss)) – Indicator of the operating performance calculated by deducting amortisation, depreciation, impairment losses and provisions as well as capitalised internal costs from EBITDA.

EBT (pre-tax profit (loss)) – Indicator of the operating performance calculated by deducting net financial income (expense) from EBIT.

Non-recourse financial debt – Form of financing specific to concession operators, which is not secured by the parent Astaldi S.p.A. but rather by the cash flows generated by the projects performed by the SPEs over the concession operation period.

Net financial exposure of the Group – Obtained by deducting from net financial debt, calculated as per CONSOB communication no. DEM/6064293 of 28 July 2006, which refers to the ESMA (former CESR) recommendation of 10 February 2005, non-current loan assets, subordinated loans and financial assets from concession activities, as well as other specific components like treasury shares.

Total net financial debt – Obtained by deducting from total financial debt, calculated as per CONSOB communication no. DEM/6064293 of 28 July 2006, which refers to the ESMA (former CESR) recommendation of 10 February 2005, non-current loan assets, subordinated loans and financial assets from concession activities.

Total net non-current assets – The sum of non-current assets; specifically, this includes intangible assets, Group’s technical equipment, equity investments and other non-current items (such as non-current assets held for sale and directly associated liabilities).

Operating working capital – The sum of current loans and receivables and liabilities arising from the Group’s core business (trade receivables and payables, inventories, contract work in progress, tax assets, progress payments/billings from customers and other current assets and liabilities).

Net invested capital – The sum of total net non-current assets, operating working capital, provisions for risks and charges and provisions for employee benefits.

Significant events after the reporting date

Below is a summary of the significant events that occurred after the end of the 2020 financial year, also referring for completeness to the information available on the website 2, in the Media - Press releases section.

On 10 February 2021, the Astaldi Board of Directors co-opted Daniela Montemerlo and David Morganti by resolution approved by the Board of Statutory Auditors as new independent, non-executive directors, replacing the non-independent, non-executive director Alessandro De Rosa, who resigned on 21 January 2021 for personal reasons, and the independent, non-executive director Flavia Insom, who ceased to hold office on 5 November 2020. The Board verified that the two new directors meet the requirements of independence set forth in the legislation and the Corporate Governance Code. The new directors Montemerlo and Morganti will remain in office until the next Shareholders' Meeting pursuant to the Articles of Association in force and art. 2386 of the Italian Civil Code. As confirmed by the Appointments and Remuneration Committee, the new composition of the Company's Board of Directors continues to ensure the gender balance prescribed by current law.

On the same date, following the aforementioned changes, the Board of Directors also appointed: (*i*) Daniela Montemerlo as a member of the Control and Risks Committee, which is consequently composed of directors Nicoletta Mincato (Chairwoman), Daniela Montemerlo and Teresa Naddeo; (*ii*) David Morganti as a member of the Appointments and Remuneration Committee, which is consequently composed of directors Teresa Naddeo (Chairwoman), Nicoletta Mincato and David Morganti; (*iii*) Daniela Montemerlo as a member of the Related Parties Committee, which is consequently composed of Andrea Gemma (Chairman), Maria Raffaella Leone and Daniela Montemerlo.

At the same time, the Company announced that it had terminated by mutual agreement its employment relationship with Francesco Maria Rotundi, General Manager at the Astaldi Group, whose powers were assigned to Cesare Bernardini, former General Manager at the Astaldi Group, who therefore assumed the role of General Manager of Operations as part of the mandate conferred on him on the same date by the Company's Board of Directors.

In March 2021, in consortium with Webuild and Pizzarotti, the Astaldi Group (25%) was declared the top bidder for the contract worth just over €1 billion for the executive design and construction of sections B2 (12.7 kilometres, from Lentate sul Seveso to Cesano Maderno) and C (20 kilometres, from Cesano Maderno to the A–51 east ring road of Milan) of the Pedemontana Lombarda motorway. Commissioned by Autostrada Pedemontana Lombarda S.p.A., the project must be completed ahead of the Winter Olympics in Milan-Cortina in 2026.

***

The corporate integration process between Webuild and Astaldi began on 14 March 2021. The Boards of Directors of Astaldi S.p.A. and Webuild S.p.A., meeting on the same date, agreed that it was appropriate to proceed with a proportionate partial demerger of Astaldi in favour of Webuild, which at a corporate level will result in the definitive separation between Astaldi's core assets and Astaldi's separate unit established on 24 May 2020 as part of the composition with creditors procedure (the "**Separate Unit**" – see § "Composition with creditors on a going concern basis as per Article 186–bis of the Bankruptcy Law"). The project will provide for the assignment of the core assets to Webuild, while Astaldi will maintain ownership of the assets and the creditor and debtor relationships that were transferred to the Separate Unit.

The guidelines of the project include the allocation to Astaldi shareholders of 203 Webuild ordinary shares for every 1,000 Astaldi ordinary shares held by them. This swap ratio was identified by the Astaldi and Webuild Boards of Directors, the Astaldi Board of Directors having constantly kept informed the Related Parties Committee, which is supported by Equita as an independent financial advisor. This ratio was also identified taking into account the earnings and the financial position and performance of the two groups during 2020 and based on generally applied valuation methods, particularly the so-called “fundamental” methods based on the economic and financial plans of the two groups. For the transaction Astaldi and Webuild are assisted by EY and Partners as financial advisors of the Boards of Directors, and Equita and Lazard as independent financial advisors of the Related Parties Committees.

The Astaldi Board of Directors believes that the transaction represents the natural evolution of a project that has given continuity to an industrial business of international importance while safeguarding employment levels, and that now will bring together important businesses to create a major Italian player in the infrastructure sector that can contribute to the country’s infrastructural development. The precise terms and conditions of the transaction, which constitutes a further important stage in the implementation of “Progetto Italia”, will be submitted for the approval of the Webuild and Astaldi board meetings scheduled for 19 March. It is expected that the terms of the demerger project will be as follows:

(a) Webuild will be the assignee of all Astaldi's assets, liabilities and legal relationships after discharge of debt as part of the composition with creditors that are not included in the Separate Unit, as defined in the composition with creditors plan;
(b) the assets, rights and obligations relating to the Separate Unit will remain the property of Astaldi, without prejudice to the intended use of the Separate Unit in compliance with the Astaldi composition with creditors;
(c) on the effective date of the demerger, Astaldi shareholders will receive newly issued Webuild ordinary shares, with cancellation of all Astaldi ordinary shares (including shares held by Webuild) and consequent delisting of Astaldi from the electronic stock market of Borsa Italiana S.p.A.;
(d) any unsecured creditors of Astaldi that are recognised as such after the effective date of the demerger will be entitled to receive ordinary shares of Webuild and will retain the right to receive participating financial instruments from Astaldi based on the Separate Unit, in accordance with Astaldi's composition with creditors plan;
(e) as part of the demerger, on the date immediately preceding the effective date of the transaction Webuild's shareholders will receive Webuild warrants that will entitle them to receive new Webuild shares in such number that their shareholding remains unchanged in the event that new Webuild shares are issued to additional Astaldi unsecured creditors as described above. Webuild will also issue its own warrants in place of those assigned by Astaldi to certain lending banks under the composition with creditors proposal;
(f) the share capital of the demerged Astaldi will be eliminated and simultaneously restored with a subscription of new capital by a new foundation, which, as the sole shareholder of the demerged Astaldi, will guide the management and orderly disposal of the assets of the Separate Unit by Astaldi according to the composition with creditors proposal.

After approval by the two Boards of Directors scheduled for 19 March 2021, based on the timing agreed by the two companies, extraordinary shareholders’ meetings will be called for the purpose of approving the demerger project on 29 April 2021 in the case of Astaldi, and on 30 April 2021 in the case of Webuild.

It is expected that the transaction will be implemented through the execution of the demerger deed only after the Court of Rome issues the order certifying the execution of the Astaldi composition with creditors, in accordance with the provisions of the order approving the Composition with Creditors Proposal dated 17 July 2020. This order is expected to be issued by July.

The transaction is subject to the application of the procedure on transactions with significant related parties. The Boards of Directors of Astaldi and Webuild will therefore approve the transaction and the related mutual commitments together with the single demerger project subject to a reasoned opinion of the respective related parties committees on the corporate interest in completing the transaction and on the substantial fairness and propriety of the related conditions.

For further information, please also refer to the press release issued by the Company on 15 March 2020, available on the website www.astaldi.com, in the Media - Press releases section.

***

On 14 March 2021 the Astaldi Board of Directors also approved Astaldi's business plan for the three-year period 2021-2023 on a stand-alone basis for the purposes of (*i*) determining the allocation ratio between the shares of the companies involved in the integration and (*ii*) providing the financial advisors – of the respective boards and related parties committees, as well as the expert appointed by the Court of Milan pursuant to and for the purposes of art. 2506-*ter* and 2501-*sexies* of the Italian Civil Code – with the elements necessary for the definition of the allocation ratio and relative fairness opinions.

Outlook

As noted above, the corporate integration process between Webuild and Astaldi began on 14 March 2021. The Boards of Directors of the two companies took note of the progress of the activities related to the proportionate partial demerger project, as described above (see § “Significant events after the reporting date”).

The transaction represents the natural evolution of a project that has given continuity to an industrial business of international importance while safeguarding employment levels, and that thus brings together two important businesses to create a major Italian player in the infrastructure sector that can contribute to the country’s infrastructural development. The integration is a further important step in “Progetto Italia”, an operation aimed at strengthening the Italian construction sector.

In the coming months the Group's attention will therefore be focused on the completion of the integration process with Webuild, but also on the progress of the planned operational and commercial activities.

Other information

Research and development

The Astaldi Group did not incur any R&D expenditure in 2020.

Management and coordination as per article 2497 and subsequent articles of the Italian Civil Code

At the date of preparation of this report, Astaldi was subject to the management and coordination of Webuild S.p.A.

Financial instruments

Reference should be made to the Notes to the Consolidated Financial Statements as at 31 December 2020 for the disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Italian Civil Code.

Resolutions about information memoranda for significant transactions

For some years now, the Astaldi's Board of Directors has decided to avail of the option not to publish the information memoranda required for significant transactions such as mergers, demergers, capital increases through contributions of assets in kind, acquisitions and sales. It took this decision as per Article 70.8 and Article 71.1-bis of the Issuer Regulation published by CONSOB.

Remuneration report

Reference should be made to the Remuneration Report for the period prepared by the Astaldi Board of Directors as per Article 123-ter of the Consolidated Finance Act. This report is made available in the Governance - Corporate Documents section of the Group's website www.astaldi.com in accordance with the legally-required timeframe and methods.

Astaldi shares held by directors, statutory auditors and key management personnel at 31 December 2020

Reference should be made to the Remuneration Report for the period prepared by the Astaldi board of directors as per Article 123-ter of the Consolidated Finance Act. This report is made available in the Governance - Corporate Documents section of the Group's website www.astaldi.com in accordance with the legally-required timeframe and methods.

Treasury shares

Currently there is no treasury share purchase plan. As at 31 December 2020, there were no treasury shares in the portfolio, except as indicated in the section below - see § "Astaldi shares held by subsidiaries".

Astaldi shares held by subsidiaries

As at 31 December 2020, Astaldi subsidiaries held 16,984,348 shares. The values indicated refer to the shares assigned in conversion to the Group companies that were unsecured creditors of Astaldi, in compliance with the Composition with Creditors Proposal.

Related party transactions

For information on related party transactions see Note 41 to the Consolidated Financial Statements as at 31 December 2020.

Atypical and/or unusual transactions

In 2020, the Astaldi Group did not carry out any atypical or unusual transactions, as defined in CONSOB communication no. DEM/6064293.

Foreign non-EU subsidiaries

Astaldi S.p.A. states that its internal procedures comply with the measures of Article 15.a)/b)/c) of the Stock Market Regulation ("Conditions for the listing of shares of parents set up and governed by laws of non-EU member states", CONSOB regulation no. 20249/17) issued to implement Article 66-bis.2 of Legislative Decree no. 58/1998.

Specifically, Astaldi notes that:

- Astaldi S.p.A. (the "Parent") always has copies of the Articles of Association and details of the members of the company bodies of all the non-EU subsidiaries, that are significant as per Article 15.2 of the Stock Market Regulation, as well as details of the positions held. Astaldi S.p.A. makes available to the market, *inter alia*, the financial statements of its non-EU subsidiaries, that are significant as per Article 15.2 of the Stock Market Regulation, prepared for inclusion in the consolidated financial statements (at least the statement of financial position and the statement of profit or loss).
- The Astaldi Group's current administrative-accounting and reporting procedures are suitable to regularly provide the parent's management and independent auditors with the financial figures of the non-EU foreign subsidiaries, that are significant as per Article 15.2 of the Stock Market Regulation, required to prepare the consolidated financial statements.

With respect to the parent's checks of information provided to the independent auditors necessary to audit the parent's annual and interim financial statements, the current communication procedure with the independent auditors, split by corporate governance control level and in place throughout the year, is efficient.

List of foreign branches

Below is the list of the ten foreign operating branches of the Group as at 31 December 2020, of which four are located in Europe (Romania, Poland, Sweden and Turkey), four on the American continent (Chile, Canada, United States and Argentina), one in Asia (India) and one in Africa (Algeria).

For the sake of completeness, note that as at 31 December 2020 the Group had an additional seven non-operating foreign branches (Bulgaria, El Salvador, Indonesia, Peru, Singapore, Tunisia, Venezuela) and 14 foreign branches in liquidation (Bolivia, Costa Rica, Georgia, Guatemala, Guinea Bissau, Honduras, Iran, Mexico, Nicaragua, Oman, Panama, Czech Republic, Russia, Tanzania).

Table 21 – Foreign operating branches as at 31 December 2020 – Astaldi Group

Algeria
Bureau Administratif et Financier
Lotissement 19/20
Aissat Idir Cheraga
W Alger

Argentina
Desvío a Pescadores, Km. 8.9,
Ciudad de San Luis,
Provincia de San Luis

Canada
780 Brewster Street
Suite 3-300 Montreal Quebec, H4C 2K1

Chile
Avenida Américo Vespucio N° 01199
Sector Lo Boza, Quilicura
Santiago

India
Unit No 7 level 2 Kalpataru Synergy
Opposite Grand Hyatt Sanya Cruz East
Mumbai Maharashtra – 400055

Poland
Ul. Sapiezynska 10a 00-215
Warsaw

Romania
Str. Nicolae Caramfil Nr. 53
Et3, Sector 1
CP 014142
Bucharest

USA
8220 State Road 84, Suite 300,
Davie, FL 33324

Sweden
Engelbrektsgatan 9-11
114 32 Stockholm

Turkey
Kizilirmark Mahallesi
Dumlupinar Bulvari No: 3C1 - 160
Cankaya/Ankara

Conclusions

Dear shareholders,

The separate financial statements of Astaldi S.p.A at the same date show a net profit for the year equal to €1,805,393,771, which we propose to allocate as follows:

a) €1,394,909,707 to cover previous losses;
b) €17,021,573 to the legal reserve for an amount equal to 5% of the share capital;
c) €23,996,625 to the undistributable reserve pursuant to art. 6, paragraph 2 of Legislative Decree no. 38/2005, due to the amount of gains recognised with respect to the measurement of equity investments using the equity method;
d) the residual amount of €369,465,866, to the Extraordinary Reserve.

Filippo Stinellis

Chief Executive Officer

Paolo Citterio

Manager in charge of financial reporting

Astaldi SpA

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010
and article 10 of Regulation (EU) No. 537/2014

Consolidated financial statements as of 31 December 2020

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Astaldi SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Astaldi Group (the Group), which comprise the statement of financial position as of 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Astaldi SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Effects on the consolidated financial statements at 31 December 2020 from the execution of the Astaldi SpA composition with creditors *Notes to the consolidated accounting statements:* *- Section "Foreword", paragraph "Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law".* *- Section "Consolidation scope", paragraph "Judgements and assumptions used in defining the consolidation scope".* *Notes to the consolidated financial statements:* *- Note 11 "Non-recurring income from discharge of debt on continuing operations".* *- Note 31 "Equity".* On 17 July 2020 the Court of Rome published its order in approval of the composition with creditors on a going-concern basis as per article 186-bis of the Bankruptcy Law filed by Astaldi SpA on 28 September 2018, setting down the methods to execute the composition proposal. Consequently, on 31 July 2020 the Shareholders' Meeting resolved to implement the operations under the composition proposal. The consolidated financial statements of the Astaldi Group as of 31 December 2020 include the significant effects from the implementation of the composition with creditors procedure, including, but not limited to, the following. i) The segregation of the assets "on a going-concern basis" of Astaldi SpA from those to be sold and transferred to a separate unit pursuant to articles 2447-bis et seqq. of the Italian Civil Code ("Separate Unit"), to be used to settle the claims of Astaldi's unsecured creditors, considered as an accounting "silo" not controlled by Astaldi SpA and therefore not included in the consolidation scope in accordance with IFRS 10. ii) The recognition of the non-recurring income from the discharge of debt of Astaldi SpA and of other subsidiaries recorded after the	As part of our audit activities, we performed the following main activities in order to address this key audit matter. We performed an understanding and assessment, through meetings and discussions with the Company's management, of the process used by management regarding the following: i) analysis, evaluation and determination of the impacts deriving from the implementation of the composition with creditors procedure of Astaldi SpA; ii) recognition of these impacts in light of the main applicable accounting standards; iii) fair value measurement of Astaldi SpA's shares determined according to IFRS 13; iv) fair value measurement of the lender warrants determined according to IFRS 13; v) accounting treatment of the Separate Unit. We perused the significant documentation in order to identify the effects connected with the execution of the composition procedure and related recording in the financial statements, including the opinions of the legal and accounting advisors the Company's management had recourse to that end, as well as with the support of PwC network legal experts. We gained an understanding, assessed the appropriateness and verified the results of the reports of the external advisors expert on valuations engaged by management, the expertise, capacity and objectivity of which we assured ourselves, in order to determine the fair value of Astaldi SpA's shares and on which the fair value of the lender warrants is based, also supported by PwC network experts in valuations. We analysed the composition of the expected cash flows on the basis of which the fair value of Astaldi SpA's shares was determined, and

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
approval their respective composition procedures, or following out-of-court settlement agreements reached with the related creditors, equal to about Euro 2,246 million (of which about Euro 2,172 million classified in a specific profit&loss line item and about Euro 74 million classified under profit (loss) from discontinued operations), mainly related to the extinguishment of Astaldi SpA's total unsecured liabilities approximating Euro 3,425 million. These unsecured liabilities are related to unsecured creditors confirmed and to be confirmed, both beneficiaries in accordance with the composition with creditors proposal, of: i) Astaldi SpA newly-issued shares, ii) net proceeds from the sale of the assets segregated to the Separate Unit. With reference to the confirmed unsecured creditors, the shares of Astaldi SpA were issued on 5 November 2020, in implementing the capital increase resolved by the shareholders' meeting on 31 July 2020, as set out in point iii) below. With reference to the unsecured creditors to be confirmed, an equity reserve has been created for the purpose in accordance with IFRS2, serving any future capital increases to be carried out as soon as these positions have been definitively ascertained. The balance of this reserve equated to around Euro 24.4 million at 31 December 2020. iii) The implementation on 5 November 2020 of a capital increase of about Euro 91.9 million, with the exclusion of option rights pursuant to article 2441 para. five of the Italian Civil Code, to be reserved to the confirmed creditors of Astaldi SpA in conversion of the receivables they claim against Astaldi. A share premium reserve of about Euro 231.9 million was recognised against this capital increase. iv) The implementation on 5 November 2020 of a capital increase against payment of Euro 225 million, with the exclusion of option rights pursuant to article 2441 para. five of the Italian Civil Code, to be reserved to	we verified the consistency with the 2021-2023 Business Plan approved by the Company's Board of Directors on 14 March 2021, the reasonableness of the underlying hypotheses and assumptions and the assumptions used to determine the discount rate under the valuation model (cost of equity, cost of debt, list of comparables). We carried out specific testing activities on the accounting treatment adopted by management in light of the accounting standards applicable in the specific circumstances and of the documentary evidence collected and analysed. Finally, we analysed the financial statement disclosures.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Webuild SpA, whereby Webuild SpA acquired control over Astaldi SpA, as well as the issue and free assignment, occurred on that same day, of about Euro 80.7-million anti-dilutive warrants reserved for Webuild SpA, without any variation of the share capital, the exercise of which will enable Webuild SpA to maintain a 65 per cent interest in the capital, in the event of newly-issued shares assigned to any possible unforeseen creditors. v) The issue and free assignment, on 5 November 2020, of about 79.2 million lender warrants to certain banks, which granted the assignees the right to subscribe shares of Astaldi SpA at a pre-set price and against which, in accordance with IFRS2, a special equity reserve was set up to serve future capital increases connected to the exercise of the warrants by the lending banks, corresponding to the fair value of the warrants at the issue date. The balance of this reserve was equal to about Euro 44.5 million at 31 December 2020. Therefore, considering the complexity of the case in point, the significance of the effects on the consolidated financial statements at 31 December 2020, and the degree of complexity and subjectivity inherent in the estimation of the fair values of Astaldi shares and of the lender warrants, which directly affect the quantification of the impacts on the financial statements, special attention was paid to verifying the accounting treatment used by management for the determination of the fair values of the shares and lender warrants and to the financial statement disclosure on the matter.	
Measurement of revenue from contract with customers, contract assets and contract liabilities *Notes to the consolidated accounting statements:* *- Section "Accounting policies", paragraph "Revenue from contracts with customers".* *Notes to the consolidated financial statements:*	We understood and evaluated the internal control system in relation to the area under analysis, paying particular attention to the identification process of onerous contracts and to the recognition of the additional

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
- *Note 1 "Revenue from contracts with customers".* - *Note 25 "Contract assets" and "Contract liabilities".* - *Note 38 "Other contract liabilities".* Revenue from contracts with customers realised by the Astaldi Group during 2020 amounted to Euro 1,381 million of which 97.12 per cent related to the "Construction" segment. Contract assets amounted to Euro 922 million and contract liabilities amounted to Euro 694 million. Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group believes it is likely to receive in exchange for these goods or services. In particular, the contract consideration accrued on construction contracts in progress is measured using the cost to cost method, considering the related contract budget. The Group regularly updates the assumptions underlying the contract budget to reflect the most reasonable estimate of the accrued contract consideration and the contract output in the consolidated financial statements. Contract revenue comprises the initial amount of revenue agreed in the contract and further variable elements not yet approved (variations in contract work, price reviews, incentive payments, claims and penalties). Variable elements are estimated to be the expected or most probable amount. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In this respect, consideration has been given to the following: i) specific legislation regarding public works and international legislation; ii) contractual clauses; iii) the progress of negotiations with the customer and likelihood that these negotiations will have a positive outcome; iv) when necessary due to the complexity of specific situations, technical-legal studies also conducted with	consideration for contract variations, verifying the structure and the efficacy of some manual and automated relevant controls. We selected a sample of contracts on the basis of quantitative and qualitative elements which include: - Significant revenue accounted for in the period under analysis; - Onerous contracts; - Requests for additional consideration and significant contract variations. For the sample of selected contracts, we performed the following main audit procedures: - Reconciliation of contract revenue with the arrangements signed with the counterparty; - Reconciliation of the costs resulting from management accounts with the costs resulting from general accounts; - Verification on a sample basis of costs totalled in the period linked to the contract through the obtainment of documents from third-party sources (invoices, contracts, transport documentation); - Recalculation of the order progress according to the cost-to-cost method; - Sending of requests for information to the external lawyers who assisted the Group in the disputes in place in order to verify the evaluation of any request for additional consideration. In order to examine the total contract costs and the additional consideration for contract variations recognised in the financial statements, we availed ourselves of PricewaterhouseCoopers network technical and engineering experts who supported us for the sample of selected contracts: - In the analysis, on a sample basis of the total contract costs through meetings

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
external consultants, to confirm that the valuations made are reliable. The determination of variable elements is subject by its nature to a certain degree of uncertainty both as to the amounts that will be recognised by the customer and as to the timing of collection, which usually depends on the outcome of negotiations between the parties or decisions taken by the judicial/arbitration bodies. Once the enforceable right has been identified, in order to recognise the claims and amounts of the additional consideration requested to the customer, it is necessary to establish whether it is highly probable that the revenue will not be reversed in the future, so as to adjust the transaction price to include the additional consideration. In addition, as regards the presentation of the balance sheet items related to construction contracts in progress, the Group represents: i) as a "contract asset" the consideration due by the customer (calculated by applying the "cost to cost" method) for contract work performed net of progress payments and advances, considering the additional consideration due to contract variations (work variations and claims) being negotiated with the customers; ii) as a "contract liability" the Group's obligation to transfer goods or services covered by the contract to a customer, for which it has received advances and progress prepayments, including additional consideration due to contract variations being negotiated with the customers; iii) as "Other contract liabilities" the estimate of the variable consideration that the Group expects to pay to customers for higher costs and damages due to termination of the contract for the part exceeding the amounts due from customers for work performed and not yet paid for. We paid particular attention to this financial statement area given the presence of elements that can make the evaluation process difficult, such as the technical complexity of the projects, the size and duration of the works, the presence of additional consideration, contract variations and price reviews.	with the persons in charge of the projects in order to evaluate the reasonableness of the contract costs; - In the examination of the main differences compared to the total costs in the previous contract budget; - In the performance of the analyses on the reasonableness and compliance with the corporate procedures, as well as in the verifications of the documentation in support of the valuations made by the Group about the additional consideration (where applicable) recognised in the financial statements; - In carrying out site visits in order to view the physical progress of the site for a sample of projects. Finally, we analysed the disclosures provided in the financial statements.

Other matters

The consolidated financial statements of the Astaldi Group for the year ended 31 December 2019 were audited by another auditor who issued a disclaimer of opinion on 10 July 2020 because of the many significant uncertainties about the going-concern assumption used by the directors in preparing the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company Astaldi SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 31 July 2020, the shareholders of Astaldi SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Astaldi SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Astaldi Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the Astaldi Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Astaldi Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Astaldi SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 7 April 2021

PricewaterhouseCoopers SpA

Signed by

Andrea Brivio
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Consolidated Financial Statements 2020
Accounting statements and Explanatory notes

Webuild Group

Astaldi S.p.A. – Company subject to the management and coordination by Webuild S.p.A.

Astaldi S.p.A.
Share capital €340,431,460.27
Registered office in Rome, Via Giulio Vincenzo Bona 65
Rome Company Register and Tax Code 00398970582
Rome Economic and Administrative Index no. 152353 – VAT no. 00880281001
www.astaldi.com

Contents of the section

Consolidated accounting statements

Consolidated statement of profit or loss

(€'000)	note	2020	2019
Revenue from contracts with customers	1	**1,380,830**	**1,368,827**
of which: related parties		*122,264*	*167,774*
Other operating revenue	2	71,481	106,197
of which: related parties		*3,841*	*5,094*
Total operating revenue		**1,452,311**	**1,475,024**
Purchase costs	3	(194,433)	(203,358)
Service costs	4	(948,615)	(932,492)
of which: related parties		*(120,324)*	*(126,969)*
Personnel expenses	5	(248,109)	(300,872)
Other operating costs	6	(42,000)	(24,231)
of which: related parties		*(5,520)*	*(27)*
Total operating costs		**(1,433,157)**	**(1,460,954)**
Change in costs capitalised to fulfil a contract	7	1,887	(2,863)
Share of profits (losses) from joint ventures and associates	8	(68,371)	30,671
Gross operating profit (loss)		**(47,331)**	**41,878**
Amortisation, depreciation and impairment losses	9	(70,961)	(36,438)
Provisions	10	(6,196)	4,307
Operating profit (loss)		**(124,487)**	**9,747**
Non-recurring income from discharge of debt on continuing operations	**11**	**2,172,144**	**0**
Financial income	12	138,361	56,556
Financial expense	13	(175,155)	(102,462)
Net financial expense		**(36,795)**	**(45,906)**
of which: related parties		*10,860*	*9,856*
Pre-tax Profit from continuing operations		**2,010,863**	**(36,159)**
Income taxes	14	(179,443)	(27,804)
Profit (Loss) from continuing operations		**1,831,420**	**(63,963)**
Net profit (loss) from discontinued operations	15	**(30,197)**	**(6,620)**
of which: related parties		*384*	*112,852*
PROFIT (LOSS) FOR THE YEAR		**1,801,223**	**(70,584)**
Profit attributable to the owners of the parent		1,801,721	72,000
Loss attributable to non-controlling interests		(499)	(1,417)
Earnings per share	16		
Basic		5.55	(0.74)
Diluted		5.34	(0.74)
Earnings per share from continuing operations			
Basic (in Euros)		5.64	(0.67)
Diluted (in Euros)		5.43	(0.67)

Consolidated statement of comprehensive income

(€'000)	note	2020	2019
Profit (Loss) for the year (A)		**1,801,223**	**(70,584)**
Exchange differences from translation of financial statements in foreign currencies		28,483	1,997
Change in fair value of financial assets measured at FVTOCI		(22,992)	13,219
Share of other comprehensive income (expense) of equity-accounted investees		84,690	(48,585)
Share of other comprehensive income (expense) of discontinued operations		49,729	(16,416)
Tax effect		(24,876)	16,258
Other comprehensive income (expense), net of tax, that will be subsequently reclassified to profit or loss (B1)		**115,034**	**(33,525)**
Change in fair value of equity instruments measured at FVTOCI		(12,407)	2,014
Actuarial gains (losses) on defined benefit plans		91	12
Share of other comprehensive income (expense) of equity-accounted investees		(94)	0
Other comprehensive income (expense), net of tax, that will not be subsequently reclassified to profit or loss (B2)		**(12,409)**	**2,026**
Total other comprehensive income (expense), net of tax (B1)+(B2)=(B)		**102,625**	**(31,499)**
COMPREHENSIVE INCOME (EXPENSE) (A)+(B)	31	**1,903,848**	**(102,083)**
attributable to the owners of the parent		1,904,313	(103,468)
attributable to non-controlling interests		(465)	*1,385*

Consolidated statement of financial position
Assets

(€'000)	note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Property, plant and equipment	17	61,060	99,938
Right-of-use assets	18	23,440	38,724
Investment property	19	120	127
Intangible assets	20	35,139	48,295
Equity investments	21	88,152	502,088
of which: equity-accounted investments		*37,577*	*454,269*
Non-current financial assets	22	52,590	138,648
of which: related parties		*4,118*	*69,410*
Other non-current assets	23	67,688	117,677
Deferred tax assets	14	88,552	275,466
Total non-current assets		**416,741**	**1,220,962**
Current assets			
Inventories	24	38,675	38,231
Contract assets	25	922,428	794,098
of which: related parties		*6,506*	*19,787*
Costs capitalised to fulfil a contract	26	4,655	2,868
Trade receivables	27	730,913	604,976
of which: related parties		*361,306*	*42,273*
Current financial assets	22	137,105	110,388
of which: related parties		*91,665*	*17,304*
Tax assets	28	79,271	68,620
Other current assets	23	373,469	336,936
of which: related parties		*50,809*	*26,599*
Cash and cash equivalents	29	500,344	314,061
Total current assets		**2,786,860**	**2,270,179**
Non-current assets held for sale	30	10,050	*356,028*
of which: related parties		*0*	*213,151*
Total assets		**3,213,650**	**3,847,170**

Consolidated statement of financial position
Equity and liabilities

(€'000)	note	31/12/2020	31/12/2019
EQUITY AND LIABILITIES			
Equity	31		
Share capital		340,431	196,850
Reserve for additional charges on capital increase		(2,101)	0
Treasury shares		(6,785)	(3,023)
Share premium reserve		234,378	0
Legal reserve		0	34,347
Extraordinary reserve		392	198,597
Losses carried forward		(1,443,774)	(1,677,991)
Other reserves		78,585	(86,793)
Other comprehensive income (expense)		(29,201)	(156,669)
Deferred tax on other comprehensive income (expense)		(19)	24,857
Total capital and reserves		**(828,094)**	**(1,469,825)**
Profit (Loss) for the year		1,801,721	(72,000)
Total equity		**973,628**	**(1,541,825)**
Profit (loss) attributable to non-controlling interests		(499)	1,417
Other comprehensive income (expense) attributable to non-controlling interests		104	70
Capital and other reserves attributable to non-controlling interests		2,581	250
Equity attributable to non-controlling interests		**2,186**	**1,737**
Total Equity (deficit)		**975,814**	**(1,540,088)**
Non-current liabilities			
Non-current financial liabilities	32	199,848	185,744
Employee benefits	33	6,189	6,998
Deferred tax liabilities	14	56,457	62,395
Other non-current liabilities	34	984	1,090
Total non-current liabilities		**263,478**	**256,227**
Current liabilities			
Contract liabilities	25	693,978	384,063
of which: related parties		*0*	*91,552*
Trade payables	35	794,725	1,185,695
of which: related parties		*83,555*	*59,531*
Current financial liabilities	32	165,315	2,852,017
of which: related parties		*5,262*	*26,879*
Tax liabilities	36	76,432	61,845
Provisions for risks and charges	37	31,119	104,451
Other contract liabilities	38	0	48,893
Other current liabilities	34	197,679	299,472
of which: related parties		*701*	*3,686*
Total current liabilities		**1,959,248**	**4,936,435**
Liabilities directly associated with non-current assets held for sale (disposal groups)	30	15,111	194,596
of which: related parties		*0*	*2,207*
Total liabilities		**2,237,837**	**5,387,258**
Total equity and liabilities		**3,213,650**	**3,847,170**

Consolidated statement of changes in equity for the year ended 31 December 2020

	Share capital	Reserve for additional charges on capital increase	Treasury shares	Share premium reserve	Legal reserve	Extraordinary reserve	Losses carried forward/Retained earnings	Other reserves	Other comprehensive income (expense)	Profit (Loss) for the year	Equity (Deficit) attributable to the owners of the parent	*Non-controlling interests*	Equity
Opening balance	**196,850**	**0**	**(3,023)**	**0**	**34,347**	**198,597**	**(1,677,991)**	**(86,793)**	**(131,812)**	**(72,000)**	**(1,541,825)**	**1,737**	**(1,540,088)**
Comprehensive income									**102,592**	**1,801,721**	**1,904,313**	(465)	**1,903,848**
Owner transactions and other changes in equity:													
Covering of losses – FYs 2018/2019	(174,340)		3,023		(34,347)	(198,205)	235,198	96,671		72,000	**0**		**0**
Webuild cash capital increases	225,000										**225,000**		**225,000**
Lender Warrants cash capital increases	971			2,504							**3,475**		**3,475**
Capital increases for conversion	91,950			231,874							**323,824**		**323,824**
Additional charges on capital increase		(2,101)									**(2,101)**		**(2,101)**
IFRS 2 Reserve – Lender Warrants								44,478			**44,478**		**44,478**
IFRS 2 Reserve – Unsecured claims to be filed								24,424			**24,424**		**24,424**
Astaldi shares assigned to Group companies			(6,785)								**(6,785)**		**(6,785)**
Buy-back of treasury shares								(195)			**(195)**		**(195)**
Transactions with non-controlling investors							(980)				**(980)**	914	**(66)**
Closing balance	**340,431**	**(2,101)**	**(6,785)**	**234,378**	**0**	**392**	**(1,443,774)**	**78,585**	**(29,220)**	**1,801,721**	**973,628**	**2,186**	**975,814**

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital	*Non-current treasury shares*	*Legal reserve*	*Extraordinary reserve*	*Other comprehensive expense*	*Other reserves*	*Losses carried forward/Retained earnings*	*Profit (Loss) for the year*	Equity (Deficit) attributable to the owners of the parent	*Equity attributable to non-controlling interests*	TOTAL EQUITY (deficit)
Balance at 01/01/2019	**196,850**	**(3,023)**	**34,347**	**198,632**	**(100,344)**	**(86,793)**	**229,751**	**(1,908,424)**	**(1,439,004)**	**132**	**(1,438,873)**
Comprehensive expense	**0**	**0**	**0**	**0**	**(31,468)**	**0**	**0**	**(72,000)**	**(103,468)**	**1,385**	**(102,082)**
Owner transactions and other changes in equity:											
Allocation of the loss for the year 2018				(35)			(1,908,389)	1,908,424	**0**		**0**
Transactions with non-controlling investors							648		**648**	220	**868**
Balance at 31/12/2019	**196,850**	**(3,023)**	**34,347**	**198,597**	**(131,812)**	**(86,793)**	**(1,677,990)**	**(72,000)**	**(1,541,825)**	**1,737**	**(1,540,088)**

Consolidated statement of cash flows
Operating activities

(€'000)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) for the year attributable to owners of the parent and non-controlling interests	**1,801,223**	**(70,584)**
Income taxes	193,840	27,804
Pre-tax profit (loss)	**1,995,063**	**(42,780)**
Adjustments for:		
• Non-monetary items		
Amortisation and depreciation	53,680	50,985
Impairment losses	31,903	(15,722)
Effects of equity accounting	68,371	(30,671)
Post-employment benefits and defined benefit plan costs	1,240	1,482
Stock grant plan costs	0	14
Accrual to provisions for risks and charges	13,676	(39,148)
Fair value losses/gains following adoption of fair value measurement and other	45,775	(775)
Non-recurring income from discharge of debt	(2,172,144)	0
Sub total	**(1,957,499)**	**(33,836)**
• Monetary items		
(Gains) losses on disposals	2,791	(702)
• Other adjustments to reconcile the profit for the year to the cash flows from operating activities		
Net interest income and expense and dividends received (Covering of losses)	26,547	6,039
Sub total	**29,338**	**5,337**
Cash flows generated (used) in operating activities before changes in net working capital	**66,902**	**(71,278)**
Changes in working capital		
Trade receivables	(167,809)	(42,965)
of which: related parties	*(318,935)*	*23,464*
Inventories	(2,834)	8,479
Contract assets	(164,418)	(45,598)
of which: related parties	*13,281*	*31,150*
Costs capitalised to fulfil a contract	(1,786)	1,208
Trade payables	(347,788)	44,038
of which: related parties	*43,931*	*8,053*
Provisions for risks and charges	(21,753)	(107,602)
Contract liabilities	310,550	103,636
of which: related parties	*(93,314)*	*(502)*
Other operating assets	(82,196)	(1,881)
of which: related parties	*(12,454)*	*10,069*
Other operating liabilities	(54,681)	(70,308)
of which: related parties	*(3,062)*	*1,455*
Payment of post-employment benefits and defined benefit plans	(1,990)	(1,193)
Sub total	**(534,705)**	**(112,185)**
Effects of discharge of debt on working capital	461,586	0
Exchange differences on the translation of financial statements of foreign operations	25,517	(10,895)
Cash flows generated (used) in operating activities	**19,302**	**(194,358)**
Interest and dividends received (Covering of losses)	9,725	18,784
Interest paid	(33,085)	(24,398)
Taxes paid	(10,258)	(17,491)
Net cash flows used in operating activities	**(14,316)**	**(217,463)**
of which: net cash flows used by discontinued operations	**(13,288)**	**(2,442)**

Consolidated statement of cash flows
Investing and financing activities

(€'000)	**2020**	**2019**
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction		
Net investment in intangible assets	(871)	(2,359)
Investment in property, plant and equipment	(7,412)	30,002
Proceeds from the sale or reimbursement of property, plant and equipment	10,458	(23,900)
Change in financing of equity investments	0	(2,480)
Proceeds from the sale or reimbursement of investments in associates and other companies	2,925	0
Sale or purchase of securities	17,308	(1,489)
Change in other loan assets, net	(57,748)	(54,938)
Of which: related parties	*(80,970)*	0
Change in receivables for finance leases as lessor	11,167	0
of which: related parties	*11,167*	0
Total Construction	**(24,173)**	**(55,164)**
Concessions		
Change in financing of equity investments	(17,383)	(37,907)
of which: related parties	*(3,451)*	*(9,686)*
Payments to acquire investments or subscribe shares/quotas of associates and other companies	(5,116)	(10,632)
Proceeds from the sale or reimbursement of investments in associates and other companies	17,052	21,615
Change in receivables for finance leases as lessor		20,053
Total Concessions	**(5,447)**	**(6,871)**
Advance liquidation payments to the Separate Unit	**(15,254)**	
Cash and cash equivalents acquired (sold) following changes in the consolidation perimeter	**(10,918)**	0
B) Cash flows generated (used) in investing activities	**(55,792)**	**(62,034)**
of which: net cash flows generated (used) by discontinued operations	**12,827**	**9,152**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increases against payment	223,870	0
Net investment in treasury shares	504	0
Issue and other net changes in bonds	70,014	130,221
Redemptions and other net changes in bonds	(200,000)	0
Net (repayment)/use of credit facilities	207,380	289,692
Changes in other financial liabilities	(15,998)	639
of which: related parties	*(21,928)*	*(2,011)*
Payment of finance leases	(29,958)	(33,461)
Changes in non-controlling interests and other changes	(66)	(3,745)
C) Cash flows generated (used) by financing activities	**255,745**	**383,345**
of which: net cash flows generated (used) by discontinued operations	***937***	***(8,444)***
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**185,637**	**103,848**
OPENING CASH AND CASH EQUIVALENTS	**314,823**	**210,974**
CLOSING CASH AND CASH EQUIVALENTS	**500,460**	**314,823**

*Including changes in bank deposits classified as Non-current assets held for sale (Disposal Groups)

Notes to the consolidated accounting statements

General information

The Astaldi Group (the "Group"), which has been operating for over ninety years in Italy and abroad in the design and construction of large civil engineering works, is an international group that is among the major players in the construction sector in Italy, with a significant footprint in Europe and worldwide. The Astaldi Group is now part of the Webuild Group as from 5 November 2020.

The parent, Astaldi S.p.A., is a company limited by shares with registered offices at Via Giulio Vincenzo Bona 65, Rome, listed on the Milan Stock Exchange since June 2002. The duration of the Parent is currently set until 31 December 2100.

At the date of preparation of these consolidated financial statements, Astaldi S.p.A. was subject to management and coordination on the part of Webuild S.p.A..

It should be noted that, in accordance with articles 70.8 and 71.1-*bis*, of the Regulation adopted by CONSOB (the Italian commission for listed companies and the stock exchange) by resolution no. 11971/1999, as supplemented and amended (the "Issuer Regulation") the Company has joined the opt-out scheme provided for by the above-mentioned articles, making use of the right to derogate from disclosure obligations of the information documents provided for by Annex 3B attached to the Issuer Regulation on the occasion of significant mergers, demergers, capital increases by contribution of assets in kind, acquisitions and disposals.

The Parent's board of directors approved the consolidated financial statements as at and for the year ended 31 December 2020 during the meeting held on 17 March 2021.

COVID-19 disclosure

During 2020, the Italian and other EU and non-EU governments applied extraordinary measures to curb the spread of the COVID-19 virus, declared a pandemic by the World Health Organization.

According to statistics, Italy was one of the countries hit hardest by the pandemic, especially in the initial stages. This circumstance has exposed the Company to risks generated by the extraordinary measures applied by the Italian government to prevent and/or curb the spread of the virus involving, inter alia, the temporary closure of industrial plants and construction sites, as well as severe restrictions to the movement of people and means of transport. Moreover, the global spread of the pandemic exposed the Company to the consequences deriving from the application of extraordinary measures issued both in Europe and beyond, where the Group operates or has offices or sites.

The effects on the world economy have been and continue to be significant, and the economies of the countries in which the Group operates – albeit to varying degrees – have not escaped the consequent economic and social impacts.

Impacts on operations

According to the World Health Organization[1], at the date of preparation of this report the ten countries most affected by the pandemic worldwide are the United States, India, Brazil, Russia, UK, France, Spain, Italy, Turkey and Germany. With regard to these areas, the Group is operational only in the United States (with a single project that has not been affected by business stoppages due to COVID-19), Turkey (where the

[1] Source: *WHO Coronavirus Disease (COVID–19) Dashboard,* World Health Organization – March 2021 update.

pandemic has not caused problems for the Etlik Integrated Health Campus in Ankara, as the project was already on standby for other issues, then resolved in September 2020 with operations resuming normally), as well as Italy and India (where the effects of the pandemic have been more evident). In the second half of 2020 all activities resumed again, with the exception of specific situations (Algeria, where some impediments related to the pandemic remain and where activities only restarted in mid-February 2021 following a specific authorisation from the local authorities).

Regarding the situation experienced during 2020, the impacts deriving from the COVID-19 emergency began to have indirect effects on the production of projects starting in the first months of the year, especially in Italy, and then spread to the sites in Europe, North America and South America. Despite the highly uncertain situation, mitigating actions (activities and discussions started with all customers) have already been implemented in the short term in Italy and abroad in an effort to neutralise the negative effects (most importantly financial stress) of the lockdown and the resulting suspension or slowdown of activities.

These measures concerned requests by Astaldi regarding contracts in Italy and abroad for:

(i) accelerating payment of slow-moving items (mostly claims[2] and contractual variations);

(ii) recovery of higher costs incurred for the new protocols adopted to guarantee employee health and safety in the workplace;

(iii) payment of all progress reports issued and work in progress at the beginning of the lockdown;

(iv) rescheduling progress reports' issue dates and related payments;

(v) possibly obtaining advances and/or payments on account on contracts and/or projects and supplies to cover the considerable financial costs of resuming work and simultaneously maintaining the supplier/subcontractor system;

(vi) reviewing production cycles to take into account new site and supply logistics, as well as to allow effective management of the measures put in place to protect employee health;

(vii) rescheduling contractual deadlines due to slowdowns or total stoppages of work.

Please refer to the following for further information on the specific situations in the sites of the Astaldi Group at the date of preparation of this report.

<u>Italy</u>

Of the numerous measures adopted in 2020 by the Italian government to deal with the health emergency, those worthy of note include: (*i*) the "Heal Italy Decree" (Law Decree no. 18 of 17 March 2020) which allocated a total of €25 billion to support, among other things, the health system and civil protection and to preserve employment and support income and businesses; (*ii*) the "Liquidity Decree" (Law Decree no. 23 of 8 April 2020), which provided for the granting of state guarantees to support credit for €400 billion; (*iii*) the "Relaunch Decree" (Law Decree no. 34 of 19 May 2020), which put in place tax measures for an additional €55 billion in support of, among other things, families and businesses; (*iv*) the Prime Minister's Decree[3] of 7 August 2020, which allocated an additional €25 billion to support and relaunch the economy. With the latter decree, the total resources deployed to respond to the emergency in Italy amounted to €100 billion (equal to 6 percentage points of GDP[4]). This decree was followed by various so-called "relief" Prime Minister's decrees containing further urgent measures to address the consequences of the COVID-19 epidemic (24 October 2020, 7 November 2020, 21 November 2020, 29 November 2020). Subsequently, on 18 December 2020, the Council of Ministers approved a law decree that introduces additional urgent provisions to address the health risks associated with the spread of the COVID-19 virus and provides for the allocation of €645 million to be used for the immediate relief of some commercial activities. Subsequently, Council of Ministers no. 86 of 23 December

[2] Requests made to the customer in a project for the payment of higher compensation, reimbursement or indemnities in addition to the contractual consideration, which are normally made when the Group incurs higher costs that are deemed to be directly and/or indirectly ascribable to the customer itself.

[3] DPCM (Prime Minister's Decree).

[4] Gross Domestic Product.

2020 approved a law decree containing urgent provisions regarding the extension of legal deadlines. Among other things, the text provides for the extension of some terms related to the measures followed by the declaration of a state of epidemiological emergency due to COVID-19 until the date of cessation of the state of emergency, and in any case no later than 31 March 2021 (then postponed to 6 April 2021 with Prime Minister’s decree on 2 March 2021), with the provision that the related measures are implemented within the limits of the available resources authorised by current legislation.

For the sector in question, the “Simplifications Decree” (Law Decree no. 76 of 16 July 2020) introduced a series of measures aimed at reducing levels of bureaucracy, among other things providing for the acceleration of tender procedures and for the start of construction sites, the reduction of contract award times and the introduction of a model based on dedicated extraordinary commissioners to facilitate the rapid execution of some projects identified as strategic. Furthermore, the Government launched the so-called “Fast Italy Plan” consisting of 66 infrastructure projects (of which 40 priority works), which aims to strengthen and modernise the country's railway, road and motorway, port and airport system through an investment plan equal to €131 billion declared as already available. These measures are in addition to those already introduced by the “Unfreeze Italy Decree” (Law decree no. 133 of 12 September 2014) and the “2020 Budget Law” (Law no. 160 of 27 December 2019), which favoured the introduction of mechanisms aimed at restarting the infrastructure sector at a national level.

In this context, also worth considering are two recent changes to the regulation concerning contract advances, referred to in art. 35, paragraph 18, of Legislative Decree no. 50/2016, contained in the Heal Italy Decree and in the Relaunch Decree and which follow changes to the regulation already put in place in 2019 with the Unfreeze Job Sites Decree. Taken as a whole, these measures strengthen the instrument of contract advances with the aim of providing new impetus to the companies put to the test by the lockdown. In fact, it was established that under certain conditions and within certain limits the advance envisaged in the aforementioned art. 35, paragraph 18 can be increased from 20% to 30%.

With regard to the management of the Group’s contracts, during the first half of 2020 and for about two months there were production slowdowns, and in some cases total stoppage of construction works (i.e. Brenner Base Tunnel, Cumana Railway Line and Naples-Capodichino Metro Station in Naples Line 1, Infraflegrea Project and Quadrilatero Marche-Umbria Road System, Nuovo Ospedale del Sud-Est Barese in Monopoli-Fasano, Sigonella NATO Base, Container Terminal of the Port of Taranto). The activities related to the contracts still in the design or initial start-up phase (e.g. in the case of the Verona-Padua high speed and high capacity railway line and the Jonica State Road), but also those activities considered essential for the territory and which by virtue of this are still ongoing despite the emergency (i.e. the Rome Metro), were carried out continuously, although in compliance with the safety measures necessary for the protection of the health of personnel and all related activities connected to the construction site. The State also made an extraordinary contribution, which made it possible to put in place instruments such as the aforementioned COVID-19 government-sponsored lay-off scheme (used at a Group level for 70% of personnel) and which, among other things, with the Relaunch Decree and the Simplifications Decree introduced measures to support liquidity. In particular, the aforementioned increase in contract advances from 20% to 30% envisaged by the Relaunch Decree resulted in benefits for some specific Italian contracts (specifically, Quadrilatero Marche-Umbria Road System, Brenner Base Tunnel and Jonica State Road Mega-Lot 3). In the second half of 2020 all projects gradually returned to full operation, implementing the new safety protocols.

Europe (including Turkey)

The COVID–19 pandemic has caused a serious economic shock with significant negative repercussions throughout Europe. The impact on the GDP growth of individual countries will depend on the duration of the pandemic and the measures taken worldwide to slow its spread, protect production capacities and, more generally, support the economy. EU Member States have already taken or are taking budgetary measures to increase the capacity of health systems and support categories and sectors that have been strongly affected. Important liquidity support measures and other forms of guarantee were also adopted. In general, in Romania, Poland, Sweden and Turkey the construction sites have not experienced disruptions in operations due to COVID-19.

Romania[5] – The country has not escaped the effects of the COVID–19 pandemic on the global economy, at least as recorded in the first half of 2020. In any case, the local government is working to contain the effects of the crisis and to support businesses, not just in the health sector. In July 2020 the Romanian Government launched an important post-COVID–19 relaunch plan that aims at a new model for economic development, with investments of approximately €100 billion by 2023 involving various sectors, including infrastructure and health. The plan is one of the most important state investment programmes in recent years and also provides for structural measures including, by way of example, the establishment of a national development bank as a credit institution to support investment projects. With regard to infrastructure, among other things the relaunch plan calls for: (*i*) the connection of all regions of Romania through approximately 3,000 kilometres of motorways and state roads by 2030; (*ii*) the start of work on a new metro line in Cluj-Napoca, a strategic centre for the development of the country; (*iii*) the completion of the metro connection between Bucharest and the Henri Coanda International Airport of Bucharest-Otopeni; (*iv*) the construction of three regional hospitals in Cluj-Napoca, Iasi and Craiova by 2027; (*v*) a road, water and sewerage renovation plan, which includes the restoration of 20,000 kilometres of local roads; (*vi*) investments in the energy sector for a total amount of about €12.5 billion between 2020 and 2025. Important liquidity support measures and other forms of guarantee were also adopted, especially for small and medium-sized enterprises. The July 2020 economic relaunch plan also provides for active measures for employment and social protection, such as: the extension of unemployment benefits for job categories whose activities were suspended; the stimulation of flexible work programmes and subsidies for vocational training; the stimulation of employment for youth, those over 50 and citizens returning from abroad; measures to encourage teleworking. The financing of these measures will be covered by the European SURE programme (launched after the crisis caused by the pandemic). With specific regard to the Group's ongoing projects in Romania, where not already envisaged, measures are being taken to revise/update the contract price in agreement with the customers in order to allow for a proportionate adjustment of costs in light of the changed market conditions because of the pandemic.

Poland[6] – Lockdowns and closures of borders have helped to preserve Poland from the spread of the COVID-19 pandemic, but have not saved the country from its economic effects which led to 2020 being classified as one of the worst years of the last 30. To cope with the emergency and support the country's economy, the Polish Government introduced the so-called Shield Plan, a package of fiscal measures and initiatives totalling PLN312.1 billion (about €69 billion), equal to approximately 3.2% of the GDP estimated for 2020. The infrastructure sector suffered less from the effects of the pandemic as it managed to contain downtime and, more generally, the impact on construction. It should also be noted that in July 2020 the results of the presidential elections confirmed the second term of the incumbent President.

Sweden[7] – Despite a strong recovery in GDP in the last four months of 2020 (4.9% on the previous quarter) – driven by the recovery in exports together with an increase in domestic consumption (SCB estimates – Swedish Statistical Institute) – the Swedish economic forecast for 2020 foresees a contraction in GDP of 3.4% (European Commission estimates, updated in November 2020) due to the severe economic shock caused by the COVID-19 pandemic. At the same time, a marked rebound is expected in 2021 which is estimated to lead to GDP growth of 3.3%, due to the post-pandemic global recovery. In fact, the Swedish Government reacted to the economic effects of the pandemic by adopting measures to defend employment, stimulate the economy with large injections of liquidity and facilitate access to credit for a total cost, as calculated by the Swedish Government, equal to about 3% of GDP. For the sector at hand, the current infrastructure investment plan with

[5] Sources - *The World Bank in Romania. Country Snapshot*, World Bank, April 2020; *Commission Report. Romania. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 14 February 2020; *Planul Național de Investiții și Relansare Economică*, Government of Romania, July 2020.

[6] Sources - *Commission Report. Poland. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 20 May 2020.

[7] Sources – SCB Statistics Sweden https://www.scb.se/en/finding-statistics/statistics-by-subject-area/national-accounts/national-accounts/national-accounts-quarterly-and-annual-estimates/; European Commission (updated in November 2020) https://ec.europa.eu/info/sites/info/files/economy-finance/ip136_en_2.pdf; *The Government's work in response to the virus responsible for COVID-19,* Swedish Government – Ministry of Finance.

a time horizon until 2029 (2018–2029 National Transport System Plan adopted by the Swedish Government in May 2018) continues to drive the market with initiatives aimed at relaunching the country's infrastructure system, also in connection with European networks (total investment planned equal to SEK700 billion – approximately €67.5 billion). Lastly, note that the two Group contracts in progress in the country (Haga and Kvarnberget Station, part of the West Link – Gothenburg Rail Link) were not significantly impacted by the effects of the pandemic in light of the willingness of local authorities not to impose particular restrictions on the workplace and on production in general.

Turkey[8] – The increasing number of cases at the end of October 2020 led the Turkish Government to adopt more stringent measures: total lockdown on the weekend, curfew after 9 pm, limited circulation, closure of all public and dining venues, obligation to present a SARS-CoV-2 PCR negative test upon entry into the country. In 2020 the Turkish Central Bank (CBRT) revised its monetary policy, raising the official interest rate from 10.25% in October 2021 to 15% in November 2020 (subsequently to 17% on 21 January 2021). This was due to factors that have negatively affected the inflation outlook, such as the "delayed" effects of the depreciation of the Turkish lira, the increase in international food prices and worsening inflation expectations. Following the appointment of the new Minister of Treasury and Finance (in November 2020), the Turkish Government also announced a new line aimed at increasing the quality of public finance, combating inflation and maintaining fiscal legislation, including through a programme of micro-reforms aimed at enhancing macroeconomic stability. It is also worth noting that in Turkey the pandemic has not caused problems for the Etlik Integrated Health Campus in Ankara, as the project was already on standby for other issues (then resolved in September 2020 with operations resuming normally).

American Continent

Chile[9] – Chile suffered severely from the effects of the pandemic, which added to those of the social turmoil at the end of 2019. Consequently, in August 2020 Moody's lowered its outlook rating for the country's sovereign credit from stable to negative. The decision is essentially motivated by the rapid increase in debt levels that Chile has experienced in recent years, whose trend has accelerated with the spread of the pandemic. However, with a credit rating of A-1, Chile remains one of the most stable economies in Latin America. The country has entered the pandemic with low fiscal reserves and debt levels compared to countries with the same rating, although the pandemic is gradually deteriorating its position. The impacts of the pandemic (Chile is one of the hardest hit countries in Latin America), the deteriorating global economic prospects and the turbulence of the financial markets are in fact creating a serious economic and financial shock, which for Chile mainly translates into weaker economic growth and a greater demand for social programmes. Moreover, the pandemic has exacerbated discontent over certain social issues, such as the high cost of living, the quality and coverage of public services and income inequality. The International Monetary Fund notes that the Chilean economy contracted with an estimated fall in real GDP of 6% in 2020, and forecasts a recovery in 2021 with a growth rate of 4.5% supported by significant fiscal, monetary and financial measures. To counter the emergency situation, the Chilean Government has a plan to relaunch the national economy (*Plan paso a paso Chile se recupera*). This plan includes infrastructure investments of USD34 billion (equal to €28 billion), more than 10% of the country's GDP, of which USD9.4 billion (equal to €7.8 billion) for the two-year period 2020–2022, for the construction of 2,130 projects in the next two years involving the building and modernisation of bridges and motorways, railway and metro lines, ports and airports and hydraulic works. The objective is to protect income, support the most vulnerable groups of the population, safeguard jobs – including with remote working – and ensure business continuity, on the one hand accelerating payments to suppliers and on the other putting in place advantageous tax initiatives. Social shock absorbers have also been introduced nationally. Within Astaldi, Chile is undoubtedly the area most affected by the COVID-19 pandemic among those where the Group has operations. The consequences of the spread of the virus on the contracts that the Astaldi Group has in the country have been significant, and, precisely in order to mitigate the economic impact that could result

[8] Sources – *Policy Responses to COVID–19 – Policy Tracker: Turkey*, International Monetary Fund; *OECD Economic Outlook Volume 2020. Issue 1: Preliminary Version – Economic Forecast Summary (June 2020) – Turkey Economic Snapshot*, OECD, June 2020.

[9] Sources – *Outlook for Latin America and the Caribbean: An Intensifying Pandemic*, International Monetary Fund, 26 July 2020; *Plan paso a paso Chile se recupera*, Chilean government, 3 September 2020; *Trading Economics* https://tradingeconomics.com/chile/rating.

negotiations are under way with customers (private and public), and results are expected in the short term. Construction sites were at a standstill (even for more than two months, particularly for the El Teniente mining project) and there was a sharp slowdown in activities upon resumption, as a result of stringent safety procedures adopted. At the date of preparation of this report, activities have resumed full operation, in particular with regard to the El Teniente project. Note also that on 15 April 2019 the Astaldi Chile Branch saw the successful completion of the judicial reorganisation procedure (initiated following the Astaldi composition with creditors) with the acceptance of the relevant proposal by the creditors, a proposal that provided for the payment of the debt through instalments corresponding to the cash flows deriving from the contracts. The aforementioned shutdown of construction sites then resulted in the need to renegotiate the original repayment plan of the branch's debts – for details, see § "Composition with creditors on a going concern basis as per article 186–bis of the Bankruptcy Law", in the part referring to the "Other procedures linked to the Astaldi composition with creditors".

Canada[10] – Canada has put in place a long-term investment plan to strengthen the country's infrastructure system. This plan calls for investments worth more than CAD180 billion (€116 billion) to be made in 12 years, starting from 2016, in five priority areas: infrastructure for mass transport and other transport infrastructure (CAD38.8 billion, equal to €24.7 billion), renewable energy (CAD26.9 billion, equal to €17.1 billion), infrastructure for social welfare (CAD25.3 billion, equal to €16.1 billion). To cope with the COVID-19 emergency, this plan was reinforced with an additional CAD33 billion (equal to €21 billion). With regard to the areas where the Astaldi Group is present, only Quebec passed a special law to compensate for a percentage of employees' salaries during the period of total work stoppage. During the spread of the virus all work in Quebec was stopped, and in order to prevent companies from immediately dismissing their personnel, the provincial government established a system similar to the government-sponsored lay-off scheme used in Italy. Note that in Canada, as a result of the pandemic only the activities related to the contracts of the investee TEQ in Quebec (a very marginal part of the Group's Order Backlog in the country) were halted, but it was in this province that the local government introduced the aforementioned shock absorbers.

USA – As with other countries, the United States identified infrastructure as a driving force to counter the effects of the pandemic. The country suffered and continues to suffer heavily from the spread of COVID–19 infection, and as a counteraction the government has launched a plan to modernise the country's infrastructure system with investments of USD2 billion (equal to €1.6 billion) in bridges, roads and other infrastructure. The plan launched is much broader than those previously approved in the country and will be financed with new federal debt, leveraging a market characterised by interest rates equal to zero. For the Astaldi Group, the only contract in place in the area (I–405 Motorway) was not halted.

Paraguay[11] - For Paraguay, where the Group has one project for the construction of a hydroelectric plant financed by an independent binational body, at the date of preparation of this Report there was no impact on production, as this project in the area is still in the start-up phase.

Other countries

Algeria – In order to mitigate the economic impacts of the COVID-19 pandemic, the Algerian government is working on an economic recovery plan that among other things aims to introduce a series of measures for the simplification of bureaucratic processes and the revision of public procurement rules. We remind you that the Astaldi Group has two railway projects in Algeria, which were halted due to measures put in place by the Algerian government to prevent the spread of the virus, and that work resumed only in mid-February 2021 following a specific authorisation from the local authorities.

India – Although the country is suffering heavily from the effects of the COVID-19 pandemic, as a result of an easing of virus containment measures, lockdowns and mobility limits the infrastructure sector has been almost

[10] Sources - *Investing in Canada Plan*, Government du Canada.
[11] Sources – *2020 World Economic Outlook, International Monetary Fund, April 2020.*

fully operational since the second half of 2020. The Indian Government is considering policy actions in support of the domestic economy, with effects that cannot yet be estimated at the date of preparation of this Report.

Here it is only appropriate to underscore that, with regard to the economic effects generated by the spread of the COVID-19 pandemic, there was a decrease in production for the period of approximately 20% compared to what was planned, with a consequent impact on the Operating Profit (Loss) that was substantially related to the margins not achieved by these activities.

As regards further significant issues concerning (i) the permanent coordination office established at corporate level, (ii) the measures put in place to protect the health of the Astaldi Group's employees and the expected outlook, more details are provided in the Report on operations - see the paragraphs on the "COVID-19 disclosure", "Outlook" and "Events after the reporting date".

Foreword

Composition with creditors on a going concern basis as per article 186-*bis* of the Bankruptcy Law

Brief overview of the most significant events that occurred until the reporting date

- On 28 September 2018, Astaldi S.p.A. ("Astaldi" or the "Company") filed its application (no. 63/2018) with the Court of Rome, Bankruptcy Section (the "Court of Rome") for its composition with creditors procedure as per article 161.6 of the Bankruptcy Law[12] (the "Composition with creditors Procedure" or the "Procedure") in order to present the proposal of Astaldi's composition with creditors on a going concern basis (the "Composition Proposal" or the "Composition with Creditors Proposal") pursuant to article 186-*bis* of the Bankruptcy Law.
- On 14 February 2019, Astaldi filed the composition with creditors proposal and plan pursuant to articles 160, 161 and 186-*bis* of the Bankruptcy Law, as well as the additional documents referred to in article 161, paragraphs 2 and 3, of the Bankruptcy Law. On 19 June 2019, following the requests for clarification submitted by the Bankruptcy Section of the Court of Rome (the "Court of Rome"), in accordance with article 162 of the Bankruptcy Law, regarding the Composition Proposal filed by the Company, Astaldi S.p.A. submitted a new version of the Proposal and the Plan to the Court of Rome. Subsequently, additions were made to the documents on 16 July 2019, 20 July 2019 and 2 August 2019, respectively.
- On 5 August 2019, the Court of Rome admitted the Company to the composition with creditors procedure in accordance with article 171, paragraphs 2 and 3, of the Bankruptcy Law, declaring the opening of the composition with creditors procedure proposed by Astaldi S.p.A..
- In February 2020 the Judicial Commissioners filed with the Court of Rome the report prepared in accordance with article 172 of the Bankruptcy Law. Following all the evaluations that had been carried out, the Judicial Commissioners found the Composition Plan and Proposal to be legally and financially viable, finding the Proposal to be "*definitely more beneficial to the unsecured creditors" compared to the alternative scenario of an extraordinary administration procedure, which unlike the composition with creditors on a going concern basis, "would not be in the best interests of the creditors".*
- With its ruling of 4 May 2020, the Court of Rome *(i)* set the hearing date for the approval of Astaldi's composition with creditors procedure at 23 June 2020, and *(ii)* acknowledged the completion of the voting process for the Composition Proposal, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, which account for claims of roughly €3,017 million. Such percentage comprises the votes in favour validly cast at the Creditors' Meeting on 9 April 2020 (58.32%) along with additional votes in favour validly cast over the 20 following days (11.08%) in accordance with the provisions of article 178 of the Bankruptcy Law.
- Subsequently, by a resolution dated 24 May 2020, in accordance with the terms of the Composition Plan and Proposal approved by the creditors, the Company's Board of Directors resolved to set up a separate

[12] Bankruptcy Law – Royal decree no. 267 of 16 March 1942 as subsequently amended.

unit ("Separate Unit") in accordance with article 2447-*bis* et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt (the "Unsecured Debt"), that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors" and, collectively, the "Unsecured Creditor") by selling all the assets, rights and legal relationships transferred to the Separate Unit[13]. The Board of Directors also resolved to assign the management and sale of the Separate Unit assets, in the Unsecured Creditors' interests, to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "Proxy"). They gave him an irrevocable mandate with representation (the "Mandate") to be defined before the date of publication of the Court of Rome's approval of the Composition Proposal with effects running from the same date (for more detailed information about the assets and liabilities and the legal relationships transferred to the Separate Unit, reference should be made to the more detailed description reported below regarding the significant evaluations and assumptions used to define the scope of consolidation).

- On 23 June 2020, the hearing on the approval of Astaldi's composition with creditors procedure took place remotely after which the Court of Rome approved Astaldi's procedure with its ruling no. 2900/2020 filed and published on 17 July 2020 (R.G. General Court docket no. 26945/2020). The Court found "that the entire procedure had been performed correctly" and that "based on the votes cast, the majority for approval of the composition with creditors procedure was obtained" as "Astaldi S.p.A.'s composition with creditors proposal had been approved by 69.4% of the creditors eligible to vote". As the sole challenge proposed by the creditors was discontinued, the approval ruling became definitive and effective from 17 July 2020.
- Following the approval ruling, which made the creation of the Separate Unit effective, Astaldi S.p.A. is now responsible for two reporting entities (Astaldi "as a going concern" and the Separate Unit)[14]. In this regard, it should also be noted that the financial report on the Separate Unit is reported in a different and separate section of these financial statements (annex no. 4).
- On 31 July 2020, Astaldi's Shareholders' Meeting implemented the transactions envisaged in the Composition Proposal. In particular, during the extraordinary session, the Shareholders' Meeting resolved:

    a) to approve the revocation of the resolutions passed by the Extraordinary Shareholders' Meetings held on 15 December 2017 and 28 June 2018 relating to two capital increases, which are no longer necessary;

    b) to cancel 553,834 treasury shares held in the portfolio as at that date, without reducing the share capital, by means of a total write-off of the reserve for treasury shares;

    c) to reduce the share capital by €174,339,455, due to losses, with a consequent reduction in losses for an equal amount, in order to implement the Composition Proposal;

    d) to approve the capital increase with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total amount of €225,000,000, to be reserved for Webuild S.p.A., as well as the issue and free assignment of anti-dilutive warrants (including the approval of the related Regulation) reserved for Webuild S.p.A.;

    e) to approve a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total maximum amount of up to €98,653,846 and at a unit price per share of €0.23, to be reserved for subscription by Confirmed Creditors and Potential Creditors of Astaldi S.p.A. (as defined in the Composition Proposal), to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi S.p.A.;

[13] For more details on the assets and liabilities, as well as the legal relationships transferred to the Separate Unit, reference should be made to the more complete information provided below on the significant evaluations and assumptions used in defining the scope of consolidation.

[14] In this regard, reference should be made to the information provided on the significant evaluations and assumptions used in defining the scope of consolidation and, in particular, on the "Accounting treatment of assets and legal relationships forming part of Astaldi's Separate Unit".

f) to approve a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total maximum amount of up to €10,000,000 and at a unit price per share of €0.23, to be reserved for subscription by Unforeseen Creditors of Astaldi S.p.A. (as defined in the Composition Proposal), to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi S.p.A.;

g) to approve the issue and free assignment of warrants to Astaldi Lending Banks (as defined in the Composition Proposal), which grant the right to subscribe Astaldi S.p.A. ordinary shares at the ratio of 1 share for every 1 warrant, to be exercised within the ultimate deadline of three years from the date of registration of the shareholders' meeting's resolution in the Company Register, as well as the related capital increase to serve the exercise of the aforesaid warrants;

h) to approve the amendments to article 6 of the Articles of Association, resulting from the resolutions passed.

- At the beginning of November 2020, Astaldi carried out the capital increases reserved for Webuild and the Company's unsecured creditors, as provided for in the composition with creditors proposal approved by the Court of Rome by a decree dated 17 July 2020 and resolved by the Extraordinary Shareholders' Meeting held on 31 July 2020. In particular, the Company completed: (i) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for subscription by Webuild, through the issue of 978,260,870 new shares (the "Webuild Capital Increase" and the "New Shares"), and (ii) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for unsecured creditors of Astaldi S.p.A. in conversion of the receivables they claim against Astaldi, through the issue of 399,782,755 new shares (the "Capital Increase by Conversion" and the "New Conversion Shares"). The New Shares and the New Conversion Shares were fully subscribed and paid up on the same date and were automatically admitted to trading on the Electronic Stock Market organised and managed by Borsa Italiana in accordance with article 2.4.1 of the Stock Exchange Regulation, in the same way as those that were outstanding at the date. For more information, reference should be made to the detailed description in the Prospectus, which was approved by CONSOB by notice no. 1075426/20 of 28 October 2020 and was also published, in accordance with the applicable law, on the institutional website www.astaldi.com, Investor Relations–Prospectus Section, on 29 October 2020. The New Conversion Shares were assigned to unsecured creditors at the ratio of 12.493 share for every €100.00 in unsecured claim against Astaldi, as provided for in the Composition Proposal. In the implementation of the resolution passed by the Board of Directors' meeting held on 24 May 2020, 3,199,975,846 participating financial instruments were issued at the same time, in accordance with article 2447-*ter*, paragraph 1.e, of the Italian Civil Code, again in favour of Astaldi's unsecured creditors; these instruments grant each holder the right to receive the net proceeds from the sale of the assets included in the Separate Unit set up by the aforesaid resolution (the "PFIs"). The PFIs were assigned at the ratio of 1 PFI for every €1.00 in unsecured claim contributed to the separate unit assets, as provided for in the Composition Proposal. Again on the same date, in implementing the resolutions passed by the Shareholders' Meeting held on 31 July 2020, the Company also:

  (i) issued and assigned, free of charge, 80,738,448 warrants (the "Astaldi Anti-Dilutive Warrants") to Webuild, which grant it the right to the assignment free of charge of a maximum number of 80,738,448 Astaldi ordinary shares, with no par value ("bonus shares") at the ratio of 1 newly-issued share for each 1 Astaldi Anti-Dilutive Warrant that is exercised. Webuild may exercise the Astaldi Anti-Dilutive Warrants as from the date of registration of the aforesaid shareholders' meeting resolutions in the Company Register (the registration took place on 12 August 2020) and until the date that falls on the expiry of the tenth year following said date. The Extraordinary Shareholders' Meeting held on 31 July 2020 resolved to issue a maximum number of 80,738,448 Shares, with no par value (the bonus shares already referred to above), in order to serve the exercise of the Astaldi Anti-Dilutive Warrants, without any change in the share capital, at the ratio of 1 Share for each 1 Astaldi Anti-Dilutive Warrant that had been subscribed;

(ii) issued and assigned free of charge 79,213,774 warrants (the "Lender Warrants" or "2020-2023 Astaldi Warrants") to Unicredit, Intesa Sanpaolo, SACE, BNP Paribas, Banca Monte dei Paschi di Siena and Banco BPM (the "Lending Banks"), which grant the right to subscribe newly-issued shares at the ratio of 1 share for each 1 Lender Warrant that is exercised. The Lending Banks may exercise the Lending Warrants within the deadline of three years from the abovementioned date of registration of the aforesaid shareholders' meeting's resolution in the Company Register, by subscribing the related shares at any time up until the expiry of the aforesaid deadline. In order to service the exercise of the Lender Warrants, the Extraordinary Shareholders' Meeting held on 31 July 2020 passed a resolution on a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a maximum total amount of €18,219,168, including share premium, to be carried out through the issue of a maximum number of 79,213,774 conversion shares, with no par value, at a unit price of €0.23.

The PFIs, Astaldi Anti-Dilutive Warrants and Lender Warrants are not and will not be listed on any regulated market or any other multilateral trading facility.

- Finally, it should be noted that on 26 November 2020 the Company received from Banco BPM the request to exercise 4,222,094 Lender Warrants. As a result, 4,222,094 Lender Warrants were cancelled and 4,222,094 Astaldi ordinary shares were assigned to Banco BPM.
- For more details on the other composition with creditors procedures that involved some subsidiaries – including, among the most important ones, NBI S.p.A. -, reference should be made to the more detailed information in the directors' report on operations

Going concern

The situation of the Company and the Group described in the Financial Report as at 31 December 2019 and in the Financial Report as at 30 June 2020 was examined with regard to the events that occurred in particular in the second half of 2020 and led the Company's management to make the appropriate considerations regarding the possibility of continuing to operate as a going concern.

In this regard, with respect to the main uncertainties that could have given rise to significant doubts about the Company's and the Group's ability to continue to operate as a going concern, as summarised in the notes to the 2019 financial statements – the positive development of which was widely illustrated in the notes to the Half-yearly Financial Report as at 30 June 2020 – the Board of Directors took into account the further favourable results of the overall asset and financial turnaround already initiated by the Company with the filing of the composition with creditors application and culminating in the full implementation of the integrated financial manoeuvre referred to in the composition with creditors proposal.

Specifically, the following elements were considered:

- the capital increases on 5 November 2020 for an amount initially equal to €323.5 million – *of which €225 million dedicated to Webuild S.p.A. and €98.5 million for unsecured creditors* – to which further capital increases may subsequently be added due to the exercise of the lending bank warrants by the lending banks and the issuance of shares in conversion of unsecured claims subsequently ascertained;
- the granting of a revolving credit facility by banks for €200 million (the "RCF Loan Agreement") to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of the residual portion of the Pre-preferential Bond[15];
- the granting of a bonding facility benefiting Astaldi for a total of €384 million (the "Bonding Facility") aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress;
- the sale of specific assets excluded from the Astaldi core assets scope which, with the approval of the composition with creditors were transferred to a separate unit as per article 2447-bis of the Italian Civil

[15] Bond originally valued at €75 million, issued on 12 February 2019 ("*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*"), subsequently increased and amended to €190 million on 27 November 2019 ("*Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*").

Code along with other assets/liabilities set out in the composition with creditors plan of 19 June 2019 (the “Separate Unit”), whose proceeds will be used to settle the claims of Astaldi's unsecured creditors against the assignment thereto of specific Participating Financial Instruments;

- the implementation of the provisions referred to in the “Relaunch Decree” issued following the COVID-19 emergency (Law decree no. 34 of 19 May 2020) with regard to the benefits introduced by the urgent measures to aid the liquidity of contractors regarding the collection of advance payments from individual customers;
- the Company's ability to settle pre-preferential and preferential claims as envisaged in the composition with creditors plan within the terms set out in the approval order (i.e. 12 months from the date of the approval order).

Finally, the Directors carefully monitored and assessed all aspects related to the COVID-19 emergency, and did not identify any critical issues such as to significantly compromise the objectives set out in the Company's 2021-2023 business plan.

Taking into account the above and the provisions of the treasury plan from 1 January 2021 to 30 June 2022, Astaldi’s Directors believe that the Group can continue to operate as a going concern as at present there are no significant uncertainties that could give rise to significant doubts in this regard.

Basis of presentation and segment reporting

The Astaldi Group S.p.A.'s consolidated financial statements as at and for the year ended 31 December 2020 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and applicable at the reporting date.

All the standards and interpretations referred to above are referred to herein as the "IFRS-EU". Reference has also been made to the measures issued by CONSOB implementing article 9.3 of Legislative decree no. 38/2005.

The 2020 consolidated financial statements comprise:

1. a statement of profit or loss;
2. a statement of comprehensive income;
3. a statement of financial position;
4. a statement of cash flows;
5. a statement of changes in equity;
6. these notes.

The Group has chosen to present the statement of comprehensive income in two separate statements as permitted under IAS 1.81. Therefore, it presents a statement showing items making up the profit (loss) for the year (statement of profit or loss) and a statement which adds the other comprehensive income (expense) to the profit (loss) for the year (statement of comprehensive income).

Moreover, captions are classified by nature in the statement of profit or loss. This classification reflects the management reporting model used by the Group and, therefore, has been preferred to the presentation of captions according to their destination, as it provides information in a manner that better reflects the Group's operations.

The statement of financial position classifies assets and liabilities as current or non-current, as allowed by paragraph 60 and following paragraphs of IAS 1.

The statement of cash flows breaks down the cash flows for the year by operating, investing and financing activities. Cash flows from the operating activities are shown using the indirect method. It should also be noted that investing activities are reported separately from those relating to construction and concessions.

The statement of changes in equity is drawn up in compliance with IAS 1, taking into account comprehensive income and expense.

Finally, the Group applied a management approach to segment reporting, taking into account the elements that senior management uses for taking its strategic and operating decisions and defining the specific reportable segments. Segment reporting specifically refers to the various geographical segments in which the Group operates and is prepared using the same accounting policies used for the consolidated financial statements. Reference should be made to note 42 for the presentation of segment reporting.

All figures are shown in thousands of Euros, unless stated otherwise. Consequently, there may be minor differences in the total amounts shown in some statements compared to the sum of the individual amounts comprising the total due to rounding.

Consolidation scope

At 31 December 2020, the consolidation scope includes:

	Nature of investment	Consolidation method	Construction	Concessions and O&M	Plant engineering and facility management	Total
Subsidiaries	Control	Consolidation	51	7	12	70
- *of which: Italy*			*26*	*2*	*11*	*39*
Joint ventures	Joint control	Equity accounting	14	3	0	17
- *of which: Italy*			*11*	*0*	*0*	*11*
Associates	Significant influence	Equity accounting	31	3	1	35
- *of which: Italy*			*26*	*3*	*1*	*30*

Astaldi group companies

Subsidiaries

Construction	Registered office	Operating office	Share/quota capital/ consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Italy								
Afragola FS S.c.r.l. – composition with creditors	Rome	Italy	€10,000	EUR	100.00%	82.54%	17.46%	NBI S.p.A.
AR.GI S.c.p.A.	Rome	Italy	€35,000,000	EUR	99.99%	99.99%	0.00%	
AS. M. S.c.r.l.	Naples	Italy	€10,000	EUR	75.91%	75.91%	0.00%	
Bussentina S.c.r.l. in liquidation	Rome	Italy	€25,500	EUR	78.90%	78.90%	0.00%	
C.O.MES. In liquidation S.C.r.l.	Rome	Italy	€20,000	EUR	55.00%	55.00%	0.00%	
Capodichino AS.M S.c.r.l	Naples	Italy	€10,000	EUR	66.83%	66.83%	0.00%	
CO.ME.NA. S.c.r.l. in liquidation	Naples	Italy	€20,658	EUR	70.43%	70.43%	0.00%	
CO.MERI S.p.A.	Rome	Italy	€35,000,000	EUR	99.99%	99.99%	0.00%	
Consorzio Stabile Operae	Rome	Italy	€500,000	EUR	99.00%	98.00%	1.00%	nBI Spa
Dirpa 2 S.c.ar.l.	Rome	Italy	€50,009,998	EUR	98.99%	0.00%	99.99%	Consorzio Stabile Operae
DMS DESIGN CONSORTIUM s.c.r.l.	Rome	Italy	€10,000	EUR	60.00%	60.00%	0.00%	
Forum S.c.r.l.	Rome	Italy	€51,000	EUR	79.98%	79.98%	0.00%	
Garbi Linea 5 S.c.a.r.l. in liquidation	Rome	Italy	€10,000	EUR	100.00%	100.00%	0.00%	
Infraflegrea Progetto S.p.A.	Naples	Italy	€500,000	EUR	51.00%	51.00%	0.00%	
Italstrade S.p.A.	Rome	Italy	€661,882	EUR	100.00%	100.00%	0.00%	
Messina Stadio S.c.r.l. in liquidation	Milan	Italy	€45,900	EUR	100.00%	100.00%	0.00%	
Nuovo Ospedale Sud Est Barese S.c.r.l. - NOSEB S.c.r.l.	Rome	Italy	€50,000	EUR	99.00%	99.00%	0.00%	
Ospedale del Mare S.C.r.l. in liquidation	Rome	Italy	€50,000	EUR	100.00%	100.00%	0.00%	
Partenopea Finanza di Progetto S.c.p.A.	Naples	Italy	€9,300,000	EUR	99.99%	99.99%	0.00%	
Portovesme S.c.r.l. in liquidation	Milan	Italy	€25,500	EUR	99.98%	99.98%	0.00%	
S. Filippo S.c.r.l. in liquidation	Rome	Italy	€10,200	EUR	80.00%	80.00%	0.00%	
S.P.T. - Società Passante Torino S.C.r.l.	Rome	Italy	€50,000	EUR	82.50%	82.50%	0.00%	
Scuola Carabinieri S.C.r.l. in liquidation	Rome	Italy	€50,000	EUR	76.40%	76.40%	0.00%	
Sirjo Scpa	Rome	Italy	€30,000,000	EUR	60.00%	60.00%	0.00%	
Susa Dora Quattro S.c.r.l. in liquidation	Rome	Italy	€51,000	EUR	90.00%	90.00%	0.00%	
Toledo S.c.r.l. in liquidation	Naples	Italy	€50,000	EUR	90.39%	90.39%	0.00%	

Construction	Registered office	Operating office	Share/quota capital/ consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Abroad								
AGN Haga AB	Gothenburg	Sweden	SEK500,000	SEK	40.00%	40.00%	0.00%	
Asocierii Astaldi SpA, Sc Somet sa, sc Tiab sa, sc Uti grup sa (Linea 4 Bucarest)	Bucharest (Romania)	Romania	- - - -	EUR	40.00%	40.00%	0.00%	
Astaldi Algerie - E.u.r.l.	Algiers	Algeria	DZD54,979,619	DZD	100.00%	100.00%	0.00%	
Astaldi Arabia Ltd.	Riyadh	Saudi Arabia	SAR5,000,000	USD	100.00%	60.00%	40.00%	Astaldi International Ltd.
Astaldi Bulgaria LTD	Sofia	Bulgaria	BGN5,000	BGN	100.00%	100.00%	0.00%	
Astaldi Canada Design & Construction Inc.	Montreal	Canada	CAD100	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.
Astaldi Canada Enterprises Inc.	Montreal	Canada	CAD100	CAD	100.00%	100.00%	0.00%	
Astaldi Canada Inc.	Montreal	Canada	CAD50,020,000	CAD	100.00%	100.00%	0.00%	
Astaldi Construction Corporation	Davie (Florida)	USA	USD18,972,000	USD	65.81%	65.81%	0.00%	
Astaldi de Venezuela C.A.	Caracas	Venezuela	VEF110,300	EUR	99.80%	99.80%	0.00%	
Astaldi India Services LLP	Mumbai	India	-----	INR	99.99%	99.99%	0.00%	
Astaldi International Inc.	Monrovia	Liberia	USD3,000,000	EUR	100.00%	100.00%	0.00%	
Astaldi International Ltd.	London	United Kingdom	GBP2,000,000	GBP	100.00%	100.00%	0.00%	
Astaldi Mobilinx Hurontario GP Inc.	Montréal (Canada)	Canada	----	CAD	100.000%	0.00%	100.000%	Astaldi Canada Enterprises Inc.
Astaldi Polska Sp. z o.o.	Warsaw	Poland	PLN120,000	PLN	100.00%	100.00%	0.00%	
Astaldi-Max Bogl-CCCF JV S.r.l.	Bucharest	Romania	RON40,000	EUR	66.00%	66.00%	0.00%	
Astalnica S.A.	Managua	Nicaragua	NIO2,000,000	NIO	98.00%	98.00%	0.00%	
ASTALROM S.A.	Calarasi	Romania	RON4,181,602	RON	99.68%	99.68%	0.00%	
Astur Construction and Trade A.S.	Ankara	Turkey	TRY35,500,000	USD	100.00%	100.00%	0.00%	
Constructora Astaldi Cachapoal Limitada	Santiago	Chile	CLP10,000,000	CLP	99.90%	99.90%	0.00%	
Italstrade CCCF JV Romis S.r.l.	Bucharest	Romania	RON540,000	EUR	51.00%	51.00%	0.00%	
Redo-Association Momentanée	Kinshasa	Democratic Republic of the Congo	CDF0.5	EUR	100.00%	75.00%	25.00%	Astaldi International Ltd.
Romairport S.r.l.	Rome (Italy)	Romania	€500,000	EUR	99.26%	99.26%	0.00%	
Seac S.p.a.r.l. in liquidation	Kinshasa	Democratic Republic of the Congo	CDF400	EUR	100.00%	100.00%	0.00%	
T.E.Q. Construction Enterprise Inc.	Montreal	Canada	CAD11,080,515	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.

Concessions and O&M	Registered office	Operating office	Share/quota capital/ consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Italy								
Astaldi Concessions S.p.A.	Rome	Italy	€300,000	EUR	100.00%	100.00%	0.00%	
GE.SAT S.c.a.r.l.	Prato	Italy	€10,000	EUR	53.85%	35.00%	18.85%	Astaldi Concessions S.p.A.
Abroad								
Mondial Milas - Bodrum Havalimani Uluslararasi Terminal Isletmeciligi Ve Yatirim A.S.	Ankara	Turkey	TRY37,518,000	EUR	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A.
Sociedad Austral Mantenciones y Operaciones S.p.A.	Santiago	Chile	CLP1,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A. 75% - NBI 25%
Sociedad Concesionaria Aguas de Punilla S.A.	Santiago	Chile	CLP40,000,000,000	CLP	99.998%	0.00%	99.998%	Astaldi Concessions S.p.A.
Transmisora del Sur SpA	Santiago	Chile	CLP1,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A. – Chile branch
Valle Aconcagua S.A.	Santiago	Chile	CLP19,064,993,360	USD	84.31%	0.00%	84.31%	Astaldi Concessions S.p.A.

Plant engineering	Registered office	Operating office	Share/quota capital/ consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Italy								
3E System S.r.l. in liquidation	Bologna	Italy	€10,000	EUR	100.00%	0.00%	100.00%	nBI Spa
A10 S.c.a r.l.	Bologna	Italy	€10,000	EUR	62.52%	0.00%	62.52%	nBI Spa
Bielle Impianti S.c.r.l. in liquidation	Bologna	Italy	€100,000	EUR	75.00%	0.00%	75.00%	nBI Spa
CO.VA S.c.r.l. in liquidation	Bologna	Italy	€10,000	EUR	60.00%	0.00%	60.00%	nBI Spa
Consorzio Stabile Busi in liquidation	Bologna	Italy	€100,000	EUR	95.00%	0.00%	95.00%	nBI Spa, 3E System S.r.l.
DEAS Società Consortile a Responsabilità Limitata	Bologna	Italy	€10,000	EUR	57.00%	0.00%	57.00%	nBI Spa
LAGUNA S.c.a r.l. in liquidation	Bologna	Italy	€10,000	EUR	84.70%	0.00%	84.70%	nBI Spa
nBI S.p.A.	Rome	Italy	€7,500,000	EUR	100.00%	100.00%	0.00%	
Ospedale Monopoli Fasano S.c.a.r.l.	Bologna	Italia	€10,000	EUR	51.00%	0.00%	51.00%	nBI Spa
Sartori Tecnologie Industriali S.r.l.	Brindisi	Italy	€500,000	EUR	100.00%	0.00%	100.00%	nBI Spa
Tione 2008 Scrl in liquidation	Bologna	Italy	€100,000	EUR	76.00%	0.00%	80.00%	Consorzio Stabile Busi
Abroad								
NBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S.	Istanbul	Turkey	TRY10,720,000	TRY	100.00%	0.00%	100.00%	nBI S.p.A. Astur Construction and Trade A.S.

Key joint arrangements and associates*

Joint ventures	Registered office	Operating office	Operating segment	Share/quota capital/ consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Asocierea Astaldi – FCC – Salcef – Thales, Lot 2a	Bucharest	Romania	C	- - - -	RON	49.50%	49.50%	0.00%	
Asocierea Astaldi – FCC – Salcef – Thales, Lot 2b	Bucharest	Romania	C	- - - -	RON	49.50%	49.50%	0.00%	
Asocierea Astaldi Spa – Max Boegl Romania Srl – Astalrom Sa – Consitrans S.R.L. (Ogra-Campia Turzii)	Bucharest	Romania	C	- - - -	RON	49.97%	40.00%	9.97%	Astalrom S.A.
Asocierea Lot 3 Fcc-Astaldi-Convensa	Bucharest	Romania	C	- - - -	RON	49.50%	49.50%	0.00%	
Asocierea Astaldi S.p.A – IHI Infrastructure Systems Co., Ltd	Bucharest	Romania	C	- - - -	RON	60.00%	60.00%	0.00%	
Asocierea Astaldi-Fcc-Uti-Activ (Metro 5)	Bucharest	Romania	C	- - - -	EUR	38.99%	38.99%	0.00%	
Astaldi-Turkerler Joint Venture	Ankara	Turkey	C	- - - -	EUR	51.00%	51.00%	0.00%	
Mobilinx Hurontario Contractor CJV		Canada	C	- - - -	CAD	28.00%	0.00%	28.00%	Astaldi Canada Design & Construction Inc.
OC 405 Partners Joint Venture	Florida	USA	C	- - - -	USD	40.00%	40.00%	40.00%	Astaldi Construction Corporation

Associates	Registered office	Operating office	Operating sector	Share/quota capital/ consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
METRO C S.c.p.a.	Rome (Italy)	Italy	C	€57,500,000	EUR	34.50%	34.50%	0.00%	

* Key joint ventures and associates are those investments in which the group's investment's carrying amount exceeds €10 million and in joint operations with revenue equal to or exceeding €10 million.

C = Construction; CO = Concessions

Interests in unconsolidated structured entities

Astaldi does not directly or indirectly hold interests in structured entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls them (IFRS 12.24-31/B21).

Consolidated subsidiaries that have non-controlling interests that are material to the parent

There are no subsidiaries that have non-controlling interests that may individually and significantly affect the main consolidated financial figures. Moreover, in most cases, the proportion of voting rights held by non-controlling interests reflects their proportion of interest in profit or loss and equity.

Judgements and assumptions used in defining the consolidation scope

Certain judgements and assumptions were necessary to identify the correct treatment of some equity investments, especially in relation to:

The Separate Unit

Incorporation and legal issues

By a resolution dated 24 May 2020, in accordance with the terms of the Composition Plan and Proposal approved by the creditors, the Parent's Board of Directors resolved to set up a separate unit ("Separate Unit") in accordance with article 2447-*bis* et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt, that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors") by selling all the assets, rights and legal relationships transferred to the Separate Unit (hereinafter also referred to as SU), thus separating them from the larger general assets of the Parent. The Board of Directors also resolved:

(i) to assign the management and sale of the Separate Unit in the Unsecured Creditors' interests to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "Separate Unit Proxy"). They gave him an irrevocable mandate with representation (the "Mandate"), with effects running from the date of publication of the order approving the Composition Proposal on the part of the Court of Rome (the "Approval", which then took place on 17 July 2020). The Mandate includes all the acts, legal transactions, contracts and any sort of activity, deemed necessary, useful and/or appropriate, to perform the specific activities for which the Separate Unit assets were set aside but in the interests of the Unsecured Creditors holding PFIs (as defined below). It covers the management and sale of all the assets, rights and legal relationships of the Separate Unit, in accordance with the Plan's terms;

(ii) to approve the economic and financial plan of the Separate Unit (the "Separate Unit Plan"), which covers the four-year period from 2020 to 2023, during which the sale of the assets transferred to the Separate Unit shall take place as provided for in the Composition Proposal and in accordance with its terms;

(iii) to establish how to report on the Separate Unit, without prejudice to the fact that the Separate Unit assets are to be audited and reviewed by the Company's independent auditors;

(iv) to issue, in one or more instalments, Participating Financial Instruments ("PFIs"), with no par value, in accordance with article 2447-bis.e of the Italian Civil Code, to be assigned to the Unsecured Creditors against the transfer of their unsecured claims (the "Unsecured Claims") to the Separate Unit in accordance with article 2447-bis.d of the Italian Civil Code;

(v) to approve the PFIs regulation (the "PFI Regulation"); more information about this regulation is available in the *Separate Unit* section of Astaldi's institutional website www.astaldi.com (in the English version, *Liquidation Perimeter* Section);

(vi) to grant each Unsecured Creditor 1 PFI for each €1.00 of Unsecured Debt presented. No split PFIs will be issued, no cash adjustments will be made and, therefore, any remainders will be eliminated. The PFIs are participating instruments and the consideration paid by each Unsecured Creditor to receive them is non-returnable and does not give any right to the return and/or reimbursement of the consideration but solely the PFIs' dividend and voting rights;

(vii) that the first issue of PFIs would take place after the Approval, for a number of instruments equal to the Unsecured Debt presented in the Plan's liabilities, as adjusted by the Judicial Commissioners' Report prepared in accordance with article 172 of the Bankruptcy Law. Any other issues of PFIs will be made as approved by the Board of Directors every six months after the acknowledgement (in or outside court) of unsecured claims not included in the Plan's liabilities or liabilities which were provided for in the relevant provision for risks under the Plan itself.

It should also be noted that, in implementing the provisions of the Composition Plan and Proposal, in the first half of 2020 Astaldi Concessioni S.p.A. was involved in a partial proportional demerger transaction. The purpose of the demerger is to isolate the perimeter of the assets subsequently transferred to the Separate Unit (which remains within the demerged company Astaldi Concessioni S.p.A.) from that relating to the "Operation and Maintenance" segment and to some other minor investments in concessions (transferred to a newly-established company, Astaldi Concessions S.p.A.), which will remain – in future financial years too - within the scope of the Astaldi Group's industrial activities.

The Separate Unit received (and segregated) specific assets, rights and legal relationships (both assets and liabilities) from the Parent and Astaldi Concessioni S.p.A. ("Astaldi Concessioni", wholly owned by Astaldi) to be sold and comprising:

a) Astaldi's financial assets with Astaldi Concessioni and its 100% investment therein (the "AstCon Investment") with all the financial assets and liabilities, including intragroup, and Astaldi Concessioni's investments in other companies (the "AstCon Investees") and, mainly:

    (i) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the Etlik Integrated Health Campus in Ankara, Turkey (Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.Ş., "Etlik") and its 46% investment therein (the "Etlik Investment");

    (ii) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the Arturo Merino Benítez International Airport in Santiago, Chile (Sociedad Concesionaria Nuevo Pudahuel S.A., "NPU") and its 15% investment therein (the "NPU Investment");

    (iii) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the West Metropolitan Hospital in Santiago, Chile (Sociedad Concesionaria Metropolitana de Salud S.A., "Salud") and its 51% investment therein (the "Salud Investment").

The Separate Unit will take on all Astaldi's rights and obligations arising from its AstCon Investment and with the AstCon Investees. Similarly, it will take over all the relationships (assets and liabilities), rights, financial assets, obligations and costs of Astaldi Concessioni and the AstCon Investees vis-à-vis all private and public sector third parties without limitation or exception, as well as any obligations arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi to private or public sector third parties in conjunction with the obligations of Astaldi Concessioni and the AstCon Investees;

b) all Astaldi's rights and obligations with IC Içtas Inşaat Sanayi ve Ticaret A.Ş. (ICTAS), deriving from the sale of its 20% investment (the "Third Bosphorus Bridge Investment") in the Third Bosphorus Bridge Operator (Ica Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş.) to ICTAS. In particular, within the scope of the ICTAS Transaction, as a result of this sale, the related consideration of USD315 million (the "Third Bosphorus Bridge Financial Asset" - equivalent to €260 million), net of any sums withheld as compensation (USD100 million) to settle any reciprocal disputes and claims as well as any outstanding amounts due for the discontinuation of the Other Transactions with ICTAS are part of the Separate Unit assets. Pursuant to the terms of the Composition Plan and Proposal, the Separate Unit has also taken over Astaldi's liabilities to Turkish commercial and financial creditors, solely in relation to the Third Bosphorus Bridge Financial Asset and certain assets located in Turkey;

c) the 18.14% investment in the SPV holding the concession to build and operate the Gebze-Orhangazi-Izmir Motorway in Turkey (Otoyol Yatirim ve Isletme A.Ş., "GOI") (the "GOI Investment"). All the rights and obligations deriving from the GOI investment are transferred to the Separate Unit, which also has sole responsibility for all relationships (assets and liabilities), rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to GOI or to third parties to secure GOI's commitments or to third parties for obligations related to the GOI Investment;

d) the 5% investment in Etlik (the "Etlik Non-controlling Interest"). All the rights and obligations deriving from the Etlik Non-controlling Interest are transferred to the Separate Unit, which also has sole responsibility for all relationships (assets and liabilities), rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters given by Astaldi to Etlik or to third parties to secure Etlik's commitments or to third parties for obligations related to the Etlik Non-controlling Interest;

e) Astaldi's amounts due from Instituto de Ferrocarriles del Estado (the "Venezuelan Financial Assets") for the works to develop the Puerto Cabello-La Encrucijada, San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines (the "Venezuelan Projects") carried out as part of a joint venture with Webuild and Ghella (the "Joint Venture") for a total nominal amount of approximately €433 million, plus related costs. The Separate Unit has sole responsibility for the entire amount of the Venezuelan Financial Assets and related costs, as well as all the assets, costs and expenses necessary to complete the projects, including the assets, costs and expenses of the arbitration proceedings commenced by the Joint Venture before the Paris International Chamber of Commerce against Instituto de Ferrocarriles del Estado and Venezuela to obtain payment of its outstanding amounts due (including the Venezuelan Financial Assets) and related costs for the works carried out as part of the Venezuelan Projects;

f) the office building in Via Giulio Vincenzo Bona 65, Rome, which houses the Parent’s registered and head offices (the “Rome Offices”). The Separate Unit has sole responsibility for the title rights to the Rome Offices, the related obligations and costs of all kind related to title that can be opposed by the creditors.

The Separate Unit will also receive all the assets, rights and legal relationships (assets and liabilities) that may arise for any reasons whatsoever during its period of existence. Conversely, the Separate Unit assets do not expressly include all the legal relationships, rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters of Astaldi only for the performance of the projects assigned by Etlik, NPU, Salud, GOI and the Third Bosphorus Bridge Operator directly to Astaldi or to joint ventures, consortia or other legally set-up companies that involve Astaldi.

As part of the plan to set up the Separate Unit in order to implement the Composition Plan and Proposal, Astaldi Concessioni was firstly subjected to a partial proportionate demerger as per the related deed of 28 May 2020 (which became effective on 12 June 2020). This transaction was undertaken to establish the liquidation perimeter (which will remain with the demerged company Astaldi Concessioni, mainly comprising the above concessions and the liabilities with Astaldi) and the Core Assets Scope (transferred to a newco Astaldi Concessions). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities with third parties.

In accordance with the Plan and as provided for in the Separate Unit Plan, Astaldi agreed to allocate financial resources (the “Financing”) to satisfy the obligations arising from the Etlik Non-controlling Interest and to finance Astaldi Concessioni and enable it to meet its obligations related to the Etlik and NPU Investments (the “Investment Financing”), as well as to allow the start-up of the management of the Separate Unit until the sale of the first of the assets, rights and/or legal relationships of the Unit (the “Initial Cash Financing”). The Financing of a maximum amount of €77 million shall be used for €2 million for the Initial Cash Financing, with the remaining €75 million (the Investment Financing) solely to be used to satisfy the obligations deriving from the Etlik Non-controlling Interest, the NPU Investment and the Etlik Investment as per the commitments taken on by Etlik and NPU with their third-party financial backers to complete the projects.

Accounting treatment of assets and legal relationships forming part of Astaldi's Separate Unit

In accordance with the terms and conditions of the Composition Proposal, the Separate Unit is a group of Astaldi's assets and legal relationships – as exactly identified in the resolution establishing the Separate Unit - which are segregated from Astaldi's corporate assets in order to be available to the exclusive benefit of Astaldi's unsecured creditors as at the date of the application for Composition with Creditors, which were the holders of PFIs as a result of the execution of the Composition with Creditors procedure. In other words, the Separate Unit is the instrument identified by Astaldi in the Composition Proposal for the purpose of allocating a portion of its assets to the exclusive and immediate benefit of unsecured creditors, without the performance of Astaldi in continuing to operate as a going concern having any impact on the satisfaction of unsecured creditors resulting from the sale of the assets and legal relationships of the Separate Unit.

The cash flows generated from the sale of assets and legal relationships forming part of the Separate Unit are allocated, net of the Separate Unit’s operating costs, to the benefit of PFI holders, whose satisfaction is exclusively linked to the sale of the Separate Unit’s assets. All risks and rewards attached to the ownership of the assets and legal relationships transferred to the Separate Unit and the intended use of the assets forming part of the Separate Unit are borne by and in favour of the PFI holders, respectively. Astaldi does not derive any benefit from the management of the Separate Unit, i.e. in no way are Astaldi's results affected, either positively or adversely, by the performance of the liquidation process of the Separate Unit’s assets.

The assets forming part of the Separate Unit are managed by the related Proxy who, in accordance with the mandate he has been granted and in compliance with the provisions of the Composition Proposal, will be vested with all management powers that are required to sell the Separate Unit's assets in the interests of the PFI holders. The Separate Unit's Proxy was appointed by Astaldi's Board of Directors before the approval of the Composition with Creditor arrangement and this appointment was examined by the Bankruptcy Court in the proceedings for the approval of the Composition with Creditors that took place on 17 July 2020. Following the actual approval, Astaldi's Board of Directors may not revoke the appointment of the Separate Unit's Proxy or modify his powers unless a just cause for revocation exists or a request is submitted to that effect by the Meeting of the PFI holders. The Proxy is granted powers to represent the interests of the Separate Unit and of the PFI holders before third parties and to act against Astaldi in the interests of the PFI holders by asserting their interests, where in conflict with those of Astaldi.

In relation to the above provisions, the Parent's management believes that, in this case, the provisions of IFRS 10 concerning the accounting "silo" not controlled by Astaldi shall apply - as from the date of approval of the composition with creditors - with reference to the consolidated financial statements, since

a. the assets of the Separate Unit (silo) are the only source of satisfaction of the liabilities (PFIs) included in the silo;

b. no party other than the creditors of the silo (the PFI holders) may claim rights over the assets of the Separate Unit (silo) and over any possible remaining flows generated by the assets included in the Separate Unit (silo)

c. none of the flows generated by the Separate Unit's assets may be used to satisfy liabilities other than those of the Separate Unit (silo) and none of the liabilities included in the silo (PFIs) may be satisfied out of assets other than those of the Separate Unit (silo);

d. Astaldi does not hold any control over the Separate Unit as it does not have the power to direct the operations of the silo (under the responsibility of the Separate Unit's Proxy), it is not exposed to the risks and rewards of operating the silo and it does not have the ability to use its power to influence the operations of the Separate Unit (silo) so as to affect Astaldi's expected returns.

Main effects on the scope of consolidation due to the legal segregation of the assets and liabilities transferred to the Separate Unit from the Group's broader general assets

- **Astaldi Concessions S.p.A.**

As from the date of approval of the composition with creditors, the equity investment held by the Parent in the sub-holding company Astaldi Concessioni S.p.A. (equal to 100%) was transferred (and segregated) to the Separate Unit, together with the equity investments the sub-holding company holds in the SPVs: (i) Ankara Etlik Hastane A.S. (Etlik Integrated Health Campus of Ankara in Turkey), (ii) Sociedad Concesionaria Nuevo Pudahuel S.A. (Arturo Merino Benítez International Airport of Santiago in Chile) and (iii) Sociedad Concesionaria Metropolitana de Salud S.A. (West Metropolitan Hospital in Santiago in Chile). In view of the above and while also considering that, following the approval of the composition with creditors and the appointment of the Separate Unit's Proxy, the Parent (i) no longer has the power to direct Astaldi Concessioni's operations, (ii) is not exposed to the risks and rewards arising from the management of the assets held by the latter and (iii) does not have the ability to use its power to influence the operations of the Company in question, Astaldi's management has considered – in accordance with the provisions of IFRS 10 - Consolidated Financial Statements - that it had lost control over Astaldi Concessioni S.p.A. as from the date of approval of the composition proposal. Consequently, the following accounting entries were made in these consolidated financial statements in accordance with the provisions of the relevant accounting standards:

a) the corresponding assets and liabilities have been derecognised from the Statement of Financial Position in the Consolidated Financial Statements;

d) any charges previously posted to the OCI have been reclassified to the statement of profit (loss) for the period, with specific reference to other comprehensive income linked to the valuation of the equity investments indirectly held by Astaldi Concessioni and the related shareholder loans (for a total of €5.6 million).

- **SPV Otoyol Yatirim Ve Isletme A.S.**

With regard to the transfer of the equity investment directly held by Astaldi (equal to 18.14%) in SPV Otoyol Yatirim Ve Isletme A.S. (Gebze-Orhangazi-Izmir Motorway in Turkey) to the Separate Unit, the charges previously posted to the OCI have been reclassified to the statement of profit (loss) for the period in these consolidated financial statements, in accordance with the provisions of paragraph 23 of IAS 28 - Investments in Associates and Joint Ventures, relating in particular to the Cash flow hedge reserve (totalling €47.7 million).

Investees not controlled by the Group despite its holding more than half of the voting rights:

Astaldi S.p.A. has interests in various special purpose entities with other companies in the sector, where the unanimous approval of the parties to the arrangement is required for decisions concerning the relevant activities. Consequently, it has classified some of these entities, which are not particularly significant for the group's business, as joint arrangements although it holds more than half of their voting rights.

Joint arrangements structured through a separate vehicle

The joint operations (JO) in which the Group is involved are usually "transparent" vehicles, which do not entail the segregation of the vehicle's assets from those of the venturers. However, a very limited number of joint arrangements structured thorough a separate vehicle (six[16]) required checking whether the related contractual arrangements attributed the SPE's rights and obligations directly to the venturers. Based on the analyses carried out and the opinions of highly reputable advisors, management believes that the arrangements give the venturers (and hence the parent) title to the assets and obligations for the liabilities of the SPE and that, therefore, the joint arrangements qualify as joint operations pursuant to IFRS 11.

Main changes in the consolidation scope

The table below shows the main changes in the consolidation scope compared to the previous year end:

Company name	Type of company	Event
Astaldi Concessions S.p.A.	Subsidiary	Incorporation
Ospedale Monopoli Fasano Scrl	Subsidiary	Incorporation
Ic Içtaş Astaldi Ica Inşaat A.S.	Joint Venture	Sale
ICA Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu Yatirim Ve Isletme Anonim Sirketi	Associate	Sale
Metro Brescia S.r.l.	Associate	Sale
Ica Astaldi -Ic Ictas WHSD Insaat AS	Joint Operation	Sale
IC Ictas Astaldi Simple Partnership – M11 Project	Joint Operation	Sale
ICA ICTAS – ASTALDI Joint Venture	Joint Operation	Sale
UJV Astaldi Spa Chile Branch, Vinci CGP Chile Branch, and VCGP - Astaldi Ingenieria y Construccion Limitada	Joint Operation	Governance change

For more details on the deconsolidation of accounting balances relating to the separate unit, reference should be made to the information provided in relation to the significant evaluations and assumptions used in defining the scope of consolidation and in particular to the "Main effects on the scope of consolidation due to the legal segregation of the assets and liabilities transferred to the Separate Unit from the Group's broader general assets".

16 Mostly relating to the consortium companies that entail the recharging of costs provided for by the Italian Civil Code.

Loss of control over investees during the year

In addition to the information already reported with regard to the Separate Unit, no additional transactions were carried out during 2020, which would have led to the loss of control over the investees.

Changes in the Group's investments in subsidiaries that did not entail loss of control

No marginal changes to the interests held by the Group in Subsidiaries were made during the 2020 financial year. The effects of these changes – recognised in accordance with paragraph 23 of IFRS 10 – Consolidated Financial Statements – are reported under the item of "Transactions with non-controlling investors" of the "Statement of changes in equity for the year ended 31/12/2020".

Additional changes in the scope of consolidation

In this regard, note the following changes that occurred during the year:

- **Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu:** in March 2020 Astaldi S.p.A. - following the agreements previously signed during 2019 and authorised by the Court of Rome in advance – completed the disposal of its entire investment[17] (including the shareholder loan) in the concessionaire company of the Third Bosporus bridge, "Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu" to the holding company Ic Ictas Sanayi ve Ticaret A.Ş ("ICTAS", majority shareholder of the concessionaire company in question). As at the date of disposal of the investment, the proceeds previously posted to OCI were reclassified to the profit (loss) for the period, in particular with regard to the Translation reserve (equal to €7.5 million). No additional significant effects on the income statement are reported, which arose from the disposal of the investment, since its value was already substantially adjusted at its related fair value, net of selling costs, during the 2018 and 2019 financial years.
- **Withdrawal from the projects executed in partnership with ICTAS:** as part of the wider context of the sale of the SPV relating to the Third Bosphorus bridge, the Parent agreed with the shareholder ICTAS on the simultaneous withdrawal from some projects carried out in partnership in Russia (M-11 Moscow-St. Petersburg Motorway and Western High-Speed Diameter in St. Petersburg) and Turkey (EPC[18] contract relating to the construction of the Third Bosphorus Bridge). Having stated this, as at the date of disposal of the interests held in the vehicles for the projects in question, the following accounting entries were made in accordance with the relevant accounting standards:
  a) the corresponding assets and liabilities were derecognised from the Statement of Financial Position of the Consolidated Financial Statements;

  b) the final effects on the income statement (equal to €8.3 million) arising from the Group's withdrawal from the abovementioned projects were recognised in the statement of profit (loss) for the period;

  d) the charges previously posted to OCI were reclassified to the statement of profit (loss) for the period, in particular with reference to the Translation reserve (totalling €43 million).

Reporting dates of the consolidated companies' financial statements

The reporting dates of the subsidiaries' financial statements are the same as that of the parent's. On the other hand, for a small number of associates and joint ventures, management used their most recent reporting packages officially sent to the parent for the preparation of these consolidated financial statements, even though their reporting dates were different.

[17] Equal to 20% of the share capital of the SPV.
[18] Engineering, Procurement, Construction.

These companies, to which the group does not provide administrative services, are mostly involved in special projects relating to contract works awaiting inspection or nearing completion. Moreover, their revenue and costs are usually nonetheless included in the consolidated financial statements as they solely pursue consortium purposes (special purpose entities: consortium companies and consortia) and recharge all costs they incur in performing their activities to their investors, which are part of the Astaldi Group.

Accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements at 31 December 2020 are summarised below.

Basis of consolidation

Subsidiaries

An investor controls an investee when it has the practical ability to unilaterally direct the activities that significantly affect the investee's returns.

As required by IFRS 10 - Consolidated financial statements, Appendix [A], the group combines like items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries. The subsidiaries' financial statements are consolidated from the date the parent gains control until the date when the parent ceases to control the subsidiary.

In order to present the group's financial information as if it were a single economic entity, the following adjustments are subsequently made:

a) the carrying amount of the investments is offset by the parent's portion of equity of each subsidiary;
b) the parent's portion of equity of each subsidiary and their profit or loss for the year attributable to non-controlling interests is recognised separately in equity and profit or loss;
c) profits deriving from transactions between consolidated companies and not yet realised with third parties are eliminated as are receivables, payables, revenue and costs, guarantees, obligations and contingencies between consolidated companies;
d) intragroup losses are not eliminated since they show an actual decrease in the fair value of the asset sold.

Any difference between the acquisition cost and the relevant portion of equity relating to investments acquired after control has been obtained (acquisition of non-controlling interests) is recognised as equity attributable to owners of the parent. Similarly, gains and losses deriving from the sale of non-controlling interests without loss of control are recognised in equity. On the other hand, if the sale of investments involves the loss of control, the following are recognised in profit or loss: *(i)* any gains/losses calculated as the difference between the consideration received and the relevant portion of equity transferred; *(ii)* any fair value gains/losses on the residual investment maintained; *(iii)* any amounts recognised under other comprehensive income in relation to the former subsidiary that should be reclassified to profit or loss.

Interests in joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control, i.e., when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under IFRS 11, they are measured differently depending on whether they are:

- JOINT OPERATIONS (JO): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement;

- JOINT VENTURES (JV): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under IFRS 11, an entity shall determine if it is involved in a JO or a JV by considering its rights and obligations arising from the arrangement. It assesses its rights and obligations, considering substance over form.

The standard requires that JV be recognised in the consolidated financial statements using the equity method.

As regards JO, since the parties to the arrangement share rights to the assets and take on the obligations for the liabilities arising from the arrangement, IFRS 11 requires that each joint operator recognise, in its own financial statements, its share of the assets, liabilities, costs and revenue of the JO.

Investments in associates

An associate is an entity over which the parent has significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are measured using the equity method.

Equity method

Interests in joint ventures and investments in associates are measured using the equity method, whereby they are initially recognised at cost.

Any difference between the cost of the investment and the parent's share of the net fair value of the investee's identifiable assets and liabilities, calculated on the basis of IFRS 3 - Business Combinations, is accounted for as follows:

a) cost of investment higher than the parent's share of the net fair value of the individual assets and liabilities acquired: this is usually goodwill, which in accordance with IAS 28.32, is not recognised separately but is included in the carrying amount of the investment;
b) cost of investment lower than the group's share of the net fair value of the individual assets and liabilities: this is included as income in the determination of the investor's share of the investee's profit or loss in the year in which the investment is acquired.

Appropriate adjustments to the carrying amount of the investment are subsequently made in order to account for: *(i)* the investor's share of the investee's profit or loss after acquisition, and *(ii)* the parent's share of the investee's other comprehensive income. Any dividends distributed by the investee reduce the carrying amount of the investment.

The group's share of any profits arising from transactions with equity-accounted investees and not yet realised with third parties are eliminated, while losses are not eliminated since they show an actual decrease in the fair value of the assets sold.

Translation of foreign currency transactions and financial statements of foreign operations

The Astaldi Group's consolidated financial statements are drawn up in Euros, which is the functional and presentation currency of the Parent.

Translation of foreign currency transactions into the functional currency

Items are presented in the financial statements of each Group company in the currency of the primary economic environment in which they operate (functional currency). In the individual financial statements, the items expressed in a currency other than the functional currency, whether monetary (cash and cash equivalents, assets and liabilities to be received or paid in a fixed or determinable number of units of currency) or non-monetary (inventories, property, plant and equipment, goodwill, other intangible assets, etc.) are initially recognised at the exchange rate enacted on the transaction date. They are subsequently translated into the functional currency using the closing rate and the resulting exchange differences are recognised in profit or loss.

After initial recognition, non-monetary items are translated at the transaction-date exchange rate, unless they are measured at fair value, in accordance with the relevant standards. In the latter case, the exchange differences are treated as fair value gains or losses on those items and may be either recognised in (i) profit or loss if related to investment property measured at fair value pursuant to IAS 40 or decreases in fair value in accordance with IAS 16, or (ii) equity if related to equity instruments classified as available for sale or as increases in fair value in accordance with IAS 16.

Translation of financial statements into the presentation currency

Foreign currency financial statements are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate;
- costs, revenue, income and expenses are translated at average exchange rates for the year or at the exchange rates at the dates of the transactions if these are significantly different to the average rates;
- equity items, excluding the profit or loss for the year, are translated at the historical exchange rate.
- the translation reserve includes both the exchange differences generated by the translation of income and expenses at a different rate from the closing rate and those generated by the translation of opening equity at a different rate to the closing rate.

The following exchange rates were used to translate the results and financial position of those companies that have a functional currency other than the Euro:

Currency	Closing rate December 2020	Average 12 months - 2020	Closing rate December 2019	Average rate 12 months - 2019
Algerian dinar	162.1071	144.8473	133.8916	133.6757
New Bulgarian lev	1.9558	1.9558	1.9558	1.9558
Canadian dollar	1.5633	1.5300	1.4598	1.4855
Chilean peso	872.5200	903.1370	844.8600	786.8932
United Arab Emirates dirham	4.5065	4.1947	4.1257	4.1113
Indonesian rupiah	17,240.7600	16,627.3687	15,595.6000	15,835.2674
Moroccan dirham	10.9190	10.8235	10.7810	10.7658
Nicaraguan cordoba oro	42.7609	39.2779	38.0375	37.1597
Peruvian nuevo sol	4.4426	3.9962	3.7255	3.7364
Pound sterling	0.8990	0.8897	0.8508	0.8778
Polish zloty	4.5597	4.4430	4.2568	4.2976
Romanian new leu	4.8683	4.8383	4.7830	4.7453
Russian rouble	91.4671	82.7248	69.9563	72.4553
US dollar	1.2271	1.1422	1.1234	1.1195
New Turkish lira	9.1131	8.0547	6.6843	6.3578
Venezuelan bolivar soberano	1,356,945.0779	375,274.0479	52,308.3738	14,692.8600

In the case of a currency of a hyperinflationary economy as defined by IAS 29, the Company applies the requirements of that standard.

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the assets for use, as well as any future costs for dismantling and removal needed to restore the site to its original conditions.

Costs incurred for routine and/or cyclical maintenance and repairs are recognised directly in profit or loss when incurred. Costs for the extension, renovation or improvement of owned or leased assets are capitalised solely to the extent they meet the requirements for separate classification as an asset or portions of an asset. Borrowing costs are capitalised if they meet the requirements of IAS 23, i.e., when they are specifically related to loans received to purchase the individual assets.

The carrying amount of an asset is adjusted by depreciation on a straight-line basis, calculated in relation to the residual possibility of use based on its useful life. Assets cannot be depreciated according to the revenue they generate during their useful life.

Depreciation begins when the asset becomes available for use. The Group has estimated the useful life of the various classes of assets as follows:

	Years
Buildings	20 – 33
Plant and machinery	5 – 10
Equipment	3 – 5
Other assets	5 – 8

Land, including land pertaining to buildings, is not depreciated.

Should the asset subject to depreciation be composed of distinctly identifiable parts, whose useful life differs significantly from that of the other parts forming the asset, depreciation is applied separately for each of the parts, applying the component approach.

Property, plant and equipment are derecognised upon their disposal or when no future economic benefit is expected from their use or disposal; any related profit or loss is recognised in the income statement.

Leased property, plant and equipment

IFRS 16 covers the recognition, measurement, presentation of and disclosures about leases and replaces IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease starting from 2019.

Specifically, IFRS 16 defines a lease as a contract that conveys the right to use an asset to the customer (the lessee) for a period of time in exchange for consideration.

The new standard provides for a single presentation model for lessees for both a finance or an operating lease, which is that an asset (right to use) and a liability (the obligation to make the payments contractually provided for) be recognised for any lease with a term of more that twelve months.

On the other hand, with reference to the financial statements of lessors, IFRS 16 does not introduce significant changes, maintaining the distinction between operating and finance leases.

IFRS 16 has also significantly incremented the disclosure requirements of IAS 17, but it specifies that the disclosures are to be provided only when it is helpful for users of financial statements.

At inception of a contract, the Astaldi Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Astaldi Group as lessee

The Group has adopted a single model to recognise and measure all leases, except for short-term leases or leases for which the underlying asset is of low value. It recognises a lease liability and a right-of-use asset.

i) Right-of-use asset

The Group recognises a right-of-use asset at the commencement date (the date on which the underlying asset is ready for use). It measures the right-of-use asset at cost, net of any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made at or before the commencement date, less any lease incentives received. The company depreciates the right-of-use asset on a straight-line basis from the commencement date to the end of the useful life of the underlying asset.

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

Right-of-use assets are tested for impairment (more information is available in the section on the impairment of intangible assets).

ii) Lease liabilities

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

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date using the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the carrying amount of the lease liability increases to reflect interest on the lease liability and reduces to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured to reflect any reassessment or lease modification or any change in the lease term which revises the lease payments or a change in the assessment of an option to purchase the underlying asset or changes in future payments due to modification of the index or rate used to determine the payments.

iii) Short-term leases and leases of low-value assets

The Astaldi Group has applied the exemption for the recognition of short-term leases for machinery and equipment (i.e., leases with a term of twelve months or less at the commencement date that do not have a purchase option). The Group also applied the exemption for leases of low-value assets (office equipment). The related lease payments are expensed on a straight-line basis over the lease term.

The Group as lessor

Lease contracts where the Group is lessor and retains all the risks and rewards incidental to ownership of the asset are recognised as operating leases. The related lease income is recognised on a straight-line basis over the lease term under revenue in the statement of profit or loss given its operating nature. The initial direct costs are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Lease payments that were not provided for are recognised as income in the period in which they accrue.

Finally, it should be noted that, upon first-time adoption of IFRS16, the Parent exercised the option for the tax redemption of the final amount of the accounting items "right of use" and "contractual liabilities" with zero balance in submitting the tax return for 2018, in compliance with current provisions.

With the aforesaid redemption, the "dual track" statutory/tax regime has ceased to apply, resulting in the financial statements directly and immediately recognising, for tax purposes, the balance sheet and income statement components that will be recorded from 2019 onwards.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance from which future economic benefits are expected to flow to the company. They are recognised at acquisition and/or development cost, including directly attributable costs of preparing the asset for its intended use, net of accumulated amortisation (with the exception of assets with an indefinite useful life, whose carrying amount is tested for impairment pursuant to IAS 36) and any impairment losses. Amortisation is calculated from when the asset becomes available for use and is applied on a straight-line basis according to the remaining possibility of use, i.e., on the basis of its useful life. A rate taking its actual use into account is applied in the year in which the intangible asset is recognised for the first time.

Industrial patents and intellectual property rights are recognised at purchase cost net of amortisation and any accumulated impairment losses.

Amortisation is calculated starting from when the acquired rights are available for use and takes into account the assets' useful life (2–5 years).

Licenses and similar rights are recognised at cost, net of amortisation and any accumulated impairment losses. Amortisation is calculated starting from when title thereto is acquired in relation to their useful life.

Rights for the use of infrastructure under concession are amortised over the concession term, with a pattern that reflects the way in which the economic benefits are expected to flow to the company. Amortisation is calculated from when the rights for the use of infrastructure under concession start to produce the related economic benefits.

The use of the revenue generated by individual assets cannot generally be used as a basis for calculating amortisation. This prohibition can only be overcome if one of the following conditions occurs:

a) *the intangible asset is expressed as a measurement of revenue:* use of the intangible asset depends on a fixed amount of revenue to be generated and not a set time period or a set volume of goods produced or sold;

b) *the Company can show that the expected revenue and consumption of the economic benefits embodied in the intangible asset are closely interrelated:* in this case, the entity shall be able to clearly show that use of revenue to calculate amortisation of an intangible asset does not lead to significant differences from the other methods allowed by IAS 38.

Goodwill recognised as part of business combinations is allocated to each cash-generating unit identified and is recognised under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or business unit and the share of interest acquired which relates to the present value of these assets and liabilities making up the capital of that business or business unit. The contingent assets and liabilities (including the respective shares attributable to minority interests) acquired and identifiable are recognised at their fair value at the acquisition date. On the other hand, any negative difference is immediately recognised in profit or loss. After initial recognition, goodwill is not amortised, but may be tested for impairment.

It is tested for impairment annually or more frequently if specific events or changes in circumstances indicate that it may be impaired, in accordance with IAS 36 - Impairment of assets.

Investments in other companies

Non-controlling interests (usually those where the investment percentage is less than 20%) are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Indicators that cost might not be representative of fair value include:

a) a significant change in the performance of the investee compared with budgets, plans or milestones;

b) changes in expectation that the investee's technical product milestones will be achieved;

c) a significant change in the market for the investee's equity or its products or potential products;

d) a significant change in the global economy or the economic environment in which the investee operates;

e) a significant change in the performance of comparable entities, or in the valuations implied by the overall market;

f) internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy;

g) evidence from external transactions in the investee's equity, either by the investee (such as a fresh issue of equity), or by transfers of equity instruments between third parties.

Management also decided to avail of the option provided for by paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some[19] non-controlling interests as financial assets at fair value through other comprehensive income[20]. In this case, any dividends distributed shall be recognised in profit or loss while changes in fair value shall be presented in other comprehensive income without subsequently being recognised in profit or loss.

Participating Financial Instruments

The Participating Financial Instruments (PFIs) relate to securities assigned to Astaldi S.p.A.'s creditor Group companies as partial payment of unsecured claims. In particular, Astaldi's Composition Proposal - and in line with the plan attached thereto (the "Plan") – provided that unsecured creditors, without any further subdivision into classes, would be satisfied through the assignment of both newly-issued Astaldi shares and PFIs to each of them, according to the conversion ratio set out in the composition proposal.

In particular, the holders of PFIs are granted the right to receive the net proceeds[21] from the sale of the assets included in the Separate Unit. Therefore, there is no unconditional obligation on the part of the Separate Unit (or Astaldi) to deliver cash or any other financial asset to the holders of PFIs or to exchange financial assets and liabilities at conditions that are potentially unfavourable for the Separate Unit until the conditions for the distribution of sums in favour of the holders of PFIs are fulfilled or the resolution for the Separate Unit's distribution of the proceeds from sale has been passed.
In other words, the claim to the distribution of the Separate Unit's cash becomes a claim to remuneration of the PFIs only when it is established that distributable cash resources are available.
In view of the above information, the Parent's management has considered that the PFIs can be described as equity instruments according to IAS 32, since they:

I. do not include any contractual obligation: to deliver cash or any other financial asset to another entity; or to exchange financial assets or liabilities with any other entity under conditions that are potentially unfavourable to the issuer;
II. constitute a non-derivative that does not entail any contractual obligation for the issuer to deliver a variable number of its own equity instruments. In fact, Unsecured Claims are converted into PFIs on the basis of a "fixed-to-fixed" ratio.

PFIs are measured at fair value through profit or loss in accordance with the provisions of IFRS 9 - Financial Instruments.

Business combinations

Upon first-time adoption of the IFRS, the group decided not to apply IFRS 3 - Business combinations retrospectively for acquisitions made before 1 January 2004.

Business combinations prior to 1 January 2010 and completed within that year are recognised in accordance with the provisions of IFRS 3 (2004). Specifically, they are recognised using the purchase method, whereby the consideration transferred is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the acquisition-related costs. The consideration transferred is allocated by recognising the identifiable assets, liabilities, including contingent liabilities, of the acquiree at fair value. The excess of the consideration transferred over the fair values of the group's share of the net assets acquired is recognised as goodwill. If the difference is negative, it is recognised in profit or loss. When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amounts. The carrying amount of non-controlling interests is calculated proportionally to the non-controlling interests in net assets. In business combinations achieved in stages, when control is obtained, fair value gains and losses on the net assets previously held by the acquirer are recognised in equity. Any adjustments arising from the completion of the measurement process are recognised within twelve months of the acquisition date.

[19] The measurement method for equity investments was selected on a case-by-case basis as allowed by the new standard.
[20] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.
[21] Net of related transaction costs, all applicable taxes and duties, any non-subordinated debt included in the Separate Unit as envisaged in the Composition with Creditors Proposal and related annexes, as well as of any additional sum relating to liabilities (including potential liabilities) which shall be taken over by the Separate Unit.

Business combinations carried out after 1 January 2010 are recognised in accordance with IFRS 3 (2008). Specifically, they are recognised using the acquisition method, whereby the consideration transferred is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the equity interests issued by the acquirer. The costs directly attributable to the acquisition are recognised in profit or loss. The consideration transferred is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their acquisition-date fair value. Any excess between the acquisition-date fair value of the consideration transferred plus any non-controlling interests and the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the difference is negative, it is recognised in profit or loss. The non-controlling interests' share is calculated proportionally to the non-controlling interests in the investee's identifiable net assets, i.e., their acquisition-date fair value.

If the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amounts. Any adjustments deriving from the completion of the measurement process are recognised within twelve months of the acquisition date, restating the corresponding figures.

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss.

Business combinations carried out in 2020

No business combinations were carried out in 2020.

Investment property

Investment property is recognised as an asset when it is held to earn rentals or for capital appreciation, provided that the cost of the asset can be measured reliably and it is probable that the relevant future economic benefits will flow to the company.

Investment property is measured at purchase or construction cost, increased by any transaction costs, net of accumulated depreciation and any accumulated impairment losses.

Its useful life is between 20 and 33 years.

It is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Impairment of equity investments, property, plant and equipment, goodwill and other intangible assets

Intangible assets with an indefinite useful life and intangible assets under development with a finite useful life are tested for impairment at least annually.

At each reporting date, the company checks that no events or changes in circumstances took place indicating that property, plant and equipment and intangible assets (other than those with an indefinite useful life or under development) may have been impaired.

In addition to the provisions of IAS 36, at each reporting date, the Parent's directors assess whether there is any objective evidence that its investments in Associates and Joint Ventures are impaired.

Where necessary, when the recoverable amount of individual assets cannot be determined, the Group tests the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets ("Cash Generating units") for impairment.

CGUs are generally identified by the Astaldi Group on the basis of evaluation processes that take account of the specific nature of the activity and business to which it belongs (local area, business areas, etc.) and considering the methods by which the management monitors its performance or makes decisions on the development of any related manufacturing operations.

The impairment test is carried out by comparing the asset's (or group of assets') carrying amount to its recoverable amount[22]. Should the carrying amount be higher than the recoverable amount, the asset is impaired and the impairment loss is recognised in profit or loss. Should the reasons for a previously-recognised impairment loss cease to exist, the impairment loss is reversed to the extent of the asset's carrying amount. Any reversal of impairment loss is recognised in profit or loss. Conversely, impairment losses on goodwill are never reversed.

As is customary, the Parent's management utilised the services of an independent expert to perform the Impairment Tests[23].

Pursuant to the provisions of IAS 36, the tests were performed in accordance with the Group's procedures approved pursuant to the Bank of Italy/CONSOB/ISVAP Joint Document no. 4 of 3 March 2010 and article 7.C.2 of the New Code of Conduct for Listed Companies.

Impairment indicators - Market capitalisation lower than equity

In taking account that the Market Capitalization of Astaldi S.p.A. (€ 437,380 thousand) as at 31 December 2020 was lower than the Group's equity (€973,628 thousand), the directors wished to establish whether there was evidence of any potential impairment loss on assets of significant importance within the Group[24].

Furthermore, according to the provisions of, among others, the Italian Valuation Standard Setter, it was deemed appropriate to also carry out, with the advice of a third-party expert, a 2nd-Level Impairment Test, in order to compare the recoverable value of the Group's net assets with the related book value of equity.

The 2nd-level Impairment Test was carried out by considering the Group as if it were a single cash generating unit. In particular, the related value in use was obtained by using the Unlevered Discounted Cash Flow Model method, while taking account of the economic and financial projections taken from Astaldi's business plan for the three-year period from 2021 to 2023 on a going-concern and stand-alone basis, which were approved by the Parent's Board of Directors on 14 March 2021.

A WACC of 9.53% was used for the discounting-back process. For the purposes of calculating the Terminal Value, a growth rate was considered which was determined on the basis of the 2024-2050 average of the real gross domestic product (GDP) in the OECD area.

Furthermore, it should be noted that the economic and financial projections taken from the business plan also take account of the potential effects linked to the COVID 19 pandemic.

As a result of the 2nd-level Impairment Tests, to which were also added additional specific sensitivity analyses, the recoverable value of the Group's net assets stated per ordinary share was well above the corresponding Market Capitalization, thus confirming that the book value of the Group's Equity was recoverable in full.

Impairment Tests carried out on individual assets

The table below summarises the Impairment Tests carried out:

	Ref.	C.G.U.	Description	IT indicators	Carrying amount (€/mil.)	Rate	Method
Contractual right	Note 20	Quadrilatero industrial complex	Maxi Lot 2 of the Quadrilatero Marche-Umbria road system	Market capitalisation	14.8	WACC 9.53%	UDCF
Contractual right	Note 20	Infraflegrea project	Cumana and Monte Sant'Angelo (Naples) railway line	Internal sources	19.9	WACC 9.53%	UDCF

Finally, as is customary, the Parent's management utilised the services of an independent expert to perform the impairment tests.

22 The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.
23 A network of International standing.
24 The results of the 1st-level impairment tests, which were also carried out with regard to the methods and assumptions used to develop each audit, are illustrated below in these notes.

Pursuant to the provisions of IAS 36, the tests were performed in accordance with the Group's procedures approved pursuant to the Bank of Italy/CONSOB/ISVAP Joint Document no. 4 of 3 March 2010 and article 7.C.2 of the New Code of Conduct for Listed Companies.

Impairment of other Financial Instruments

Adoption of IFRS 9 - Financial instruments has significantly reviewed the methods used to calculate and recognise impairment losses on financial assets, as it has replaced the IAS 39 incurred loss model with a forward-looking expected credit loss (ECL) model.

Under the new standard, regardless of any existing or contingent trigger event, an entity shall recognise the expected credit losses calculated using the ECL model on all financial assets (except those measured at FVTPL).

The Group introduced an impairment model for its trade receivables and contract assets, which make up most of its credit exposure, based on the simplified approach allowed by IFRS 9 for these types of financial assets. Specifically, it split these financial assets into clusters that reflect the assets' nature, customer credit rating and geographical segment. Based on the information collected, it then calculated the reference parameters (PD[25], LGD[26] and EAD[27]) for each cluster to calculate the lifetime expected credit losses. It tested exposures related to customers with a less than adequate credit rating (speculative grade, non-investment grade and high yield) and significant payment delays (over 12 months) individually for impairment using the parameters identified from time to time.

The Group tested the other financial assets for impairment using the generalised approach provided for by IFRS 9, allocating the assets to various stages and estimating the expected credit loss using the PD, LGD and EAD risk parameters.

Impairment losses calculated according to IFRS 9, section 5.5 (including the related reversal) are recognised in the Statement of profit (loss) for the year, depending on the nature of the underlying assets, under items (i) Amortisation, depreciation and impairment losses[28] (if related to operating assets) or (ii) Financial expense[29] (if related to financial assets).

Service concession arrangements

The service concession arrangements, in which the grantor is an entity of the public sector and the operator is an entity of the private sector, fall under the scope of IFRIC 12 - Service concession arrangements if they relate to infrastructures used to provide important economic and social services to the public. Moreover, an entity shall apply IFRIC 12 if the following conditions are fully met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price;
- the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

Specifically, IFRIC 12 provides that, under the terms of a service concession arrangement, the operator acts as a provider substantially of the following types of services:

- construction or upgrade services: the operator constructs or upgrades infrastructure used, by the same operator, to provide a public service;
- operation service: the operator operates and maintains the infrastructure over the concession term.

The consideration received or receivable by the operator is allocated by reference to the relative fair values of the services delivered, in order to reflect the substance of the transaction.

With respect to the stage of completion of the contract, the operator recognises the consideration received or

---

25 PD: Probability of Default.
26 LGD: Loss Given Default.
27 EAD: Exposure At Default.
28 Note 9 to the Consolidated Financial Statements.
29 Note 13 to the Consolidated Financial Statements.

receivable for operation and upgrade services and for operation services in accordance with IFRS 15 - Revenue from contracts with customers.

The interpretation also provides that if the concession agreement has certain characteristics, the right to use the infrastructure (asset in concession) for providing the service can be recognised as:

- *a financial asset*, to the extent that the operator has an unconditional contractual right to receive a guaranteed minimum amount regardless of the users' actual use of the infrastructure. Under this model, the operator recognises a loan or receivable that accrues interest. The financial asset is initially recognised at the fair value of the infrastructure constructed and is subsequently measured at amortised cost. The loan or receivable is settled through the guaranteed minimum amounts received from the grantor. Interest income is calculated using the effective interest rate and is recognised as operating revenue (IFRS 15.BC 247);
- *an intangible asset*, to the extent that the operator receives a right (a licence) to charge users of the public service. IFRIC 12 specifies that the operator shall recognise and measure concession services in accordance with IAS 38. Specifically, the intangible asset is amortised systematically over the concession term in order to reflect the pattern in which the future economic benefits arising from the use of the infrastructure are expected to flow to the group;
- *as both an intangible asset and a financial asset ("mixed method")*, when the consideration for the construction of the infrastructure is a right to receive both assets. In this case, the intangible asset is calculated as the difference between the fair value of the infrastructure constructed and the financial asset measured as the present value of the cash flows arising from the guaranteed minimum amounts. The discount rate the group uses for its concession arrangements is the effective interest rate of each project, in line with that already discussed for the financial asset model.

During the period when the infrastructure is constructed or upgraded, the consideration is classified in accordance with IFRS 15 as a contract asset, regardless of the accounting treatment that will be adopted when the asset is operated under concession.

Finally, it should be noted that Astaldi S.p.A. and its Subsidiaries are not involved in any "Service Concession Arrangement" in the current year.

Inventories

Inventories are recognised at the lower of cost and net realisable value. The carrying amount of inventories is calculated using the weighted average cost formula applied to groups of similar assets. The cost includes all costs incurred in bringing the inventories to the location and condition to be used in the production process.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group believes it is likely to receive in exchange for these goods or services. The Astaldi Group - like other operators in the relevant business sector - meets its Performance Obligations over time by mainly developing contract-based projects relating to complex and integrated operations in the field of design, construction and management of public infrastructures and major civil engineering works. Contract consideration accrued on construction contracts in progress is measured using the cost to cost method (paragraphs B14-B19 of IFRS 15, input methods), considering the contract budget. The Group regularly updates the assumptions underlying the contract budget to reflect the most reasonable estimate of the accrued contract consideration and the contract output in the financial statements.

Contract revenue comprises the initial amount of revenue agreed in the contract and variable elements (variations in contract work, price reviews, incentive payments, claims and penalties). Variable components are estimated to be the expected or most probable amount. Variable consideration is recognised only to the

extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
In this respect, consideration has been given to the following:

- specific legislation regarding public works and international legislation;
- contractual clauses;
- the progress of negotiations with the customer and likelihood that these negotiations will have a positive outcome;
- when necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the valuations made are reliable.

Contract costs comprise:

- all costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs also include:

- pre-operating costs, i.e., the costs incurred during the initial phase of the contract prior to the start of construction activity (design costs, work site installation costs, etc.), as well as
- post-operating costs incurred after completion of the contract (site dismantlement, return of equipment and/or machinery to the base, insurance, etc.).

If the completion of a contract is expected to generate a loss, this is entirely recognised in the year in which it becomes probable in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets.

When the outcome of a construction contract cannot be estimated reliably, contract work in progress is recognised on the basis of the contract costs incurred when it is likely that they will be recovered, without recognising any profit or loss.

When favourable or unfavourable events attributable to present situations at the reporting date occur after the reporting date, the carrying amounts are adjusted to reflect the related effects.

With respect to the presentation of financial statements captions related to construction contracts in progress, in accordance with IFRS 15.105-107, the Group presents:

(i) the unconditional right to consideration related to work performed (invoices issued or to be issued) <u>as a trade receivable;</u>
(ii) the consideration due by the customer for contract work performed net of progress payments and advances (i.e., financial milestones that have not yet been certified) <u>as a contract asset</u>. This caption also includes the additional consideration due to contract variations (work variations and claims) being negotiated with the customers;
(iii) the company's obligation to transfer goods or services to a customer for which it has received advances and progress payments <u>as a contract liability</u>;
(iv) the estimate of the variable consideration that the group companies expect to pay to customers for higher costs and damages due to termination of the contract for the part exceeding the amounts due from customers for work performed and not yet paid for <u>as other contract liabilities</u>.

Costs to fulfil a contract

IFRS 15 provides for the capitalisation of costs to fulfil a contract, i.e. those costs that meet all of the following requirements:

- they relate directly to a contract;
- they generate or enhance the resources that will be used in satisfying contract performance obligations;
- they are expected to be recovered through the future economic benefits of the contract.

According to practice in the sector in which the Astaldi Group operates, this type of costs usually consists of pre-operating costs, which in some types of contract are explicitly recognised by customers through specific items that are the object of the contract; in other cases they are not explicitly recognised and are remunerated with the overall contract profit margin. The explicit recognition of these costs implies that the control of the work covered by the contract is transferred when they are incurred. Consequently, these costs must not be capitalised and must contribute to determining the progress of work on the contract. If the contract does not provide for their explicit recognition, in compliance with the three conditions mentioned above, pre-operating costs are capitalised and amortised systematically, in a manner corresponding to the transfer of control of the goods or services to the customer. In addition to the provisions stated above, the provisions laid down in IFRS 15 define all those costs that, by their nature, may not contribute to the progress of work on the contract because, despite being specifically attributable to the contract and regarded as recoverable, they do not contribute to generating or enhancing the resources that will be used in satisfying the contract performance obligation, nor do they contribute to transferring control of the goods and/or services to the customer.

Loans and receivables and other financial assets

The company classifies financial assets considering (i) the contractual characteristics of the cash flows of the financial asset (SPPI test), and (ii) the business model for managing the financial assets.

As a result, financial assets may be classified in the following categories:
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

Financial assets at amortised cost (AC)

A financial asset is measured at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes trade receivables, other operating receivables included in other current and non-current assets and part of the loan assets included in current and non-current financial assets.

In particular, as regards trade receivables, it should be noted that the Group holds these assets for the purpose of collecting the related contract cash flows upon maturity (hold-to-collect business model). However, it should be noted that the Group occasionally carries out “direct factoring” transactions for amounts that are in any case marginal when compared to the business volume and the portfolio value in order to optimise working capital management.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Company classified part of its subordinated loans (semi-equity) given to the concession SPEs in this category after analysing the business model it intends to use to manage such loans.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

This category includes financial instruments whose contractual cash flows are not solely the payment of principal and interest on the principal amount outstanding.

Derivatives

Derivatives are assets and liabilities measured at fair value. There are three type of hedging relationships:

• fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment;

• cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss;

• hedge of a net investment in a foreign operation.

A hedging relationship qualifies for hedge accounting if the following criteria are met:

(i) there is an economic relationship between the hedged item and the hedging instrument such to offset value changes and this offset ability is not dominated by the counterparty's credit risk; (ii) the hedge ratio is consistent with the risk management objectives, as part of a risk management strategy which includes the appropriate rebalancing measures.

The Group uses derivatives as part of its hedging strategies to offset the risk of changes in expected cash flows related to contractually defined or highly probable transactions (cash flow hedges) such as, currency forwards and interest rate swaps to hedge currency risk and interest rate risks, respectively.

Derivatives are initially recognised at the transaction-date fair value. They are subsequently remeasured (at least at every reporting date). Specifically, the effective portion of fair value gains or losses on derivatives designated as cash flow hedges and qualified as such is recognised in a caption of the statement of comprehensive income (the hedging reserve), which is subsequently reclassified to profit or loss when the hedged item affects profit or loss. The ineffective portion of fair value gains or losses is immediately recognised in profit or loss. If hedge accounting is discontinued for a cash flow hedge, the amount accumulated in the hedging reserve remains in the hedging reserve if the hedged future cash flows are still expected to occur until the future cash flows occur. Subsequently, in proportion to the hedged cash flows that occur, any amount still accumulated in the hedging reserve is gradually recognised in profit or loss. If the hedged cash flows are no longer expected to occur, the amount accumulated in the hedging reserve is immediately reclassified to profit or loss.

Fair value measurement

IFRS 13 defines fair value as a market-based measurement, not an entity-specific measurement. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When a price for an identical asset or liability is not observable, the company measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Single or multiple valuation techniques may be appropriate. If multiple valuation techniques are used to measure fair value, the results are assessed considering the reasonableness of the range of values indicated by those results.

The most commonly used valuation techniques are as follows:

- **market approach:** a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities;
- **cost approach:** a valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset;

- **income approach:** a valuation technique that converts future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount.

Based on the observability of the inputs used as part of the valuation technique applied, the assets and liabilities recognised at fair value in the consolidated financial statements are measured and classified using the fair value hierarchy established by IFRS 13:

- **level 1 inputs**: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **level 2 inputs**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- **level 3 inputs**: unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire;
- the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows fully and on time to one or more recipients;
- the Group transfers the contractual rights to receive the cash flows of the financial asset and: (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but transfers control of the financial asset.

If the Group transfers the contractual rights to receive the cash flows of the financial asset and neither transfers nor retains substantially all the risks and rewards of ownership or retains control of the financial asset, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset. When the company’s continuing involvement takes the form of guaranteeing the transferred asset, the extent of its continuing involvement is the lower of the initial carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.

The Group derecognises a financial liability when it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires. If an existing financial liability is exchanged with another of the same lender with substantially different terms or the terms of an existing financial liability are substantially modified, the exchange or modification is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original and new financial liabilities is recognised in profit or loss. In the case of modifications and exchanges of financial liabilities that do not entail their derecognition, IFRS 9 requires that their carrying amount be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liabilities’ original effective interest rate. Any resulting gain or loss shall be immediately recognised in profit or loss.

Cash and cash equivalents

These include cash, bank deposits or other amounts with other financial institutions available for day-to-day transactions, postal current accounts and other cash equivalents, as well as investments with terms expiring within three months of the acquisition date. Cash and cash equivalents are recognised at fair value, which normally equals their nominal amount.

Assets held for sale and discontinued operations

Non-current assets or a disposal Group[30] are classified as held for sale if their carrying amount will be recovered mainly through their sale rather than continuing use.

This condition is considered to be met when the sale is highly probable and the asset or disposal group is available for immediate sale in its current conditions.

Non-current assets held for sale and disposal groups are recognised in the statement of financial position separately from the Group's other assets and liabilities. Immediately before being classified as held for sale, they are measured on the basis of the specific IFRS applicable to each asset and liability. They are subsequently recognised at the lower of their carrying amount and fair value less costs to sell. Any losses are immediately recognised in profit or loss. Subsequently, non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. If an equity-accounted investment, or a portion thereof, is classified as held for sale, equity accounting is discontinued for the entire investment or for the portion classified as held for sale. Any portions of investments that are not classified as held for sale continue to be measured using the equity method up to the completion of the disposal plan. Any difference between the carrying amount and fair value less costs to sell of non-current assets held for sale is recognised as an impairment loss in profit or loss. Any gains for subsequent increases in fair value are recognised to the extent of the previously recognised impairment losses, including those recognised before the asset is classified as held for sale.

Non-current assets and disposal groups classified as held for sale constitute a discontinued operation if they (i) represent a separate major line of business or geographical area of operations, (ii) are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) are a subsidiary acquired exclusively with a view to resale.

The post-tax profits or losses of discontinued operations and any post-tax gains/losses realised on disposal are presented separately in a specific caption of the statement of profit or loss. The prior year corresponding figures are presented accordingly.

Non-current assets to be abandoned

IFRS 5.13 states that an entity shall not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use (scrapping).

However, if the disposal group to be abandoned (i) represents a separate major line of business or geographical area of operations, or (ii) is a subsidiary acquired exclusively with a view to resale, it must be recognised as a discontinued operation at the date on which it is actually abandoned. It is in fact regarded as owned and used until it is actually disposed of.

Equity

Share capital

The share capital comprises the Parent's subscribed and paid up share capital. Costs strictly related to share issues are recognised as a reduction in share capital if they are directly attributable to the capital transaction.

[30] A disposal group is a group of assets and directly associated liabilities to be disposed of, by sale or otherwise, together as a group in a single transaction.

Treasury shares

Treasury shares, including those held to service the incentive plans, are measured at cost and deducted from equity. Profits or losses arising from the sale or cancellation are recognised in equity.

Share premium reserve

This reserve includes the excess between the fair value of equity instruments issued by the Parent (€ 0.81 per share) and the related conventional value (€ 0.23 per share) in relation to the capital increase serving the conversion of unsecured claims which had been definitively filed at the reporting date into Astaldi shares.

Retained earnings (losses carried forward)

These include the portion of previous years' profits or losses not distributed or allocated to reserves (in the case of profits) or not covered (in the case of losses).

Other reserves

These are mainly reserves deriving from first-time adoption of the accounting standards and from the fair value of the potential shares to be issued to service (i) the conversion into Astaldi shares of unsecured claims not yet ascertained on a final basis at the end of the current financial year (i.e. provisions for risks on unsecured claims), and (ii) the Lender Warrants granted to the lending banks that had not yet been exercised at 31 December 2020.

Share-based payment transactions settled with equity instruments

In any case of share-based payment transactions settled with equity instruments according to IFRS 2 - Share-based Payment, the Astaldi Group's proceeds with the measurement of the goods or services received ("Services received") and the corresponding increase in equity, directly at their fair value, unless the fair value cannot be estimated reliably. In the latter case, the Group indirectly estimates the value of the Services received, and the corresponding increase in the value of equity, by reference to the fair value of the equity instruments granted.

The transaction that was still in progress at the end of the financial year is summarised below:

Lender Warrants[31]

According to the agreements reached between the parties, the Lender Warrants constitute a component of the remuneration of the unsecured loan agreement[32] (the RCF Line) and the Bonding Facility[33] granted to the Parent as provided for in the composition proposal that has been approved.

In this regard, Astaldi's management also considered that the exercise of the Warrants had been in fact advantageous in financial terms for the Lending Banks as the price set for the subscription of the related capital increase would be lower than the fair value of Astaldi Shares.

Having stated this, the component relating to the additional remuneration on the loans has been indirectly estimated by referring to the fair value of the equity instruments awarded, as calculated by using an appropriate

---

31 For more details on the warrants issued in favour of the lending banks and the methods for their conversion into ordinary shares of the Parent, reference should be made to paragraph 31.3 "Purchase rights and/or obligations on authorised but unissued capital" below.

32 The unsecured loan agreement that was signed with a pool of banks including Banca Monte dei Paschi di Siena S.p.A., Banco BPM S.p.A., BNP Paribas, Italian Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. for a total amount of €200,000,000.

33 The loan agreement relating to the Bonding Facility for a maximum amount of €384,000,000 that was signed with a pool of banks including UniCredit S.p.A., Intesa Sanpaolo S.p.A., BNP Paribas, Italian Branch, Banca Monte dei Paschi di Siena S.p.A. and SACE S.p.A.. This agreement allows the Group to obtain the issue of the guarantees required to continue the industrial activities of the Group and implement the Plan.

tool available on the info-provider Bloomberg's website for the valuation of a call option with underlying equity and with American-style exercise.

For the purposes of calculating the fair value, account was taken of: (i) the fair value of Astaldi shares (equal to €0.81 per share) , (ii) the spot price for the exercise of the warrants, (iii) the historical volatility of Astaldi shares, (iv) the risk-free rate and (v) the dividend set at zero.

Finally, it should be noted that the effective interest rate[34] of the RCF Line, as well as the financial costs associated with the bonding credit facility, also consider the component relating to the additional remuneration linked to the Lender Warrants. This component will therefore be allocated in financial terms from the date of issue of the warrants until the contract expiry of the related loans (vesting period). The charge accrued in the period is shown among financial expenses in the income statement.

Extinguishing financial liabilities with equity instruments

As required by IFRS 9, the issue of equity instruments to a creditor in order to extinguish a financial liability, either in whole or in part, is equivalent to the consideration that has been paid. In this case, it is therefore necessary to derecognise the financial liability from the statement of financial position, recognising the difference between the related book value and the fair value of the equity instruments issued as profit (loss) for the financial period.

If the fair value of the equity instruments issued cannot be measured reliably, these instruments must be measured so as to reflect the fair value of the financial liability that has been extinguished.

As required by IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, the Parent has considered the fair value of the newly-issued Shares in the initial recognition of the equity instruments issued to creditors in order to extinguish unsecured liabilities.

In this regard, the management considered that Astaldi's stock market price, as at the date of the capital increase, did not consist of the actual fair value of the Shares; this was also due to the fact that Astaldi stock has been characterised in recent months by much lower trading volumes than in the past with bid-ask spreads much higher than those recorded on average in the FTSE MIB list.

The fair value of Astaldi Shares (equal to €0.81 per share) allocated in conversion to Unsecured Creditors was therefore estimated by using the Unlevered Discounted Cash Flow Model method, while taking account of the economic and financial projections taken from Astaldi's business plan for the three-year period from 2021 to 2023 on a going-concern and stand-alone basis, which were approved by the Parent's Board of Directors on 14 March 2021.

A WACC of 9.94% was used for the discounting-back process. For the purposes of calculating the Terminal Value, a growth rate was considered which was determined on the basis of the 2024-2050 average of the real gross domestic product (GDP) in the OECD area. The value determined in this manner was also checked using the market multiples control method.

Other comprehensive income

Other comprehensive income (OCI) includes items recognised directly in equity reserves in compliance with the IFRS provisions about their origin and changes.

The statement of comprehensive income captions of these consolidated financial statements are presented by nature in two categories:

(i) Those that will not be subsequently reclassified to profit or loss:

- actuarial gains and losses on defined benefit plans (IAS 19);
- gains and losses on changes in equity instruments classified as FVTOCI (IFRS 9);

---

[34] See paragraphs B5.4.1 and B5.4.2 of IFRS 9 – Financial Instruments.

(ii) Those that will be subsequently reclassified to profit or loss when certain conditions are met in accordance with IFRS:

- exchange differences arising on the translation of the financial statements of foreign operations with functional currencies that differ from the Euro (IAS 21);
- gains and losses on changes in financial assets classified as FVTOCI (IFRS 9);
- the effective portion of gains and losses on hedging instruments (IFRS 9).

Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost.

Any difference between the amount received (net of transaction costs) and the nominal amount of the liability is recognised in profit or loss by applying the effective interest method.

Financial liabilities are classified as current liabilities, unless the Group has the contractual right to extinguish its obligations after one year of the reporting date.

It should be noted that the Group has not designated any financial liabilities at fair value through profit or loss.

Convertible bonds

Convertible bonds are generally financial instruments comprising a liability and an equity component. At the date of issue, the fair value of the liability is estimated using the current market interest rate for similar non-convertible bonds. The difference between the net proceeds from the issue and the fair value of the liability, which represents the implicit option to convert the bonds into the Group's shares, is recognised in equity.

On the other hand, convertible bonds offering the issuer the choice between repayment through ordinary shares or, alternatively, in cash (cash settlement option) are classified as hybrid financial instruments.

In this case, the host bond is measured at amortised cost while the embedded derivative, representing the conversion option, is measured at fair value through profit or loss.

No convertible bonds were reported in the Statement of Financial Position of the Astaldi Group at the reporting date of the 2020 Financial Year.

Trade payables and other financial liabilities

Trade payables due within the normal commercial terms are not discounted and are recognised at cost (identified by their nominal amount).

Income taxes

Current income taxes

Current taxes for the current and previous years are recognised at the amount expected to be paid to the taxation authorities. Tax rates and tax laws used to calculate the liability are those substantially enacted at the reporting date in the individual countries where the Group operates.

Deferred taxes

Deferred taxes are calculated by applying the liability method to the taxable or deductible temporary differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax liabilities are recognised on all taxable temporary differences, except when:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit (tax loss);
- they refer to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures and the timing of their reversal can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and tax losses carried forward, to the extent to which it is probable that the company will earn sufficient future taxable profits offsetting them, except when a deferred tax asset arises from the initial recognition of an asset or liability in a transaction which is not a business combination that at the time of the transaction affects neither accounting profit or loss nor taxable profit (tax loss).

The carrying amount of deferred tax assets is remeasured at each reporting date and reduced if it is no longer probable that the company will earn sufficient future taxable profits to offset the entire or part of the asset. Unrecognised deferred tax assets are reassessed on an annual basis at the reporting date and are recognised to the extent that it has become probable that the company will earn sufficient taxable profit against which the deferred tax assets may be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year when the assets will be realised or the liabilities will be settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legal right to set off current tax assets against current tax liabilities and the deferred taxes refer to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognised directly in equity are recognised in equity too rather than in profit or loss.

Employee benefits

Termination benefits

Termination benefits consist of benefits due to employees following the company's decision to terminate an employee's employment before their retirement date and the employee's decision to accept voluntary redundancy in exchange for those benefits.
The Company recognises these benefits as liabilities and an expense at the earlier of (i) the date when the entity can no longer withdraw the offer of such benefits; and (ii) the date when the entity recognises restructuring costs within the scope of IAS 37, which implies payment of the termination benefits due. These liabilities are measured according to the nature of the benefit. In particular, if the benefits are an enhancement of other post-employment benefits due to employees, the liability is measured in accordance with paragraphs 50 to 60 of IAS 19 - Post-employment benefits. On the other hand, the measurement criteria used to measure termination benefits differ depending on when they will be paid:

- if the company expects to pay the full amount of the benefits within 12 months of the reporting date, the criteria applicable to short-term employee benefits apply (IAS 19.9-25);
- if the company does not expect to pay the full amount of the benefits within 12 months of the reporting date, the criteria applicable to other long-term employee benefits apply (IAS 19.153-158).

Post-employment benefits

Liabilities for guaranteed employee benefits paid when or after employment is terminated through defined benefit plans are recognised in the period in which the employee vests the right to receive them, consistently with the service required to obtain the benefits. They are calculated on the basis of actuarial assumptions and stated net of any advances paid. Independent actuaries measure the liability using the Projected Unit Credit Method.

The following income and expense are recognised as personnel expenses in the statement of profit or loss:

- current service cost reflecting the actuarial estimates of benefits due to employees for their service in the reporting period;
- net interest cost, which is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement; and
- the full amount of costs and income arising from changes to the defined benefit plans ("past service cost or income"), which are recognised in the period when the changes occur.

Furthermore, any actuarial gains and losses on the defined benefit liability are fully recognised in the year when they arise as other comprehensive income (OCI) in the statement of comprehensive income.

Liabilities for guaranteed employee benefits paid when or after employment is terminated through defined contribution plans are recognised at the amount vested at the reporting date.

Liabilities for other employee benefits are recognised at the amount vested at the reporting date, including by using actuarial assumptions in the case of long-term benefits.

Provisions for risks and charges

The provisions for risks and charges are recognised when the company has a present (legal or constructive) obligation arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation or to transfer it to third parties at the reporting date. Where the effect of the time value of money is material, the provision is discounted using a pre-tax discount rate that reflects current market assessments. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

Other operating revenue

Other operating revenue includes revenue not directly related to the Group's core business, i.e., that is not earned on contracts with customers, such as, for example:

- revenue from the sale of goods or rendering of services to suppliers and subcontractors;
- revenue from operating leases recognised on an accruals basis over the lease term;
- gains on sales of non-core assets.

Government grants

Government grants are recognised at fair value, when there is reasonable assurance that such grants will be received and the company will comply with the conditions attaching to them. Grants related to costs are recognised as revenue on a systematic basis over the years in which the company recognises the related costs which the grants are intended to compensate. Grants related to assets are recognised at fair value as a decrease in the carrying amount of the related asset. If related to assets not yet available for use or under construction, the portion of the grant exceeding the related asset is presented as deferred income.

Financial expense

Interest is recognised on an accruals basis using the effective interest method, by applying the interest rate that makes all cash inflows and outflows (including premiums, discounts, commissions, etc.) related to such transaction financially equivalent. If they meet the relevant conditions, borrowing costs are capitalised in accordance with IAS 23.

Dividends

Dividends are recognised when the Shareholders become entitled to receive the payment that normally arises with the related resolution taken by the Shareholders. Dividends are recognised as a liability when their distribution is approved by the shareholders, with a balancing entry in equity.

Expenses

Expenses are recognised on an accruals basis, assuming the Group companies' ability to continue as a going concern.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by adjusting the above profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding to account for the effect of all potential ordinary shares with a dilutive effect.

Use of estimates

IFRS financial reporting requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosures on contingent assets and liabilities.

In accordance with Bank of Italy/CONSOB/ISVAP Joint Document no. 2 of 6 February 2009, the estimates are based on the most recent information available to management at the time of preparing these consolidated financial statements, the reliability of which is, therefore, unprejudiced. Estimates are used, inter alia, to perform impairment tests and recognise the loss allowance, discounting of loans and receivables based on their estimated collection times, contract revenue, amortisation and depreciation, impairment losses on assets, employee benefits, taxes, other accruals and provisions.

Actual results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of any changes are recognised in profit or loss when the change is made.

Specifically, taking into account the Group's specific sector, which involves payment of an advance when the individual contracts are assigned, contract profits or losses systematically recognised in profit or loss may differ from those originally estimated. Such estimates may be influenced by numerous factors, including the following:

- claims for additional consideration for contract variations, price escalation clauses, incentives and claims compared to that contractually agreed;
- disputes with customers for fines and compensation for damages;
- the long timeframe and engineering and operating complexity of construction contracts in progress;
- the risk profile of certain countries in which the construction contracts are carried out.

Newly-issued and endorsed standards and interpretations applicable to annual periods beginning on or after 1 January 2020

The EU regulations that have been endorsed and are effective as of 1 January 2020 are summarised below.

Commission Regulation (EU) no. 2019/2075 of 6 December 2019, published in Official Journal L 316 of 6 December 2019: adoption of the amendments to references in the Conceptual Framework in International Financial Reporting Standards. The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised Conceptual Framework.

Specifically, on 29 March 2018, the IASB published the revised Conceptual Framework for Financial Reporting. The main changes of a technical and presentation nature compared to the 2010 version include a new section on measurement, better definitions and guidance in particular on the definition of a liability as well as clarifications about important concepts such as stewardship, prudence and measurement uncertainty. The first-time adoption of these amendments did not entail any significant impact on these consolidated financial statements.

Commission Regulation (EU) no. 2020/551 of 21 April 2020, published in Official journal L 127 of 22 April 2020: adoption of "Definition of a business (Amendments to IFRS 3)"
The amendments to IFRS 3 - Business combinations are designed to clarify the definition of a business. The first-time adoption of new amendments to IFRS 3 did not entail – within the scope of these consolidated financial statements - any impact as regards the measurement of related items and financial reporting.

Commission Regulation (EU) no. 2020/1434 of 9 October 2020, published in Official journal L 331 of 12 October 2020: adoption of "COVID-19-Related Rent Concessions (Amendment to IFRS 16)"
The amendment to IFRS 16 is aimed at providing an optional and temporary operational support, due to the COVID-19 pandemic, for lessees that benefit from suspensions of lease payments due, without compromising the materiality and usefulness of the financial information reported by entities.
Specifically, the new regulation provides that a lessee may choose not to assess whether a rent concession that meets the stated conditions is a lease modification. A lessee that makes use of this option must account for any change in lease payments arising from a rent concession in the same manner as it would account for the modification applying this Standard if the modification did not constitute a lease modification.
This expedient may be applied only to rent concessions that are a direct result of the COVID-19 pandemic and only if certain conditions are met.
The Astaldi Group did not benefit from any suspension of lease payments due to the COVID-19 pandemic: therefore, the amendments brought in by this regulation did not have any impact on these consolidated financial statements.

Endorsed standards and interpretations not adopted early by the Group

The standards and interpretations endorsed by EU Regulations but not adopted early by the Group are summarised below.

Commission Regulation (EU) no. 2021/25 of 13 January 2021, published in Official journal L 11 of 14 January 2021: adoption of "Interest Rate Benchmark Reform - Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16".
The amendments provide for a specific accounting treatment in order to allocate over time any changes in the value of financial instruments or leases due to the replacement of the interest rate benchmark. The Group will apply these amendments as from the 2021 financial year.

Notes to the Consolidated Financial Statements

1 Revenue from contracts with customers: €1,380,830 thousand (€1,368,827 thousand)

Revenue from contracts with customers for 2020 amounted to €1,380,830 thousand and is broken down as follows:

	2020	2019	Variation
Contract revenue	1,333,055	1,316,790	16,265
Revenue from Operation & Maintenance	39,834	44,964	(5,130)
Plant maintenance fees	7,941	7,073	868
Total	**1,380,830**	**1,368,827**	**12,003**

Contract revenue is that arising from works performed and accepted by customers, including the portion of uncompleted long-term works carried out during the year.

Revenue from Operation & Maintenance includes the fees accrued for infrastructure operation services attributable to the four Tuscan hospitals (€39,834 thousand).

Plant maintenance fees relate to activities performed by the subsidiary NBI during the year. NBI operates in the plant engineering and facility management sub-segment, which is complementary to the group's current operations.

1.1 Revenue by geographical segment

The breakdown of Revenue by geographical area is reported below.

	2020	%	2019	%	Variation
Italy	525,796	38.08%	430,889	31.48%	94,907
Europe	462,086	33.46%	470,192	34.35%	(8,106)
Americas	373,955	27.08%	451,948	33.02%	(77,993)
Africa	6,461	0.47%	10,083	0.74%	(3,622)
Asia	12,532	0.91%	5,715	0.42%	6,817
Total	**1,380,830**	**100.00%**	**1,368,827**	**100.00%**	**12,003**

The works performed in Italy were mainly attributable to the development of industrial activities on the following projects: (i) Quadrilatero Marche-Umbria road system, Maxi-lot 2, (ii) Line 4 of the Milan Metro, (iii) Brenner Base Tunnel, (iv) Line C of the Rome Metro, (v) High-Capacity Naples-Bari railway line, Naples-Cancello and Apice-Hirpinia lots, (vi) State Road Jonica (SS-106), Mega-lot 3. In the domestic sector, we also note the positive contribution recorded in relation to the Operation & Maintenance work on the four Tuscan hospitals. The growth recorded in the period under consideration, compared to the production volumes reported in the previous year, was mainly due to (i) the entry into full operation of the activities for the construction of the State Road Jonica (SS-106), Mega-Lot 3, during the second half of 2020, (ii) the gradual resumption of the works – as from the beginning of May 2020 – for the Quadrilatero Marche-Umbria road system, Maxi-Lot 2 and (iii) a positive contribution given by the activities concerning the construction of the two sections of the new high-capacity Naples-Bari railway line.

In the Europe area a positive contribution was reported, which was given by the progress of work on the contracts being performed in Sweden (Haga and Kvarnberget Rock Tunnel), Romania (Curtici-Simeria railway line - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube) and Poland (Warsaw Southern Bypass and Fast Track Road S-7, Naprawa-Skomielna Biała section). On the other hand, there was a reduction in volumes in Turkey, which was due to the final completion of the Gebze-Orhangazi-Izmir Motorway that had been taken place in the second half of 2019.

The works performed in the Americas area were mainly attributable to the development of projects in the United States (Interstate-405 Motorway in California), Canada (Hurontario Light Rail Transit Project and civil construction works executed by subsidiary T.E.Q. Construction Entreprise Inc.) and Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata Mining Projects). The decrease recorded in production volumes in the Americas area was due to a general delay in the development and start-up of the projects underway in Chile, which was generated by the strict isolation measures imposed by the local authorities in order to contain the spread of the COVID-19 pandemic.

Furthermore, note the works performed abroad, among which are those in Asia (Versova-Bandra Sea Link road in Mumbai and the Mumbai Metro in India) and Africa (Algerian railway lots).

Note 42 - Segment reporting pursuant to IFRS 8 provides more information about this caption.

1.2 Revenue by business segment

The table below shows a breakdown of revenue by business segment (Construction and O&M), along with a further breakdown of revenue by sub-segment for the financial years ended 31 December 2020 and 31 December 2019:

	2020	%	2019	%	Variation
Transport infrastructure	1,125,064	81.48%	992,476	72.51%	132,588
- Railways and metros	537,537	38.93%	*519,283*	*37.94%*	*18,254*
- Roads and motorways	469,357	33.99%	*346,727*	*25.33%*	*122,630*
- Ports and airports	118,170	8.56%	*126,466*	*9.24%*	*(8,296)*
Hydraulic and energy production plants	23,161	1.68%	18,902	1.38%	4,259
Civil and industrial construction	93,832	6.80%	125,713	9.18%	(31,881)
Industrial plants	98,939	7.17%	186,772	13.64%	(87,833)
Construction	**1,340,996**	**97.12%**	**1,323,863**	**96.72%**	**17,133**
Operation & Maintenance	**39,834**	**2.88%**	**44,964**	**3.28%**	**(5,130)**
Operating revenue	**1,380,830**	**100.00%**	**1,368,827**	**100.00%**	**12,002**

Construction Business Line

Transport infrastructure
In 2020 revenue from the transport infrastructure sub-segment were essentially attributable to the following sub-segments:
(i) **railways and metros**, mainly attributable to railway contracts in Romania (Lots 2A, 2B and 3 of the Curtici-Simeria railway line), the Haga Station of the Gothenburg Railway Link in Sweden and to the projects concerning the High-Capacity Naples-Bari railway line, Naples–Cancello and Apice–Hirpinia sections, as well as to the construction of Line 4 of the Milan Metro, Line C of the Metro Rome and the Brenner Base Railway Tunnel in Italy;
(ii) **roads and motorways**, essentially relating to the construction of the Interstate-405 Motorway in California, the Braila Bridge over the Danube in Romania, the Warsaw Southern Bypass, the Fast Track Road S-7, Naprawa–Skomielna Biała section in Poland and the Quadrilatero Marche-Umbria road system, Maxi-lot 2 and the State Road Jonica (SS-106), Mega–Lot 3 in Italy;
(iii) **ports and airports**: substantially relating to the development of operations for the Arturo Merino Benítez International Airport in Santiago de Chile.

The higher production volumes recorded in 2020 compared to 2019 were mostly due to the start of works, in the sub-segment under consideration, on the State Road Jonica (SS-106), Mega–Lot 3 in Italy and, as regards works executed abroad, to the positive performance of industrial activities for the contracts concerning the Haga Station of the Gothenburg Railway Link in Sweden and the Interstate-405 Motorway in California.

Hydraulic and energy production plants
Revenue from the hydraulic and energy production plants sub-segment was mainly attributable to the Ashbridges project (Canada), the waste-to-energy plant in Gdansk (Poland) and the start of works on the Yaciretà hydroelectric plant (Brazo Aña Cuá project) in Paraguay.

Civil and industrial construction
The works performed in this segment were essentially attributable to the operations carried out for the "Ankara Etlik Integrated Health Campus" in Turkey.

Industrial plants[35]

In 2020 revenue from the industrial plants sub-segment essentially related to the mining projects in Chile (Chuquicamata Mine) and to plant engineering works of the Bucharest Metro 5. The decrease recorded in the production volumes in the segment under consideration during the year, compared to 2019, was due to a lower contribution given by the projects being implemented in Chile, which were affected by the delays caused by the COVID-19 pandemic.

Operation & Maintenance Business Line

In 2020 revenue from the **Operation & Maintenance** business line was only earned in the healthcare sector in Italy through GE.SA.T (four Tuscan Hospitals).

At 31 December 2020, the combined amount of contractual consideration of construction contracts in progress allocated to performance obligations not yet satisfied is €6.4 billion (of which €2.7 billion after 2022). The Group will recognise these amounts in revenue of future years in line with available forecasts.

2 Other operating revenue: €71,481 thousand (€106,197 thousand)

Other operating revenue of €71,481 thousand includes items not directly related to the Group's core business but accessory thereto.

	2020	2019	Variation
Revenue from the sale of goods	857	2,593	(1,736)
Services - third parties	35,385	45,987	(10,602)
Services - management of joint projects	1,016	581	435
Leases and rent	1,498	2,174	(676)
Gains on sales	12,178	5,621	6,557
Other	20,547	49,241	(28,694)
Total	**71,481**	**106,197**	**(34,716)**

The item of "Services - third parties" was essentially attributable to: (i) certain activities ancillary to the construction of works (machinery and equipment rental and the provision of services) on behalf of suppliers and subcontractors as part of works in the construction sector (specifically in Italy, Chile and Poland); (ii) industrial, administrative, procurement and engineering services provided by the Parent and by Astaldi Canada Design & Construction Inc. to certain Joint Operations in Romania and Canada; as well as to (iii) the partial reimbursement, by the Contracting Authority and the commercial partners, of the costs incurred by subsidiary Astaldi Canada Enterprises Inc. for the study of certain tenders for the awarding of some works in the Ontario region. It should be noted that the decrease in this item was mainly due to lower revenues recorded during

[35] It also includes revenue from mining projects.

2020 in Chile (Chuquicamata Mining Projects) and Turkey (Gebze-Orhangazi-Izmir Motorway) compared with the previous year.

Gains on sales essentially include (approximately €7.5 million) the updated estimate of the variable components relating to the sale of a 59.4% stake in Veneta Sanitaria Finanziaria di Progetto S.p.A. (New Hospital in Mestre), which took place in 2018. In this regard, it should be noted that the total consideration for the sale (net of related selling costs) included a fixed component, which had been already recognised in the financial statements of previous years (equal to €46.4 million), as well as additional variable elements to be paid to the Group according to the arbitration award involving the SPV and the Granting Authority Azienda ULSS 3 Serenissima. Given the current positive developments in the arbitration proceedings and the consequent settlement of the sale price with the buyer, the Group proceeded with updating the amount of the capital gain realised in relation to the sale of the investment under consideration.

"Other" mainly includes *(i)* contingent assets, which are largely due to the write-off of some liabilities that are no longer collectible in the Chile and Romania areas (€16,293 thousand), *(ii)* compensation from third parties (insurance companies and sub-contractors) for higher costs incurred by the company in previous years for the performance of contracts in the construction segment, mainly in Italy (€3,472 thousand). The change in this item compared to 2019 was substantially attributable to non-recurring effects reported in relation to updating certain estimates made in previous years, mainly in Chile and Italy, during the comparative period.

3 Purchase costs: €194,433 thousand (€203,358 thousand)

Purchases of and changes in inventories of raw materials and consumables totalled €194,433 thousand in 2020, showing a decrease of €8,925 thousand compared to 2019.

	2020	2019	Variation
Purchase costs	196,955	203,448	(6,493)
Change in inventories of raw materials, consumables, supplies and goods for resale	(2,522)	(90)	(2,432)
Total	**194,433**	**203,358**	**(8,925)**

The table below shows a breakdown of purchase costs by geographical segment.

	2020	%	2019	%	Variation
Italy	67,497	34.71%	64,756	31.84%	2,741
Europe	85,745	44.10%	94,771	46.60%	(9,026)
Americas	37,917	19.50%	41,123	20.22%	(3,206)
Africa	517	0.27%	993	0.49%	(476)
Asia	2,757	1.42%	1,715	0.84%	1,042
Total	**194,433**	**100.00%**	**203,358**	**100.00%**	**(8,925)**

With regard to this item, we note in particular the costs recorded on the contracts being performed in Italy (Line 4 of the Milan Metro and the High-Speed Naples-Bari railway line, Naples-Cancello lots) and Romania (Curtici-Simeria Railway - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube), which gave the largest contribution to the production for the period. As regards the works performed abroad, it should be noted that the change in this item compared to 2019 was mainly attributable to the gradual substantial completion of some operations relating to the road construction projects being implemented in Poland (S2 - Warsaw Southern Bypass - Lot A and S7 - Naprawa - Skomielna Biała) which had required a greater procurement of raw materials for the construction of the works during 2019.

4 Service costs: €948,615 thousand (€932,492 thousand)

Service costs increased by €16,123 thousand to €948,615 thousand in 2020 compared to 2019. They are broken down as follows:

	2020	2019	Variation
Consortium costs	123,244	129,014	(5,770)
Subcontracts and other services	643,123	596,105	47,018
Technical, administrative and legal consultancy	116,504	125,525	(9,021)
Directors' and statutory auditors' fees	2,741	3,015	(274)
Utilities	5,141	6,595	(1,454)
Business trips and travel	1,438	3,454	(2,016)
Insurance	16,325	16,514	(189)
Leases and other costs	27,575	31,370	(3,795)
Lease and building management costs	3,394	8,656	(5,262)
Maintenance on third-party assets	241	224	17
Other	8,889	12,020	(3,131)
Total	**948,615**	**932,492**	**16,123**

The consortium costs incurred to carry out contracts with other construction companies were attributable, in particular, to the operations for the execution of works for the construction of the Brenner Base Tunnel (Lot "Mules 2-3") and Line C of the Rome Metro.

Subcontracts and other services increased by €47,018 thousand over the previous year and are broken down as follows by geographical segment:

	2020	%	2019	%	Variation
Italy	202,696	31.52%	120,977	20.29%	81,719
Europe	246,589	38.34%	237,575	39.85%	9,014
Americas	184,321	28.66%	232,404	38.99%	(48,083)
Africa	2,095	0.33%	2,135	0.36%	(40)
Asia	7,422	1.15%	3,014	0.51%	4,408
Total	**643,123**	**100.00%**	**596,105**	**100.00%**	**47,018**

As detailed in the comments on revenue from contracts with customers (note 1), the changes in this item substantially reflect the trend in the production for the period, which showed an increase in volumes relating to works in progress in Italy (Quadrilatero Marche-Umbria road system, Maxi-lot 2, High-Capacity Naples-Bari railway line, Naples-Cancello section and State Road Jonica Mega–Lot 3), Sweden (Haga and Kvarnberget Rock Tunnel) and Romania (Curtici-Simeria railway line - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube), partly offset by the effects of a decline in volumes relating to projects being implemented in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata Mining Projects) and Turkey (Gebze-Orhangazi-Izmir Motorway).

Furthermore, it should be pointed out that costs for "Technical, administrative and legal consultancy" include a non-recurring component for €12.8 million, relating to the services rendered by the Advisors for the procedure, including legal expenses. Finally, it should be noted that costs for the procedure amounted to a total of €30.6 million in the comparative period.

5 Personnel expenses: €248,109 thousand (€300,872 thousand)

These amounted to €248,109 thousand, showing a decrease of €52,763 thousand compared to 2019. This caption may be broken down as follows:

	2020	2019	Variation
Wages and salaries	188,233	232,901	(44,668)
Social security contributions	38,157	30,068	8,089
Other costs	19,160	36,415	(17,255)
Other post-employment benefits	2,559	1,474	1,085
Cost of share-based payments	0	14	(14)
Total	**248,109**	**300,872**	**(52,763)**

As regards the items broken down in the table reported above, “Other costs” mainly comprise costs incurred for bed and board and the transfer of personnel, as well as the allocation of defined-contribution plans, whose costs totalled €3,478 thousand in 2020.

The table below shows a breakdown of Personnel expenses by geographical segment:

	2020	%	2019	%	Variation
Italy	87,202	35.15%	86,369	28.71%	833
Europe	49,993	20.15%	56,933	18.92%	(6,940)
Americas	107,535	43.34%	153,817	51.12%	(46,282)
Africa	1,602	0.65%	2,746	0.91%	(1,144)
Asia	1,777	0.72%	1,007	0.33%	770
Total	**248,109**	**100.00%**	**300,872**	**100.00%**	**(52,763)**

The decrease recorded in this item during 2020 (compared to 2019) was mainly due to (i) a slowdown in industrial activities in Chile, which are mostly carried out through Astaldi's personnel, and (ii) the actions taken by the Parent in order to adapt the organisational structure to the new operational scenario resulting from the composition with creditors procedure.

5.1 Average number of employees

The average number of employees by category is as follows:

	2020	2019	Variation
Managers	165	188	(23)
Junior managers	155	172	(17)
White collars	1,879	2,299	(420)
Blue collars	1,832	4,022	(2,190)
Average number of employees	**4,031**	**6,681**	**(2,650)**

6 Other operating costs: €42,000 thousand (€24,231 thousand)

Other operating costs increased by €17,769 thousand to €42,000 thousand compared to 2019. They are made up as follows:

	2020	2019	Variation
Prior year expense and fair value losses	3,793	4,381	(588)
Taxes and duties	1,935	3,126	(1,191)
Other administrative and sundry costs	36,272	16,724	19,548
Total	**42,000**	**24,231**	**17,769**

“Other administrative and sundry costs” mainly include:

- the partial effects of the broader settlement agreement reached with the shareholder Ictas in relation to joint operations in Russia and Turkey, resulting specifically from the Parent's withdrawal from the EPC contract concerning the Third Bosphorus Bridge in Turkey (€10,081 thousand);
- the Group’s ordinary administration costs (stationery, photocopies, visas, etc.) (€3,566 thousand);
- the losses realised on the sale of machinery and equipment, mostly as part of contracts that are no longer in place in Chile (€2,260 thousand);
- credit losses mainly recognised in Italy (€3,204 thousand);
- the effects of the settlement of some disputes mainly concerning operations in Italy (€9,407 thousand). Specifically, it should be noted that, in this regard, a settlement agreement was reached between the parties (for €5.5 million) in August and September 2020, in order to settle the claims submitted by Metro C S.c.p.A. within the arbitration proceedings brought by the investee against Astaldi S.p.A. in order to seek compensation for damage arising under the factoring agreement in place between Aosta Factoring and the Parent.

7 Change in costs capitalised to fulfil a contract: €1,887 thousand (-€2,863 thousand)

This item, equal to €1,887 thousand, includes the change in capitalised costs to fulfil future contracts (i.e. costs incurred in preparing commercial offers relating to the preliminary and/or final design of works, geognostic surveys, topographical surveys, etc.) according to paragraph 95 of IFRS 15.

8 Share of profits (losses) from joint ventures and associates: -€68,371 (€30,671 thousand)

The share of profit (loss) from equity-accounted investments is broken down as follows.

	2020	2019	Variation
Associates	(17,980)	38,074	(56,054)
Joint Ventures	(50,391)	(7,403)	(42,988)
Total	**(68,371)**	**30,671**	**(99,042)**

As at 31 December 2020 the balance of the item under review, totalling -€68,371 thousand, was substantially relating to the concession business line in the Turkish region and in particular:

(i) the results of operations of Otoyol Yatirim Ve Isletme A.S. (Gebze-Orhangazi-Izmir Motorway) (€22,496 thousand);

(ii) the results of operations of Ankara Etlik Hastane A.S (Etlik Health Campus) (-€3,634);

(iii) a reclassification for a total of -€86,900 thousand – carried out in accordance with paragraph 22c of IAS 28 – in the statement of profit (loss) for the year, concerning Other Comprehensive Income, without any impact through Equity, relating to the SPVs Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu (€7,496 thousand), which was sold during the first half of 2020, Otoyol Yatirim Ve Isletme A.S. (-€47,753 thousand) and Ankara Etlik Hastane A.S. (-€46,642 thousand), transferred to the segregated assets of the separate unit.

9 Amortisation, depreciation and impairment losses: €70,961 thousand (€36,438 thousand)

Costs for amortisation, depreciation and impairment losses increased by €34,523 thousand in absolute value to €70,961 thousand compared to 2019. They are broken down as follows:

	2020	2019	Variation
Amortisation	10,509	7,803	2,706
Depreciation	11,513	15,545	(4,032)
Depreciation of right-of-use assets	31,658	27,636	4,022
Other impairment losses on non-current assets	4,802	(16,712)	21,514
Impairment losses on loans and receivables	12,479	2,166	10,313
Total amortisation, depreciation and impairment losses	**70,961**	**36,438**	**34,523**

Amortisation was substantially attributable to the contractual rights acquired to develop works for "Maxi-Lot 2" of the Quadrilatero Marche-Umbria road system (€1,417 thousand), the Infraflegrea project[36] (€3,258 thousand) and the O&M work for the Felix Bulnes Hospital (€3,224 thousand).

Depreciation mainly related to the contracts being performed in (i) the United States (Interstate-405 Motorway in California), (ii) Sweden (Haga and Kvarnberget Rock Tunnel), and (iii) Italy (Line 4 of the Milan Metro), which gave a significant contribution to the production for the period.

The decrease in depreciation compared to 2019 was mainly attributable to lower production volumes for the contracts being performed in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata Mining Projects).

Depreciation of right-of-use assets comprises depreciation of leased assets as per the standard IFRS 16. It mainly refers to (i) core assets (plant, machinery and equipment) used to develop projects in progress in Italy, Chile, Sweden and Romania, as well as (ii) buildings that will house the local offices of branches and foreign subsidiaries.

The increase in this item compared to 2019 was mainly due to the development of the industrial activities in Sweden (Haga and Kvarnberget Rock Tunnel).

Other impairment losses on non-current assets related to the partial write-down of the contractual rights relating to the Monte Sant'Angelo contract, which was made after the related Impairment Test. For more information on the assumptions used to calculate the related recoverable amount, reference should be made to Note 20 "Intangible assets" below. Furthermore, it should be noted that the change in this item compared to the comparative data was also due to the non-recurring effects that were recorded in 2019, attributable to the value reversal (€11,012 thousand) of the investment held in the Ankara Etlik Hastane A.S SPV (Etlik Health Campus in Turkey) carried out after the related impairment test.

"Impairment losses on loans and receivables" were essentially attributable to the final outcomes of the impairment of some claims relating to the EPC contract for the construction of the Third Bosphorus Bridge in Turkey.

[36] Cumana railway and the Monte Sant'Angelo railway connector in Naples.

10 Provisions: €6,196 thousand (-€4,307 thousand)

This caption is broken down as follows:

	2020	2019	Variation
Accruals to the provision for onerous contracts	(2,271)	(5,066)	2,795
Accruals to other provisions for risks and charges	8,466	759	7,707
Total	**6,196**	**(4,307)**	**10,503**

"Accruals to the provision for onerous contracts" [37] includes the partial use - against the final losses recorded in the current year - of the provision for risks set aside in previous years in relation to the costs necessary to fulfil some contracts (net of any related economic benefit), mainly in Chile and Italy.

"Accruals to other provisions for risks and charges" mainly relate to the (i) risks associated with any legal actions that could be brought on the part of Astaldi's creditors residing in foreign countries that do not recognise the composition procedure in order to have their claim satisfied in full within the composition procedure, and (ii) the partial review of the estimate made in previous years for refunding the customers for the higher costs and damages due to the termination of some contracts (mainly in Europe), which do not fall within the perimeter of the going-concern criterion as defined in the Business Plan behind the Composition proposal.

11 Non-recurring income from discharge of debt on continuing operations: €2,172,144 thousand (€0 thousand)

This item includes the positive economic effects arising from the discharge of the Parent's debt[38] and of other subsidiaries, which were observed after the approval of their respective composition with creditors procedures or following out-of-court settlement agreements reached with the related Creditors. It should be noted that for the purpose of determining non-recurring income from the discharge of the Parent's debt, the fair value of the newly-issued Astaldi shares issued and to be issued in favour of creditors to extinguish unsecured liabilities was taken into account, as required by IFRIC 19 – Extinguishing financial liabilities with equity instruments.

The table below shows the methods according to which the aforesaid non-recurring income was determined:

	€ mln
A) Unsecured liabilities transferred to the Separate Unit	3,425
B) Fair value of shares granted in conversion	(348)
of which confirmed creditors	(324)
of which potential creditors (i.e. provision for risks on unsecured claims)	(24)
C) Assets transferred to the Separate Unit [39]	(703)
D) Astaldi S.p.A. – non-recurring income from discharge of debt to unsecured creditors (A+B+C)	**2,374**
E) non-recurring income from discharge of debt to subordinated creditors	14
F) Total - Astaldi S.p.A.	**2,388**
G) Discharge of other Group companies' debt	112
H) Losses on unsecured claims of Subsidiaries and JOs	(114)
I) Eliminations of the effects of the discharge of debt on Corporate guarantees	(140)
Total for the Consolidated financial statements (F+G+H+I)	**2,246**
of which Continuing operations	**2,172**
of which discontinued operations	74

37 Ref. paragraphs 66-69 of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets".
38 Net of losses on unsecured claims the JOs claim from the latter entities.
39 Net of additional liabilities that will be settled in full, as required by the Composition Proposal, out of the proceeds arising from the sale of the assets transferred to the Separate Unit.

12 Financial income: €138,361 thousand (€56,556 thousand)

This caption is broken down as follows:

	2020	2019	Variation
Income from other investees	417	0	417
Income from financial transactions with banks	878	1,592	(714)
Commissions on sureties	1,527	754	773
Exchange gains	70,260	23,300	46,960
Financial income on leases	370	509	(139)
Income from derivatives	0	2,600	(2,600)
Other financial income	64,909	27,801	37,108
Total	**138,361**	**56,556**	**81,805**

"Other financial income" mainly includes: *(i)* accrued interest on amounts due from customers for contracts in progress in Italy and abroad (€14,529 thousand), *(ii)* interest on loans granted to associates and Joint Ventures (€7,800 thousand), and *(iii)* fair value gains on subordinated loans (€40,738 thousand). The increase in this caption compared to the previous year mainly related to a reclassification – carried out in accordance with paragraph 5.7.10.22c of IFRS 9 – in the statement of profit (loss) for the year, concerning Other Comprehensive Income, relating to subordinated loans disbursed to the Ankara Etlik Hastane A.S. SPV (for €27,440 thousand) and Sociedad Concesionaria Nuevo Pudahuel S.A. (for €12,878 thousand) transferred to the segregated assets of the separate unit.

Furthermore, there was an increase in exchange gains, which was mainly due to fluctuations of the Turkish lira and the Chilean peso.

13 Financial expense: €175,155 thousand (€102,462 thousand)

This caption is broken down as follows:

	2020	2019	Variation
Interest on bonds	21,864	11,308	10,556
Commissions on sureties	36,219	30,971	5,248
Expense on financial transactions with banks	6,767	8,264	(1,497)
Exchange losses	95,694	26,658	69,036
Fair value losses on derivatives	400	4,180	(3,780)
Financial expense on leases	2,514	3,868	(1,354)
Interest on payment extensions for trade payables	1,314	11,533	(10,219)
Non-recourse factoring of receivables	255	295	(40)
Interest expense on other financial liabilities	8,222	2,650	5,572
Impairment of financial assets	177	(1,176)	1,353
Other financial expense	1,729	3,911	(2,182)
Total	**175,155**	**102,462**	**72,693**

"Interest on bonds" relates to pre-preferential bonds[40], the use of which was specifically authorised by the Court of Rome in accordance with article 182-*quinquies* of the Bankruptcy Law. The increase over the comparative period was attributable to the higher amounts drawn on average out of the bond compared to 2019.

The increase in exchange losses, which mainly affected the areas of Turkey and Chile, was partially offset by higher exchange gains as commented on in note 12 above. Furthermore, with regard to foreign exchange

[40] Bond for an initial amount of €75 million issued on 12 February 2019 (Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022), which was subsequently increased and amended up to €190 million on 27 November 2019 (up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022).

management, it should be noted that in the current year the charges that had been previously recorded through OCI in relation to the Translation reserve of the related foreign operations (totalling approximately €23 million) were reclassified to the statement of the profit (loss) for the year, within the broader context of the Astaldi Group's withdrawal from some projects carried out in partnership with ICTAS in Turkey (the EPC contract[41] concerning the construction of the Third Bosporus Bridge).

"Commissions on sureties" are mainly attributable to the countries with the greatest historical footprint where the Group's industrial activities were refocused following the start of the composition procedure (Italy, Romania, Chile and Poland).

14 Income taxes: €179,443 thousand (€27,804 thousand)

The components are broken down in the table below:

	2020	2019	Variation
Current income taxes (*)	2,849	33,597	(30,748)
Deferred income taxes	175,274	(7,348)	182,622
IRAP, current	394	322	72
Prior year and other taxes	926	1,233	(307)
Total	**179,443**	**27,804**	**151,639**

(*) Income taxes relate to the IRES (corporate income) tax for Italy and to similar taxes for foreign countries

The increase in this item, compared to the same period of the previous year, was essentially due to the effects of the approval of Astaldi S.p.A.'s Composition Proposal and, in particular, to the tax regime applicable to the non-recurring item arising from the discharge of debt as a result of the write-off of the Parent's unsecured debt as required by the composition proposal that has been approved.
Given that Astaldi S.p.A. has submitted a specific application for ruling to the competent Revenue Agency office, which is aimed at obtaining clarifications on certain tax issues concerning the implementation of the Composition Proposal, including clarifications on how to determine the non-recurring income from discharge of debt relevant for tax purposes, the management has considered that the non-recurring income falls within the scope of the regime referred to in article 88 of the Consolidated Act on Income Taxes (TUIR, Presidential Decree 917 of 1986) for the purposes of preparing these consolidated financial statements.
In particular, according to paragraph 4-*ter*, "*[i]n the event of a turnaround agreement, a debt restructuring agreement approved in accordance with article 182-*bis *of Royal Decree no. 267 of 16 March 1942, or a certified plan in accordance with article 67, paragraph 3.d), of the aforementioned Royal Decree no. 267 of 1942, published in the register of companies, or equivalent foreign procedures, the reduction in the entity's debts does not constitute an non-recurring income for the portion that exceeds the losses, both past and present, referred to in article 84, without considering the limit of eighty percent, the deduction for the period and the surplus relating to the aid to economic growth referred to in article 1, paragraph 4, of Decree Law no. 201 of 6 December 2011, as amended and converted into Law no. 214 of 22 December 2011, and interest expense and similar financial charges referred to in article 96, paragraph 4, of this consolidated act.*"
According to the abovementioned provision, the non-recurring income recorded against the write-off of unsecured claims has been regarded as taxable (for IRES tax purposes only) up to the full amount of Astaldi S.p.A.'s past losses and the excess interest expense that were not deducted in previous years. Against this taxability, the corresponding deduction of the aforesaid income components (tax losses and non-deducted interest) has been considered, with a net effect of zero on current taxes. The deduction of interest expense that were not deducted in previous years and tax losses carried forward results in the release of the related deferred tax assets recognised by the Company in previous years to the income statement. On the other hand, the excess portion of the non-recurring income, with respect to the portion that is regarded as taxable, benefits from total exemption: for this reason, no additional effects on current taxes have been considered. Finally, it should be noted that Astaldi S.p.A. does not expect any tax effect directly connected with the transaction in foreign countries where it operates directly through its permanent establishments.

[41] Engineering, Procurement, Construction.

Deferred tax assets and liabilities amounting to €88,552 thousand and -€56,457 thousand, respectively, are broken down as follows:

	31/12/2020		31/12/2019	
	IRES	*IRAP*	*IRES*	*IRAP*
Deferred tax assets, deriving from:				
- provisions for risks, taxed and costs deductible in following financial years	58,730	4,230	24,442	4,198
- provision for risks on taxed default interest	0	0	1	0
- exchange differences	16,527	0	13,679	0
- tax losses	0	0	102,690	0
- IFRS 9 and IFRS 15	18,563	0	22,839	0
- interest expense as per art. 96 and others	0	0	113,970	0
- other minor	1,085	0	0	0
Deferred tax assets before set-off	**94,905**	**4,230**	**277,621**	**4,198**
Set-off	(10,583)	0	(6,353)	
Deferred tax assets after set-off	**84,322**	**4,230**	**271,268**	**4,198**
Deferred tax liabilities, deriving from:				
- buildings recognised at fair value as deemed cost	(3,807)	0	(3,807)	0
- taxable portion of dividends	0	0	(62)	0
- default interest to be received	(6,952)	0	(6,952)	0
- foreign components taxable in following years	(56,281)	0	(57,487)	0
- other minor	0	0	(440)	0
Deferred tax liabilities before set-off	**(67,040)**	**0**	**(68,748)**	**0**
Set-off	10,583	0	6,353	0
Deferred tax liabilities after set-off	**(56,457)**	**0**	**(62,395)**	**0**

Below are the changes in Deferred tax assets and liabilities:

	2020	2019
Net deferred tax assets/liabilities at the beginning of the year	**213,071**	**200,150**
(Accruals) uses recognised through profit or loss	(175,274)	7,348
(Accruals) uses recognised through OCI	(5,031)	5,657
Changes in consolidation perimeter and exchange rate effect	(670)	(84)
Net deferred tax assets/liabilities at the end of the year	**32,095**	**213,071**

The recoverability of the deferred tax assets recognised in the consolidated financial statements is reliably ensured by the forecasts implicit in and deriving from the business plan that was approved by the Parent's Board of Directors.

The following is a reconciliation, solely for IRES purposes, between the actual tax (current and deferred) and theoretical tax resulting from the application of tax rates ruling in Italy (equal to 24%) to pre-tax profit (loss):

	2020	%	2019	%
Pre-tax profit	**1,995,063**		**(41,935)**	
Theoretical tax	478,815	24.00%	(10,065)	24.00%
DTAs on unrecognised tax losses	40,139	2.01%	0	0.00%
Net effect of permanent increases (decreases)	(340,544)	(17.07%)	(12,004)	28.62%
Net effect of deferred and current taxes of Foreign Operations and other adjustments	511	0.03%	40,307	(96.12%)
Prior year and other taxes	14,612	0.73%	9,860	(23.51%)
IRAP (current and deferred)	307	0.02%	548	(1.31%)
Taxes recognised in the consolidated financial statements (current and deferred)	**193,840**	**9.72%**	**28,648**	**(68.31%)**

The net effect of permanent decreases mainly related - in 2020 - to the amount of the non-recurring income, recognised against the write-off of unsecured debt, which is regarded as non-taxable for IRES tax purposes in

accordance with article 88, paragraph 4-*ter*, of the Consolidated Act on Income Taxes (Presidential Decree no. 917 of 1986).
In this regard, it should be noted that the components relating to discontinued operations were also taken into account in calculating the tax rate.

15 Net profit (loss) from discontinued operations: -€30,197 thousand (-€6,620 thousand)

Within the scope of implementation of the guidelines of the 2018-2023 business and financial plan filed together with the application for admission to the composition with creditors procedure with the Court of Rome on 14 February 2019, which were further reiterated in the new 2021-2023 business plan that was approved by the Parent's Board of Directors on 14 March 2021, Astaldi S.p.A. has started an in-depth analysis of the order backlog with a view to achieving a gradual reduction in the intrinsic risk associated with each project.

This analysis, in line with the business plan, has led to a reduction in the Group's footprint in countries that are regarded as being at a higher risk and the selection of projects that are more sustainable as a whole from both an economic and financial point of view.

In particular, the business plan provides a precise definition of the backlog of countries in which to concentrate the Group's industrial operations and, consequently, those countries (mainly Central American countries, Russia and, in some areas, the Middle East in terms of income values for 2020) in relation to which, on the other hand, operations should be discontinued as they no longer meet the requirements of revised commercial and industrial planning strategies.

Accordingly, in implementing the guidelines of the business plan, Astaldi:

- agreed with the shareholder Ictas, within the broader scope of the agreement for the sale of the concessionaire company for the Third Bosphorus Bridge, which was entered into on 20 June 2019 and became effective in March 2020, its complete withdrawal in favour of the same shareholder from the operations being carried out in partnership in Russia;
- suspended the operations of its Honduras Branch after the local Judicial Authorities appointed an administrator on 25 May 2019 in order to sell the Branch's assets to satisfy its creditors;
- proceeded with the termination of the industrial operations of the additional geographical areas identified on the basis of the Company's new business plan, as early as from 2019.

With reference to all of the aforesaid circumstances, Astaldi's directors have deemed it necessary to classify the income components attributable to the geographical areas under review as discontinued operations in consideration of the information provided above and considering that the conditions laid down in paragraph 32.a) and b) of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations – were already met as early as from 2019.

Below is the breakdown of income and expense included in the aggregate under review:

Income from discontinued operations

	2020	2019	Variation
Revenue from contracts with customers	2,947	120,719	(117,772)
Other operating revenue	7,212	32,111	(24,899)
Financial income	8,101	18,376	(10,275)
Non-recurring income from discharge of debt for discontinued operations	74,127	0	74,127
Total income from Discontinued Operations	**92,387**	**171,206**	**(78,819)**

Expense from discontinued operations

	2020	2019	Variation
Operating costs	14,445	122,600	(108,155)
Personnel expenses	2,015	30,519	(28,504)
Other operating costs	21,213	2,890	18,323
Provisions and impairment losses	30,807	4,714	26,093
Financial expense	39,706	16,260	23,446
Taxes	14,398	844	13,554
Total expense from Discontinued Operations	**122,584**	**177,827**	**(55,243)**

Net loss from Discontinued Operations (equal to about €30 million) was mainly attributable to:

(i) the reclassification, in the statement of profit (loss) for the year, concerning the charges (totalling €20 million) previously recognised as OCI in relation to the Translation reserve for the M-11 Motorway and St. Petersburg WHSD projects in Russia following the disposal of the related foreign operations;

(ii) provisions set aside against the risks associated with any legal actions that could be brought, in order to have their claim satisfied in full, on the part of Astaldi's creditors residing in foreign countries that do not recognise the composition procedure (approximately €8 million);

(iii) the partial review of the estimate made with regard to certain pending legal disputes (approximately €21 million), which mainly relate to Central America and certain discontinued operations in Europe;

(iv) the provision for the higher sums relating to the Corporate Income tax contested by the local government agency (General Authority of Zakat and Tax) as to the work performed by subsidiary Astaldi Arabia Ltd. in Saudi Arabia in the 2006-2009 financial years (about €14 million);

(v) foreign exchange losses generated on accounting balances that are mainly denominated in Roubles and Dollars (approximately €12 million);

(vi) as well as to current operating expenses for legal, tax and administrative requirements prescribed for the discontinuance of aforesaid operations.

These effects were only partly offset by the non-recurring income generated as a result of the approval of the Parents' composition with creditors with reference to the payables of the branches operating in discontinued operations (equal to approximately €74 million).

16 Earnings per share: €5.55 (-€0.74)

Basic earnings per share are calculated as follows:

		2020	2019
Numerator (€'000)			
Profit (loss) from continuing operations of the Parent's ordinary shareholders	**(a)**	1,831,918	(65,380)
Profit (loss) for the year of the Parent's ordinary shareholders	**(b)**	1,801,721	(72,000)
Denominator (in units)			
Weighted average of ordinary shares		327,896,845	98,424,900
Weighted average of treasury shares		(3,299,369)	(551,834)
Weighted average of shares used to calculate basic earnings per share	**(c)**	**324,597,476**	**97,873,066**
Basic earnings per share - (€)	(b)/(c)	Euro 5.55	Euro (0.74)
Basic earnings per share from continuing operations - (€)	(a)/(c)	Euro 5.64	Euro (0.67)

Diluted earnings per share of €5.339 (only considering the profit from continuing operations) was calculated by dividing the profit for the year pertaining to the Parent's shareholders by the weighted average number of Astaldi S.p.A. shares outstanding during the year, excluding treasury shares, as increased by the weighted average of shares that could potentially be issued (12,853,455 shares) to service the Lender Warrants.

17 Property, plant and equipment: €61,060 thousand (€99,938 thousand)

The table below shows the opening and closing balances and variations of the year:

2020

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machinery	Assets under const. and payments on account	Total
Balance at 31 December 2019, net of depreciation (1)	33,945	27,379	15,760	20,334	2,521	99,938
Additions from acquisitions	0	1,456	417	1,079	4,460	7,412
Gross amount	**33,944**	**28,835**	**16,177**	**21,413**	**6,981**	**107,351**
Depreciation	(981)	(3,327)	(2,946)	(4,251)	0	(11,505)
Disposals	(23,102)	(5,440)	(389)	(1,005)	0	(29,936)
Reclassifications and transfers	(108)	83	86	54	(115)	0
Net exchange gains (losses)	(180)	112	(1,040)	(255)	(672)	(2,036)
Change in consolidation scope and other changes	(252)	1,368	(618)	(1,148)	(2,165)	(2,814)
Balance at 31 December 2020, net of depreciation (2)	**9,322**	**21,631**	**11,270**	**14,808**	**4,029**	**61,060**
(1) of which:						
Historical cost	51,005	73,849	61,009	77,607	2,521	265,991
Acc. depreciation	(17,060)	(46,470)	(45,250)	(57,273)	0	(166,054)
Carrying amount	**33,945**	**27,379**	**15,760**	**20,334**	**2,521**	**99,938**
(2) of which:						
Historical cost	15,641	61,433	50,111	65,958	4,029	197,172
Acc. depreciation	(6,319)	(39,802)	(38,841)	(51,150)	0	(136,110)
Carrying amount	**9,322**	**21,631**	**11,270**	**14,808**	**4,029**	**61,060**

The most significant changes that occurred in 2020 related to:

- additions from acquisitions, totalling €7,412 thousand, mainly relating to investments made for starting operations for the State Road Jonica (SS-106) project, Mega–Lot in Italy;
- depreciation for the year of €11,505 thousand, mainly relating to the development of industrial operations for the projects being implemented in Sweden (Haga and Kvarnberget Rock Tunnel), Romania (Curtici-Simeria railway line - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube) and the United States (Interstate-405 Motorway in California);
- disposals (€29,936 thousand) in the year, mainly concerned the transfer, among segregated assets of the separate unit, involving the building and annexed land located in Rome, at Via G.V. Bona no. 65, hosting the present operational office of the Company (€21,849 thousand) and the disposal of assets under contracts that are being completed, mainly in Italy and Turkey;
- the changes in consolidation scope mainly concerned the deconsolidation of the equity balances relating to the Astaldi- Vinci CGP UJV (Santiago Airport in Chile) following the loss of joint control over the Entity in December 2020.

2019

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machinery	Assets under const. and payments on account	Total
Balance at 31 December 2018, net of depreciation (1)	36,721	62,692	30,372	26,423	6,333	162,541
Additions from acquisitions	43	5,017	4,216	1,970	0	11,246
Gross amount	**36,764**	**67,709**	**34,588**	**28,393**	**6,333**	**173,787**
Depreciation	(1,113)	(6,133)	(3,134)	(5,157)	0	(15,538)
Disposals	0	(12,091)	(1,994)	(1,632)	0	(15,717)
Reclassifications and transfers	(1,738)	(21,936)	(13,766)	(1,229)	(3,803)	(42,472)
Net exchange gains (losses)	32	(154)	66	9	(9)	(56)
Change in consolidation scope and other changes	0	(17)	0	(50)	0	(67)
Balance at 31 December 2019, net of depreciation (2)	**33,945**	**27,379**	**15,760**	**20,334**	**2,521**	**99,938**
(1) of which:						
Historical cost	53,559	152,769	105,163	91,431	6,333	409,261
Acc. depreciation	(16,839)	(90,083)	(74,791)	(65,008)	0	(246,720)
Carrying amount	**36,721**	**62,686**	**30,372**	**26,423**	**6,333**	**162,541**
(2) of which:						
Historical cost	51,105	73,849	61,019	63,660	2,521	252,155
Acc. depreciation	(17,160)	(46,470)	(45,260)	(43,326)	0	(152,217)
Carrying amount	**33,945**	**27,379**	**15,760**	**20,334**	**2,521**	**99,938**

18 Right-of-use assets: €23,440 thousand (€38,724 thousand)

This caption comprises leased assets as per the standard IFRS 16 and mainly refers to core assets (plant, machinery and equipment) used to develop projects in progress mainly in (i) Chile (Chuquicamata Mining Projects), (ii) the United States (Interstate-405 Motorway in California), (iii) Sweden (Haga and Kvarnberget Rock Tunnel), and (iv) Italy (Line 4 of the Milan Metro, as well as (v) buildings that will house the local offices of foreign branches and subsidiaries.

Below are the types of the caption under review:

2020

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Total at 31/12/2020
Historical cost	12,149	12,450	31,048	3,009	58,656
Acc. depreciation	(4,528)	(8,249)	(20,573)	(1,866)	(35,216)
Total	**7,621**	**4,201**	**10,475**	**1,143**	**23,440**

The change in this item compared to the same period of the previous year was mainly due to the normal depreciation cycle for the above-mentioned assets (€31,658 thousand), which was partially offset by new acquisitions relating to work in progress in Italy and Sweden.

2019

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Total at 31/12/2019
Historical cost	11,320	22,825	36,740	2,747	73,631
Acc. Depreciation	(3,496)	(9,632)	(20,533)	(1,246)	(34,908)
Total	**7,824**	**13,192**	**16,207**	**1,501**	**38,724**

19 Investment property: €120 thousand (€127 thousand)

Investment property, totalling €120 thousand (€127 thousand at 31 December 2019), includes buildings and land held for investment purposes, the value of which substantially decreased due to ordinary depreciation (€8 thousand).

The caption is not measured at fair value as the indicators are not wholly reliable and the investment is immaterial.

20 Intangible assets: €35,139 thousand (€48,295 thousand)

The table below shows changes in this caption:

	31/12/2019	Increases from acquisitions	Amortisation	(Impairment losses) Reversals under profit or loss	Changes in consolidation scope and other changes	31/12/2020
Historical cost	**98,672**	871		(3,517)	(5,890)	**90,136**
Acc. amortisation	**(50,378)**		(10,509)		5,890	**(54,996)**
Carrying amount	**48,295**	**871**	**(10,509)**	**(3,517)**	**0**	**35,139**

Below is a more detailed breakdown concerning the type of intangible assets included in this caption:

	31/12/2020	31/12/2019	Variation
Contractual rights	34,429	46,295	(11,866)
Application software	337	516	(179)
Other minor	374	1,485	(1,111)
Total	**35,139**	**48,295**	**(13,156)**

At 31 December 2020, the aggregate under review mainly related to “Contractual rights” acquired from third parties to perform the following contracts:

(i) works for the construction of Maxi-lot 2 of the Quadrilatero Marche-Umbria road system (€14,835 thousand);
(ii) Infraflegrea project (€16,803 thousand);
(iii) O&M activities of the Four Tuscan Hospitals (€1,555 thousand).

The change in the item was mainly due to ordinary amortisation of intangible assets (€10,509 thousand) and to the impairment made on contractual rights for the Monte Sant’Angelo project (€3,517 thousand).

Finally, it should be noted that, while taking account of the indicators of impairment[42] on the contractual rights of the Infraflegrea and the Quadrilatero projects, management prudently tested the related investments for impairment.

Specifically, the Group estimated value in use by discounting the operating cash flows (using the UDCF method) calculated on the basis of the projections based on reasonable and sustainable assumptions reflecting the Parent management's best estimates. The cash flows of each year have been suitably discounted (mid-year convention) at a WACC rate of 9.53%.

Impairment test results

Quadrilatero Marche-Umbria road system

The impairment test did not show the need to recognise an impairment loss on this intangible asset. Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of the investment. Similarly, an assumed decrease of 10% in annual EBIT on a linear basis in all years covered by the plan would not affect the recoverability of intangible assets.

Infraflegrea project

In this context, the impairment test was carried out by verifying, as usual, separately whether the investments related to the Cumana railway line and Monte Sant'Angelo could be recovered. For this purpose, it should be noted that the contracts under review, although both of them are part of the Infraflegrea Project, constitute two separate Cash Generating Units that are separately monitored by management for operational purposes.

Specifically, as regards the contractual rights attached to the **Monte Sant'Angelo** contract, the impairment test carried out required a partial write-down of the related investment (-€3,517 thousand).

Below are the results of the sensitivity analysis carried out:

- a reasonable change in the financial parameters used to calculate the discount rate (-100/+100 bps) would entail a corresponding change of about €+364/-345 thousand in the recoverable value of the intangible asset;

- a reasonable change by -10%/+10% in annual EBIT on a linear basis in all years covered by the plan would entail a corresponding change of about €+1,114/-1,115 thousand in the recoverable value of the intangible asset.

On the other hand, the impairment test carried out on the contractual rights for the **Cumana Railway** substantially confirmed that the related investment was recoverable. However, it should be noted that the sensitivity analysis carried out would show that an assumed reasonable change in the parameters used to assess the related recoverable amount could entail the impairment of the intangible assets for about -€228 thousand (+100 bps in the discount rate) / -594 (-10% of annual EBITDA on a linear basis in all years covered by the plan).

Finally, the caption does not include leased assets.

[42] Internal information about delays in the performance of works for the Infraflegrea Project and market capitalisation of the Astaldi stock for the Quadrilatero Marche-Umbria road system.

21 Equity investments: €88,152 thousand (€502,088 thousand)

Equity investments net of impairment losses amount to €88,152 thousand, down by €413,936 thousand on 31 December 2019.

	31/12/2020	31/12/2019	Variation
Equity-accounted investments	37,577	454,269	(416,692)
Participating Financial Instruments - Astaldi Separate Unit	25,770	0	25,770
Non-controlling interests	24,805	47,819	(23,014)
Total	**88,152**	**502,088**	**(413,936)**

The change in this caption was mainly due to the transfer of some SPVs operating in the business line of concessions to the segregated assets of the separate unit. In particular, by a resolution dated 24 May 2020, in accordance with the terms of the Composition Plan and Proposal approved by the creditors, the Parent's Board of Directors resolved to set up a separate unit ("the Separate Unit") in accordance with article 2447-*bis* et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt, that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors") by selling all the assets, rights and legal relationships transferred to the Separate Unit (which is also referred to as the "SU"), thus separating them from the larger general assets of the Parent. The Separate Unit includes (and segregates) specific assets, rights and legal relationships (assets and liabilities) of the Company and of Astaldi Concessioni S.p.A. ("Astaldi Concessioni", which is wholly-owned by Astaldi) earmarked for disposal and attributable, for the item under review, to the following equity investments:

Company name	Project	Investment %	Transferred Value
Otoyol Yatirim Ve Isletme A.S.	Gebze - Orhangazi – Izmir Motorway	18.14%	377,723
Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS	Etlik Health Campus	51.00%	31,849
Sociedad Concesionaria Nuevo Pudahuel S.A	Arturo Merino Benitez International Airport - Santiago de Chile	15.00%	15,507

Finally, it should be noted that the carrying amounts of the equity investments are shown net of the capital proceeds to be paid in for shares and/or quotas subscribed, like at 31 December 2019.

21.1 Information on the main Joint Ventures and Associates

As at 31 December 2020 the Astaldi group did not hold investments in Joint Ventures regarded as material[43] according to the materiality parameters identified by the management.

The Joint Ventures that are not significant individually and those that have left the scope of consolidation as a result of the transfer to the Separate Unit have recorded, as regards Astaldi's share, a result for the period equal to -€50,391 thousand in the income statement, substantially attributable to the loss recorded in the first half of 2020 by Ankara Etlik Hastane A. S. (-€3,634 thousand) and to the reclassification - carried out in accordance with paragraph 22c of IAS 28 - in the statement of profit (loss) for the period of Other Comprehensive Income relating to the same investee (-€46,642 thousand).

[43] The Astaldi Group only considers as material the Joint Ventures and Associates with a carrying amount equal to or higher than €5 million.

The table below summarises the income statement and balance sheet highlights relating to the Associate Metro C, which is regarded as material for the Group's business:

	31/12/2020	31/12/2019
Balance sheet highlights		
Non-current assets	2,966	3,598
Current assets	267,034	289,633
Total Assets	**270,000**	**293,231**
Non-current liabilities	2,995	2,690
Current liabilities	209,987	233,524
Equity	57,018	57,018
Total Equity and Liabilities	**270,000**	**293,232**
Income statement highlights		
Revenues	59,675	91,851
Amortisation, depreciation and write-downs	(755)	(1,523)
Financial income and expense	(1,506)	(1,628)
Taxes	(333)	(236)
Net profit	0	0
Other Comprehensive income (expense)	0	0
Total Comprehensive Income (expense)	**0**	**0**
Group's share		
Interest	34,50%	34,50%
Carrying amount	**19,671**	**19,671**
Net profit	0	0
Other Comprehensive income (expense)	0	0
Total net profit	**0**	**0**

The Associates that are not significant individually and those that have left the scope of consolidation as a result of the transfer to the Separate Unit have recorded, as regards Astaldi's share, a result for the period equal to -€17.981 thousand in the income statement. This effect is substantially attributable to the profit accrued in the first half of 2020 by Otoyol Yatirim Ve Isletme A.S. (€22,496 thousand) and to the reclassification - carried out in accordance with paragraph 22c of IAS 28 - in the statement of profit (loss) for the period of Other Comprehensive Income relating to the SPVs (i) Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu (€7,496 thousand), which was sold during the first half of 2020 and (ii) Otoyol Yatirim Ve Isletme A.S. (-€47,753 thousand), which has been transferred to the segregated assets of the separate unit.

21.2 Significant restrictions on Joint Ventures and Associates

As at 31 December 2020, the Group's commitments to the capitalisation of the SPVs, as also provided for in the Economic and Financial Plan of the Separate Unit of Astaldi S.p.A. in accordance with Articles 2447-*bis* et seq. of the Italian Civil Code, amounted to a total of approximately €51 million to be paid over the next five financial years.

Furthermore, it is planned to grant a pledge, in favour of financial institutions, over the shares of the Investees that operate in the concessions sector and that fall within the scope of operations as a going concern, equal to approximately €7.4 million.

21.3 Non-controlling interests

The Group decided to avail of the option as per paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some non-controlling interests (i.e., investments in concession SPEs) as assets at FVTOCI[44], in order to take into account the fact that the valuation of such investments, related to projects developed over a long period

[44] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.

of time, can be influenced by external elements[45] - mainly temporary in nature - that do not entail a definitive increase/decrease in equity. Management deemed that recognising these effects in profit or loss would thus impact the proper presentation of the Group's income and expense as they only refer to a temporary accounting presentation. The following table provides a summary of the key figures of the main investments recognised at FVTOCI:

Company name	Business Line	Fair value	Cost	Variation	Investment %	Ke[46]	Valuation method
SPV Linea M4 S.p.A.	Concessions	21,594	23,295	(1,700)	9.63%	8.47%	DDM

On the other hand, it should be noted that since non-controlling interests in the construction business line relate to Consortium Companies and Consortia, the related cost can be regarded as an appropriate measurement of the related fair value.

21.4 Participating Financial Instruments

This caption, totalling €25,770 thousand, includes the fair value of the Participating Financial Instruments "PFIs" (ISIN code: IT0005422925) assigned to Astaldi S.p.A.'s Group companies creditors as partial payment of unsecured claims. As regards the fair value measurement of the PFIs (equal to approximately €0.17 per PFI), it should be noted that it was determined by taking account of the estimated net proceeds from the sale of each asset that makes up the Separate Unit compared to the number of PFIs that are currently outstanding, including those that could be issued in relation to the unsecured debt to be ascertained (i.e. provisions for risks). As at the reporting date of the 2020 financial year, it was not necessary to make any adjustment to the fair value of the PFIs compared to the value at which they were recognised initially.

22 Financial assets

22.1 Non-current financial assets: €52,590 thousand (€138,648 thousand)

The table below gives a breakdown of non-current financial assets:

	31/12/2020	31/12/2019	Variation
Non-current loan assets	38,504	121,316	(82,812)
Bonds	6,899	5,567	1,332
Other financial assets - investees	0	838	(838)
Other financial assets - third parties	3,078	2,478	600
Lease payments receivable	4,118	8,461	(4,343)
Loss allowances	(9)	(12)	3
Total	**52,590**	**138,648**	**(86,058)**

Non-current loan assets mainly relate to the subordinated loans (semi-equity) granted to the SPEs in the concessions segment.

The amounts granted to the main Investees are summarised below:

	31/12/2020	31/12/2019	Variation
Ankara Etlik Hastane A.S.	0	60,488	(60,488)
Metro 5 S.p.A.	1,369	1,828	(459)
Otoyol Yatirim Ve Isletme A.S.	0	461	(461)
Sociedad Concesionaria Nuevo Pudahuel S.A.	0	31,845	(31,845)
SPV Linea M4 S.p.A.	37,135	26,694	10,441
Total	**38,504**	**121,316**	**(82,812)**

45 Variations in exchange rates and discount rates.
46 Calculated based on market values.

The changes for the year mainly related to: (i) the transfer of the semi-equity relating to the SPV Ankara Etlik and Sociedad Concesionaria Nuevo Pudahuel to the segregated assets of the Separate Unit, as required by the Parent's composition proposal that has been approved, and (ii) additional amounts granted in the year to the Concessionaire company Linea M4 S.p.A. (€8,575 thousand), in addition to the change in the fair value of such financial instrument.

"Bonds" relate to securities[47] provided by the "OC 405 Partners" Joint Operation – according to the terms and conditions and methods laid down in the related work contract – as security for the fulfilment of the obligations undertaken towards the Customer within the scope of the execution of works for the modernisation of the Interstate-405 Motorway in California.

"Other financial assets - third parties" substantially relate to the financial resources that are temporarily made available for financing some activities carried out by the Group in partnership in Europe and America.

"Lease payments receivable" (€4,118 thousand) related to the contract in place with the associate Brennero Tunnel Construction S.c.a.r.l. for the lease of a TBM needed to bore the Brenner Base Tunnel. The change recorded in the caption under review compared to the previous year relates to the short-term reclassification of the principal amount of the instalments falling due within 12 months.

22.2 Current financial assets: €137,105 thousand (€110,388 thousand)

This item totalled €137,105 thousand and are made up as follows:

	31/12/2020	31/12/2019	Variation
Financial receivables from third parties	87,838	59,084	28,754
Advance liquidation payments to the Separate Unit	34,039	0	34,039
Bonds in portfolio	1,350	19,990	(18,640)
Finance leases	4,345	10,799	(6,454)
Provision for bad debts	(404)	(335)	(69)
Other current financial assets	9,937	20,849	(10,912)
Total	**137,105**	**110,388**	**26,717**

In 2020, loan assets from third parties mainly related to the temporary short-term use of surplus cash arising from the consortium project for the construction of the State Road Jonica, Mega-Lot 3 (€80.3 million).
"Advance liquidation payments to the Separate Unit" related to the amounts advanced to the Separate Unit – as required by Astaldi's composition plan, which provides for a total financial contribution of approximately €75 million on this basis – to enable the Separate Unit to meet the capitalisation commitments already undertaken with the concessionaire companies in order to provide them with the financial resources needed to complete the construction of the works under concession. In particular, the amount of €34,039 thousand is mainly related to payments made to the SPVs Ankara Etlik (€13.4 million) and Sociedad Concesionaria Nuevo Pudahuel (€18.4 million).
"Bonds in portfolio" related in particular to the temporary investment of surplus cash from the "OC 405 Partners" Joint Operation (Interstate-405 Motorway in California) in short-term bonds issued by Companies with high ratings (investment grade). The decrease recorded in this item with respect to the comparative figure was due to the partial convention into cash of securities that matured in 2020.
Financial receivables for leases related to the contract in place with associate Brennero Tunnel Construction S.c.a.r.l.. This item showed a decrease compared to the previous year, as a result of the collection of the instalments falling due in 2020.
Other financial assets mainly related to loans granted to Group Companies, for which reference should be made to the note on related-party transactions below.

[47] Bonds issued by Companies with high rating level (investment grade).

23 Other assets

23.1 Other non-current assets: €67,688 thousand (€117,677 thousand)

The table below shows the breakdown of this caption.

	31/12/2020	31/12/2019	Variation
Indirect taxes	2,528	10,590	(8,062)
Direct taxes	12,123	7,445	4,678
Tax assets	**14,651**	**18,035**	**(3,384)**
Guarantee deposits	24,052	36,678	(12,626)
Prepaid insurance premiums	7,066	7,636	(570)
Prepaid surety commissions	18,658	1,187	17,471
Other prepayments	1,883	2,050	(167)
Amounts due from social security institutions	74	56	18
Other sundry loans and receivables	1,304	52,035	(50,731)
Other assets	**53,037**	**99,642**	**(46,605)**
Total	**67,688**	**117,677**	**(49,989)**

The decrease in “Guarantee deposits” was mainly attributable to the partial recovery of sums given as security for the Customer entity for the Chuquicamata Mining Projects in Chile (Contract C13 and El Teniente contract). "Other sundry loans and receivables" showed a decrease that was substantially due to the effect of the transfer of Receivables and Work in progress relating to the Venezuelan railway projects (equal, net of the related provisions for doubtful accounts, to €52 million) to the segregated assets of the Separate Unit in accordance with the provisions of the composition proposal that has been approved.
Prepaid surety commissions showed an increase in relation to the accounting effects connected with the issue of Lender Warrants (see paragraph 31.3) and, more specifically, to the additional cost component[48] – which is remunerated through the assignment of the financial instruments in question – linked to the Bonding Facility (about €21 million, of which an amount of €17 million is classified among long-term assets).

23.2 Other current assets: €373,469 thousand (€336,936 thousand)

“Other current assets”, equal to €373,469 thousand, showed an increase of €36,533 thousand compared to the previous year.

	31/12/2020	31/12/2019	Variation
Receivables for the sale of goods and/or services	215,995	190,360	25,635
Advances to suppliers and subcontractors	83,495	91,352	(7,857)
Amounts due from personnel	999	738	261
Amounts due from social security institutions	2,217	2,577	(360)
Credit notes from suppliers	15,417	17,976	(2,559)
Prepaid insurance premiums	17,289	11,349	5,940
Prepaid surety commissions	12,829	5,112	7,717
Other prepayments	1,818	1,198	620
Other sundry loans and receivables	23,818	16,982	6,836
Allowance for contract losses to complete	(408)	(708)	300
Total	**373,469**	**336,936**	**36,533**

[48] Lender Warrants constitute a component of the additional remuneration of the RCF 200 Line and of the Bonding Facility granted to the Parent Company.

“Receivables for the sale of goods and/or services”, equal to €215,995 thousand, mainly relate to:

- activities ancillary to the construction of works (leases of machinery and equipment, sales of goods and provisions of services) provided to suppliers and subcontractors of the construction segment (€155,840 thousand);
- receivables of €60,126 thousand from associates, joint ventures and Joint Operations for (i) industrial, administrative, procurement and engineering services, *(ii)* commissions charged to the same Entities for guarantees given by the Parent to obtain the performance and advance payment bonds required by the individual contracts and (iii) for advances on reversal of costs paid to consortium companies and consortia mainly in the domestic sector.

This caption showed an increase compared to 2019, mainly due to the advances on the reversal of costs paid to the associate Brennero Tunnel Construction S.c.r.l. for works on Lot Mules 2-3 of the Brenner Base Tunnel.

The increase in "Prepaid surety commissions" related - as commented on in the note above - to the short-term portion of the prepaid expenses related to the additional remuneration of the Bonding Facility attributable to the Lender Warrants.

“Advances to suppliers and subcontractors” showed a decrease of €7,857 thousand, mainly with regard to the deconsolidation of the equity amounts relating to the Astaldi- Vinci CGP UJV (Santiago Airport in Chile) following the loss of joint control over the Entity in December 2020.

24 Inventories: €38,675 thousand (€38,231 thousand)

This caption is made up as follows:

	31/12/2020	31/12/2019	Variation
Raw materials, consumables and supplies	39,031	39,321	(290)
Allowance for inventory write-downs	(8,809)	(8,867)	58
Finished goods	3,782	1,978	1,804
Goods and materials in transit	4,671	5,799	(1,128)
Total	**38,675**	**38,231**	**444**

“Allowance for inventory write-downs” – substantially stable compared to 2019 - relates to certain countries in the Americas where the Group no longer intends to continue its operations. It should be noted that in this context the realisable value was taken into account for the write-off of the inventory assets, considering (i) the reference economic environment of the aforesaid countries and (ii) the Parent’s intention to complete the process of withdrawal from these areas as soon as possible.

The table below gives a more detailed breakdown of inventories by geographical segment:

	31/12/2020	%	31/12/2019	%	Variation
Italy	8,386	21.68%	6,495	16.99%	1,891
Europe	25,316	65.46%	24,673	64.54%	643
Americas	4,718	12.20%	6,808	17.81%	(2,090)
Africa	255	0.66%	255	0.67%	0
Total	**38,675**	**100.00%**	**38,231**	**100.00%**	**444**

The increase that was recorded in the domestic sector mainly concerned subsidiary NBI S.p.A. and related to the execution of agreements - already signed in previous years - which provided for the acquisition of some real estate assets for subsequent resale.
The decrease recorded in the Americas was substantially due to the deconsolidation of the equity balances relating to the Astaldi-Vinci CGP UJV (Santiago Airport in Chile) following the loss of joint control over the Entity in December 2020.
In the Europe area, note the increase that was recorded with regard to the contracts concerning (i) the Haga and Kvarnberget Rock Tunnel in Sweden and (ii) the Braila Bridge over the Danube in Romania, connected with the start of some operational phases on the aforesaid contracts, providing for the gradual procurement of the materials needed to execute the works. This effect was partially offset by a decrease recorded in Turkey, as a result of the Parent's withdrawal from the EPC contract for the construction of the Third Bosphorus Bridge.

25 Contract assets: €922,428 thousand (€794,098 thousand) Contract liabilities: -€693,978 thousand (-€384,063 thousand)

These captions are broken down as follows:

	31/12/2020	31/12/2019	Variation
Contract work in progress	13,965,972	13,949,486	16,486
Progress payments	(12,903,257)	(13,042,021)	138,764
Fines for contract terminations	0	(38,774)	38,774
Contractual advances	(139,432)	(73,670)	(65,762)
Loss allowances	(855)	(923)	68
Contract assets	**922,428**	**794,098**	**128,330**

Contract work in progress	3,801,574	5,587,481	(1,785,907)
Progress payments	(3,888,264)	(5,693,536)	1,805,272
Contractual advances	(607,288)	(278,007)	(329,281)
Contract liabilities	**(693,978)**	**(384,063)**	**(309,915)**

Net contract work in progress[49], recognised separately under contract assets and contract liabilities, showed an increase of approximately €174 million compared to the previous period, which was mainly due to the development of industrial activities for the contracts that gave the greatest contribution to the production for the period in the areas of (i) Italy (the Brenner Base Tunnel, Line C of the Rome Metro and State Road Jonica, Mega-lot 3), (ii) Romania (Braila Bridge over the Danube) and (iii) the United States (Interstate-405 Motorway in California).

“Contractual advances” showed a total increase of €395 million, which was due to (i) advance payments received from customers in Italy (mainly the State Road Jonica Mega–Lot 3, the Quadrilatero Marche-Umbria road system, Maxi-lot 2 and the High-Speed and High-Capacity Verona–Padua railway line), even following the concessions provided for in the urgent provisions for the liquidity of contractors laid down in the "Relaunch Decree" (Decree Law no. 34 of 19 May 2020).

Finally, it should be noted that the balance sheet amounts of the related entity were deconsolidated and, in particular, the related work in progress and advances from customers for the caption under review, following the Parent’s withdrawal from the Joint Operations relating to the construction of the EPC contract for the Third Bosphorus Bridge in Turkey and the Arturo Merino Benítez International Airport in Santiago, Chile.

[49] Contract work in progress less progress payments from customers.

26 Costs capitalised to fulfil a contract: €4,655 thousand (€2,868 thousand)

This caption includes pre-operating costs - capitalised in accordance with paragraph 95 of IFRS 15 - incurred as part of the analysis and preparation of offers for new commercial projects, which are regarded as being capable of providing in the future greater resources for the performance of the related contracts (i.e. preliminary and/or final design of works, geognostic surveys, topographical surveys, etc.). The balance outstanding as at the reporting date of the current financial year mainly related to certain projects being awarded in Canada and Italy.

During the year under review, no evidence was reported, which suggested that the caption under review might be impaired, and therefore no write-down was applied to these assets.

27 Trade receivables: €730,913 thousand (€604,976 thousand)

Trade receivables increased by approximately €125,937 thousand compared to the previous year and are made up as follows:

	31/12/2020	31/12/2019	Variation
Customers	354,507	611,234	(256,727)
Investees	180,837	27,973	152,864
Controlling companies	202,068	0	202,068
Loss allowances	(6,500)	(34,232)	27,732
Total	**730,913**	**604,976**	**125,937**

The caption “Others - Investees” is mainly attributable to the receivable from the Iricav Due Consortium for contract advances it has collected on behalf of the consortium members.
The caption “Controlling companies” relates to the receivables that the Astaldi Group claims from the controlling company Webuild S.p.A. within the scope of certain consortium projects carried out in partnership in Italy (State Road Jonica, Mega–Lot 3 and High-Capacity Naples–Bari railway line, Apice–Hirpinia section).

The decrease in “Loss allowances” was mainly attributable (approximately €26 million) to the derecognition of some impaired claims (net of the related provision for doubtful accounts) connected with the EPC contract concerning the construction of the Third Bosphorus Bridge in Turkey.

The table below gives a more detailed breakdown of the caption by geographical segment:

	31/12/2020	%	31/12/2019	%	Variation
Italy	594,981	81.40%	380,198	62.85%	214,783
Europe	56,761	7.77%	139,030	22.98%	(82,269)
Americas	76,773	10.50%	84,139	13.91%	(7,366)
Africa	1,825	0.25%	1,435	0.24%	390
Asia	573	0.08%	174	0.03%	399
Total	**730,913**	**100.00%**	**604,976**	**100.00%**	**125,937**

Based on the table above:

- the increase in receivables recorded in Italy was mostly attributable to the consortium projects carried out in partnership with the controlling company Webuild S.p.A. (State Road Jonica, Mega–Lot 3, High-Speed and High-Capacity Verona-Padua railway line and High-Capacity Naples–Bari railway line, Apice–Hirpinia section);
- the decrease in Europe was mostly attributable to the substantial completion of the Warsaw metro line

II, extension EAST project in Poland and the Parent's withdrawal from the EPC contract concerning the construction of the Third Bosphorus Bridge in Turkey;
- the decline recorded in the Americas area was largely attributable to the collection of the amounts that were claimed in relation to the works for the construction of the New Hospital in Linares in Chile at the end of the comparative year.

It should be noted that the Group occasionally carries out "direct factoring" transactions in relation to Claims that arose from sales of goods or the provision of services (with an average maturity of about 90 days) relating to operations that constitute the core business of the Group. The transactions under review are mainly assignments without recourse that entail the derecognition of the claims during the phase of assignment. As at 31 December 2020 the outstanding amount of the transactions without recourse totalled approximately €10.6 million, equal to about 1.5 % of the portfolio at that date.

Finally, it should be noted that, according to the management, the book value of Trade receivables is capable of reasonably representing the corresponding fair value.

28 Tax assets: €79,271 thousand (€68,620 thousand)

This caption may be broken down as follows.

	31/12/2020	31/12/2019	Variation
Indirect tax assets	74,247	62,382	11,865
Income tax assets	5,222	6,436	(1,214)
Loss allowances	(198)	(198)	0
Total	**79,271**	**68,620**	**10,651**

Indirect tax assets increased by €11,865 thousand compared to 31 December 2019, essentially as a result of higher production volumes recorded in Italy during the current year, in relation to those contracts under which the split payment"[50] scheme is applicable in relations with public authorities (mainly the Quadrilatero Marche-Umbria road system, Maxi-lot 2 and State Road Jonica, Mega–Lot 3).

29 Cash and cash equivalents: €500,344 thousand (€314,061 thousand)

This caption increased by €186,283 thousand over 31 December 2019 as follows:

	31/12/2020	31/12/2019	Variation
Bank and post office accounts	500,142	313,733	186,409
Cash-in-hand and cash equivalents	201	327	(126)
Cheques	1	1	0
Total	**500,344**	**314,061**	**186,283**

A breakdown of this caption by geographical segment is as follows:

	31/12/2020	%	31/12/2019	%	Variation
Italy	340,963	68,15%	156,995	49,99%	183,968
Europe	87,521	17,49%	95,515	30,41%	(7,994)
Americas	64,783	12,95%	54,423	17,33%	10,360
Africa	519	0,10%	3,053	0,97%	(2,534)
Asia	6,558	1,31%	4,075	1,30%	2,483
Total	**500,344**	**100,00%**	**314,061**	**100,00%**	**186,283**

[50] Article 17-*ter* of Presidential Decree no. 633/1972.

The increase in cash and cash equivalents recorded in Italy reflects the positive effects of the cash capital increase reserved for Webuild S.p.A. (€225 million), which was completed in November 2020.

It should be noted that, within the restructuring process of the project related to the Integrated Health Campus of Ankara Etlik in Turkey, the lending banks have imposed restrictions on liquidity (equal to €33.5 million) of the related Joint Operation that holds the EPC contract in order to provide further support and security for the equity payments on the part of the shareholders in the "Ankara Etlik Hastane A.S.[51]" (Ringfencing Deed). Cash and cash equivalents are deposited in certain specific accounts that are pledged in favour of the lending banks, but may be used, according to the Ringfencing Deed, to meet the construction costs incurred by the EPC Contractor. It should also be noted that a portion of the EPC Contractor's cash and cash equivalents is also used to guarantee construction advance payment bond and stand-by letters of credit for the shareholders' capitalisation commitments in the project company.

30 Non-current assets held for sale: €10,050 thousand (€356,028 thousand)

Liabilities directly associated with non-current assets held for sale (disposal groups): -€15,111 thousand (-€194,596 thousand)

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale are broken down as follows:

Non-current assets held for sale

	31/12/2020	31/12/2019	Variation
Property, plant and equipment	1,591	8,882	(7,291)
Equity-investments	0	69,473	(69,473)
Non-current financial assets	0	200,616	(200,616)
Other non-current assets	3,051	3,929	(878)
Deferred tax assets	0	31	(31)
Inventories	496	884	(388)
Contract assets	476	6,659	(6,183)
Trade receivables	1,514	33,351	(31,837)
Current loan assets	0	590	(590)
Other current financial assets	0	356	(356)
Tax assets	289	1,533	(1,244)
Other current assets	2,517	28,962	(26,445)
Cash and cash equivalents	116	762	(646)
Total non-current assets associated with disposal groups	**10,050**	**356,028**	**(345,978)**

[51] The SPV that holds the concession agreement relating to the Etlik Hospital.

Liabilities directly associated with non-current assets held for sale

	31/12/2020	31/12/2019	Variation
Non-current financial liabilities	0	(4,485)	4,485
Employee benefits	(18)	(122)	104
Provisions for risks and charges	(7,600)	(56,893)	49,293
Contract liabilities	0	(9,498)	9,498
Trade payables	(5,532)	(95,255)	89,723
Current financial liabilities	0	(22,555)	22,555
Tax liabilities	(1,560)	(2,408)	848
Other current liabilities	(401)	(3,379)	2,978
Total liabilities directly associated with disposal groups	**(15,111)**	**(194,596)**	**179,485**

The net book value of Disposal groups (equal to -€5,061 thousand at 31 December 2020) mainly related (-€5,086 thousand) to the deficit in Honduras. On 25 May 2019 the local Judicial Authorities – taking account of the well-known financial difficulties of the Parent - appointed an administrator with full powers over the branch's assets, in order to manage and preserve them, in order to sell the assets to satisfy its creditors[52]. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the administrator, management classified the assets and liabilities of the Honduras branch under disposal groups as such amount will only be recovered when the assets are sold to satisfy the creditors. As at the date of preparation of these consolidated financial statements, the assets had been measured at the lower of their carrying amount and fair value less costs to sell. The latter has been measured considering the market analyses performed on equivalent assets which did not indicate the need to recognise any impairment losses further to those recognised in previous years.

With regard to the main changes in the items under review with respect to comparative data, it should be noted as follows:

- the sale of the 20% stake (including shareholder loan) in the concessionaire company of the Third Bosphorus Bridge, Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu, for an amount of €259,415 thousand at 31 December 2019;
- the Parent's total withdrawal from the operations carried out in partnership in Russia with its Turkish partner Ictas, which led to the accounting closure of the equity deficit of the aforementioned projects, amounting to -€102,001 thousand at 31 December 2019.

31 Equity: €975,814 thousand (-€1,540,088 thousand)

31.1 Share capital: €340,431 thousand (€196,850 thousand)

The Company's subscribed and fully paid-in share capital consists of 1,480,136,785 ordinary shares without a nominal amount and a total of €340,431 thousand.

As at 31 December 2020, according to the shareholders' register and other related information (which is mandatory by law - article 120 of Legislative decree no. 58/98), the shareholders of Astaldi S.p.A. with investments of more than 3% are as follows:

[52] For more details, reference should be made to the more complete information provided in the explanatory notes to the 2019 consolidated financial statements.

DIRECT SHAREHOLDER	No. of shares	Investment %	Number of voting rights	% of voting rights
Webuild S.p.A.	978,388,450	66.10%	978,388,450	63.86%
Fin.Ast S.r.l.	52,883,842	3.57%	104,817,304	6.84%
Total shareholders with a significant investment	**1,031,272,292**	**69.67%**	**1,083,205,754**	**70.70%**
Market[53]	448,864,493	30.33%	448,975,019	29.30%
Total	**1,480,136,785**	**100.000%**	**1,532,180,773**	**100.000%**

*Pursuant to article 2357-ter.3 of the Italian Civil Code, the voting rights attached to Treasury Shares are suspended.

The main equity transactions that took place in 2020 are described below:

- for the purposes of implementing the Composition Proposal and the Plan, on 31 July 2020 the Extraordinary Shareholders' Meeting of the Parent resolved to reduce the share capital due to losses by €174,339,455 and thus up to an amount of €22,510,345;
- on 5 November 2020, the capital increases were carried out, which were reserved for Webuild S.p.A. ("Webuild") and the Company's unsecured creditors, respectively, as provided for in the composition proposal approved by the Court of Rome by an order published on 17 July 2020 and as resolved by the Extraordinary Shareholders' Meeting held on 31 July 2020 for a total value of €316,950,033. In particular, the Company completed: (i) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for subscription by Webuild, through the issue of 978,260,870 new shares (the "Webuild Capital Increase" and the "New Shares"), and (ii) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for unsecured creditors of Astaldi S.p.A. in conversion of the receivables they claim against Astaldi, through the issue of 399,782,755 new shares (the "Capital Increase by Conversion" and the "New Conversion Shares"). The New Shares and the New Conversion Shares were fully subscribed and paid up on the same date and were automatically admitted to trading on the Electronic Stock Market organised and managed by Borsa Italiana in accordance with article 2.4.1 of the Stock Exchange Regulation, in the same way as those that are currently outstanding. For more information, reference should be made to the detailed description in the Prospectus, which was approved by CONSOB by notice no. 1075426/20 of 28 October 2020 and was published, in accordance with the applicable law, on 29 October 2020. The New Conversion Shares were assigned to unsecured creditors at the ratio of 12.493 share for every €100.00 in unsecured claim against Astaldi, as provided for in the composition proposal;
- following Banco BPM's request for the exercise of 4,222,094 Astaldi Warrants 2020-2023, which was submitted on 26 November 2020, 4,222,094 Ordinary Shares were awarded to the bank with a corresponding capital increase equal to €971,082.

The table below summarises the changes in the Parent's shares during the year:

Event	Number of shares
Old Shareholders	97,871,066
Webuild S.p.A. capital increase	978,260,870
Capital increase by conversion	399,782,755
Capital increase arising from partial exercise of bonus Warrants	4,222,094
Total Shares	**1,480,136,785**

31.2 Reserve for additional charges on capital increases: -€2,101 thousand (€0 thousand)

This reserve includes the charges that are directly associated with the capital increases that were completed during the year under consideration.

[53] Of which 16,984,348 shares assigned to the Group Companies in conversion of unsecured claims against Astaldi S.p.A..

31.3 Purchase rights and/or obligations on authorised but unissued capital

The Extraordinary Shareholders' Meeting of the Parent held on 31 July 2020 resolved, among other things:

- to approve the issue and free assignment of 80,738,448 warrants (the "Anti-Dilutive Warrants") reserved for Webuild S.p.A. in accordance with the provisions of the Composition Proposal and under the terms and conditions laid down in the regulation of the Anti-Dilutive Warrants, at the ratio of 1 newly-issued ordinary share of Astaldi for each 1 Anti-Dilutive Warrant that is exercised. The issue of the bonus shares – which took place at the same time as the Webuild Capital Increase – provides for the issue of a maximum number of 80,738,448 ordinary shares of Astaldi S.p.A., with no par value (bonus shares) to service the exercise of the Anti-Dilutive Warrants, without any modification of the share capital. The exercise of the Anti-Dilutive Warrants - in accordance with the terms and conditions set out in the related regulation - will enable Webuild to subscribe and receive (free of charge) a number of Shares such as to ensure that, if any Shares are issued as part of the Unforeseen Creditors Capital Increase, the stake held in Astaldi's share capital will return to 65% thereof;

- to approve: (a) the issue and free assignment of 79,213,774 warrants (the "Lender Warrants") in favour of Astaldi Lending Banks, which grant the right to subscribe ordinary shares of Astaldi S.p.A. at the ratio of 1 share for each 1 Lender Warrant, to be exercised within the deadline of three years from the registration date of the resolution with the Company Register; (b) a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total maximum amount of up to €18,219,168, including share premium (the "Lender Warrant Capital Increase"), through the issue of a maximum number of 79,231,774 shares (the "Conversion Shares"), with no par value, at a unit price of €0.23, to be used exclusively and irrevocably to service the Lender Warrants and then the exercise of the right of subscription granted to the holders of Lender Warrants; (c) the regulation of the warrants, which governs – among others – the issue, the methods of operation, the exercise and transfer of Lender Warrants (the "Lender Warrant Regulation"). As at the reporting date for the current financial year 4,222,094 lender warrants had been exercised, with a consequent capital increase of €971,081;

- to approve the revocation of: (i) the resolution passed by the extraordinary shareholders' meeting held on 15 December 2017, whereby it approved a cash capital increase for a total maximum nominal amount of €35,706,998, which was reserved exclusively for the service of the equity-linked bond for a total amount of €140,000,000 known as "€140,000,000 4.875 per cent Equity-Linked Notes due 2024"; and (ii) the resolution passed by the extraordinary shareholders' meeting held on 28 June 2018, whereby it approved a divisible capital increase against payment, for a total maximum amount of € 300,000,000, to be offered as an option to shareholders.

It is further noted that the same shareholders' meeting also passed resolutions concerning:

- a divisible capital increase for a maximum total amount of up to €98,653,846, including the share premium, through the issue of a maximum number of 428,929,765 shares, with no par value, at a unit price of €0.23, to be reserved for subscription by the Confirmed Creditors and the Potential Creditors of Astaldi, to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi S.p.A. (the "Capital Increase by Conversion"). As at the reporting date of the current financial year this capital increase was carried out for €91,950,033, corresponding to 399,782,755 shares;

- a divisible capital increase, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code for a maximum total amount of up to €10,000,000, including the share premium, through the issue of a maximum number of 43,478,261 shares, with no par value, at a unit price of €0.23, to be reserved for subscription by the Unforeseen Creditors of Astaldi, to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi (the "Unforeseen Creditors Capital Increase").

A copy of the shareholders' meeting resolution is available to the public on the Company's website (www.astaldi.com).

31.4 Treasury shares: -€6,785 thousand (-€3,023 thousand)

As regards the treasury shares that were owned by the Parent at the end of the 2019 financial year (553,834 shares for a total investment of €3,023 thousand), it should be noted that the extraordinary shareholders' meeting of Astaldi S.p.A., which was held on 31 July 2020, resolved to cancel the shares held in the portfolio, without reducing the share capital, by means of a total write-off of the related reserve for treasury shares.

At the end of the 2020 financial year, the value of the reserve for treasury shares related to the shares assigned in conversion - in accordance with the provisions of the approved composition proposal - to the Group companies that were unsecured creditors of Astaldi for 16,984,348 shares (for a total value of €6,785 thousand).

The table below summarises the changes that were recorded in treasury shares during the current financial year:

Event	Number of shares
Treasury shares in the portfolio at 1 January 2020	553,834
Shareholders' Meeting resolution of 31 July 2020 – Cancellation of treasury shares	(553,834)
Treasury Shares assigned in conversion to the Group companies	18,731,327
Treasury Shares sold by the Group Companies	(1,746,979)
Total Treasury Shares	**16,984,348**

31.5 Reserves: -€1,159,639 thousand (-€1,663,652 thousand)

The table below shows the breakdown of the equity reserves:

	31/12/2020	31/12/2019	Variation
Share premium reserve	234,378	0	234,378
Legal reserve	0	34,347	(34,347)
Extraordinary reserve	392	198,597	(198,205)
Retained losses	(1,443,774)	(1,677,991)	234,217
Other reserves	78,585	(86,793)	165,378
Other comprehensive expense	(29,201)	(156,669)	127,468
Deferred tax on other comprehensive income (expense)	(19)	24,857	(24,876)
Total	**(1,159,639)**	**(1,663,652)**	**504,013**

Share premium reserve
This reserve, which had not been valued at the end of the comparative period, includes the difference between the unit price of €0.23 that is conventionally attributed to the shares issued against the conversion of unsecured claims and the related fair value (estimated at €0.81 per share). The fair value of Astaldi Shares assigned in conversion to Unsecured Creditors has been estimated by using the financial method of the Unlevered Discounted Cash Flow Model in order to take account of the implementation of the Integrated Manoeuvre as provided for in the Business Plan that was approved by the Parent's Board of Directors on 14 March 2021. The value determined in this manner has also been verified through the market multiples control method. The management in fact has considered that Astaldi's stock price did not represent the actual fair value of the Shares as at the date of the capital increase; this is also due to the fact that Astaldi stock has been characterised in recent months by much lower trading volumes compared to the past with bid-ask spread levels much higher than those recorded on average in the FTSE MIB list.

The Parent's Shareholders' Meeting resolution concerning the reduction in losses accumulated in the 2018 and 2019 financial years

The Parent's Shareholders' Meeting resolution provides, as regards the separate financial statements of Astaldi S.p.A. (the Separate Financial Statements), for a reduction in losses accumulated in the 2018 and 2019 financial years through a capital decrease by an amount of €174.3 million and a reduction in reserves by a net amount totalling €386.8 million.

The table below provides a reconciliation between the reductions in the reserves that were recorded in the separate financial statements of Astaldi S.p.A. – on the basis of the Shareholders' Meeting resolution referred to above – and the related effects recognised in the consolidated financial statements:

Capital and Reserves	Separate Financial Statements	Consolidated Financial Statements	Difference
a) Share Capital	174,340	174,340	0
b) Legal reserve	34,347	34,347	0
c) Extraordinary reserve	195,510	198,205	(2,695)
d) Reserve for Treasury Shares	(3,023)	(3,023)	0
e) Other reserves	**160,014**	**(96,672)**	**256,686**
of which			
IFRS Transition and FTA reserve	(159,207)	(95,689)	(63,518)
Reserve for trading in treasury shares	2,213	2,213	0
Reserve from merger deficit	11,000	0	11,000
Reserve under Article 6.2 of Legislative Decree 38/2005	265,291	0	265,291
Reserve under Article 6.3 of Legislative Decree 38/2005	43,913	0	43,913
Others	(3,196)	(3,196)	0
Total reduction in Capital and Reserves (a+b+c+d+e)	**543,188**	**307,197**	**253,991**

The main differences in reporting the reserves between the separate financial statements of Astaldi S.p.A. and the related consolidated financial statements are related to the aggregates of "Reserve under Article 6.2 of Legislative Decree 38/2005" and "Reserve under Article 6.3 of Legislative Decree 38/2005" which include, in the separate financial statements, the effects related to the first-time adoption of IAS 27 rev.2015. In particular, Astaldi has made use of the option provided for under the abovementioned standard for the measurement of investments in subsidiaries, associates and joint ventures according to the equity method in the separate financial statements. In the consolidated financial statements, the results that have been gradually accrued by subsidiaries, associates and joint ventures are instead recognised as profits and (losses) carried forward.

Other comprehensive income (expense) and deferred taxation

Below is the breakdown of Other comprehensive income (expense):

	31/12/2020	31/12/2019	Variation
Exchange differences from translation of financial statements in foreign currency	(5,411)	(33,861)	28,450
Fair value of financial assets measured at FVTOCI	80	23,072	(22,992)
Fair value of financial equity instruments measured at FVTOCI	(25,798)	(13,392)	(12,406)
Actuarial gains (losses) of defined-benefit plans for employees	(196)	(287)	91
Total Subsidiaries and JOs	**(31,325)**	**(24,468)**	**(6,857)**
Fair value of Cash Flow Hedge derivatives	0	(93,651)	93,651
Exchange differences from translation of financial statements in foreign currency	(2,255)	6,706	(8,961)
Actuarial gains (losses) of defined-benefit plans for employees	(128)	(34)	(94)
Total Associates and JVs	**(2,383)**	**(86,979)**	**84,596**
Other comprehensive income (expense) of Discontinued Operations	4,507	(45,222)	49,729
Deferred taxation from other comprehensive income (expense)	(19)	24,857	(24,876)
Total	**(29,220)**	**(131,812)**	**102,592**

The significant change in other comprehensive income (expense) (€102.6 million) was mainly due to reclassifying - according to the international accounting standards - in the statement of profit (loss) for the period the Other Comprehensive Income relating to the measurement of equity investments concerning the Companies: (i) Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu (-€7.5 million), which was sold during the first half of 2020; (ii) Otoyol Yatirim Ve Isletme A.S. (€35.6 million) and Ankara Etlik Hastane A.S (€38.2 million), which was transferred to the segregated assets of the Separate Unit; as well as to (iii) the JO relating to the EPC contract[54] relating to construction of the Third Bosphorus Bridge following the Parent's withdrawal from the related project during the first half of 2020 (€23 million).

Other reserves

Below is the breakdown of Other reserves:

	31/12/2020	31/12/2019	Variation
IFRS 2 – Share-based Payments reserve	68,902	0	68,902
IFRS transition and FTA reserve	7,472	(88,217)	95,689
Reserve for trading in treasury shares	(195)	2,213	(2,408)
Other reserves	2,407	(789)	3,196
Total	**78,585**	**(86,793)**	**(165,379)**

The "IFRS 2 – Share-based Payments reserve" includes (for €24,424 thousand) the fair value of the shares that could be issued – as required by the approved composition procedure - in conversion of unsecured claims to be ascertained (i.e. provisions for risks) and those to be used to service the exercise of warrants granted to the lending banks (for €44,478 thousand).
The IFRS Transition and FTA reserve comprises all the adjustments made in the opening statement of financial position of the first set of financial statements prepared pursuant to the IFRS and the amount recognised after subsequent endorsements of new standards compared to the FTA.
The reserve for trading in treasury shares shows the gains and losses arising from the buyback plan.

31.6 Equity attributable to non-controlling interests: €2,186 thousand (€1,737 thousand)

The changes in equity attributable to non-controlling interests were mostly due to other comprehensive income (expense) for the period and to some variations in the non-controlling interests in some subsidiaries recognised in accordance with paragraph 23 of IFRS 10 "Consolidated Financial Statements".
Below is the breakdown of Other comprehensive income (expense) attributable to non-controlling interests:

	31/12/2020	31/12/2019	Variation
Exchange differences from translation of financial statements in foreign currency	(99)	(66)	(33)
Actuarial gains (losses) of defined-benefit plans for employees	(5)	(5)	0
Total	**(104)**	**(71)**	**(33)**

[54] Engineering, Procurement, Construction.

32 Financial liabilities

32.1 Non-current financial liabilities: €199,848 thousand (€185,744 thousand)*

This caption is broken down as follows:

	31/12/2020	31/12/2019	Variation
Secured super senior bonds	0	130,572	(130,572)
Bonds – nominal amount	**0**	**130,572**	**(130,572)**
Total bonds	**0**	**130,572**	**(130,572)**
Bank loans	206,539	8,065	198,474
Collateral-backed loans	0	1,333	(1,333)
Lease liabilities	11,040	16,370	(5,330)
Bank loans and borrowings and lease liabilities - nominal amount	**217,579**	**25,768**	**191,811**
Commissions on loans	(22,882)	0	(22,882)
Total bank loans and borrowings and lease liabilities	**194,697**	**25,768**	**168,929**
Loans and borrowings from other financial backers	5,002	29,202	(24,200)
Associates, Joint Ventures and others	149	202	(53)
Total	**199,848**	**185,744**	**14,104**

(*) Included in net financial debt for €198,976 thousand (2019: €185,541 thousand).

The change in “bonds” was due to the early repayment - in accordance with the provisions of the approved composition proposal - of the debenture loan (Super-senior Secured PIYC Floating Rate Notes[55]) following the use of the RCF Line that had been entered into on 19 October 2020 and disbursed on 12 November 2020, as described below.

“Bank loans” mainly related to the unsecured loan agreement (the "RCF Loan Agreement"), which was signed on 19 October 2020 with a pool of banks including Banca Monte dei Paschi di Siena S.p.A., Banco BPM S.p.A., BNP Paribas, Italian Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (the "Banks"), for a total of €200,000,000 and which can be used to finance Astaldi's recurring business activities and allow the repayment of the Bond. As at 31 December 2020, the line had been drawn down in full. Finally, it should be noted that the effective interest rate[56] of the RCF line also includes the component relating to the additional remuneration connected with the Lender Warrants (€24,341 thousand). In this regard, it should be noted that the assignment of Lender Warrants constitutes a component of the additional remuneration of the RCF 200 line (as well as of the Bonding Facility) granted to the Parent. Astaldi's management has also considered that the exercise of the Warrants was in fact economically advantageous to the Lending Banks since the price set for the subscription of the related capital increase would be lower than the fair value of Astaldi Shares.

"Loans and borrowings from other financial backers" include the long-term portion of financial liabilities linked to the repayment plan in relation to the enforcement received from subsidiary Sociedad Concesionaria Aguas de Punilla S.A. in connection with the early completion of the Concession Agreement for the La Punilla Multi-purpose Dam.

[55] Bond for an initial amount of €75 million issued on 12 February 2019 (Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022), which was subsequently increased and amended up to €190 million on 27 November 2019 (up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022).

[56] See paragraphs B5.4.1 and B5.4.2 of IFRS 9 – Financial Instruments.

32.2 Current financial liabilities: €165,315 thousand (€2,852,017 thousand)*

This caption showed a total decrease of €2,686,702 thousand compared to 2019 and is broken down as follows:

	31/12/2020	31/12/2019	Variation
Bonds	0	908,031	(908,031)
Issue and placement fees	0	(585)	585
Total Bonds	**0**	**907,446**	**(907,446)**
Current portion of bank loans	47,753	1,807,657	(1,759,904)
Current portion of non-current loans	2,073	26,961	(24,888)
Current portion of collateralised loans	2,810	2,784	26
Lease liabilities	16,750	23,948	(7,198)
Bank loans and borrowings and lease liabilities - nominal amount	**69,386**	**1,861,350**	**(1,791,964)**
Accrued interest on bank loans	765	14,140	(13,375)
Hedging derivatives	0	7,115	(7,115)
Total bank loans and borrowings and lease liabilities	**70,151**	**1,882,605**	**(1,812,454)**
Loans and borrowings from other financial backers	95,163	61,967	33,197
Total	**165,315**	**2,852,017**	**(2,686,702)**

(*) Included in net financial debt for €165,315 thousand (2019: €2,844,903 thousand)

The decrease in current financial liabilities, with respect to the comparative figure, was substantially due to the effects of the approval of the Parent's composition with creditors and specifically the discharge of unsecured liabilities through the assignment of newly-issued Shares and Participating Financial Instruments in accordance with the provisions of the composition plan.

Bank loans and borrowings and lease liabilities

Below are the main loans and borrowings which were outstanding at 31 December 2020:

Bank	Type	Company	Outstanding 31/12/2020
Aig Ltd / Zurich Insurance Ltd	Advance payment bond	Astaldi Construction Corporation	15,530
BBVA Continental	Repayment plan	Sociedad Concesionaria Aguas de Punilla S.A	8,750
Banca Popolare Sondrio	Advance payment bond	Astaldi S.p.A.	7,500
Banca Comercială Română	Loan	Projects in JOs	2,878
Banco BPM SpA	Property mortgage (Preferential debt)	Astaldi S.p.A.	2,811
Aig Ltd / Zurich Insurance Ltd	Advance payment bond	Astaldi Canada Inc	2,410
Banco BTG Pactual	Chile branch restructuring debt	Astaldi Spa - Chile branch	2,153
Factorit SpA	Factoring with recourse	Astaldi S.p.A.	2,131
Various banks	Remaining debt – NBI Group composition with creditors procedure	N.B.I. S.p.A./3E System/Sartori	1,983
Arrendadora Internacional	Discounts on self-liquidating loans	Astaldi Spa - Panama branch	1,509
Other loans < €1 million			4,980
Lease liabilities– short-term portion			16,750
Total bank loans			**69,386**

Other borrowings

"Loans and borrowings from other financial backers" mainly relate:

- for €38,258 thousand to the financial support provided by the shareholder VINCI Construction Grand Projects on our behalf, under the agreements reached in this regard to finance, on a temporary basis, the trade working capital of the JO in Chile - for the construction of the Arturo Merino Benítez International Airport in Santiago de Chile - while waiting for the position with the customer to be defined on the basis of the changes and claims that are still being examined after having made use of the contractual forms provided - without prejudice to the information provided in the report on operations concerning the request for arbitration submitted on 14 December 2020 against the shareholder VCGP to the International Chamber of Commerce;
- for €35,597 thousand to the debt to Unicredit Factoring for a factoring transaction carried out by Subsidiary Astaldi Canada Inc;
- for € 6,319 thousand to the debt (including the amount accrued in 2020) to Simest S.p.A. (CDP Group) for the acquisition of minority interests in subsidiary Astaldi Construction Corporation (ACC). In particular, in 2017 Simest S.p.A. participated in the capital increase of ACC through an investment of USD7.5 million, thus effectively entering the related corporate structure with an investment of approximately 34%. The investment agreement that was signed between Astaldi S.p.A. and Simest S.p.A. provides, among other things, for the Parent's acquisition of the investments held by Simest in ACC – according to the terms agreed as per contract - and also states a pre-set minimum price for the transaction that takes account of the initial investment on the part of Simest and the postponement of the transaction; it should be noted that this debt has been reclassified as a short-term item since some clauses of the investment agreement had not yet been complied with at 31 December 2020. In February 2021 the parties signed a deed of amendment that remedied the situation and therefore the debt will be reclassified once again among non-current financial liabilities during the next financial year;
- for €6,260 million to the remaining portion of the subordinated loan granted to Astaldi S.p.A. by FINAST S.r.l. in May 2018.

32.3 Net financial debt

The following table shows the Group's net financial debt and a breakdown of its main components as required by CONSOB communication no. DEM/6064293 of 28 July 2006 which is based on the European Securities and Markets Authority's (ESMA, former CESR) recommendation of 10 February 2005:

			31/12/2020	31/12/2019
A	Cash		500,344	314,061
B	**Cash and cash equivalents**	**(A+B)**	**500,344**	**314,061**
	Current loan assets		130,120	100,012
	of which: related parties		*90,224*	*15,863*
C	**Current loan assets**		**130,120**	**100,012**
D	Current portion of bank loans and borrowings		(30,880)	(1,568,807)
E	Current portion of bonds		-	(907,446)
	of which: related parties			(6,689)
F	Current portion of non-current debt		(4,883)	(29,745)
G	Other current loans and borrowings		(129,552)	*(338,905)*
	of which: related parties		*0*	(20,189)
H	**Current financial debt**	**(D+E+F+G)**	**(165,315)**	**(2,844,903)**
I	**Net current financial position (Net current financial debt)**	**(B+C+H)**	**465,149**	**(2,430,830)**
J	Non-current bank loans and borrowings		(183,657)	(9,398)
K	Bonds		0	(130,572)
L	Other non-current financial liabilities		(15,319)	(45,571)
M	**Non-current financial debt**	**(J+K+L)**	**(198,976)**	**(185,541)**
N	Net financial debt from continuing operations	**(I+M)**	**266,174**	**(2,616,371)**
O	**Net financial position of disposal groups**		**116**	**179,412**
	of which: related parties		0	200,616
P	**Net financial position (Net financial debt)**	**(N+O)**	**266,290**	**(2,436,959)**
	Non-current loan assets		11,008	14,015
	Subordinated loans		38,504	*121,316*
	of which: related parties		0	60,949
Q	Non-current loan assets		49,512	135,331
R	**Total net financial position (Total financial debt)**	**(P+Q)**	**315,802**	**(2,301,628)**

Total net financial position includes the net financial position (line P of the above table), calculated as recommended by the ESMA in its recommendation of 10 February 2005, as well as non-current loan assets.

The total net financial position at 31 December 2020 was positive for approximately €315.8 million. The substantial change compared to the previous year was mainly due to the effects of the approval of the Parent's composition with creditors and, in particular, to extinguishing unsecured liabilities through the assignment of newly-issued Shares and Participating Financial Instruments in accordance with the provisions of the composition plan, as well as from the financial resources arising from the capital increase subscribed by Webuild on 5 November 2020 (€225 million). Moreover, the latter effect was partially offset by cash funds used for the partial payment – according to the methods specified by the Judicial Commissioners of the Astaldi composition procedure - of the preferential and pre-preferential claims under the composition procedure for approximately €28.1 million.

32.4 Compliance with covenants and negative pledges

On 19 October 2020, Astaldi signed an unsecured loan agreement (the "**RCF Loan Agreement**") with a pool of banks including Banca Monte dei Paschi di Siena, Banco BPM, BNP Paribas (Italian Branch), Intesa Sanpaolo and Unicredit (the "Banks"), which provides for the application of financial covenants tested on a six-monthly basis, on the basis of the consolidated financial statements of the Webuild Group. In December 2020, the Company sent the Banks a request for waiver aimed at obtaining - with reference to the calculation dates falling on 31 December 2020 and 30 June 2021 - the non-application and testing of the financial covenants provided for in the RCF Loan Agreement. The request for waiver was granted by the Banks and such acceptance was duly notified to the Company by the Agent Bank in accordance with the provisions of the RCF Loan Agreement on 24 December 2020.

It should be noted that the RCF Loan Agreement and the Bonding Facility also include a negative pledge clause which limits the possibility of pledging present or future assets and revenues as security, except for certain specific exceptions set forth in the relevant agreements. These clauses had been complied with at 31 December 2020.

It should also be noted that no financial covenants are provided for in the Bonding Facility agreement.

33 Employee benefits: €6,189 thousand (€6,998 thousand)

The tables below show the value of this caption and related changes:

2020

	Defined-benefit plans	Termination benefits	31/12/2020
a) Opening balance	**6,994**	**3**	**6,998**
b) Increases			
b.1) Current Service Cost	1,194	0	1,194
b.2) Interest Cost	46	0	46
b.3) Actuarial Losses	(60)	0	(60)
c) Utilisations	(1,990)	0	(1,990)
d) Changes in consolidation scope and other changes	492	0	492
d) Defined Benefit Obligation	**6,186**	**3**	**6,189**

2019

	Defined-benefit plans	Termination benefits	31/12/2019
a) Balance at 01/01/2019	**6,837**	**6**	**6,843**
b) Increases			
b.1) Current Service Cost	1,403	0	1,403
b.2) Interest Cost	77	0	77
b.3) Actuarial Losses	(12)	0	(12)
c) Utilisations	(1,174)	0	(1,174)
d) Changes in consolidation scope and other changes	(136)	(3)	(139)
d) Defined Benefit Obligation	**6,995**	**3**	**6,998**

33.1 Defined-benefit plans

This caption mostly includes the post-employment benefits governed by article 2120 of the Italian Civil Code.

Plan characteristics

At 31 December 2006, the Italian entities' post-employment benefits (known as "TFR" in Italy) were accounted for as a defined benefit plan. Legislation regulating these benefits was amended with Law no. 296 of 27 December 2006 (the "2007 Finance Act") and subsequent decrees and regulations issued in the first few months of 2007. In the light of these changes, and in particular as regards companies with 50 or more employees, these benefits are now considered a <u>defined benefit plan only if they refer to amounts vested up to 1 January 2007</u> (and not yet paid at the reporting date), <u>while it can be treated as a defined contribution plan after that date</u>.

Consequently, the liability relating to employee benefits, as recognised in the Group's statement of financial position, net of any advances paid, reflects, (i) for companies with more than 50 employees, the Group's remaining obligation for the indemnity paid to employees up to 31 December 2006, which will be settled when the employee leaves the organisation, (ii) for any other companies, the progressive amount of employee benefits, as set aside during their working lives and accounted for on an accruals basis in line with the work performed to obtain the benefits.

Main assumptions

The main assumptions used for the actuarial valuation of post-employment benefits at 31 December 2020 are summarised below:

- annual discount rate: 0.34%
- annual inflation rate: 0.80%
- annual growth rate of the benefits: 2.10%
- annual salary increase rate:
  - managers: 2.50%
  - junior managers/white collars/blue collars: 1.00%

Sensitivity analysis

The potential effect of reasonably possible changes in the actuarial assumptions on the defined benefit obligation at the reporting date is as follows:

	Turnover rate		Inflation rate		Discount rate	
	+ 1%	- 1%	+1/4 %	-1/4 %	+1/4 %	-1/4 %
Change in the overall amount of the obligation	-22	25	45	44	-62	64

Effect of the defined benefit plan on the Group's future cash flows

Based on the reasonably possible estimates at the reporting date, the effects of the defined benefit plan on the Group's future cash flows are shown below:

- 2021 service cost: €926 thousand
- Weighted average life of the obligation: 5.7 years
- Expected payments:
  - 2021-2023: €3,830 thousand
  - subsequent years: €409 thousand

33.2 Termination benefits

Termination benefits show the estimated cost of the agreements signed in 2014 with eight employees based in Italy for the consensual early termination of employment (based on the provisions of article 4.1-7-ter of Law no. 92 of 2012 - the "Fornero law"). Specifically, the residual amount at 31 December 2020 (€4 thousand) refers to social security contributions to be paid on remuneration for the final months of the plan.

34 Other liabilities

34.1 Other non-current liabilities: €984 thousand (€1,090 thousand)

This caption, equal to €984 thousand (€1,090 thousand in 2019) mainly relates to the areas of Italy, Algeria and Romania and essentially includes deferred income (i.e. advance lease payments).

34.2 Other current liabilities: €197,679 thousand (€299,472 thousand)

This caption amounted to €197,679 thousand and is made up as follows:

	31/12/2020	31/12/2019	Variation
Associates and joint ventures	353	3,669	(3,316)
Other companies	4,311	1,822	2,489
Employees	21,961	21,043	918
Social security institutions	17,549	16,222	1,328
Accrued expenses and deferred income	23,622	29,545	(5,923)
Others	129,883	227,172	(97,289)
Total	**197,679**	**299,472**	**(101,793)**

“Others” mainly include (i) payables to Customers attributable to the measures they have put in place to pay suppliers and subcontractors, mainly in Poland and Canada (approximately €58 million); (ii) advances received from Customers for the sale of goods and assets (€4 million); and (iii) liabilities associated with the relationships maintained with the various consortium members in joint operations for the remaining amount.

The decrease in the total values stated in the aggregate of “Other current liabilities”, compared to 2019, was essentially due to the effects connected with and arising from the approval of the Parent’s composition with creditors and the consequent discharge of liabilities under the arrangement following the assignment of newly-issued Astaldi shares and Participating Financial Instruments to unsecured creditors.

For more details on relationships with associates and Joint Ventures, reference should be made to the following note providing information on related parties.

Finally, it should be noted that payables to associates and Joint Ventures for subscribed capital unpaid and not yet called up by the individual Boards of Directors have been reclassified as a direct deduction in the carrying amount of the related equity investments, as in the previous year.

35 Trade payables: €794,725 thousand (€1,185,695 thousand)

This caption is made up as follows:

	31/12/2020	31/12/2019	Variation
Suppliers	705,375	1,115,914	(410,539)
Associates and joint ventures	50,182	59,533	(9,351)
Parents	29,644	0	29,644
Other investees	9,524	10,248	(724)
Total	**794,725**	**1,185,695**	**(390,970)**

The decrease in trade payables was largely (€370 million) due to the effects of the approval of the Parent’s composition with creditors and other minor composition procedures relating to subsidiaries (i.e. NBI S.p.A.). Therefore, trade payables, net of non-recurring effects linked to the above-mentioned insolvency proceedings, showed a decrease of around €21 million, which reflects the substantial gradual resumption of the Group's industrial activities and renewed support to its commercial partners both in Italy and abroad.

36 Tax liabilities: €76,432 thousand (€61,845 thousand)

This caption increased by €14,587 thousand compared to 2019 as follows:

	31/12/2020	31/12/2019	Variation
Indirect tax liabilities	11,456	13,590	(2,134)
Income tax liabilities	52,081	39,764	12,317
Withholding tax liabilities	12,895	8,491	4,404
Total	**76,432**	**61,845**	**14,587**

The increase in income tax liabilities was essentially due to the provision for higher amounts relating to the Corporate Income Tax contested by the local government agency (General Authority of Zakat and Tax) in relation to the work performed by subsidiary Astaldi Arabia Ltd. in Saudi Arabia in the 2006-2009 financial years (approximately €14 million).

The increase in withholding tax liabilities related in particular to Italy and was mostly attributable to the withholdings accrued on pre-preferential claims paid in December 2020.

37 Provisions for risks and charges: €31,119 thousand (€104,451 thousand)

This caption is broken down as follows:

	31/12/2020	31/12/2019	Variation
Provision for legal disputes	12,163	43,067	(30,904)
Provision for equity investments	1,488	1,535	(47)
Provision for tax disputes	35	243	(208)
Provision as per article 27 of the by-laws	1,435	1,435	0
Provision for onerous contracts	15,998	58,171	(42,173)
Total	**31,119**	**104,451**	**(73,332)**

Provisions for risks and charges are commented on below:

- The **provision for legal disputes** includes:
  - the expected costs resulting from the court and out-of-court settlement of disputes relating to contracts, mainly with suppliers and subcontractors, and claims for damages from Customers related to construction contracts (for a total of €9,036 thousand). These provisions mainly related to some disputes pending in Canada, Italy and South America;
  - the provisions set aside for risks associated with any legal actions that could be brought, in order to have their claim satisfied in full within the composition procedure, on the part of Astaldi's creditors residing in foreign countries that do not recognise the composition procedure (€2,797 thousand).

  With regard to the changes that were recorded in this caption during the year, note: (i) accruals of approximately €8 million[57] and (ii) the transfer of the balance of provisions outstanding at the date of approval of the Parent's composition with creditors to the segregated liabilities of the separate unit (approximately €37.7 million).

- The **provision for equity investments,** equal to €1,488 thousand, includes the accruals for the Group Companies' legal obligation to cover the losses exceeding the equity of the related investees.
- The **provision for tax disputes,** equal to €35 thousand, related to some disputes pending with the Tax Authorities, mainly in Italy and Algeria.

[57] For more details, reference should be made to the more complete information in the note 10 "Provisions" above.

- The **provision as per article 27 of the by-laws** of €1,435 thousand is increased by allocating part of the Parent's profit for the year, as provided for by the relevant resolutions, and used for charitable donations.
- **The provision for onerous contracts** of €15,998 thousand refers to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in Italy, Poland and Algeria. The significant decrease recorded in the period under review was essentially due to (i) the enforcement of guarantees relating to the motorway works in Florida (approximately €22 million); (iii) the effects of the discharge of debt of provisions for risks on unsecured claims related to repaying the Customers for higher costs and damages arising from the termination of some onerous contracts in Italy (€14 million) and (iii) the deconsolidation of accounting balances relating to the UJV Astaldi- Vinci CGP UJV (Santiago Airport in Chile) as a result of the loss of joint control over the Entity in December 2020 (€3 million).

38 Other contract liabilities: €0 thousand (€48,893 thousand)

At 31 December 2019 this caption, which showed no value at the end of 2020, included estimated probable liabilities - assessed pursuant to IFRS 15 - Revenue from contracts with customers - for the reimbursement to Customers of the greater costs and damage incurred due to the termination (already ascertained) of certain contracts[58]. Specifically, contract liabilities - which will only be definitively due when the relevant disputes have been settled – related to (i) contracts that needed significant financial support in order to complete the works even though they will achieve break even over the contract term, along with (ii) contracts from which the Parent has been unilaterally excluded from performing the works (basically due to the commencement of the composition with creditors procedure) by the relevant counterparties. The decrease in this caption was attributable to the transfer of the balances outstanding at the date of approval of the Parent's composition with creditors to the segregated liabilities of the separate unit as required by the composition plan.

39 Fair value measurement

The table below shows the Group's assets and liabilities broken down by fair value level:

	Measurement date	Total	Fair value measurement		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets at fair value					
Subordinated loans	31/12/2020	38,504		38,504	
Non-controlling interests	31/12/2020	50,575		50,575	
Astaldi PFIs - Separate Unit	31/12/2020	25,770			25,770

39.1 Valuation techniques and inputs used for fair value measurement purposes

a) Assets and liabilities measured at fair value on a recurring basis

- **Subordinated loans (semi-equity)**

The company calculated the fair value of the subordinated loans using their expected cash flows (based on the related loan agreements) discounted with a market rate applied to similar instruments. Specifically, the discount rate was calculated considering each SPE's credit standing, interbank rate trends (mainly the LIBOR and EURIBOR) plus an additional spread (determined by reference to a market basket of the main providers) to reflect the subordination of the loans' repayment to the SPEs' debt with their lending banks.

[58] Contracts that are not included in the core assets scope as defined in the business plan underpinning the composition with creditors proposal.

- **Non-controlling interests**

The company calculated the fair value of the non-controlling interests using the dividend discount model, discounting the expected future dividends using the investees' cost of equity (ke)[59] rate as per the business plans drawn up by their boards of directors.

- **Astaldi Participating Financial Instruments – Separate Unit**

It should be noted that the fair value of the PFIs (equal to approximately €0.17 per PFI) was measured and determined by taking account of the estimated net proceeds from the sale of the individual assets making up the Separate Unit compared to the number of PFIS that is currently outstanding, including those that might be issued in relation to unsecured debts to be ascertained (i.e. provisions for risks).

b) Assets and liabilities measured at fair value on a non-recurring basis

As at 31 December 2020, there were no assets and liabilities measured at fair value on a non-recurring basis making it necessary to provide the additional disclosures required by IFRS 13 - Fair value measurement.

c) Transfers of financial instruments among the various levels of the fair value hierarchy

During the year, there were no transfers among the different levels of the fair value hierarchy.

40 Information on risk management, financial instruments and guarantees

Financial risk management

The Astaldi Group operates on international markets in different currencies. It uses external sources of funds in Euros and other currencies to finance its activities.

In order to protect its assets, the Astaldi Group issued guidelines on the work for monitoring its exposure to market risks, as well as monitoring of hedged positions.

40.1 Interest rate risk

The Group's exposure to fluctuations in interest rates is mainly related to its floating rate financial debt that is mainly held by the Parent. After considering the present level of interest rates and that the Group's financial debt mainly consisted of the RCF Loan Agreement at the end of the current year, it is believed that there are no significant risks related to fluctuations in interest rates that could significantly impact its financial assets and liabilities or its net financial expense.

40.2 Currency risk

The Group's global operations expose it to the risk of fluctuations in foreign exchange rates. During the 2020 financial year, the overall balance of foreign exchange transactions - net of non-recurring items (equal to -€22.1 million) relating to the reclassification of the translation reserve of foreign operations that were deconsolidated during the period under review to the statement of profit (loss) for the year – consisted of a net exchange loss of €3.3 million, equal to 0.2 % of the Group's revenues for the period (against a net exchange loss of €3.3 million, equal to 0.2% of the Group's revenues in 2019). In year 2020, 62% of the Group's total revenues were generated abroad, mainly with reference to contracts the fees for which are set in USD, RON and CLP. Given the particular financial position of the Group and the restrictions imposed under the composition procedure on the transactions that are not strictly related to industrial activities, no hedges of exchange risk were carried out during the 2019 and 2020 financial years.

[59] Calculated based on market values.

However, it should be noted that the Group has put in place any possible measure to limit the risk of exchange rate fluctuations, while trying to balance the currency exposure of receivables and payables denominated in foreign currency (natural hedging). It should also be noted that the Group's business plan provides for a reduction in its operations in countries that are regarded as being at a higher risk.

40.3 Liquidity risk

Liquidity risk is the possibility that the Astaldi Group might not be able to meet its contractual financial obligations and, more generally, its short-term financial obligations that could, in extreme circumstances, lead to insolvency and jeopardise the company's ability to continue to operate. The main factors that contribute to the Group's liquidity risk are the generation and use of financial resources in operating and investment activities, on the one hand, and, on the other, the maturity of the financial debt and cash investments, as well as the contingent conditions of financial markets.

The Astaldi Group pursues the objective of maintaining such a treasury margin as is sufficient to cover its financial requirements. Cash flows, financing needs and liquidity are monitored on an ongoing basis and are managed with the aim of ensuring an effective and efficient management of financial resources.

Breakdown of maturities	Uses	At sight	2021	2022	2023	2024	2025	beyond
Short-term loans	49,826	3,487	46,339					
Collateral-backed loans <12	2,810		2,810					
Payables to other lenders <12	95,163	88,903	6,260					
Medium/Long-term loans	206,539			4,919	1,619		200,000	
Payables to other lenders > 12	5,002			5,002				
EXPOSURE AT 31.12.2020	**359,340**	**92,390**	**55,409**	**9,921**	**1,619**	**0**	**200,000**	**0**

Note:

* The figure reported in the table coincides with the nominal value of the financial liabilities and therefore does not include (i) costs and commissions directly connected with the disbursement of loans (mainly the RCF Line), included in the measurement at amortised cost.

The Astaldi Group has adopted certain policies and processes aimed at optimising the management of financial resources, thus reducing liquidity risk, including in particular

• a tendency to pooling management of cash inflows and outflows (cash management systems), where it is financially convenient to do so in compliance with the various civil law, currency and tax regulations of the countries in which it operates and in line with the cash flow management rules for each contract;

• maintaining an adequate level of available funds;

• monitoring of prospective liquidity conditions, in relation to the business planning process.

40.4 Credit risk

Astaldi S.p.A. and its subsidiaries chiefly operate in a segment blighted by constant delays in the public sector's payment of works performed. However, the very nature of the customers, prevalently government and public bodies, which are, by their very nature, solvent, guarantees that receivables will be fully collected over time. The relevant departments constantly monitor receivables falling due. At 31 December 2020, the Group claimed trade receivables for a total amount of approximately €731 million, equal to approximately 22.61% of total consolidated assets (€605 million at 31 December 2019, equal to approximately 16% of total consolidated assets). The Group is exposed to the risk that its contractual counterparties (mainly customers, project partners, subcontractors and financial counterparties) do not comply with their respective contractual obligations to make payments or otherwise perform in any manner whatsoever.

The risk of non-compliance, as indicated above, is not limited to customers only, but may also involve any other third party with which the Group maintains contractual relationships, such as, among others:

(i) project partners (mainly as part of consortia and Temporary Business Groupings), in which case the

Group could be either held jointly and severally liable to customers pursuant to law or on a contractual basis, or required to perform the work of the defaulting or insolvent party, without prejudice to appointing, where permitted, appropriate replacements;

(ii) financial counterparties, with a consequent risk to the Group of having to replace credit facilities, thus incurring additional costs, and/or having to advance the costs and resources required to complete the orders.

The Group's exposure to customers, as broken down by the geographical area where contracts are performed, is shown below:

2020

	Trade receivables	Contract assets	Contract liabilities	Total Exposure
Italy	594,981	335,083	(542,006)	**388,059**
Europe	56,761	264,473	(91,825)	**229,409**
Americas	76,773	163,985	(52,164)	**188,594**
Africa	1,825	158,383	0	**160,208**
Asia	573	506	(7,982)	**(6,903)**
Total	**730,913**	**922,428**	**(693,978)**	**959,366**

2019

	Trade receivables	Contract assets	Contract liabilities	Total Exposure
Italy	380,198	271,915	(134,075)	**518,039**
Europe	139,030	196,458	(171,040)	**164,449**
Americas	84,139	172,328	(75,122)	**181,345**
Africa	1,435	152,095	0	**153,530**
Asia	174	1,301	(3,826)	**(2,351)**
Total	**604,976**	**794,098**	**(384,063)**	**1,015,012**

40.5 Guarantees and sureties

Personal guarantees

Guarantees given amount to €2,514,287 thousand as follows:

- sureties of €35,259 thousand to open credit facilities to ensure regular cash flows for contracts, given on behalf of joint ventures (€833 thousand), associates and other investees set up for special purposes as per the current sector regulations;
- sureties of €2,437,513 thousand for contract work given on the Group’s behalf by banks and insurance companies to customers for the company, its subsidiaries, joint ventures (€613 thousand), associates and other investees;
- other sureties of €41,515 thousand given for various reasons.

Third party sureties given to the company

Banks and insurance companies have given guarantees of €278,799 thousand on behalf of Italian and foreign suppliers and subcontractors with respect to their contractual commitments with the company.

40.6 Classes of financial instruments

The table below reports the classes of financial instruments held by the Astaldi Group:

31 December 2020

	note	31/12/2020	AC [60]	FVTOCI [61]	FVTPL [62]
ASSETS					
Non-current financial assets*	22	48,473	9,969	1,369	37,134
Trade receivables	27	730,913	730,913		
Current financial assets*	22	132,759	132,759		
Cash and cash equivalents	29	500,344	500,344		
LIABILITIES					
Non-current financial liabilities*	32	188,808	188,808		
Trade payables	35	794,725	794,725		
Current financial liabilities*	32	148,564	148,564		

*** it does not include lease assets and liabilities**

31 December 2019

	note	31/12/2019	AC	FVTOCI	FVTPL
ASSETS					
Non-current financial assets*	22	130,188	8,872	94,161	27,154
Trade receivables	27	604,976	604,976		
Current financial assets*	22	99,589	99,589		
Cash and cash equivalents	29	314,061	314,061		
LIABILITIES					
Non-current financial liabilities*	32	169,374	169,374		
Trade payables	35	1,185,695	1,185,695		
Current financial liabilities*	32	2,828,069	2,823,310		4,759

*** it does not include lease assets and liabilities**

With regard to the fair value of the financial assets and liabilities measured at amortised cost, it should be noted that the management has considered that the related book value is capable of reasonably representing the corresponding fair value.[63]

[60] Amortised Cost.
[61] Financial assets measured at fair value through other comprehensive income.
[62] Financial assets measured at fair value through profit or loss.
[63] IFRS 7 par. 29.

41 Related party transactions and directors', statutory auditors' and general managers' fees

Astaldi S.p.A. carries out, either directly or through its subsidiaries, commercial, financial and administrative transactions with related parties that qualify as legal entities belonging to the Group (subsidiaries, jointly controlled entities, associates and joint ventures). These transactions generally take place in the normal course of business as part of the core business of each party involved and at arm's length.

As required by the international accounting standard no. 24, as well as by CONSOB's notice no. 6064293 of 28 July 2006, the table below reports the amounts of transactions and outstanding balances arising from financial and commercial relations with related parties.

Company name	Contract assets	Receivables and other assets	Financial assets	Payables and other liabilities	Financial liabilities	Operating revenue	Operating costs	Financial income and expense	Net profit (loss) from discontinued operations
Parent companies									
Webuild S.p.A.	0	257,106	80,337	29,644	5,262	43,317	738	63	0
Joint ventures									
Ankara Etlik Hastante A.S.	0	0	0	0	0	2,331	0	1,536	0
Etlik Hastane PA S.r.l.	0	8,062	0	4,664	0	1	0	0	0
Consorzio AFT Kramis	0	5,736	578	0	0	382	37	0	0
Others*	0	5,745	156	2,879	0	0	186	0	0
	0	**19,543**	**734**	**7,544**	**0**	**2,714**	**223**	**1,536**	**0**
Associates									
BTC SCARL	0	14,879	8,463	6,763	0	617	85,588	377	0
Consorzio Iricav Due	0	97,934	0	16,752	0	343	11,341	0	0
Consorzio MM4	6,506	1,302	0	1,522	0	72,902	1,110	0	0
Diga di Blufi S.c.r.l.	0	6,848	0	5,505	0	0	2	3	0
METRO C S.c.p.a.	0	9,809	0	11,920	0	483	25,316	8,626	0
SEIS	0	37	5,541	0	0	5	0	97	0
Otoyol Yatirim Ve Isletme A.S	0	0	0	0	0	7,047	0	15	0
Societad Concesionaria Metropolitana de Salud	0	0	0	0	0	(1,472)	0	145	0
Others*	0	4,658	707	4,606	0	150	1,527	(2)	384
	6,506	**135,465**	**14,712**	**47,069**	**0**	**80,074**	**124,883**	**9,261**	**384**
Total	**6,506**	**412,114**	**95,783**	**84,256**	**5,262**	**126,105**	**125,844**	**10,860**	**384**
Incidence percentage	**0.71%**	**35.16%**	**50.49%**	**8.48%**	**1.44%**	**8.68%**	**12.70%**	**(29.52)%**	**0.001%**

* for transactions for a unit amount of less than €5,000 thousand.

The Parent's directors', statutory auditors' and general managers' fees are set out in the following table. Reference should also be made to the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act for further information.

Category	Fixed fees	Fees for committee meetings	Variable fees	Non-monetary benefits	Other fees	Total
Directors	2,975	47	1,750	22	5	**4,799**
Statutory auditors	175	0	0	0	0	**175**
General managers	1,020	0	567	22	9	**1,618**

42 Segment reporting

The operating segments are defined based on the reports used by senior management for decision-making purposes. Specifically, these reports are split by geographical segment in which the Group operates and are prepared using the same accounting policies used for the consolidated financial statements.

The following tables show the segment disclosures required by IFRS 8.

2020

Reporting at 31/12/2020	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	Total
Revenue	913,720	457,499	381,936	6,461	12,532	0	(391,318)	**1,380,830**
Share of loss of equity-accounted investees								**(68,371)**
Operating profit (loss)	(32,916)	(1,720)	(20,239)	(5,885)	(1,682)	(75,099)	13,054	**(124,487)**
Net financial expense								**2,135,350**
Profit before tax and non-controlling interests								**2,010,863**
Income taxes								**(179,443)**
Net profit for the year								**1,801,721**
Assets and liabilities								
Segment assets	2,430,988	1,889,635	1,442,940	286,368	55,861	2,021,595	(4,913,738)	**3,213,650**
of which: equity investments						188,172	(100,020)	**88,152**
Segment liabilities	(2,214,338)	(1,847,993)	(1,632,209)	(308,403)	(72,615)	(1,068,952)	4,906,674	**(2,237,837)**
Other segment figures								
Property, plant and equipment	(9,288)	(17,263)	(28,413)	(242)	(307)	(8,836)	3,290	**(61,060)**
Intangible assets	(34,502)	(266)	(112)	0	0	(260)	0	**(35,139)**
Depreciation	(2,179)	(3,881)	(6,852)	(77)	(115)	(1,595)	3,194	**(11,505)**
Provisions						(6,196)		**(6,196)**

2019

Reporting at 31/12/2019	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	Total
Revenue	689,219	583,375	460,858	10,259	5,715	0	(380,599)	**1,368,827**
Share of profit of equity-accounted investees								**30,671**
Operating profit (loss)	(1,931)	24,173	(30,847)	3,143	(3,304)	(33,477)	51,991	**9,747**
Net financial expense								**(45,906)**
Loss before tax and non-controlling interests								**(36,159)**
Income taxes								**(27,804)**
Loss for the year								**(72,000)**
Assets and liabilities								
Segment assets	2,110,349	2,203,775	816,963	254,591	31,735	3,174,701	(4,744,943)	**3,847,170**
of which: equity investments						842,358	(340,271)	**502,088**
Segment liabilities	(2,244,278)	(2,336,030)	(1,489,203)	(312,326)	(47,645)	(3,191,636)	4,233,861	**(5,387,258)**
Other segment figures								
Property, plant and equipment	(9,497)	(29,986)	(48,799)	(385)	(241)	(36,658)	25,628	**(99,938)**
Intangible assets	(42,930)	(312)	(4,008)	0	(1)	(1,044)	0	**(48,295)**
Depreciation	(3,875)	(6,712)	(11,619)	(138)	(131)	(3,421)	10,358	**(15,538)**
Provisions						4,307		**4,307**

43 Leases

43.1 Leases as lessee

Right-of-use assets include the values of lease assets as defined by the standard IFRS 16. This item mainly relates to (i) core assets (plant, machinery and equipment) used to develop projects in progress in Italy and Chile, as well as (ii) buildings that will house the local offices of foreign branches and subsidiaries.

The Group also has short-term leases and/or leases of low-value assets, namely IT equipment. The Group has decided not to recognise the right-of-use assets and lease liabilities for such contracts.

Right-of-use assets

Below are the types of the caption of the paragraph under consideration:

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Total at 31/12/2020
Historical cost	12,149	12,450	31,048	3,009	58,656
Acc. depreciation	(4,528)	(8,249)	(20,573)	(1,866)	(35,216)
Total	**7,621**	**4,201**	**10,475**	**1,143**	**23,440**

Lease liabilities

The table below shows the breakdown of lease liabilities by maturity date:

	31/12/2020	31/12/2019
Within one year	16,750	23,948
Between one and within five years	11,040	16,370
Total present value	**27,791**	**40,318**

Amounts taken to profit or loss

	2020	2019
Interest expense on lease liabilities	2,514	3,868
Depreciation of right-of-use assets	31,658	27,636
Costs for short-term leases and/or leases of low-value assets	27,575	31,370

Amounts recognised in the statement of cash flows

	2020	2019
Payment of lease liabilities	(29,958)	(33,461)

Extension options

Some leases provide extension options for the Group and/or the lessors. At the commencement of the lease term, the Group assesses whether it is reasonably certain that it will exercise its option to extend the lease and reassesses this upon the occurrence of a significant event or a significant change in circumstances under its control.

43.2 Leases as a lessor

The Group has, in turn, sub-leased core assets under finance lease, specifically a TBM needed to bore the Brenner Base Tunnel to the associate Brennero Tunnel Construction S.c.a.r.l..

The Group also leases some core assets under operating leases to investees or suppliers/sub-contractors in order to boost the efficiency of industrial activities on contracts in the construction segment. These are classified as operating leases from the point of view of a lessor, with the exception of one sub-lease (finance lease) which Astaldi classifies as a finance lease as mentioned above.

Amounts taken to profit or loss

	2020	2019
Interest income on lease payments receivable	370	509
Income from operating leases classified among other revenue	1,498	2,174

Net investment in the lease

	31/12/2020	31/12/2019
Within one year	4,345	10,799
Between one and within five years	4,118	8,461
Total present value	**8,463**	**19,260**

44 Other information

Significant non-recurring events and transactions

In 2020, the Astaldi Group's financial position and financial performance was significantly affected by the completion of the turnaround process started by the Parent and involving them, which had been started with the submission of the application for composition with creditors and culminated in the full implementation of the integrated financial manoeuvre underlying the composition proposal. For more details concerning the consequent effects on the results of operations, financial position and cash flows, reference should be made to the information already provided in the notes to the financial statements.

Atypical or unusual transactions

In 2020, the Astaldi Group did not carry out any atypical or unusual transactions, as defined in CONSOB communication no. DEM/6064293.

44.1 Law 124 of 4 August 2017, Article 1, paragraphs 125 and 127 – Disclosure of government grants:

With reference to Law 124 of 4 August 2017 and related interpretations concerning the disclosure obligation in the notes to the separate financial statements and in the notes to the consolidated financial statements for entities that receive subsidies, grants, paid assignments and in any case financial benefits of any kind whatsoever from Public Authorities and entities that can be treated as such, it is reported that the following reimbursements were received during 2020:

Grants received from Public Authorities or equivalent entities for amounts higher than €10,000

Name and tax code of the receiving entity	Name of the paying entity	Amount collected	Reason
Consorzio Stabile Opera 08249021000	Revenue Agency	678,068	Exemption from payment of the 2019 IRAP tax balance, as well as of the 1st instalment of the 2020 IRAP tax advance
Ar.gi S.acc.p.a. 08574541002	Revenue Agency	350,112	Exemption from payment of the 2019 IRAP tax balance, as well as of the 1st instalment of the 2020 IRAP tax advance
Capodichino AS.M S.R.C. 07959931218	Revenue Agency	147,906	Exemption from payment of the 2019 IRAP tax balance, as well as of the 1st instalment of the 2020 IRAP tax advance
DMS Design Consortium S.R.C. 14293821006	Revenue Agency	20,617	Exemption from payment of the 2019 IRAP tax balance, as well as of the 1st instalment of the 2020 IRAP tax advance
S.R.C. Progetto S.p.A. 05532261210	Revenue Agency	21,427	Exemption from payment of the 2019 IRAP tax balance, as well as of the 1st instalment of the 2020 IRAP tax advance
Afragola FS S.c.r.l. in liquidation and composition with creditors 13294151009	Revenue Agency	92,468	Exemption from payment of the 2019 IRAP tax balance, as well as of the 1st instalment of the 2020 IRAP tax advance

44.2 Authorisation for publication

The Parent's Board of Directors authorised the publication of these consolidated financial statements on 17 March 2021.

44.3 Events after the reporting date

Below is a summary of the significant events that occurred after the end of the 2020 financial year, also referring for completeness to the information available on the website, in the Media - Press releases section.

On 10 February 2021, the Astaldi Board of Directors co-opted Daniela Montemerlo and David Morganti by resolution approved by the Board of Statutory Auditors as new independent, non-executive directors, replacing the non-independent, non-executive director Alessandro De Rosa, who resigned on 21 January 2021 for personal reasons, and the independent, non-executive director Flavia Insom, who ceased to hold office on 5 November 2020. The Board verified that the two new Directors meet the requirements of independence set forth in the legislation and the Corporate Governance Code. The new Directors Montemerlo and Morganti will remain in office until the next Shareholders' Meeting pursuant to the Articles of Association in force and art. 2386 of the Italian Civil Code. As confirmed by the Appointments and Remuneration Committee, the new composition of the Company's Board of Directors continues to ensure the gender balance prescribed by current law.

On the same date, following the aforementioned changes, the Board of Directors also appointed: (i) Daniela Montemerlo as a member of the Control and Risks Committee, which is consequently composed of Directors Nicoletta Mincato (Chairwoman), Daniela Montemerlo and Teresa Naddeo; (ii) David Morganti as a member of the Appointments and Remuneration Committee, which is consequently composed of Directors Teresa Naddeo (Chairwoman), Nicoletta Mincato and David Morganti; (iii) Daniela Montemerlo as a member of the Related Parties Committee, which is consequently composed of Andrea Gemma (Chairman), Maria Raffaella Leone and Daniela Montemerlo.

At the same time, the Company announced that it had terminated by mutual agreement its employment relationship with Francesco Maria Rotundi, General Manager at the Astaldi Group, whose powers were assigned to Cesare Bernardini, former General Manager at the Astaldi Group, who therefore assumed the role of General Manager of Operations as part of the mandate conferred on him on the same date by the Company's Board of Directors.

In March 2021, in consortium with Webuild and Pizzarotti, the Astaldi Group (25%) was declared the top bidder for the contract worth just over €1 billion for the executive design and construction of sections B2 (12.7 kilometres, from Lentate sul Seveso to Cesano Maderno) and C (20 kilometres, from Cesano Maderno to the A–51 east ring road of Milan) of the Pedemontana Lombarda motorway. Commissioned by Autostrada Pedemontana Lombarda S.p.A., the project must be completed ahead of the Winter Olympics in Milan-Cortina in 2026.

***

The corporate integration process between Webuild and Astaldi began on 14 March 2021. The Boards of Directors of Astaldi S.p.A. and Webuild S.p.A., meeting on the same date, agreed that it was appropriate to proceed with a proportionate partial demerger of Astaldi in favour of Webuild, which at a corporate level will result in the definitive separation between Astaldi's core assets and Astaldi's separate unit established on 24 May 2020 as part of the composition with creditors procedure (the “Separate Unit” – see § “Composition with creditors on a going concern basis as per article 186–bis of the Bankruptcy Law”). The project will provide for the assignment of the core assets to Webuild, while Astaldi will maintain ownership of the assets and the creditor and debtor relationships that were transferred to the Separate Unit.

The guidelines of the project include the allocation to Astaldi shareholders of 203 Webuild ordinary shares for every 1,000 Astaldi ordinary shares held by them. This swap ratio was identified by the Astaldi and Webuild Boards of Directors, the Astaldi Board of Directors having constantly kept informed the Related parties Committee, which is supported by Equita as an independent financial advisor. This ratio was also identified taking into account the earnings and the financial position and performance of the two groups during 2020 and based on generally applied valuation methods, particularly the so-called “fundamental” methods based on the economic and financial plans of the two groups. For the transaction Astaldi and Webuild are assisted by EY and Partners as financial advisors of the Boards of Directors, and Equita and Lazard as independent financial advisors of the Related Parties Committees.

The Astaldi Board of Directors believes that the transaction represents the natural evolution of a project that has given continuity to an industrial business of international importance while safeguarding employment levels, and that now will bring together important businesses to create a major Italian player in the infrastructure sector that can contribute to the country’s infrastructural development. The precise terms and conditions of the transaction, which constitutes a further important stage in the implementation of “Progetto Italia”, will be submitted for the approval of the Webuild and Astaldi board meetings scheduled for 19 March. It is expected that the terms of the demerger project will be as follows:

(a) Webuild will be the assignee of all Astaldi's assets, liabilities and legal relationships after discharge of debt as part of the composition with creditors that are not included in the Separate Unit, as defined in the composition with creditors plan;

(b) the assets, rights and obligations relating to the Separate Unit will remain the property of Astaldi, without prejudice to the intended use of the Separate Unit in compliance with the Astaldi composition with creditors;

(c) on the effective date of the demerger, Astaldi shareholders will receive newly issued Webuild ordinary shares, with cancellation of all Astaldi ordinary shares (including shares held by Webuild) and consequent delisting of Astaldi from the electronic stock market of Borsa Italiana S.p.A.;

(d) any unsecured creditors of Astaldi that are recognised as such after the effective date of the demerger will be entitled to receive ordinary shares of Webuild and will retain the right to receive participating financial instruments from Astaldi based on the Separate Unit, in accordance with Astaldi's composition with creditors plan;

(e) as part of the demerger, on the date immediately preceding the effective date of the transaction Webuild's shareholders will receive Webuild warrants that will entitle them to receive new Webuild shares in such number that their shareholding remains unchanged in the event that new Webuild shares are issued to additional Astaldi unsecured creditors as described above. Webuild will also issue its own warrants in place of those assigned by Astaldi to certain lending banks under the composition with creditors proposal;

(f) the share capital of the demerged Astaldi will be eliminated and simultaneously restored with a subscription of new capital by a new foundation, which, as the sole shareholder of the demerged Astaldi, will guide the management and orderly disposal of the assets of the Separate Unit by Astaldi according to the composition with creditors proposal.

After approval by the two Boards of Directors scheduled for 19 March 2021, based on the timing agreed by the two companies, extraordinary shareholders' meetings will be called for the purpose of approving the demerger project on 29 April 2021 in the case of Astaldi, and on 30 April 2021 in the case of Webuild.
It is expected that the transaction will be implemented through the execution of the demerger deed only after the Court of Rome issues the order certifying the execution of the Astaldi composition with creditors, in accordance with the provisions of the order approving the Composition with Creditors Proposal dated 17 July 2020. This order is expected to be issued by July.
The transaction is subject to the application of the procedure on transactions with significant related parties. The Boards of Directors of Astaldi and Webuild will therefore approve the transaction and the related mutual commitments together with the single demerger project subject to a reasoned opinion of the respective related parties committees on the corporate interest in completing the transaction and on the competitiveness and substantial fairness and propriety of the related conditions.
For further information, please also refer to the press release issued by the Company on 15 March 2020, available on the website www.astaldi.com, in the Media - Press releases section.

***

On 14 March 2021 the Astaldi Board of Directors also approved Astaldi's business plan for the three-year period 2021-2023 on a stand-alone basis for the purposes of (i) determining the allocation ratio between the shares of the companies involved in the integration and (ii) providing the financial advisors – of the respective boards and related parties committees, as well as the expert appointed by the Court of Milan pursuant to and for the purposes of art. 2506-ter and 2501-sexies of the Italian Civil Code – with the elements necessary for the definition of the allocation ratio and relative fairness opinions. It should be noted that obviously this plan will not be implemented following the report on the integration transaction.

Without prejudice to the above provisions, this plan is made available to the public on the website www.astaldi.com. It shows that, if the integration transaction described above is not carried out for any reason whatsoever, Astaldi would report (i) Revenues of €2.1 billion, (ii) EBITDA margin of 8.1% and a (iii) positive end-of-period NFP of €505 million at 2023.

44.4 Fees to the independent auditors, PricewaterhouseCoopers S.p.A., and their network pursuant to article 149-duodecies of the Issuer Regulation

The Shareholders' Meeting of the Parent, which was held on 31 July 2020 resolved, on the reasoned recommendation of the Board of Statutory Auditors, to appoint PricewaterhouseCoopers S.p.A. (PWC): (i) to carry out the statutory audit of accounts in accordance with articles 13 and 17, paragraph 1, of Legislative Decree no. 39 of 2010 and article 16 of Regulation (EU) No. 537/2014 relating to the separate financial statements of Astaldi S.p.A. and the consolidated financial statements of the Astaldi Group for the financial years from 2020 to (and including) 2028; (ii) to audit the Consolidated Disclosure of Non-Financial Information required under article 2 of Legislative Decree no. 254 of 2016; and (iii) to carry out the statutory audit of accounts of the Separate Unit in accordance with article 2447-bis et seq. of the Italian Civil Code, the establishment of which was approved by the Board of Directors on 24 May 2020, as provided for in the composition with creditors proposal.

Below are the fees accrued for the 2020 financial year:

Paying entity	Recipient	Audit services [64]	Optional review or assurance services	Other non-audit services [65]	Total for FY 2020
PricewaterhouseCoopers S.p.A.	Astaldi Parent	486	0	406	**892**
PricewaterhouseCoopers S.p.A.	Astaldi Group	44	0	0	**44**
PricewaterhouseCoopers Network	Astaldi Parent	0	0	0	**0**
PricewaterhouseCoopers Network	Astaldi Group	143	0	0	**143**
Total fees due to independent auditors		**674**	**0**	**406**	**1,080**

For the sake of completeness, it should be pointed out that KPMG S.p.A. has been appointed to carry out, on a voluntary basis, a limited review of the Condensed Half-year Consolidated Financial Statements at 30 June 2020. The fees paid to KPMG for these audit services amounted to €242 thousand (including out-of-pocket expenses).

Filippo Stinellis
Chief Executive Officer

Paolo Citterio
Manager in charge of financial reporting

64 It includes expenses and CONSOB contribution.

65 These include the limited review of the Consolidated Disclosure of Non-Financial Information relating to the Astaldi Group and the review of the consolidation files prepared for the purposes of the consolidated financial statements of the Webuild Group.

Certification of the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and additions

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Filippo Stinellis, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Manager in charge of financial reporting of Astaldi S.p.A., hereby certify:
   - the appropriateness in relation to the company's characteristics and
   - the actual application of administrative and accounting procedures used to formulate the 2020 consolidated financial statements.

2. The administrative and accounting procedures used to formulate the consolidated financial statements at 31 December 2020 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.
   There are no significant observations to be made in this regard.

3. This is also to certify that:
   3.1 The consolidated financial statements:
   a) were drafted in compliance with the applicable international financial reporting standards acknowledged within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) match the ledgers and accounting entries;
   c) are suitable for providing a truthful and accurate representation of the financial position and results of operations of the issuer and of all the companies included in the consolidation scope.

3.2 The management report contains a reliable analysis of the operating performance and result, as well as of the situation of Astaldi S.p.A. and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties it is exposed to.

Rome, 16 March 2021

Signed

Filippo Stinellis
Chief Executive Officer

Signed

Paolo Citterio
Manager in charge of financial reporting

pwc

Astaldi SpA

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010
and article 10 of Regulation (EU) No. 537/2014

Financial Statements
as of 31 December 2020

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Astaldi SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Astaldi SpA (the Company), which comprise the statement of financial position as of 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Effects on the separate financial statements at 31 December 2020 from the execution of the Astaldi SpA composition with creditors	
Notes to the accounting statements: *- Section "Foreword", paragraph "Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law".* *- Section "The Separate Unit".* *Notes to the separate financial statements:* *- Note 11 "Non-recurring income from discharge of debt on continuing operations".* *- Note 31 "Equity".* *- Annex 4: Information required by Article 2447-septies of the Italian Civil Code on the Separate Unit.* On 17 July 2020 the Court of Rome published its order in approval of the composition with creditors on a going-concern basis as per article 186-bis of the Bankruptcy Law filed by Astaldi SpA on 28 September 2018, setting down the methods to execute the composition proposal. On 31 July 2020 the Shareholders' Meeting resolved to implement the operations under the composition proposal. The financial statements of Astaldi SpA as of 31 December 2020 include the significant effects from the implementation of the composition with creditors procedure, including, but not limited to, the following. i) The segregation of the assets "on a going-concern basis" of Astaldi SpA from those to be liquidated and transferred to a separate unit pursuant to articles 2447-bis et seqq. of the Italian Civil Code ("Separate Unit"), to be used to settle the claims of Astaldi's unsecured creditors, considered as a separate reporting entity from Astaldi, in line with what was done for the purposes of the consolidated financial statements in accordance with IFRS 10. ii) The recognition of the non-recurring income	As part of our audit activities, we performed the following main activities in order to address this key audit matter. We performed an understanding and assessment, through meetings and discussions with the Company's management, of the process used by management regarding the following: i) analysis, evaluation and determination of the impacts deriving from the implementation of the composition with creditors procedure of Astaldi SpA; ii) recognition of these impacts in light of the main applicable accounting standards; iii) fair value measurement of Astaldi SpA's shares determined according to IFRS 13; iv) fair value measurement of the lender warrants determined according to IFRS 13; v) accounting treatment of the Separate Unit. We perused the significant documentation in order to identify the effects connected with the execution of the composition procedure and related recording in the financial statements, including the opinions of the legal and accounting advisors the Company's management had recourse to that end, as well as with the support of PwC network legal experts. We gained an understanding, assessed the appropriateness and verified the results of the reports of the external advisors expert on valuations engaged by management, the expertise, capacity and objectivity of which we assured ourselves, in order to determine the fair value of Astaldi SpA's shares and on which the fair value of the lender warrants is based, also supported by PwC network experts in valuations. We analysed the composition of the expected cash flows on the basis of which the fair value

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
from Astaldi SpA's discharge of debt recorded after the approval of the composition procedure for the various debts in a specific profit&loss line item equal to about Euro 2,309 million, mainly related to the extinguishment of Astaldi SpA's total unsecured liabilities approximating Euro 3,425 million. These unsecured liabilities are related to unsecured creditors confirmed and to be confirmed, both beneficiaries in accordance with the composition with creditors proposal, of: i) Astaldi SpA newly-issued shares, ii) net proceeds from the sale of the assets segregated to the Separate Unit. With reference to the confirmed unsecured creditors, the shares of Astaldi SpA were issued on 5 November 2020, in implementing the capital increase resolved by the shareholders' meeting on 31 July 2020, as set out in point iii) below. With reference to the unsecured creditors to be confirmed, an equity reserve has been created for the purpose in accordance with IFRS2, serving any future capital increases to be carried out as soon as these positions have been definitively ascertained. The balance of this reserve equated to around Euro 24.4 million at 31 December 2020. iii) The implementation on 5 November 2020 of a capital increase of about Euro 91.9 million, with the exclusion of option rights pursuant to article 2441 para. five of the Italian Civil Code, to be reserved to the confirmed creditors of Astaldi SpA in conversion of the receivables they claim against Astaldi. A share premium reserve of about Euro 231.9 million was recognised against this capital increase. iv) The implementation on 5 November 2020 of a capital increase against payment of Euro 225 million, with the exclusion of option rights pursuant to article 2441 para. five of the Italian Civil Code, to be reserved to Webuild SpA, whereby Webuild SpA acquired control over Astaldi SpA, as well as the issue	of Astaldi SpA's shares was determined, and we verified the consistency with the 2021-2023 Business Plan approved by the Company's Board of Directors on 14 March 2021, the reasonableness of the underlying hypotheses and assumptions and the assumptions used to determine the discount rate under the valuation model (cost of equity, cost of debt, list of comparables). We carried out specific testing activities on the accounting treatment adopted by management in light of the accounting standards applicable in the specific circumstances and of the documentary evidence collected and analysed. Finally, we analysed the financial statement disclosures, including the disclosure required by article 2447-septies of the Italian Civil Code on the Separate Unit.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
and free assignment, occurred on that same day, of about Euro 80.7-million anti-dilutive warrants reserved for Webuild SpA, without any variation of the share capital, the exercise of which will enable Webuild SpA to maintain a 65 per cent interest in the capital, in the event of newly-issued shares assigned to any possible unforeseen creditors. v) The issue and free assignment, on 5 November 2020, of about 79.2 million lender warrants to certain banks, which granted the assignees the right to subscribe shares of Astaldi SpA at a pre-set price and against which, in accordance with IFRS2, a special equity reserve was set up to serve future capital increases connected to the exercise of the warrants by the lending banks, corresponding to the fair value of the warrants at the issue date. The balance of this reserve was equal to about Euro 44.5 million at 31 December 2020. Therefore, considering the complexity of the case in point, the significance of the effects on the separate financial statements at 31 December 2020, and the degree of complexity and subjectivity inherent in the estimation of the fair values of Astaldi shares and of the lender warrants, which directly affect the quantification of the impacts on the financial statements, special attention was paid to verifying the accounting treatment used by management for the determination of the fair values of the shares and lender warrants and to the financial statement disclosure on the matter.	
Measurement of revenue from contracts with customers, contract assets and contract liabilities *Notes to the accounting statements:* *- Section "Accounting policies", paragraph "Revenue from contracts with customers".* *Notes to the separate financial statements:* *- Note 1 "Revenue from contracts with customers".* *- Note 25 "Contract assets" and "Contract*	We understood and evaluated the internal control system in relation to the area under analysis, paying particular attention to the identification process of onerous contracts and to the recognition of the additional consideration for contract variations, verifying the structure and efficacy of some

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
liabilities". *- Note 38 "Other contract liabilities".* Revenue from contracts with customers realised by Astaldi SpA during 2020 amounted to Euro 990 million of which 98.48 per cent related to the "Construction" segment. Contract assets amounted to Euro 719 million and contract liabilities amounted to Euro 434 million. Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Company believes it is likely to receive in exchange for these goods or services. In particular, the contract consideration accrued on construction contracts in progress is measured using the cost to cost method, considering the related contract budget. The Company regularly updates the assumptions underlying the contract budget to reflect the most reasonable estimate of the accrued contract consideration and the contract output in the separate financial statements. Contract revenue comprises the initial amount of revenue agreed in the contract and further variable elements not yet approved (variations in contract work, price reviews, incentive payments, claims and penalties). Variable elements are estimated to be the expected or most probable amount. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In this respect, consideration has been given to the following: i) specific legislation regarding public works and international legislation; ii) contractual clauses; iii) the progress of negotiations with the customer and likelihood that these negotiations will have a positive outcome; iv) when necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the valuations made are reliable.	manual and automated relevant controls. We selected a sample of contracts on the basis of quantitative and qualitative elements which include: - Significant revenue accounted for in the period under analysis; - Onerous contracts; - Requests for additional consideration and significant contract variations. For the sample of selected contracts, we performed the following main audit procedures: - Reconciliation of contract revenue with the arrangements signed with the counterparty; - Reconciliation of the costs resulting from management accounts with the costs resulting from general accounts; - Verification on a sample basis of costs totalled in the period linked to the contract through the obtainment of documents from third-party sources (invoices, contracts, transport documentation); - Recalculation of the order progress according to the cost-to-cost method; - Sending of requests for information to the external lawyers who assisted the Company in the disputes in place in order to verify the evaluation of any request for additional consideration. In order to examine the total contract costs and the additional consideration for contract variations recognised in the financial statements, we availed ourselves of PricewaterhouseCoopers network technical and engineering experts who supported us for the sample of selected contracts: - In the analysis, on a sample basis, of the total contract costs through meetings with the persons in charge of the projects in order to evaluate the reasonableness of the contract costs;

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The determination of variable elements is subject by its nature to a certain degree of uncertainty both as to the amounts that will be recognised by the customer and as to the timing of collection, which usually depends on the outcome of negotiations between the parties or decisions taken by the judicial/arbitration bodies. Once the enforceable right has been identified, in order to recognise the claims and amounts of the additional consideration requested to the customer, it is necessary to establish whether it is highly probable that the revenue will not be reversed in the future, so as to adjust the transaction price to include the additional consideration. In addition, as regards the presentation of the balance sheet items related to construction contracts in progress, the Company represents: i) as a "contract asset" the consideration due by the customer (calculated by applying the "cost to cost" method) for contract work performed net of progress payments and advances, considering the additional consideration due to contract variations (work variations and claims) being negotiated with the customers; ii) as a "contract liability" the Company's obligation to transfer goods or services covered by the contract to a customer, for which it has received advances and progress prepayments, including additional consideration due to contract variations being negotiated with the customers; iii) as "Other contract liabilities" the estimate of the variable consideration that the Company expects to pay to customers for higher costs and damages due to termination of the contract for the part exceeding the amounts due from customers for work performed and not yet paid for. We paid particular attention to this financial statement area given the presence of elements that can make the evaluation process difficult, such as the technical complexity of the projects, the size and duration of the works, the presence of additional consideration, contract variations and price reviews.	- In the examination of the main differences compared to the total costs in the previous contract budget; - In the performance of the analyses on the reasonableness and compliance with the corporate procedures, as well as in the verifications of the documentation in support of the valuations made by the Company about the additional consideration (where applicable) recognised in the financial statements; - In carrying out site visits in order to view the physical progress of the site for a sample of projects. Finally, we analysed the disclosures provided in the financial statements.

Other matters

The financial statements of Astaldi SpA for the year ended 31 December 2019 were audited by another auditor who issued a disclaimer of opinion on 10 July 2020 because of the many significant uncertainties about the going-concern assumption used by the directors in preparing the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 31 July 2020, the shareholders of Astaldi SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Astaldi SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Astaldi SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Astaldi SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Astaldi SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Astaldi SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 7 April 2021

PricewaterhouseCoopers SpA

Signed by

Andrea Brivio
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Astaldi S.p.A. – Separate Financial Statements 2020
Accounting statements and Explanatory notes

Webuild Group

Astaldi S.p.A. – Company subject to the management and coordination by Webuild S.p.A.

Astaldi S.p.A.
Share capital €340,431,460.27
Registered office in Rome, Via Giulio Vincenzo Bona 65
Rome Company Register and Tax Code 00398970582
Rome Economic and Administrative Index no. 152353 – VAT no. 00880281001

www.astaldi.com

Contents

Accounting statements of Astaldi S.p.A

Statement of profit or loss

(in Euros)	note	**2020**	**2019**
Revenue from contracts with customers	1	989,547,363	1,037,942,739
of which: related parties		*140,619,403*	*190,882,324*
Other operating revenue	2	60,033,357	86,959,601
of which: related parties		*13,113,378*	*10,799,452*
Total operating revenue		**1,049,580,720**	**1,124,902,340**
Purchase costs	3	(151,274,824)	(173,081,261)
Service costs	4	(719,366,086)	(688,175,503)
of which: related parties		*(227,574,206)*	*(171,369,377)*
Personnel expenses	5	(167,815,851)	(226,934,659)
Other operating costs	*6*	(37,676,445)	(16,637,842)
of which: related parties		*(9,808)*	*(27,578)*
Total operating costs		**(1,076,133,206)**	**(1,104,829,265)**
Change in costs capitalised to fulfil a contract	7	1,859,681	(124,800)
Share of profits (losses) from subsidiaries, joint ventures and associates	8	(96,218,780)	30,805,098
Gross operating profit (loss)		**(120,911,585)**	**50,753,373**
Amortisation, depreciation and impairment losses	9	(67,858,259)	(39,298,015)
Provisions	10	(35,260,568)	(20,590)
Operating profit (loss)		**(224,030,412)**	**11,434,768**
Non-recurring income from discharge of debt on continuing operations	**11**	**2,309,146,076**	**0**
Financial income	12	100,643,133	65,745,318
of which: related parties		20,831,173	28,785,244
Financial expense	13	(183,986,836)	(97,569,297)
of which: related parties		(35,831,609)	(13,098,441)
Net financial expense		**(83,343,703)**	**(31,823,979)**
Pre-tax Profit from continuing operations		**2,001,771,961**	**(20,389,211)**
Income taxes	14	(180,045,796)	(26,837,410)
Profit (Loss) from continuing operations		**1,821,726,165**	**(47,226,621)**
Net loss from discontinued operations	15	**(16,332,394)**	**(6,530,576)**
of which: related parties		*609,239*	*116,787,552*
PROFIT (LOSS) FOR THE YEAR		**1,805,393,771**	**(53,757,197)**
Earnings per share	16		
Basic		5.51	(0.55)
Diluted		5.50	(0.55)
Earnings per share from continuing operations			
Basic (in Euros)		5.56	(0.48)
Diluted (in Euros)		5.55	(0.48)

Statement of comprehensive income

(in Euros)	note	2020	2019
Profit for the year (A)	**31**	**1,805,393,771**	**(53,757,197)**
Change in fair value of cash flow hedging derivatives		0	0
Exchange differences from translation of financial statements in foreign currencies		17,858,195	1,630,898
Change in fair value of financial assets measured at FVTOCI		(1,574,824)	4,962,167
Share of other comprehensive income (expense) of equity-accounted investees		67,955,655	(34,990,556)
Share of other comprehensive income (expense) of discontinued operations		49,230,457	(16,531,075)
Tax effect		(32,431,805)	16,257,814
Other comprehensive income (expense), net of tax, that will be subsequently reclassified to profit or loss (B1)		**101,037,678**	**(28,670,752)**
Change in fair value of equity instruments measured at FVTOCI		(1,284,301)	(416,000)
Actuarial gains (losses) on defined benefit plans		40,387	11,927
Share of other comprehensive income (expense) of equity-accounted investees		(11,122,343)	2,430,000
Other comprehensive income (expense), net of tax, that will not be subsequently reclassified to profit or loss (B2)		**(12,366,257)**	**2,025,927**
Total other comprehensive income (expense), net of tax (B1)+(B2)=(B)		**88,671,421**	**(26,644,825)**
COMPREHENSIVE INCOME (EXPENSE) (A)+(B)		**1,894,065,192**	**(80,402,022)**

Statement of financial position
Assets

(in Euros)	Note	**31/12/2020**	**31/12/2019**
ASSETS			
Non-current assets			
Property, plant and equipment	17	36,990,124	71,983,661
Right-of-use assets	18	14,718,699	29,589,351
Investment property	19	119,654	127,321
Intangible assets	20	28,686,508	37,231,043
Equity investments	21	111,794,419	537,652,992
of which: equity-accounted investments		*86,000,738*	*513,163,860*
Non-current financial assets	22	75,026,291	63,141,830
of which: related parties		*35,380,418*	*33,610,522*
Other non-current assets	23	59,765,681	107,691,775
Deferred tax assets	14	88,183,434	271,705,510
Total non-current assets		**415,284,810**	**1,119,123,483**
Current assets			
Inventories	24	30,980,788	32,492,405
Contract assets	25	718,785,538	691,198,668
of which: related parties		*45,611,521*	*33,147,030*
Costs capitalised to fulfil a contract	26	3,214,875	1,355,194
Trade receivables	27	817,708,235	605,710,478
of which: related parties		*610,656,399*	*211,254,754*
Current financial assets	22	93,855,900	386,336,437
of which: related parties		*51,052,839*	*314,102,054*
Tax assets	28	34,344,536	39,005,026
Other current assets	23	394,425,033	399,396,931
of which: related parties		*143,512,954*	*149,353,656*
Cash and cash equivalents	29	339,461,933	241,134,095
Total current assets		**2,432,776,838**	**2,396,629,234**
Non-current assets held for sale	30	***10,219,610***	***345,674,084***
of which: related parties		*0*	*210,922,399*
Total assets		**2,858,281,258**	**3,861,426,801**

Statement of financial position
Equity and liabilities

(in Euros)	note	31/12/2020	31/12/2019
EQUITY AND LIABILITIES			
Equity	31		
Share capital		340,431,461	196,849,800
Reserve for additional charges on capital increase		(2,100,526)	0
Treasury shares		(338,804)	(3,022,940)
Share premium reserve		234,378,121	0
Legal reserve		0	34,346,579
Extraordinary reserve		0	195,509,603
Losses carried forward		(1,394,909,707)	(1,902,339,908)
Other reserves		71,308,673	162,421,473
Other comprehensive income (expense)		(32,074,854)	(153,178,080)
Deferred tax on other comprehensive income (expense)		(19,465)	32,412,340
Total capital and reserves		**(783,325,101)**	**(1,437,001,133)**
Profit (Loss) for the year		1,805,393,771	(53,757,197)
Total equity		**1,022,068,670**	**(1,490,758,330)**
Non-current liabilities			
Non-current financial liabilities	32	193,091,845	179,059,420
of which: related parties		*3,919,671*	*1,710,597*
Employee benefits	33	3,976,197	4,764,675
Deferred tax liabilities	14	56,787,461	52,993,859
Other non-current liabilities	34	726,970	744,940
Total non-current liabilities		**254,582,473**	**237,562,894**
Current liabilities			
Contract liabilities	25	434,243,684	330,097,219
of which: related parties		*0*	*91,552,082*
Trade payables	35	815,193,982	1,192,719,198
of which: related parties		*397,578,005*	*357,529,263*
Current financial liabilities	32	90,407,666	2,909,330,253
of which: related parties		*0*	*155,990,459*
Tax liabilities	36	55,210,476	52,282,662
Provisions for risks and charges	37	42,895,076	129,446,579
Other contract liabilities	38	0	48,893,080
Other current liabilities	34	128,341,744	255,905,056
of which: related parties		*16,320,868*	*77,740,408*
Total current liabilities		**1,566,292,628**	**4,918,674,047**
Liabilities directly associated with non-current assets held for sale	30	15,337,487	195,948,190
of which: related parties		*0*	*13,733,343*
Total liabilities		**1,836,212,588**	**5,352,185,131**
Total equity and liabilities		**2,858,281,258**	**3,861,426,801**

Statement of changes in equity for the year ended 31 December 2020

	Share capital	Reserve for additional charges on capital increase	Treasury shares	Share premium reserve	Legal reserve	Extraordinary reserve	Losses carried forward /Retained earnings	Other reserves	Other comprehensive income (expense)	Profit (Loss) for the year	Equity
Opening balance	**196,849,800**	**0**	**(3,022,940)**	**0**	**34,346,579**	**195,509,603**	**(1,902,339,908)**	**162,421,473**	**(120,765,740)**	**(53,757,197)**	**(1,490,758,330)**
Comprehensive income									**88,671,421**	**1,805,393,771**	**1,894,065,192**
Owner transactions and other changes in equity:											
Covering of losses – FYs 2018/2019	(174,339,455)		3,022,940		(34,346,579)	(195,509,603)	507,430,202	(160,014,701)		53,757,197	**0**
Webuild cash capital increase	225,000,000										**225,000,000**
Lender Warrants capital increase	971,082			2,504,123							**3,475,205**
Capital increases for conversion	91,950,034			231,873,998							**323,824,032**
Additional charges on capital increase		(2,100,526)									**(2,100,526)**
IFRS 2 Reserve – Lender Warrants								44,477,565			**44,477,565**
IFRS 2 Reserve – Unsecured claims to be filed								24,424,337			**24,424,337**
Astaldi shares assigned to Joint Operations			(338,804)								**(338,804)**
Closing balance	**340,431,461**	**(2,100,526)**	**(338,804)**	**234,378,121**	**0**	**0**	**(1,394,909,707)**	**71,308,673**	**(32,094,319)**	**1,805,393,771**	**1,022,068,670**

Statement of changes in equity for the year ended 31 December 2019

	Share capital	*Treasury shares*	*Legal reserve*	*Extraordinary reserve*	*Losses carried forward/ Retained earnings*	*Other comprehensive income (expense)*	*Other reserves*	*Profit (Loss) for the year*	*Equity (deficit)*
Balance at 01/01/2019	**196,849,800**	**(3,022,940)**	**34,346,579**	**195,509,602**	**(24,038,108)**	**(94,120,915)**	**162,421,474**	**(1,878,301,801)**	**(1,410,356,309)**
Comprehensive expense						**(266,448,259)**		**(53,757,197)**	**(80,402,022)**
Owner transactions and other changes in equity:									
Allocation of the profit /(loss) for the year					(1,878,301,801)			1,878,301,801	**0**
Balance at 31/12/2019	**196,849,800**	**(3,022,940)**	**34,346,579**	**195,509,602**	**(1,902,339,908)**	**(120,765,740)**	**162,421,474**	**(53,757,197)**	**(1,490,758,330)**

Statement of cash flows
Operating activities

	2020	2019
STATEMENT OF CASH FLOWS – OPERATING ACTIVITIES		
Profit (Loss) for the year	**1,805,393,771**	**(53,757,197)**
Income taxes	180,802,814	26,837,410
Pre-tax profit (loss)	**1,986,196,585**	**(26,919,787)**
Amortisation and depreciation	41,257,388	44,128,571
Impairment losses	70,138,924	(10,006,939)
Effects of equity accounting	96,218,780	(30,805,098)
Post-employment benefits and defined benefit plan costs	1,047,038	776,715
Stock grant plan costs	0	13,677
Accrual to provisions for risks and charges	63,189,443	20,590
Fair value losses (gains) following adoption of fair value measurement and other	43,147,308	239,512
Non-recurring income from discharge of debt	(2,309,146,076)	
Sub total	**(1,994,147,195)**	**4,367,028**
(Gain) loss on disposals	3,802,837	(849,151)
Net interest income and expense and dividends received (Covering of losses)	**18,413,262**	**(5,576,270)**
Sub total	**22,216,099**	**(6,425,421)**
Cash flows used in operating activities before changes in net working capital	**14,265,489**	**(28,978,180)**
Trade receivables	(268,679,553)	(33,758,552)
of which: related parties	*(399,451,645)*	*(4,248,579)*
Inventories	*(878,774)*	*9,072,047*
Contract assets	*(63,675,459)*	*7,222,580*
of which: related parties	*(12,464,491)*	*30,484,823*
Trade payables	(328,456,297)	67,101,478
of which: related parties	*142,445,650*	*23,850,410*
Provisions for risks and charges	30,009,266	(257,872,612)
Contract liabilities	*104,780,448*	*80,921,415*
of which: related parties	*(93,314,312)*	*(502,243)*
Costs capitalised to fulfil a contract	*(1,859,681)*	*124,800*
Other operating assets	(42,765,493)	2,247,029
of which: related parties	*(4,932,939)*	*(15,196,312)*
Other operating liabilities	(72,103,107)	(49,959,649)
of which: related parties	*5,368,859*	*(8,758,334)*
Payment of post-employment benefits and defined benefit plans	(1,794,829)	(306,345)
Sub total	**(645,423,479)**	**(175,207,809)**
Effects of discharge of debt on working capital	473,433,748	
Exchange differences on the translation of financial statements of foreign operations	25,011,873	(12,384,542)
Cash flows used in operating activities	**(132,712,369)**	**(216,570,531)**
Interest and dividends received / (Covering of losses)	14,818,828	25,485,055
Interest paid	(30,630,854)	(20,894,348)
Taxes paid	(9,835,706)	(17,527,534)
A) Net cash flows used in operating activities	**(158,360,101)**	**(229,507,358)**
of which: net cash flows used by discontinued operations	**(12,336,223)**	**(2,340,093)**

Statement of cash flows
Investing and financing activities

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in intangible assets	(659,925)	(2,543,209)
Investment in property, plant and equipment	(6,226,027)	16,299,178
Proceeds from the sale or reimbursement of property, plant and equipment	5,469,148	(6,153,917)
Sale (acquisition) of investments in subsidiaries, associates, joint ventures and other companies	6,252,680	(641,746)
Change in loan assets, net	19,294,987	(112,334,557)
of which: related parties	*(36,715,351)*	*(22,209,460)*
Change in receivables for finance leases as lessor	11,167,242	*0*
Of which: related parties	*11,167,242*	*0*
Sub total	**35,298,105**	***(105,374,251)***
Advance liquidation payments to the Separate Unit	**(15,253,725)**	***0***
Cash and cash equivalents acquired (sold) following changes in the consolidation perimeter	**(10,918,107)**	***0***
B) Cash flows used in investing activities	**9,126,273**	**(105,374,251)**
of which: net cash flows generated by discontinued operations	***13,791,327***	***9,140,883***
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increases against payment	223,870,556	0
Issue and other net changes in bonds	70,013,772	0
Redemptions and other net changes in bonds	(200,000,000)	130,220,833
Net (repayment)/use of credit facilities	208,712,565	323,494,594
Changes in other financial liabilities	(24,675,911)	4,788,284
of which: related parties	*(36,343,456)*	*(436,804)*
Payment of lease liabilities	(31,005,056)	(31,509,291)
Other changes	0	4,221,721
C) Cash flows generated by financing activities	**246,915,926**	**431,216,141**
of which: net cash flows generated (used) by discontinued operations	***79,519***	***(8,440,667)***
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)*	**97,682,098**	**96,334,532**
OPENING CASH AND CASH EQUIVALENTS	**241,895,990**	**145,561,238**
CLOSING CASH AND CASH EQUIVALENTS	**339,578,088**	**241,895,990**

*Including changes in bank deposits classified as Non-current assets held for sale (Disposal Groups)

Notes to the accounting statements of Astaldi S.p.A.

General information

Astaldi S.p.A. ("Astaldi" or the "Company") is a company limited by shares with registered offices at Via Giulio Vincenzo Bona 65, Rome, listed on the Milan Stock Exchange since June 2002.

The Company, which has been operating for over ninety years in Italy and abroad in the design and construction of large civil engineering works, is the parent of an international group that is among the major players in the construction sector in Italy, with a significant footprint in Europe and worldwide. Astaldi is now part of the Webuild Group as from 5 November 2020. The duration of the Company is currently set until 31 December 2100.

At the date of preparation of these separate financial statements, Astaldi S.p.A. was subject to management and coordination on the part of Webuild S.p.A..

The Company's board of directors approved these separate financial statements during its meeting held on 17 March 2021.

As it holds significant controlling investments in other companies, the Company also prepared consolidated financial statements which are published together with these separate financial statements.

It should be noted that, in accordance with articles 70.8 and 71.1-*bis*, of the Regulation adopted by CONSOB (the Italian commission for listed companies and the stock exchange) by resolution no. 11971/1999, as supplemented and amended (the "Issuer Regulation") the Company has joined the opt-out scheme provided for by the above-mentioned articles, making use of the right to derogate from disclosure obligations of the information documents provided for by Annex 3B attached to the Issuer Regulation on the occasion of significant mergers, demergers, capital increases by contribution of assets in kind, acquisitions and disposals.

COVID-19 disclosure

During 2020, the Italian and other EU and non-EU governments applied extraordinary measures to curb the spread of the COVID-19 virus, declared a pandemic by the World Health Organization.

According to statistics, Italy was one of the countries hit hardest by the pandemic, especially in the initial stages. This circumstance has exposed the Company to risks generated by the extraordinary measures applied by the Italian government to prevent and/or curb the spread of the virus involving, inter alia, the temporary closure of industrial plants and construction sites, as well as severe restrictions to the movement of people and means of transport. Moreover, the global spread of the pandemic exposed the Company to the consequences deriving from the application of extraordinary measures issued both in Europe and beyond, where the Group operates or has offices or sites.

The effects on the world economy have been and continue to be significant, and the economies of the countries in which the Group operates – albeit to varying degrees – have not escaped the consequent economic and social impacts.

Impacts on operations

According to the World Health Organization[1], at the date of preparation of this report the ten countries most affected by the pandemic worldwide are the United States, India, Brazil, Russia, UK, France, Spain, Italy, Turkey and Germany. With regard to these areas, the Group is operational only in the United States (with a single project that has not been affected by business stoppages due to COVID-19), Turkey (where the pandemic has not caused problems for the Etlik Integrated Health Campus in Ankara, as the project was already on standby for other issues, then resolved in September 2020 with operations resuming normally), as well as Italy and India (where the effects of the pandemic have been more evident). In the second half of 2020 all activities resumed again, with the exception of specific situations (Algeria, where some impediments related to the pandemic remain and where activities only restarted in mid-February 2021 following a specific authorisation from the local authorities).

Regarding the situation experienced during 2020, the impacts deriving from the COVID-19 emergency began to have indirect effects on the production of projects starting in the first months of the year, especially in Italy, and then spread to the sites in Europe, North America and South America. Despite the highly uncertain situation, mitigating actions (activities and discussions started with all customers) have already been implemented in the short term in Italy and abroad in an effort to neutralise the negative effects (most importantly financial stress) of the lockdown and the resulting suspension or slowdown of activities.

These measures concerned requests by Astaldi regarding contracts in Italy and abroad for:

(i) accelerating payment of slow-moving items (mostly claims[2] and contractual variations);

(ii) recovery of higher costs incurred for the new protocols adopted to guarantee employee health and safety in the workplace;

(iii) payment of all progress reports issued and work in progress at the beginning of the lockdown;

(iv) rescheduling progress reports' issue dates and related payments;

(v) possibly obtaining advances and/or payments on account on contracts and/or projects and supplies to cover the considerable financial costs of resuming work and simultaneously maintaining the supplier/subcontractor system;

(vi) reviewing production cycles to take into account new site and supply logistics, as well as to allow effective management of the measures put in place to protect employee health;

(vii) rescheduling contractual deadlines due to slowdowns or total stoppages of work.

Please refer to the following for further information on the specific situations in the sites of the Astaldi Group at the date of preparation of this report.

Italy

Of the numerous measures adopted in 2020 by the Italian government to deal with the health emergency, those worthy of note include: (*i*) the "Heal Italy Decree" (Law Decree no. 18 of 17 March 2020) which allocated a total of €25 billion to support, among other things, the health system and civil protection and to preserve employment and support income and businesses; (*ii*) the "Liquidity Decree" (Law Decree no. 23 of 8 April 2020), which provided for the granting of state guarantees to support credit for €400 billion; (*iii*) the "Relaunch Decree" (Law Decree no. 34 of 19 May 2020), which put in place tax measures for an additional €55 billion in support of, among other things, families and businesses; (*iv*) the Prime Minister's Decree[3] of 7 August 2020, which allocated an additional €25 billion to support and relaunch the economy. With the latter

[1] Source: *WHO Coronavirus Disease (COVID–19) Dashboard,* World Health Organization – March 2021 update.
[2] Requests made to the customer in a project for the payment of higher compensation, reimbursement or indemnities in addition to the contractual consideration, which are normally made when the Group incurs higher costs that are deemed to be directly and/or indirectly ascribable to the customer itself.
[3] DPCM (Prime Minister's Decree).

decree, the total resources deployed to respond to the emergency in Italy amounted to €100 billion (equal to 6 percentage points of GDP[4]). This decree was followed by various so-called "relief" Prime Minister's decrees containing further urgent measures to address the consequences of the COVID-19 epidemic (24 October 2020, 7 November 2020, 21 November 2020, 29 November 2020). Subsequently, on 18 December 2020, the Council of Ministers approved a law decree that introduces additional urgent provisions to address the health risks associated with the spread of the COVID-19 virus and provides for the allocation of €645 million to be used for the immediate relief of some commercial activities. Subsequently, Council of Ministers no. 86 of 23 December 2020 approved a law decree containing urgent provisions regarding the extension of legal deadlines. Among other things, the text provides for the extension of some terms related to the measures followed by the declaration of a state of epidemiological emergency due to COVID-19 until the date of cessation of the state of emergency, and in any case no later than 31 March 2021 (then postponed to 6 April 2021 with Prime Minister's decree on 2 March 2021), with the provision that the related measures are implemented within the limits of the available resources authorised by current legislation.

For the sector in question, the "Simplifications Decree" (Law Decree no. 76 of 16 July 2020) introduced a series of measures aimed at reducing levels of bureaucracy, among other things providing for the acceleration of tender procedures and for the start of construction sites, the reduction of contract award times and the introduction of a model based on dedicated extraordinary commissioners to facilitate the rapid execution of some projects identified as strategic. Furthermore, the Government launched the so-called "Fast Italy Plan" consisting of 66 infrastructure projects (of which 40 priority works), which aims to strengthen and modernise the country's railway, road and motorway, port and airport system through an investment plan equal to €131 billion declared as already available. These measures are in addition to those already introduced by the "Unfreeze Italy Decree" (Law decree no. 133 of 12 September 2014) and the "2020 Budget Law" (Law no. 160 of 27 December 2019), which favoured the introduction of mechanisms aimed at restarting the infrastructure sector at a national level.

In this context, also worth considering are two recent changes to the regulation concerning contract advances, referred to in art. 35, paragraph 18, of Legislative Decree no. 50/2016, contained in the Heal Italy Decree and in the Relaunch Decree and which follow changes to the regulation already put in place in 2019 with the Unfreeze Job Sites Decree. Taken as a whole, these measures strengthen the instrument of contract advances with the aim of providing new impetus to the companies put to the test by the lockdown. In fact, it was established that under certain conditions and within certain limits the advance envisaged in the aforementioned art. 35, paragraph 18 can be increased from 20% to 30%.

With regard to the management of the Company's contracts, during the first half of 2020 and for about two months there were production slowdowns, and in some cases total stoppage of construction works (i.e. Brenner Base Tunnel, Cumana Railway Line and Naples-Capodichino Metro Station in Naples Line 1, Infraflegrea Project and Quadrilatero Marche-Umbria Road System, Nuovo Ospedale del Sud-Est Barese in Monopoli-Fasano, Sigonella NATO Base, Container Terminal of the Port of Taranto). The activities related to the contracts still in the design or initial start-up phase (e.g. in the case of the Verona-Padua high speed and high capacity railway line and the Jonica State Road), but also those activities considered essential for the territory and which by virtue of this are still ongoing despite the emergency (i.e. the Rome Metro), were carried out continuously, although in compliance with the safety measures necessary for the protection of the health of personnel and all related activities connected to the construction site. The State also made an extraordinary contribution, which made it possible to put in place instruments such as the aforementioned COVID-19 government-sponsored lay-off scheme (used at a Group level for 70% of personnel) and which, among other things, with the Relaunch Decree and the Simplifications Decree introduced measures to support liquidity. In particular, the aforementioned increase in contract advances from 20% to 30% envisaged by the Relaunch Decree resulted in benefits for some specific Italian contracts (specifically, Quadrilatero Marche-Umbria Road System, Brenner Base Tunnel and Jonica State Road Mega-Lot 3). In the second half of 2020 all projects gradually returned to full operation, implementing the new safety protocols.

[4] Gross Domestic Product.

Europe (including Turkey)

The COVID–19 pandemic has caused a serious economic shock with significant negative repercussions throughout Europe. The impact on the GDP growth of individual countries will depend on the duration of the pandemic and the measures taken worldwide to slow its spread, protect production capacities and, more generally, support the economy. EU Member States have already taken or are taking budgetary measures to increase the capacity of health systems and support categories and sectors that have been strongly affected. Important liquidity support measures and other forms of guarantee were also adopted. In general, in Romania, Poland, Sweden and Turkey the construction sites have not experienced disruptions in operations due to COVID-19.

Romania[5] – The country has not escaped the effects of the COVID–19 pandemic on the global economy, at least as recorded in the first half of 2020. In any case, the local government is working to contain the effects of the crisis and to support businesses, not just in the health sector. In July 2020 the Romanian Government launched an important post-COVID–19 relaunch plan that aims at a new model for economic development, with investments of approximately €100 billion by 2023 involving various sectors, including infrastructure and health. The plan is one of the most important state investment programmes in recent years and also provides for structural measures including, by way of example, the establishment of a national development bank as a credit institution to support investment projects. With regard to infrastructure, among other things the relaunch plan calls for: (*i*) the connection of all regions of Romania through approximately 3,000 kilometres of motorways and state roads by 2030; (*ii*) the start of work on a new metro line in Cluj-Napoca, a strategic centre for the development of the country; (*iii*) the completion of the metro connection between Bucharest and the Henri Coanda International Airport of Bucharest-Otopeni; (*iv*) the construction of three regional hospitals in Cluj-Napoca, Iasi and Craiova by 2027; (*v*) a road, water and sewerage renovation plan, which includes the restoration of 20,000 kilometres of local roads; (*vi*) investments in the energy sector for a total amount of about €12.5 billion between 2020 and 2025. Important liquidity support measures and other forms of guarantee were also adopted, especially for small and medium-sized enterprises. The July 2020 economic relaunch plan also provides for active measures for employment and social protection, such as: the extension of unemployment benefits for job categories whose activities were suspended; the stimulation of flexible work programmes and subsidies for vocational training; the stimulation of employment for youth, those over 50 and citizens returning from abroad; measures to encourage teleworking. The financing of these measures will be covered by the European SURE programme (launched after the crisis caused by the pandemic). With specific regard to the Company's ongoing projects in Romania, where not already envisaged, measures are being taken to revise/update the contract price in agreement with the customers in order to allow for a proportionate adjustment of costs in light of the changed market conditions because of the pandemic.

Poland[6] – Lockdowns and closures of borders have helped to preserve Poland from the spread of the COVID-19 pandemic, but have not saved the country from its economic effects which led to 2020 being classified as one of the worst years of the last 30. To cope with the emergency and support the country's economy, the Polish Government introduced the so-called Shield Plan, a package of fiscal measures and initiatives totalling PLN312.1 billion (about €69 billion), equal to approximately 3.2% of the GDP estimated for 2020. The infrastructure sector suffered less from the effects of the pandemic as it managed to contain downtime and, more generally, the impact on construction. It should also be noted that in July 2020 the results of the presidential elections confirmed the second term of the incumbent President.

[5] Sources - *The World Bank in Romania. Country Snapshot*, World Bank, April 2020; *Commission Report. Romania. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 14 February 2020; *Planul Național de Investiții și Relansare Economică*, Government of Romania, July 2020.

[6] Sources - *Commission Report. Poland. Report prepared pursuant to Article 126 (3) of the Treaty on the functioning of the European Union*, European Commission, 20 May 2020.

Turkey[7] – The increasing number of cases at the end of October 2020 led the Turkish Government to adopt more stringent measures: total lockdown on the weekend, curfew after 9 pm, limited circulation, closure of all public and dining venues, obligation to present a SARS-CoV-2 PCR negative test upon entry into the country. In 2020 the Turkish Central Bank (CBRT) revised its monetary policy, raising the official interest rate from 10.25% in October 2021 to 15% in November 2020 (subsequently to 17% on 21 January 2021). This was due to factors that have negatively affected the inflation outlook, such as the "delayed" effects of the depreciation of the Turkish lira, the increase in international food prices and worsening inflation expectations. Following the appointment of the new Minister of Treasury and Finance (in November 2020), the Turkish Government also announced a new line aimed at increasing the quality of public finance, combating inflation and maintaining fiscal legislation, including through a programme of micro-reforms aimed at enhancing macroeconomic stability. It is also worth noting that in Turkey the pandemic has not caused problems for the Etlik Integrated Health Campus in Ankara, as the project was already on standby for other issues (then resolved in September 2020 with operations resuming normally).

American Continent

Chile[8] – Chile suffered severely from the effects of the pandemic, which added to those of the social turmoil at the end of 2019. Consequently, in August 2020 Moody's lowered its outlook rating for the country's sovereign credit from stable to negative. The decision is essentially motivated by the rapid increase in debt levels that Chile has experienced in recent years, whose trend has accelerated with the spread of the pandemic. However, with a credit rating of A-1, Chile remains one of the most stable economies in Latin America. The country has entered the pandemic with low fiscal reserves and debt levels compared to countries with the same rating, although the pandemic is gradually deteriorating its position. The impacts of the pandemic (Chile is one of the hardest hit countries in Latin America), the deteriorating global economic prospects and the turbulence of the financial markets are in fact creating a serious economic and financial shock, which for Chile mainly translates into weaker economic growth and a greater demand for social programmes. Moreover, the pandemic has exacerbated discontent over certain social issues, such as the high cost of living, the quality and coverage of public services and income inequality. The International Monetary Fund notes that the Chilean economy contracted with an estimated fall in real GDP of 6% in 2020, and forecasts a recovery in 2021 with a growth rate of 4.5% supported by significant fiscal, monetary and financial measures. To counter the emergency situation, the Chilean Government has a plan to relaunch the national economy (*Plan paso a paso Chile se recupera*). This plan includes infrastructure investments of USD34 billion (equal to €28 billion), more than 10% of the country's GDP, of which USD9.4 billion (equal to €7.8 billion) for the two-year period 2020–2022, for the construction of 2,130 projects in the next two years involving the building and modernisation of bridges and motorways, railway and metro lines, ports and airports and hydraulic works. The objective is to protect income, support the most vulnerable groups of the population, safeguard jobs – including with remote working – and ensure business continuity, on the one hand accelerating payments to suppliers and on the other putting in place advantageous tax initiatives. Social shock absorbers have also been introduced nationally. Within Astaldi, Chile is undoubtedly the area most affected by the COVID-19 pandemic among those where the Group has operations. The consequences of the spread of the virus on the contracts that the Astaldi Group has in the country have been significant, and, precisely in order to mitigate the economic impact that could result negotiations are under way with customers (private and public), and results are expected in the short term. Construction sites were at a standstill (even for more than two months, particularly for the El Teniente mining project) and there was a sharp slowdown in activities upon resumption, as a result of stringent safety procedures adopted. At the date of preparation of this report, activities have resumed full operation, in particular with regard to the El Teniente project. Note also that on 15 April 2019 the Astaldi Chile Branch saw the successful completion of the judicial reorganisation procedure (initiated following the Astaldi composition with creditors) with the acceptance of the relevant proposal by the creditors, a proposal that provided for the payment of the debt through

[7] Sources – *Policy Responses to COVID–19 – Policy Tracker: Turkey*, International Monetary Fund; *OECD Economic Outlook Volume 2020. Issue 1: Preliminary Version – Economic Forecast Summary (June 2020) – Turkey Economic Snapshot*, OECD, June 2020.
[8] Sources – *Outlook for Latin America and the Caribbean: An Intensifying Pandemic*, International Monetary Fund, 26 July 2020; *Plan paso a paso Chile se recupera*, Chilean government, 3 September 2020; *Trading Economics* https://tradingeconomics.com/chile/rating.

instalments corresponding to the cash flows deriving from the contracts. The aforementioned shutdown of construction sites then resulted in the need to renegotiate the original repayment plan of the branch's debts – for details, see § “Composition with creditors on a going concern basis as per article 186–bis of the Bankruptcy Law”, in the part referring to the “Other procedures linked to the Astaldi composition with creditors”.

Paraguay[9] - For Paraguay, where the Company has one project for the construction of a hydroelectric plant financed by an independent binational body, at the date of preparation of this Report there was no impact on production, as this project in the area is still in the start-up phase.

Other countries

Algeria – In order to mitigate the economic impacts of the COVID-19 pandemic, the Algerian government is working on an economic recovery plan that among other things aims to introduce a series of measures for the simplification of bureaucratic processes and the revision of public procurement rules. We remind you that the Astaldi Group has two railway projects in Algeria, which were halted due to measures put in place by the Algerian government to prevent the spread of the virus, and that work resumed only in mid-February 2021 following a specific authorisation from the local authorities.

India – Although the country is suffering heavily from the effects of the COVID-19 pandemic, as a result of an easing of virus containment measures, lockdowns and mobility limits the infrastructure sector has been almost fully operational since the second half of 2020. The Indian Government is considering policy actions in support of the domestic economy, with effects that cannot yet be estimated at the date of preparation of this Report.

Here it is only appropriate to underscore that, with regard to the economic effects generated by the spread of the COVID-19 pandemic, there was a decrease in production for the period of approximately 20% compared to what was planned, with a consequent impact on the Operating Profit (Loss) that was substantially related to the margins not achieved by these activities.

As regards further significant issues concerning (i) the permanent coordination office established at corporate level, (ii) the measures put in place to protect the health of the Astaldi Group’s employees and the expected outlook, more details are provided in the Report on operations - see the paragraphs on the "COVID-19 disclosure", "Outlook" and "Events after the reporting date ".

[9] Sources – *2020 World Economic Outlook, International Monetary Fund, April 2020.*

Foreword

Composition with creditors on a going concern basis as per article 186-*bis* of the Bankruptcy Law

Brief overview of the most significant events that occurred until the reporting date

- On 28 September 2018, Astaldi S.p.A. ("Astaldi" or the "Company") filed its application (no. 63/2018) with the Court of Rome, Bankruptcy Section (the "Court of Rome") for its composition with creditors procedure as per article 161.6 of the Bankruptcy Law[10] (the "Composition with creditors Procedure" or the "Procedure") in order to present the proposal of Astaldi's composition with creditors on a going concern basis (the "Composition Proposal" or the "Composition with Creditors Proposal") pursuant to article 186-*bis* of the Bankruptcy Law.
- On 14 February 2019, Astaldi filed the composition with creditors proposal and plan pursuant to articles 160, 161 and 186-*bis* of the Bankruptcy Law, as well as the additional documents referred to in article 161, paragraphs 2 and 3, of the Bankruptcy Law. On 19 June 2019, following the requests for clarification submitted by the Bankruptcy Section of the Court of Rome (the "Court of Rome"), in accordance with article 162 of the Bankruptcy Law, regarding the Composition Proposal filed by the Company, Astaldi S.p.A. submitted a new version of the Proposal and the Plan to the Court of Rome. Subsequently, additions were made to the documents on 16 July 2019, 20 July 2019 and 2 August 2019, respectively.
- On 5 August 2019, the Court of Rome admitted the Company to the composition with creditors procedure in accordance with article 171, paragraphs 2 and 3, of the Bankruptcy Law, declaring the opening of the composition with creditors procedure proposed by Astaldi S.p.A..
- In February 2020 the Judicial Commissioners filed with the Court of Rome the report prepared in accordance with article 172 of the Bankruptcy Law. Following all the evaluations that had been carried out, the Judicial Commissioners found the Composition Plan and Proposal to be legally and financially viable, finding the Proposal to be "*definitely more beneficial to the unsecured creditors" compared to the alternative scenario of an extraordinary administration procedure, which unlike the composition with creditors on a going concern basis, "would not be in the best interests of the creditors".*
- With its ruling of 4 May 2020, the Court of Rome *(i)* set the hearing date for the approval of Astaldi's composition with creditors procedure at 23 June 2020, and *(ii)* acknowledged the completion of the voting process for the Composition Proposal, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, which account for claims of roughly €3,017 million. Such percentage comprises the votes in favour validly cast at the Creditors' Meeting on 9 April 2020 (58.32%) along with additional votes in favour validly cast over the 20 following days (11.08%) in accordance with the provisions of article 178 of the Bankruptcy Law.
- Subsequently, by a resolution dated 24 May 2020, in accordance with the terms of the Composition Plan and Proposal approved by the creditors, the Company's Board of Directors resolved to set up a separate unit ("Separate Unit") in accordance with article 2447-*bis* et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt (the "Unsecured Debt"), that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors" and, collectively, the "Unsecured Creditor") by selling all the assets, rights and legal relationships transferred to the Separate Unit[11]. The Board of Directors also resolved to assign the management and sale of the Separate Unit assets, in the Unsecured Creditors' interests, to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "Separate Unit Proxy"). They gave him an irrevocable mandate with representation (the "Mandate") to be defined before

[10] Bankruptcy Law – Royal decree no. 267 of 16 March 1942 as subsequently amended.
[11] For more details on the assets and liabilities, as well as the legal relationships transferred to the Separate Unit, reference should be made to the more complete information provided below on the significant evaluations and assumptions used in defining the scope of consolidation.

the date of publication of the Court of Rome's approval of the Composition Proposal with effects running from the same date (for more detailed information about the assets and liabilities and the legal relationships transferred to the Separate Unit, reference should be made to the more detailed description reported below regarding the significant evaluations and assumptions used to define the scope of consolidation).

- On 23 June 2020, the hearing on the approval of Astaldi's composition with creditors procedure took place remotely after which the Court of Rome approved Astaldi's procedure with its ruling no. 2900/2020 filed and published on 17 July 2020 (R.G. General Court docket no. 26945/2020). The Court found "that the entire procedure had been performed correctly" and that "based on the votes cast, the majority for approval of the composition with creditors procedure was obtained" as "Astaldi S.p.A.'s composition with creditors proposal had been approved by 69.4% of the creditors eligible to vote". As the sole challenge proposed by the creditors was discontinued, the approval ruling became definitive and effective from 17 July 2020.

- Following the approval ruling, which made the creation of the Separate Unit effective, Astaldi S.p.A. is now responsible for two reporting entities (Astaldi "as a going concern" and the Separate Unit)[12]. In this regard, it should also be noted that the financial report on the Separate Unit is reported in a different and separate section of these financial statements (annex no. 4).
- On 31 July 2020, Astaldi's Shareholders' Meeting implemented the transactions envisaged in the Composition Proposal. In particular, during the extraordinary session, the Shareholders' Meeting resolved:
  a) to approve the revocation of the resolutions passed by the Extraordinary Shareholders' Meetings held on 15 December 2017 and 28 June 2018 relating to two capital increases, which are no longer necessary;

  b) to cancel 553,834 treasury shares held in the portfolio as at that date, without reducing the share capital, by means of a total write-off of the reserve for treasury shares;

  c) to reduce the share capital by €174,339,455, due to losses, with a consequent reduction in losses for an equal amount, in order to implement the Composition Proposal;

  d) to approve the capital increase with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total amount of €225,000,000, to be reserved for Webuild S.p.A., as well as the issue and free assignment of anti-dilutive warrants (including the approval of the related Regulation) reserved for Webuild S.p.A.;

  e) to approve a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total maximum amount of up to €98,653,846 and at a unit price per share of €0.23, to be reserved for subscription by Confirmed Creditors and Potential Creditors of Astaldi S.p.A. (as defined in the Composition Proposal), to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi S.p.A.;

  f) to approve a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total maximum amount of up to €10,000,000 and at a unit price per share of €0.23, to be reserved for subscription by Unforeseen Creditors of Astaldi S.p.A. (as defined in the Composition Proposal), to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi S.p.A.;

[12] In this regard, reference should be made to the information provided in the note on the "Separate Unit" below.

g) to approve the issue and free assignment of warrants to Astaldi Lending Banks (as defined in the Composition Proposal), which grant the right to subscribe Astaldi S.p.A. ordinary shares at the ratio of 1 share for every 1 warrant, to be exercised within the ultimate deadline of three years from the date of registration of the shareholders' meeting's resolution in the Company Register, as well as the related capital increase to serve the exercise of the aforesaid warrants;

h) to approve the amendments to article 6 of the Articles of Association, resulting from the resolutions passed.

- At the beginning of November 2020, Astaldi carried out the capital increases reserved for Webuild and the Company's unsecured creditors, as provided for in the composition with creditors proposal approved by the Court of Rome by a decree dated 17 July 2020 and resolved by the Extraordinary Shareholders' Meeting held on 31 July 2020. In particular, the Company completed: (i) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for subscription by Webuild, through the issue of 978,260,870 new shares (the "Webuild Capital Increase" and the "New Shares"), and (ii) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for unsecured creditors of Astaldi S.p.A. in conversion of the receivables they claim against Astaldi, through the issue of 399,782,755 new shares (the "Capital Increase by Conversion" and the "New Conversion Shares"). The New Shares and the New Conversion Shares were fully subscribed and paid up on the same date and were automatically admitted to trading on the Electronic Stock Market organised and managed by Borsa Italiana in accordance with article 2.4.1 of the Stock Exchange Regulation, in the same way as those that were outstanding at the date. For more information, reference should be made to the detailed description in the Prospectus, which was approved by CONSOB by notice no. 1075426/20 of 28 October 2020 and was also published, in accordance with the applicable law, on the institutional website www.astaldi.com, Investor Relations–Prospectus Section, on 29 October 2020. The New Conversion Shares were assigned to unsecured creditors at the ratio of 12.493 share for every €100.00 in unsecured claim against Astaldi, as provided for in the Composition Proposal. In the implementation of the resolution passed by the Board of Directors' meeting held on 24 May 2020, 3,199,975,846 participating financial instruments were issued at the same time, in accordance with article 2447-*ter*, paragraph 1.e, of the Italian Civil Code, again in favour of Astaldi's unsecured creditors; these instruments grant each holder the right to receive the net proceeds from the sale of the assets included in the Separate Unit set up by the aforesaid resolution (the "PFIs"). The PFIs were assigned at the ratio of 1 PFI for every €1.00 in unsecured claim contributed to the separate unit assets, as provided for in the Composition Proposal. Again on the same date, in implementing the resolutions passed by the Shareholders' Meeting held on 31 July 2020, the Company also:

  (i) issued and assigned, free of charge, 80,738,448 warrants (the "Astaldi Anti-Dilutive Warrants") to Webuild, which grant it the right to the assignment free of charge of a maximum number of 80,738,448 Astaldi ordinary shares, with no par value ("bonus shares") at the ratio of 1 newly-issued share for each 1 Astaldi Anti-Dilutive Warrant that is exercised. Webuild may exercise the Astaldi Anti-Dilutive Warrants as from the date of registration of the aforesaid shareholders' meeting resolutions in the Company Register (the registration took place on 12 August 2020) and until the date that falls on the expiry of the tenth year following said date. The Extraordinary Shareholders' Meeting held on 31 July 2020 resolved to issue a maximum number of 80,738,448 Shares, with no par value (the bonus shares already referred to above), in order to serve the exercise of the Astaldi Anti-Dilutive Warrants, without any change in the share capital, at the ratio of 1 Share for each 1 Astaldi Anti-Dilutive Warrant that had been subscribed;

  (ii) issued and assigned free of charge 79,213,774 warrants (the "Lender Warrants" or "2020-2023 Astaldi Warrants") to Unicredit, Intesa Sanpaolo, SACE, BNP Paribas, Banca Monte dei Paschi di Siena and Banco BPM (the "Lending Banks"), which grant the right to subscribe newly-issued shares at the ratio of 1 share for each 1 Lender Warrant that is exercised. The Lending Banks may exercise the Lending Warrants within the deadline of three years from the abovementioned date of registration of the aforesaid shareholders' meeting's resolution in the Company Register, by subscribing the related shares at any time up until the expiry of the aforesaid deadline. In order to service the exercise of the Lender Warrants, the Extraordinary Shareholders' Meeting held on 31 July 2020 passed a resolution on a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a maximum total amount of €18,219,168, including share premium, to be carried out through the issue of a maximum number of 79,213,774 conversion shares, with no par value, at a unit price of €0.23.

The PFIs, Astaldi Anti-Dilutive Warrants and Lender Warrants are not and will not be listed on any regulated market or any other multilateral trading facility.

Finally, it should be noted that on 26 November 2020 the Company received from Banco BPM the request to exercise 4,222,094 Lender Warrants. As a result, 4,222,094 Lender Warrants were cancelled and 4,222,094 Astaldi ordinary shares were assigned to Banco BPM.

Going concern

The situation of the Company and the Group described in the Financial Report as at 31 December 2019 and in the Financial Report as at 30 June 2020 was examined with regard to the events that occurred in particular in the second half of 2020 and led the Company's management to make the appropriate considerations regarding the possibility of continuing to operate as a going concern.

In this regard, with respect to the main uncertainties that could have given rise to significant doubts about the Company's and the Group's ability to continue to operate as a going concern, as summarised in the notes to the 2019 financial statements – the positive development of which was widely illustrated in the notes to the Half-yearly Financial Report as at 30 June 2020 – the Board of Directors took into account the further favourable results of the overall asset and financial turnaround already initiated by the Company with the filing of the composition with creditors application and culminating in the full implementation of the integrated financial manoeuvre referred to in the composition with creditors proposal.

Specifically, the following elements were considered:

- the capital increases on 5 November 2020 for an amount initially equal to €323.5 million – *of which €225 million dedicated to Webuild S.p.A. and €98.5 million for unsecured creditors* – to which further capital increases may subsequently be added due to the exercise of the lending bank warrants by the lending banks and the issuance of shares in conversion of unsecured claims subsequently ascertained;
- the granting of a revolving credit facility by banks for €200 million (the "RCF Loan Agreement") to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of the residual portion of the Pre-preferential Bond[13];
- the granting of a bonding facility benefiting Astaldi for a total of €384 million (the "Bonding Facility") aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress;
- the sale of specific assets excluded from the Astaldi core assets scope which, with the approval of the composition with creditors were transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities set out in the composition with creditors plan of 19 June 2019 (the "Separate Unit"), whose proceeds will be used to settle the claims of Astaldi's unsecured creditors against the assignment thereto of specific Participating Financial Instruments;
- the implementation of the provisions referred to in the "Relaunch Decree" issued following the COVID-19 emergency (Law decree no. 34 of 19 May 2020) with regard to the benefits introduced by the urgent measures to aid the liquidity of contractors regarding the collection of advance payments from individual customers;

[13] Bond originally valued at €75 million, issued on 12 February 2019 ("*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*"), subsequently increased and amended to €190 million on 27 November 2019 ("*Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*").

- the Company's ability to settle pre-preferential and preferential claims as envisaged in the composition with creditors plan within the terms set out in the approval order (i.e. 12 months from the date of the approval order).

Finally, the Directors carefully monitored and assessed all aspects related to the COVID-19 emergency, and did not identify any critical issues such as to significantly compromise the objectives set out in the Company's 2021-2023 business plan.

Taking into account the above and the provisions of the treasury plan from 1 January 2021 to 30 June 2022, the Directors of the Company believe that the Group can continue to operate as a going concern as at present there are no significant uncertainties that could give rise to significant doubts in this regard.

The Separate Unit

By a resolution dated 24 May 2020, in accordance with the terms of the Composition Plan and Proposal approved by the creditors, the Parent's Board of Directors resolved to set up a separate unit ("Separate Unit") in accordance with article 2447-*bis* et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt, that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors") by selling all the assets, rights and legal relationships transferred to the Separate Unit (hereinafter also referred to as SU), thus separating them from the larger general assets of the Parent. The Board of Directors also resolved:

(i) to assign the management and sale of the Separate Unit in the Unsecured Creditors' interests to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "Separate Unit Proxy"). They gave him an irrevocable mandate with representation (the "Mandate"), with effects running from the date of publication of the order approving the Composition Proposal on the part of the Court of Rome (the "Approval", which then took place on 17 July 2020). The Mandate includes all the acts, legal transactions, contracts and any sort of activity, deemed necessary, useful and/or appropriate, to perform the specific activities for which the Separate Unit assets were set aside but in the interests of the Unsecured Creditors holding PFIs (as defined below). It covers the management and sale of all the assets, rights and legal relationships of the Separate Unit, in accordance with the Plan's terms;

(ii) to approve the economic and financial plan of the Separate Unit (the "Separate Unit Plan"), which covers the four-year period from 2020 to 2023, during which the sale of the assets transferred to the Separate Unit shall take place as provided for in the Composition Proposal and in accordance with its terms;

(iii) to establish how to report on the Separate Unit, without prejudice to the fact that the Separate Unit assets are to be audited and reviewed by the Company's independent auditors;

(iv) to issue, in one or more instalments, Participating Financial Instruments ("PFIs"), with no par value, in accordance with article 2447-bis.e of the Italian Civil Code, to be assigned to the Unsecured Creditors against the transfer of their unsecured claims (the "Unsecured Claims") to the Separate Unit in accordance with article 2447-bis.d of the Italian Civil Code;

(v) to approve the PFIs regulation (the "PFI Regulation"); more information about this regulation is available in the *Separate Unit* section of Astaldi's institutional website www.astaldi.com (in the English version, *Liquidation Perimeter* Section);

(vi) to grant each Unsecured Creditor 1 PFI for each €1.00 of Unsecured Debt presented. No split PFIs will be issued, no cash adjustments will be made and, therefore, any remainders will be eliminated. The PFIs are participating instruments and the consideration paid by each Unsecured Creditor to receive them is non-returnable and does not give any right to the return and/or reimbursement of the consideration but solely the PFIs' dividend and voting rights;

(vii) that the first issue of PFIs would take place after the Approval, for a number of instruments equal to the Unsecured Debt presented in the Plan's liabilities, as adjusted by the Judicial Commissioners' Report prepared in accordance with article 172 of the Bankruptcy Law. Any other issues of PFIs will be made as approved by the Board of Directors every six months after the acknowledgement (in or outside court) of unsecured claims not included in the Plan's liabilities or liabilities which were provided for in the relevant provision for risks under the Plan itself.

The Separate Unit received (and segregated) specific assets, rights and legal relationships (both assets and liabilities) from the Company and Astaldi Concessioni S.p.A. ("Astaldi Concessioni", wholly owned by Astaldi) to be sold and comprising:

a) Astaldi's financial assets with Astaldi Concessioni and its 100% investment therein (the "AstCon Investment") with all the financial assets and liabilities, including intragroup, and Astaldi Concessioni's investments in other companies (the "AstCon Investees") and, mainly:

    (i) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the Etlik Integrated Health Campus in Ankara, Turkey (Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.Ş., "Etlik") and its 46% investment therein (the "Etlik Investment");

    (ii) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the Arturo Merino Benítez International Airport in Santiago, Chile (Sociedad Concesionaria Nuevo Pudahuel S.A., "NPU") and its 15% investment therein (the "NPU Investment");

    (iii) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the West Metropolitan Hospital in Santiago, Chile (Sociedad Concesionaria Metropolitana de Salud S.A., "Salud") and its 51% investment therein (the "Salud Investment").

The Separate Unit will take on all Astaldi's rights and obligations arising from its AstCon Investment and with the AstCon Investees. Similarly, it will take over all the relationships (assets and liabilities), rights, financial assets, obligations and costs of Astaldi Concessioni and the AstCon Investees vis-à-vis all private and public sector third parties without limitation or exception, as well as any obligations arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi to private or public sector third parties in conjunction with the obligations of Astaldi Concessioni and the AstCon Investees;

b) all Astaldi's rights and obligations with IC Içtas Inşaat Sanayi ve Ticaret A.Ş. (ICTAS), deriving from the sale of its 20% investment (the "Third Bosphorus Bridge Investment") in the Third Bosphorus Bridge Operator (Ica Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş.) to ICTAS. In particular, within the scope of the ICTAS Transaction, as a result of this sale, the related consideration of USD315 million (the "Third Bosphorus Bridge Financial Asset" - equivalent to €260 million), net of any sums withheld as compensation (USD100 million) to settle any reciprocal disputes and claims as well as any outstanding amounts due for the discontinuation of the Other Transactions with ICTAS are part of the Separate Unit assets. Pursuant to the terms of the Composition Plan and Proposal, the Separate Unit has also taken over Astaldi's liabilities to Turkish commercial and financial creditors, solely in relation to the Third Bosphorus Bridge Financial Asset and certain assets located in Turkey;

c) the 18.14% investment in the SPV holding the concession to build and operate the Gebze-Orhangazi-Izmir Motorway in Turkey (Otoyol Yatirim ve Isletme A.Ş., "GOI") (the "GOI Investment"). All the rights and obligations deriving from the GOI investment are transferred to the Separate Unit, which also has sole responsibility for all relationships (assets and liabilities), rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to GOI or to third parties to secure GOI's commitments or to third parties for obligations related to the GOI Investment;

d) the 5% investment in Etlik (the "Etlik Non-controlling Interest"). All the rights and obligations deriving from the Etlik Non-controlling Interest are transferred to the Separate Unit, which also has sole responsibility for all relationships (assets and liabilities), rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters given by Astaldi to Etlik or to third parties to secure Etlik's commitments or to third parties for obligations related to the Etlik Non-controlling Interest;

e) Astaldi's amounts due from Instituto de Ferrocarriles del Estado (the "Venezuelan Financial Assets") for the works to develop the Puerto Cabello-La Encrucijada, San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines (the "Venezuelan Projects") carried out as part of a joint venture with Webuild and Ghella (the "Joint Venture") for a total nominal amount of approximately €433 million, plus related costs. The Separate Unit has sole responsibility for the entire amount of the Venezuelan Financial Assets and related costs, as well as all the assets, costs and expenses necessary to complete the projects, including the assets, costs and expenses of the arbitration proceedings commenced by the Joint Venture before the Paris International Chamber of Commerce against Instituto de Ferrocarriles del Estado and Venezuela to obtain payment of its outstanding amounts due (including the Venezuelan Financial Assets) and related costs for the works carried out as part of the Venezuelan Projects;

f) the office building in Via Giulio Vincenzo Bona 65, Rome, which houses the Parent's registered and head offices (the "Rome Offices"). The Separate Unit has sole responsibility for the title rights to the Rome Offices, the related obligations and costs of all kind related to title that can be opposed by the creditors.

The Separate Unit will also receive all the assets, rights and legal relationships (assets and liabilities) that may arise for any reasons whatsoever during its period of existence. Conversely, the Separate Unit assets do not expressly include all the legal relationships, rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters of Astaldi only for the performance of the projects assigned by Etlik, NPU, Salud, GOI and the Third Bosphorus Bridge Operator directly to Astaldi or to joint ventures, consortia or other legally set-up companies that involve Astaldi.

As part of the plan to set up the Separate Unit in order to implement the Composition Plan and Proposal, Astaldi Concessioni was firstly subjected to a partial proportionate demerger as per the related deed of 28 May 2020 (which became effective on 12 June 2020). This transaction was undertaken to establish the liquidation perimeter (which will remain with the demerged company Astaldi Concessioni, mainly comprising the above concessions and the liabilities with Astaldi) and the Core Assets Scope (transferred to a newco Astaldi Concessions). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities with third parties.

In accordance with the Plan and as provided for in the Separate Unit Plan, Astaldi agreed to allocate financial resources (the "Financing") to satisfy the obligations arising from the Etlik Non-controlling Interest and to finance Astaldi Concessioni and enable it to meet its obligations related to the Etlik and NPU Investments (the "Investment Financing"), as well as to allow the start-up of the management of the Separate Unit until the sale of the first of the assets, rights and/or legal relationships of the Unit (the "Initial Cash Financing"). The Financing of a maximum amount of €77 million shall be used for €2 million for the Initial Cash Financing, with the remaining €75 million (the Investment Financing) solely to be used to satisfy the obligations deriving from the Etlik Non-controlling Interest, the NPU Investment and the Etlik Investment as per the commitments taken on by Etlik and NPU with their third-party financial backers to complete the projects.

Conclusions

In consideration of the information provided above and given that the Separate Unit assets constitute "segregated assets" for all purposes, the management has deemed it appropriate to report the related balance sheet, income statement and cash flow components separately from those relating to the Company's general assets, due to the fact that the assets included in the separate unit assets are not under the Company's control, nor are the resulting risks and benefits, as they remain to the benefit and the sole responsibility of the holders of the Participating Financial Instruments.

Therefore, it was considered that the best solution that meets the reporting requirements of Astaldi's financial statements, with the described peculiar features of the Separate Unit, is to provide the financial report of the Separate Unit in a different and separate section of these financial statements (annex no. 4). Therefore, this section shows the balance sheet values of the assets and liabilities transferred to the Separate Unit, as well as the related PFI reserve, in addition to the results of operations (profits or losses) and financial results deriving from the activities carried out by the Separate Unit in conducting the specific business to which it has been allocated, all of which, as detailed above, pertains to PFI holders only.

Information required by Article 2447-*septies*, paragraph 3, of the Italian Civil Code

For more details on the information required by Article 2447-*septies*, paragraph 3, of the Italian Civil Code, reference should be made to Annex 4 attached to these separate financial statements.

Basis of presentation and segment reporting

Astaldi S.p.A.'s separate financial statements as at and for the year ended 31 December 2020 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and applicable at the reporting date.

All the standards and interpretations referred to above are referred to herein as the "IFRS-EU". Reference has also been made to the measures issued by CONSOB implementing article 9.3 of Legislative decree no. 38/2005.

The 2020 separate financial statements comprise:

1. a statement of profit or loss;
2. a statement of comprehensive income;
3. a statement of financial position;
4. a statement of cash flows;
5. a statement of changes in equity;
6. these notes.

The Group has chosen to present the statement of comprehensive income in two separate statements as permitted under IAS 1.81. Therefore, it presents a statement showing items making up the profit (loss) for the year (statement of profit or loss) and a statement which adds the other comprehensive income (expense) to the profit (loss) for the year (statement of comprehensive income).

Moreover, captions are classified by nature in the statement of profit or loss. This classification reflects the management reporting model used by the company and, therefore, has been preferred to the presentation of captions according to their destination, as it provides information in a manner that better reflects the Group's operations.

The statement of financial position classifies assets and liabilities as current or non-current, as allowed by paragraph 60 and following paragraphs of IAS 1.

The statement of cash flows breaks down the cash flows for the year by operating, investing and financing activities. Cash flows from the operating activities are shown using the indirect method. It should also be noted that investing activities are reported separately from those relating to construction and concessions.

The statement of changes in equity is drawn up in compliance with IAS 1, taking into account comprehensive income and expense.

Finally, the Company applied a management approach to segment reporting, taking into account the elements that senior management uses for taking its strategic and operating decisions and defining the specific reportable segments. Segment reporting specifically refers to the various geographical segments in which the Group operates and is prepared using the same accounting policies used for the consolidated financial statements. Reference should be made to note 42 for the presentation of segment reporting.

All figures are shown in thousands of Euros, unless stated otherwise. Consequently, there may be minor differences in the total amounts shown in some statements compared to the sum of the individual amounts comprising the total due to rounding.

Accounting policies

The main accounting policies adopted in the preparation of the separate financial statements at 31 December 2020 are summarised below.

Translation of foreign currency transactions and financial statements of foreign operations

Astaldi S.p.A.'s separate financial statements are drawn up in Euros, which is the functional and presentation currency.

Translation of foreign currency transactions into the functional currency

Items are presented in the financial statements of the foreign operations in the currency of the primary economic environment in which they operate (functional currency). In the individual financial statements, the items expressed in a currency other than the functional currency, whether monetary (cash and cash equivalents, assets and liabilities to be received or paid in a fixed or determinable number of units of currency) or non-monetary (inventories, property, plant and equipment, goodwill, other intangible assets, etc.) are initially recognised at the exchange rate enacted on the transaction date. They are subsequently translated into the functional currency using the closing rate and the resulting exchange differences are recognised in profit or loss.

After initial recognition, non-monetary items are translated at the transaction-date exchange rate, unless they are measured at fair value, in accordance with the relevant standards. In the latter case, the exchange differences are treated as fair value gains or losses on those items and may be either recognised in (i) profit or loss if related to investment property measured at fair value pursuant to IAS 40 or decreases in fair value in accordance with IAS 16, or (ii) equity if related to equity instruments classified as available for sale or as increases in fair value in accordance with IAS 16.

Translation of financial statements into the presentation currency

Foreign currency financial statements are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate;
- costs, revenue, income and expenses are translated at average exchange rates for the year or at the exchange rates at the dates of the transactions if these are significantly different to the average rates;
- equity items, excluding the profit or loss for the year, are translated at the historical exchange rate.
- the translation reserve includes both the exchange differences generated by the translation of income and expenses at a different rate from the closing rate and those generated by the translation of opening equity at a different rate to the closing rate.

The following exchange rates were used to translate the results and financial position of those companies that have a functional currency other than the Euro:

Currency	Closing rate December 2020	Average 12 months - 2020	Closing rate December 2019	Average rate 12 months - 2019
Algerian dinar	162.1071	144.8473	133.8916	133.6757
New Bulgarian lev	1.9558	1.9558	1.9558	1.9558
Canadian dollar	1.5633	1.5300	1.4598	1.4855
Chilean peso	872.5200	903.1370	844.8600	786.8932
United Arab Emirates dirham	4.5065	4.1947	4.1257	4.1113
Indonesian rupiah	17,240.7600	16,627.3687	15,595.6000	15,835.2674
Moroccan dirham	10.9190	10.8235	10.7810	10.7658
Nicaraguan cordoba oro	42.7609	39.2779	38.0375	37.1597
Peruvian nuevo sol	4.4426	3.9962	3.7255	3.7364
Pound sterling	0.8990	0.8897	0.8508	0.8778
Polish zloty	4.5597	4.4430	4.2568	4.2976
Romanian new leu	4.8683	4.8383	4.7830	4.7453
Russian rouble	91.4671	82.7248	69.9563	72.4553
US dollar	1.2271	1.1422	1.1234	1.1195
New Turkish lira	9.1131	8.0547	6.6843	6.3578
Venezuelan bolivar soberano	1,356,945.0779	375,274.0479	52,308.3738	14,692.8600

In the case of a currency of a hyperinflationary economy as defined by IAS 29, the Company applies the requirements of that standard.

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the assets for use, as well as any future costs for dismantling and removal needed to restore the site to its original conditions.

Costs incurred for routine and/or cyclical maintenance and repairs are recognised directly in profit or loss when incurred. Costs for the extension, renovation or improvement of owned or leased assets are capitalised solely to the extent they meet the requirements for separate classification as an asset or portions of an asset. Borrowing costs are capitalised if they meet the requirements of IAS 23, i.e., when they are specifically related to loans received to purchase the individual assets.

The carrying amount of an asset is adjusted by depreciation on a straight-line basis, calculated in relation to the residual possibility of use based on its useful life. Assets cannot be depreciated according to the revenue they generate during their useful life.

Depreciation begins when the asset becomes available for use. The Group has estimated the useful life of the various classes of assets as follows:

	Years
Buildings	20 - 33
Plant and machinery	5 - 10
Equipment	3 - 5
Other assets	5 - 8

Land, including land pertaining to buildings, is not depreciated.

Should the asset subject to depreciation be composed of distinctly identifiable parts, whose useful life differs significantly from that of the other parts forming the asset, depreciation is applied separately for each of the parts, applying the component approach.

Property, plant and equipment are derecognised upon their disposal or when no future economic benefit is expected from their use or disposal; any related profit or loss is recognised in the income statement.

Leased property, plant and equipment

IFRS 16 covers the recognition, measurement, presentation of and disclosures about leases and replaces IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease starting from 2019.

Specifically, IFRS 16 defines a lease as a contract that conveys the right to use an asset to the customer (the lessee) for a period of time in exchange for consideration.

The new standard provides for a single presentation model for lessees for both a finance or an operating lease, which is that an asset (right to use) and a liability (the obligation to make the payments contractually provided for) be recognised for any lease with a term of more that twelve months.

On the other hand, with reference to the financial statements of lessors, IFRS 16 does not introduce significant changes, maintaining the distinction between operating and finance leases.

IFRS 16 has also significantly incremented the disclosure requirements of IAS 17, but it specifies that the disclosures are to be provided only when it is helpful for users of financial statements.

At inception of a contract, Astaldi assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Astaldi S.p.A. as lessee

The Group has adopted a single model to recognise and measure all leases, except for short-term leases or leases for which the underlying asset is of low value. It recognises a lease liability and a right-of-use asset.

i) Right-of-use asset

The Company recognises a right-of-use asset at the commencement date (the date on which the underlying asset is ready for use). It measures the right-of-use asset at cost, net of any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made at or before the commencement date, less any lease incentives received. The Company depreciates the right-of-use asset on a straight-line basis from the commencement date to the end of the useful life of the underlying asset.

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

Right-of-use assets are tested for impairment (more information is available in the section on the impairment of intangible assets).

ii) Lease liabilities

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

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date using the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the carrying amount of the lease liability increases to reflect interest on the lease liability and reduces to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured to reflect any reassessment or lease modification or any change in the lease term which revises the lease payments or a change in the assessment of an option to purchase the underlying asset or changes in future payments due to modification of the index or rate used to determine the payments.

iii) Short-term leases and leases of low-value assets

Astaldi S.p.A. has applied the exemption for the recognition of short-term leases for machinery and equipment (i.e., leases with a term of twelve months or less at the commencement date that do not have a purchase option). The Company also applied the exemption for leases of low-value assets (office equipment). The related lease payments are expensed on a straight-line basis over the lease term.

The Company as lessor

Lease contracts where the Company is lessor and retains all the risks and rewards incidental to ownership of the asset are recognised as operating leases. The related lease income is recognised on a straight-line basis over the lease term under revenue in the statement of profit or loss given its operating nature. The initial direct costs are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Lease payments that were not provided for are recognised as income in the period in which they accrue.

Finally, it should be noted that, upon first-time adoption of IFRS16, the Company exercised the option for the tax redemption of the final amount of the accounting items "right of use" and "contractual liabilities" with zero balance in submitting the tax return for 2018, in compliance with current provisions.

With the aforesaid redemption, the "dual track" statutory/tax regime has ceased to apply, resulting in the financial statements directly and immediately recognising, for tax purposes, the balance sheet and income statement components that will be recorded from 2019 onwards.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance from which future economic benefits are expected to flow to the company. They are recognised at acquisition and/or development cost, including directly attributable costs of preparing the asset for its intended use, net of accumulated amortisation (with the exception of assets with an indefinite useful life, whose carrying amount is tested for impairment pursuant to IAS 36) and any impairment losses. Amortisation is calculated from when the asset becomes available for use and is applied on a straight-line basis according to the remaining possibility of use, i.e., on the basis of its useful life. A rate taking its actual use into account is applied in the year in which the intangible asset is recognised for the first time.

Industrial patents and intellectual property rights are recognised at purchase cost net of amortisation and any accumulated impairment losses.

Amortisation is calculated starting from when the acquired rights are available for use and takes into account the assets' useful life (2–5 years).

Licenses and similar rights are recognised at cost, net of amortisation and any accumulated impairment losses. Amortisation is calculated starting from when title thereto is acquired in relation to their useful life.

Rights for the use of infrastructure under concession are amortised over the concession term, with a pattern that reflects the way in which the economic benefits are expected to flow to the company. Amortisation is calculated from when the rights for the use of infrastructure under concession start to produce the related economic benefits.

The use of the revenue generated by individual assets cannot generally be used as a basis for calculating amortisation. This prohibition can only be overcome if one of the following conditions occurs:

a) *the intangible asset is expressed as a measurement of revenue:* use of the intangible asset depends on a fixed amount of revenue to be generated and not a set time period or a set volume of goods produced or sold;

b) *the Company can show that the expected revenue and consumption of the economic benefits embodied in the intangible asset are closely interrelated:* in this case, the entity shall be able to clearly show that use of revenue to calculate amortisation of an intangible asset does not lead to significant differences from the other methods allowed by IAS 38.

Goodwill recognised as part of business combinations is allocated to each cash-generating unit identified and is recognised under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or business unit and the share of interest acquired which relates to the present value of these assets and liabilities making up the capital of that business or business unit. The contingent assets and liabilities (including the respective shares attributable to minority interests) acquired and identifiable are recognised at their fair value at the acquisition date. On the other hand, any negative difference is immediately recognised in profit or loss. After initial recognition, goodwill is not amortised, but may be tested for impairment.

It is tested for impairment annually or more frequently if specific events or changes in circumstances indicate that it may be impaired, in accordance with IAS 36 - Impairment of assets.

Business combinations

Business combinations are recognised in accordance with IFRS 3. Specifically, they are recognised using the acquisition method, whereby the consideration transferred is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the equity interests issued by the acquirer. The costs directly attributable to the acquisition are recognised in profit or loss. The consideration transferred is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their acquisition-date fair value. Any excess between the acquisition-date fair value of the consideration transferred and the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the difference is negative, it is recognised in profit or loss.

If the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amounts. Any adjustments deriving from the completion of the measurement process are recognised within twelve months of the acquisition date, restating the corresponding figures.

Business combinations carried out in 2020

No business combinations were carried out in 2020.

Investment property

Investment property is recognised as an asset when it is held to earn rentals or for capital appreciation, provided that the cost of the asset can be measured reliably and it is probable that the relevant future economic benefits will flow to the company.

Investment property is measured at purchase or construction cost, increased by any transaction costs, net of accumulated depreciation and any accumulated impairment losses.

Its useful life is between 20 and 33 years.

It is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Impairment of equity investments, property, plant and equipment, goodwill and other intangible assets

Intangible assets with an indefinite useful life and intangible assets under development with a finite useful life are tested for impairment at least annually.

At each reporting date, the Company checks that no events or changes in circumstances took place indicating that property, plant and equipment and intangible assets (other than those with an indefinite useful life or under development) may have been impaired.

In addition to the provisions of IAS 36, at each reporting date, Astaldi's directors assess whether there is any objective evidence that its investments in subsidiaries, associates and joint ventures are impaired.

Where necessary, when the recoverable amount of individual assets cannot be determined, the Company tests the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets ("Cash Generating units") for impairment.

CGUs are generally identified by the Company on the basis of evaluation processes that take account of the specific nature of the activity and business to which it belongs (local area, business areas, etc.) and considering the methods by which the management monitors its performance or makes decisions on the development of any related manufacturing operations.

The impairment test is carried out by comparing the asset's (or group of assets') carrying amount to its recoverable amount[14]. Should the carrying amount be higher than the recoverable amount, the asset is impaired and the impairment loss is recognised in profit or loss. Should the reasons for a previously-recognised impairment loss cease to exist, the impairment loss is reversed to the extent of the asset's carrying amount. Any reversal of impairment loss is recognised in profit or loss. Conversely, impairment losses on goodwill are never reversed.

As is customary, Astaldi's management utilised the services of an independent expert to perform the Impairment Tests[15].

Pursuant to the provisions of IAS 36, the tests were performed in accordance with the Company's procedures approved pursuant to the Bank of Italy/CONSOB/ISVAP Joint Document no. 4 of 3 March 2010 and article 7.C.2 of the New Code of Conduct for Listed Companies.

Impairment indicators - Market capitalisation lower than equity

In taking account that the Market Capitalization of Astaldi S.p.A. (€ 437,380 thousand) as at 31 December 2020 was lower than shareholders' equity (€1,022,809 thousand), the directors wished to establish whether there was evidence of any potential impairment loss on assets of significant importance in the separate financial statements[16].

Furthermore, according to the provisions of, among others, the Italian Valuation Standard Setter, it was deemed appropriate to also carry out, with the advice of a third-party expert, a 2nd-Level Impairment Test, in order to compare the recoverable value of the Company's net assets with the related book value of equity.

The 2nd-level Impairment Test was carried out by considering the Company as if it were a single cash generating unit. In particular, the related value in use was obtained by using the Unlevered Discounted Cash Flow Model method, while taking account of the economic and financial projections taken from Astaldi's business plan for the three-year period from 2021 to 2023 on a going-concern and stand-alone basis, which were approved by the Company's Board of Directors on 14 March 2021.

Furthermore, it should be noted that the economic and financial projections taken from the business plan also take account of the potential effects linked to the COVID 19 pandemic.

[14] The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.
[15] A network of International standing.
[16] The results of the 1st-level impairment tests, which were also carried out with regard to the methods and assumptions used to develop each audit, are illustrated below in these notes.

A WACC of 9.53% was used for the discounting-back process. For the purposes of calculating the Terminal Value, a growth rate was considered which was determined on the basis of the 2024-2050 average of the real gross domestic product (GDP) in the OECD area.

As a result of the 2nd-level Impairment Tests, to which were also added additional specific sensitivity analyses, the recoverable value of Astaldi's net assets stated per ordinary share was well above the corresponding Market Capitalization, thus confirming that the book value of Equity was recoverable in full.

Impairment Tests carried out on individual assets

The table below summarises the Impairment Tests carried out:

	Ref.	C.G.U.	Description	IT indicators	Carrying amount (€/mil.)	Rate	Method
Contractual right	Note 20	Quadrilatero industrial complex	Maxi Lot 2 of the Quadrilatero Marche-Umbria road system	Market capitalisation	14.8	WACC 9.5%	UDCF
Contractual right	Note 20	Infraflegrea project	Cumana and Monte Sant'Angelo (Naples) railway line	Internal sources	19.9	WACC 9.5%	UDCF

Impairment of other Financial Instruments

Adoption of IFRS 9 - Financial instruments has drastically changed the methods used to calculate and recognise impairment losses on financial assets, as it has replaced the IAS 39 incurred loss model with a forward-looking expected credit loss (ECL) model.

Under the new standard, regardless of any existing or contingent trigger event, an entity shall recognise the expected credit losses calculated using the ECL model on all financial assets (except those measured at FVTPL).

The Group introduced an impairment model for its trade receivables and contract assets, which make up most of its credit exposure, based on the simplified approach allowed by IFRS 9 for these types of financial assets. Specifically, it split these financial assets into clusters that reflect the assets' nature, customer credit rating and geographical segment. Based on the information collected, it then calculated the reference parameters (PD[17], LGD[18] and EAD[19]) for each cluster to calculate the lifetime expected credit losses. It tested exposures related to customers with a less than adequate credit rating (speculative grade, non-investment grade and high yield) and significant payment delays (over 12 months) individually for impairment using the parameters identified from time to time. The Company tested the other financial assets for impairment using the generalised approach provided for by IFRS 9, allocating the assets to various stages and estimating the expected credit loss using the PD, LGD and EAD risk parameters.

Impairment losses calculated according to IFRS 9, section 5.5 (including the related reversal) are recognised in the Statement of profit (loss) for the year, depending on the nature of the underlying assets, under items (i) Amortisation, depreciation and impairment losses[20] (if related to operating assets) or (ii) Financial expense[21] (if related to financial assets).

[17] PD: Probability of Default.
[18] LGD: Loss Given Default.
[19] EAD: Exposure At Default.
[20] Note 9 to the Separate Financial Statements.
[21] Note 13 to the Separate Financial Statements.

Investments in subsidiaries, associates and joint ventures

Following the adoption of the amendments introduced by Regulation (EU) no. 2015/2441 to IAS 27 - Separate financial statements, the Company exercised the option to use the equity method to account for investments in subsidiaries, associates and joint ventures, i.e., in order to (i) present any gains or losses on its investment in such companies in the separate financial statements, and (ii) ensure that the income and costs related to such investments match. Finally, the share of profits from such equity-accounted investees, along with the relevant accruals to the provision for risks on equity investments, is recognised as part of the operating loss in the statement of profit or loss for the year. This method was deemed to most reliably present the Company's business model as such investees, which are independent legal entities set up solely to best ensure achievement of the Group's financial objectives, fully refer to Astaldi's core operations.

Equity method

Upon initial recognition with the equity method, the equity investments are recognised at purchase cost.

Any difference between the cost of the investment and the company's share of the net fair value of the investee's identifiable assets and liabilities, calculated on the basis of IFRS 3 - Business Combinations, is accounted for as follows:

a) <u>cost of investment higher than the company's share of the net fair value of the individual assets and liabilities acquired</u>: this is usually goodwill, which in accordance with IAS 28.32, is not recognised separately but is included in the carrying amount of the investment;
b) <u>cost of investment lower than the company's share of the net fair value of the individual assets and liabilities:</u> this is included as income in the determination of the investor's share of the investee's profit or loss in the year in which the investment is acquired.

Appropriate adjustments to the carrying amount of the investment are subsequently made in order to account for: *(i)* the investor's share of the investee's profit or loss after acquisition, and *(ii)* the company's share of the investee's other comprehensive income. Any dividends distributed by the investee reduce the carrying amount of the investment.

The Company's share of any profits arising from transactions with equity-accounted investees and not yet realised with third parties are eliminated, while losses are not eliminated since they show an actual decrease in the fair value of the assets sold.

Change in investments in equity-accounted investees

The Company applies the guidance on step acquisitions provided by IFRS 3 - Business combinations when accounting for transactions related to obtaining a controlling interest in a prior associate or joint venture. Management believes that obtaining a controlling interest in an investee is to be considered a significant economic event pursuant to IFRS. Therefore, as per IFRS 3, at the date control is achieved, the company remeasures the fair value of previously-held interests and recognises any gain or loss recognised in profit or loss.

Consistently, when the opposite occurs, i.e., the company loses control over an investee, while still maintaining significant influence or joint control, it applies IFRS 10 - Consolidated financial statements in recognising the residual portion at fair value.

Investments in other companies

Non-controlling interests (usually those where the investment percentage is less than 20%) are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Indicators that cost might not be representative of fair value include:

a) a significant change in the performance of the investee compared with budgets, plans or milestones;

b) changes in expectation that the investee's technical product milestones will be achieved;

c) a significant change in the market for the investee's equity or its products or potential products;

d) a significant change in the global economy or the economic environment in which the investee operates;

e) a significant change in the performance of comparable entities, or in the valuations implied by the overall market;

f) internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy;

g) evidence from external transactions in the investee's equity, either by the investee (such as a fresh issue of equity), or by transfers of equity instruments between third parties.

Management also decided to avail of the option provided for by paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some[22] non-controlling interests as financial assets at fair value through other comprehensive income[23]. In this case, any dividends distributed shall be recognised in profit or loss while changes in fair value shall be presented in other comprehensive income without subsequently being recognised in profit or loss.

Participating Financial Instruments

The Participating Financial Instruments (PFIs) relate to securities assigned to Astaldi S.p.A.'s creditor Joint Operations as partial payment of unsecured claims. In particular, Astaldi's Composition Proposal - and in line with the plan attached thereto (the "Plan") – provided that unsecured creditors, without any further subdivision into classes, would be satisfied through the assignment of both newly-issued Astaldi shares and PFIs to each of them, according to the conversion ratio set out in the composition proposal.

In particular, the holders of PFIs are granted the right to receive the net proceeds[24] from the sale of the assets included in the Separate Unit. Therefore, there is no unconditional obligation on the part of the Separate Unit (or Astaldi) to deliver cash or any other financial asset to the holders of PFIs or to exchange financial assets and liabilities at conditions that are potentially unfavourable for the Separate Unit until the conditions for the distribution of sums in favour of the holders of PFIs are fulfilled or the resolution for the Separate Unit's distribution of the proceeds from sale has been passed.
In other words, the claim to the distribution of the Separate Unit's cash becomes a claim to remuneration of the PFIs only when it is established that distributable cash resources are available.
In view of the above information, the Parent's management has considered that the PFIs can be described as equity instruments according to IAS 32, since they:

I. do not include any contractual obligation: to deliver cash or any other financial asset to another entity; or to exchange financial assets or liabilities with any other entity under conditions that are potentially unfavourable to the issuer;
II. constitute a non-derivative that does not entail any contractual obligation for the issuer to deliver a variable number of its own equity instruments. In fact, Unsecured Claims are converted into PFIs on the basis of a "fixed-to-fixed" ratio.

PFIs are measured at fair value through profit or loss in accordance with the provisions of IFRS 9 - Financial Instruments.

Inventories

Inventories are recognised at the lower of cost and net realisable value. The carrying amount of inventories is calculated using the weighted average cost formula applied to groups of similar assets. The cost includes all costs incurred in bringing the inventories to the location and condition to be used in the production process.

[22] The measurement method for equity investments was selected on a case-by-case basis as allowed by the new standard.
[23] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.
[24] Net of related transaction costs, all applicable taxes and duties, any non-subordinated debt included in the Separate Unit as envisaged in the Composition with Creditors Proposal and related annexes, as well as of any additional sum relating to liabilities (including potential liabilities) which shall be taken over by the Separate Unit.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Company believes it is likely to receive in exchange for these goods or services. Astaldi - like other operators in the relevant business sector - meets its Performance Obligations over time by mainly developing contract-based projects relating to complex and integrated operations in the field of design, construction and management of public infrastructures and major civil engineering works. Contract consideration accrued on construction contracts in progress is measured using the cost to cost method (paragraphs B14-B19 of IFRS 15, input methods), considering the contract budget. The Company regularly updates the assumptions underlying the contract budget to reflect the most reasonable estimate of the accrued contract consideration and the contract output in the separate financial statements.

Contract revenue comprises the initial amount of revenue agreed in the contract and variable elements (variations in contract work, price reviews, incentive payments, claims and penalties). Variable elements are estimated to be the expected or most probable amount. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
In this respect, consideration has been given to the following:

- specific legislation regarding public works and international legislation;
- contractual clauses;
- the progress of negotiations with the customer and likelihood that these negotiations will have a positive outcome;
- when necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the valuations made are reliable.

Contract costs comprise:

- all costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs also include:

- pre-operating costs, i.e., the costs incurred during the initial phase of the contract prior to the start of construction activity (design costs, work site installation costs, etc.), as well as
- post-operating costs incurred after completion of the contract (site dismantlement, return of equipment and/or machinery to the base, insurance, etc.).

If the completion of a contract is expected to generate a loss, this is entirely recognised in the year in which it becomes probable in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets.

When the outcome of a construction contract cannot be estimated reliably, contract work in progress is recognised on the basis of the contract costs incurred when it is likely that they will be recovered, without recognising any profit or loss.

When favourable or unfavourable events attributable to present situations at the reporting date occur after the reporting date, the carrying amounts are adjusted to reflect the related effects.

With respect to the presentation of financial statements captions related to construction contracts in progress, in accordance with IFRS 15.105-107, the Company presents:

(i) the unconditional right to consideration related to work performed (invoices issued or to be issued) as a trade receivable;

(ii) the consideration due by the customer for contract work performed net of progress payments and advances (i.e., financial milestones that have not yet been certified) as a contract asset. This caption also includes the additional consideration due to contract variations (work variations and claims) being negotiated with the customers;

(iii) the company’s obligation to transfer goods or services to a customer for which it has received advances and progress payments as a contract liability;

(iv) the estimate of the variable consideration that the group companies expect to pay to customers for higher costs and damages due to termination of the contract for the part exceeding the amounts due from customers for work performed and not yet paid for as other contract liabilities.

Costs to fulfil a contract

IFRS 15 provides for the capitalisation of costs to fulfil a contract, i.e. those costs that meet all of the following requirements:

- they relate directly to a contract;
- they generate or enhance the resources that will be used in satisfying contract performance obligations;
- they are expected to be recovered through the future economic benefits of the contract.

According to practice in the sector in which Astaldi operates, this type of costs usually consists of pre-operating costs, which in some types of contract are explicitly recognised by customers through specific items that are the object of the contract; in other cases they are not explicitly recognised and are remunerated with the overall contract profit margin. The explicit recognition of these costs implies that the control of the work covered by the contract is transferred when they are incurred. Consequently, these costs must not be capitalised and must contribute to determining the progress of work on the contract. If the contract does not provide for their explicit recognition, in compliance with the three conditions mentioned above, pre-operating costs are capitalised and amortised systematically, in a manner corresponding to the transfer of control of the goods or services to the customer. In addition to the provisions stated above, the provisions laid down in IFRS 15 define all those costs that, by their nature, may not contribute to the progress of work on the contract because, despite being specifically attributable to the contract and regarded as recoverable, they do not contribute to generating or enhancing the resources that will be used in satisfying the contract performance obligation, nor do they contribute to transferring control of the goods and/or services to the customer.

Loans and receivables and other financial assets

The Company classifies financial assets considering (i) the contractual characteristics of the cash flows of the financial asset (SPPI test), and (ii) the business model for managing the financial assets.

As a result, financial assets may be classified in the following categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

Financial assets at amortised cost (AC)

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes trade receivables, other operating receivables included in other current and non-current assets and part of the loan assets included in current and non-current financial assets.

In particular, as regards trade receivables, it should be noted that the Company holds these assets for the purpose of collecting the related contract cash flows upon maturity (hold-to-collect business model). However, it should be noted that the Company occasionally carries out “direct factoring” transactions for amounts that are in any case marginal when compared to the business volume and the portfolio value in order to optimise working capital management.

Financial assets at fair value through other comprehensive income (FVTOCI)
A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Company classified part of its subordinated loans (semi-equity) given to the concession SPEs in this category after analysing the business model it intends to use to manage such loans.

Financial assets at fair value through profit or loss (FVTPL)
A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.
This category includes financial instruments whose contractual cash flows are not solely the payment of principal and interest on the principal amount outstanding.

Derivatives

Derivatives are assets and liabilities measured at fair value. There are three type of hedging relationships:

• **fair value hedge**: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment;

• **cash flow hedge**: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss;

• **hedge of a net investment in a foreign operation**.

A hedging relationship qualifies for hedge accounting if the following criteria are met:

(i) there is an economic relationship between the hedged item and the hedging instrument such to offset value changes and this offset ability is not dominated by the counterparty's credit risk; (ii) the hedge ratio is consistent with the risk management objectives, as part of a risk management strategy which includes the appropriate rebalancing measures.

The Group uses derivatives as part of its **hedging strategies to offset the risk of changes in expected cash flows** related to contractually defined or highly probable transactions (cash flow hedges) such as, currency forwards and interest rate swaps to hedge currency risk and interest rate risks, respectively.

Derivatives are initially recognised at the transaction-date fair value. They are subsequently remeasured (at least at every reporting date). Specifically, the effective portion of fair value gains or losses on derivatives designated as cash flow hedges and qualified as such is recognised in a caption of the statement of comprehensive income (the hedging reserve), which is subsequently reclassified to profit or loss when the hedged item affects profit or loss. The ineffective portion of fair value gains or losses is immediately recognised in profit or loss. If hedge accounting is discontinued for a cash flow hedge, the amount accumulated in the hedging reserve remains in the hedging reserve if the hedged future cash flows are still expected to occur until the future cash flows occur. Subsequently, in proportion to the hedged cash flows that occur, any amount still accumulated in the hedging reserve is gradually recognised in profit or loss. If the hedged cash flows are no longer expected to occur, the amount accumulated in the hedging reserve is immediately reclassified to profit or loss.

Fair value measurement

IFRS 13 defines fair value as a market-based measurement, not an entity-specific measurement. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When a price for an identical asset or liability is not observable, the Company measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Single or multiple valuation techniques may be appropriate. If multiple valuation techniques are used to measure fair value, the results are assessed considering the reasonableness of the range of values indicated by those results.

The most commonly used valuation techniques are as follows:

- **market approach:** a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities;
- **cost approach:** a valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset; and
- **income approach:** a valuation technique that converts future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount.

Based on the observability of the inputs used as part of the valuation technique applied, the assets and liabilities recognised at fair value in the separate financial statements are measured and classified using the fair value hierarchy established by IFRS 13:

- **level 1 inputs**: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **level 2 inputs**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- **level 3 inputs**: unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire;
- the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows fully and on time to one or more recipients;
- the Group transfers the contractual rights to receive the cash flows of the financial asset and: (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but transfers control of the financial asset.

If the Company transfers the contractual rights to receive the cash flows of the financial asset and neither transfers nor retains substantially all the risks and rewards of ownership or retains control of the financial asset, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset. When the company’s continuing involvement takes the form of guaranteeing the transferred asset, the extent of its continuing involvement is the lower of the initial carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.

The Company derecognises a financial liability when it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires. If an existing financial liability is exchanged with another of the same lender with substantially different terms or the terms of an existing financial liability are substantially modified, the exchange or modification is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original and new financial liabilities is recognised in profit or loss. In the case of modifications and exchanges of financial liabilities that do not entail their derecognition, IFRS 9 requires that their carrying amount be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liabilities' original effective interest rate. Any resulting gain or loss shall be immediately recognised in profit or loss.

Cash and cash equivalents

These include cash, bank deposits or other amounts with other financial institutions available for day-to-day transactions, postal current accounts and other cash equivalents, as well as investments with terms expiring within three months of the acquisition date. Cash and cash equivalents are recognised at fair value, which normally equals their nominal amount.

Assets held for sale and discontinued operations

Non-current assets or disposal groups[25] are classified as held for sale if their carrying amount will be recovered mainly through their sale rather than continuing use.

This condition is considered to be met when the sale is highly probable and the asset or disposal group is available for immediate sale in its current conditions.

Non-current assets held for sale and disposal groups are recognised in the statement of financial position separately from the company's other assets and liabilities. Immediately before being classified as held for sale, they are measured on the basis of the specific IFRS applicable to each asset and liability. They are subsequently recognised at the lower of their carrying amount and fair value less costs to sell. Any losses are immediately recognised in profit or loss. Subsequently, non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. If an equity-accounted investment, or a portion thereof, is classified as held for sale, equity accounting is discontinued for the entire investment or for the portion classified as held for sale. Any portions of investments that are not classified as held for sale continue to be measured using the equity method up to the completion of the disposal plan. Any difference between the carrying amount and fair value less costs to sell of non-current assets held for sale is recognised as an impairment loss in profit or loss. Any gains for subsequent increases in fair value are recognised to the extent of the previously recognised impairment losses, including those recognised before the asset is classified as held for sale.

Non-current assets and disposal groups classified as held for sale constitute a discontinued operation if they (i) represent a separate major line of business or geographical area of operations, (ii) are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) are a subsidiary acquired exclusively with a view to resale.

[25] A disposal group is a group of assets and directly associated liabilities to be disposed of, by sale or otherwise, together as a group in a single transaction.

The post-tax profits or losses of discontinued operations and any post-tax gains/losses realised on disposal are presented separately in a specific caption of the statement of profit or loss. The prior year corresponding figures are presented accordingly.

Non-current assets to be abandoned

IFRS 5.13 states that an entity shall not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use (scrapping).
However, if the disposal group to be abandoned (i) represents a separate major line of business or geographical area of operations, or (ii) is a subsidiary acquired exclusively with a view to resale, it must be recognised as a discontinued operation at the date on which it is actually abandoned. It is in fact regarded as owned and used until it is actually disposed of.

Equity

Share capital

The share capital comprises the Company's subscribed and paid up share capital. Costs strictly related to share issues are recognised as a reduction in share capital if they are directly attributable to the capital transaction.

Treasury shares

Treasury shares, including those held to service the incentive plans, are measured at cost and deducted from equity. Profits or losses arising from the sale or cancellation are recognised in equity.

Share premium reserve

This reserve includes the excess between the fair value of equity instruments issued by Astaldi S.p.A. (€ 0.81 per share) and the related conventional value (€ 0.23 per share) in relation to the capital increase serving the conversion of unsecured claims which had been definitively filed at the reporting date into Astaldi shares.

Retained earnings (losses carried forward)

These include the portion of previous years' profits or losses not distributed or allocated to reserves (in the case of profits) or not covered (in the case of losses).

Other reserves

These are reserves deriving from first-time adoption of the IFRS and other equity-related reserves, such as, for example the fair value of the potential shares to be issued to service (i) the conversion into Astaldi shares of unsecured claims to be filed at the end of the current financial year (i.e. provisions for risks on unsecured claims), and (ii) the Lender Warrants granted to the lending banks that had not yet been exercised at 31 December 2020.

Share-based payment transactions settled with equity instruments

In any case of share-based payment transactions settled with equity instruments according to IFRS 2 - Share-based Payment, Astaldi proceeds with the measurement of the goods or services received ("Services received") and the corresponding increase in equity, directly at their fair value, unless the fair value cannot be estimated reliably. In the latter case, the Company indirectly estimates the value of the Services received, and the corresponding increase in the value of equity, by reference to the fair value of the equity instruments granted.

The transaction that was still in progress at the end of the financial year is summarised below:

Lender Warrants[26]

According to the agreements reached between the parties, the Lender Warrants constitute a component of the remuneration of the unsecured loan agreement[27] (the RCF Line) and the Bonding Facility[28] granted to Astaldi as provided for in the composition proposal that has been approved.

In this regard, the Company's management also considered that the exercise of the Warrants had been in fact advantageous in financial terms for the Lending Banks as the price set for the subscription of the related capital increase would be lower than the fair value of Astaldi Shares.

Having stated this, the component relating to the additional remuneration on the loans has been indirectly estimated by referring to the fair value of the equity instruments awarded, as calculated by using an appropriate tool available on the info-provider Bloomberg's website for the valuation of a call option with underlying equity and with American-style exercise.

For the purposes of calculating the fair value, account was taken of: (i) the fair value of Astaldi shares (equal to €0.81 per share) , (ii) the spot price for the exercise of the warrants, (iii) the historical volatility of Astaldi shares, (iv) the risk-free rate and (v) the dividend set at zero.

Finally, it should be noted that the effective interest rate[29] of the RCF Line, as well as the financial costs associated with the bonding credit facility, also consider the component relating to the additional remuneration linked to the Lender Warrants. This component will therefore be allocated in financial terms from the date of issue of the warrants until the contract expiry of the related loans (vesting period). The charge accrued in the period is shown among financial expenses in the income statement.

Extinguishing financial liabilities with equity instruments

As required by IFRS 9, the issue of equity instruments to a creditor in order to extinguish a financial liability, either in whole or in part, is equivalent to the consideration that has been paid. In this case, it is therefore necessary to derecognise the financial liability from the statement of financial position, recognising the difference between the related book value and the fair value of the equity instruments issued as profit (loss) for the financial period.

If the fair value of the equity instruments issued cannot be measured reliably, these instruments must be measured so as to reflect the fair value of the financial liability that has been extinguished.

As required by IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, the Company has considered the fair value of the newly-issued Shares in the initial recognition of the equity instruments issued to creditors in order to extinguish unsecured liabilities.

In this regard, the management considered that Astaldi's stock market price, as at the date of the capital increase, did not consist of the actual fair value of the Shares; this was also due to the fact that Astaldi stock has been characterised in recent months by much lower trading volumes than in the past with bid-ask spreads much higher than those recorded on average in the FTSE MIB list.

The fair value of Astaldi Shares (equal to €0.81 per share) allocated in conversion to Unsecured Creditors was therefore estimated by using the Unlevered Discounted Cash Flow Model method, while taking account of the economic and financial projections taken from Astaldi's business plan for the three-year period from 2021 to 2023 on a going-concern and stand-alone basis, which were approved by the Parent's Board of Directors on 14 March 2021.

---

[26] For more details on the warrants issued in favour of the lending banks and the methods for their conversion into ordinary shares of the Parent, reference should be made to paragraph 31.3 "Purchase rights and/or obligations on authorised but unissued capital" below.
[27] The unsecured loan agreement that was signed with a pool of banks including Banca Monte dei Paschi di Siena S.p.A., Banco BPM S.p.A., BNP Paribas, Italian Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. for a total amount of €200,000,000.
[28] The loan agreement relating to the Bonding Facility for a maximum amount of €384,000,000 that was signed with a pool of banks including UniCredit S.p.A., Intesa Sanpaolo S.p.A., BNP Paribas, Italian Branch, Banca Monte dei Paschi di Siena S.p.A. and SACE S.p.A.. This agreement allows the Group to obtain the issue of the guarantees required to continue the industrial activities of the Group and implement the Plan.
[29] See paragraphs B5.4.1 and B5.4.2 of IFRS 9 – Financial Instruments.

A WACC of 9.94% was used for the discounting-back process. For the purposes of calculating the Terminal Value, a growth rate was considered which was determined on the basis of the 2024-2050 average of the real gross domestic product (GDP) in the OECD area. The value determined in this manner was also checked using the market multiples control method.

Other comprehensive income

Other comprehensive income (OCI) includes items recognised directly in equity reserves in compliance with the IFRS provisions about their origin and changes.

The statement of comprehensive income captions of these separate financial statements are presented by nature in two categories:

(i) Those that will not be subsequently reclassified to profit or loss:

- actuarial gains and losses on defined benefit plans (IAS 19);
- gains and losses on changes in equity instruments classified as FVTOCI (IFRS 9);

(ii) Those that will be subsequently reclassified to profit or loss when certain conditions are met in accordance with IFRS:

- exchange differences arising on the translation of the financial statements of foreign operations with functional currencies that differ from the Euro (IAS 21);
- gains and losses on changes in financial assets classified as FVTOCI (IFRS 9);
- the effective portion of gains and losses on hedging instruments (IFRS 9).

Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost.

Any difference between the amount received (net of transaction costs) and the nominal amount of the liability is recognised in profit or loss by applying the effective interest method.

Financial liabilities are classified as current liabilities, unless the company has the contractual right to extinguish its obligations after one year of the reporting date.

It should be noted that Astaldi has not designated any financial liabilities at fair value through profit or loss.

Convertible bonds

Convertible bonds are generally financial instruments comprising a liability and an equity component. At the date of issue, the fair value of the liability is estimated using the current market interest rate for similar non-convertible bonds. The difference between the net proceeds from the issue and the fair value of the liability, which represents the implicit option to convert the bonds into Astaldi shares, is recognised in equity.

On the other hand, convertible bonds offering the issuer the choice between repayment through ordinary shares or, alternatively, in cash (cash settlement option) are classified as hybrid financial instruments.

In this case, the host bond is measured at amortised cost while the embedded derivative, representing the conversion option, is measured at fair value through profit or loss.

No convertible bonds were reported in the Statement of Financial Position of Astaldi S.p.A. at the reporting date of the 2020 Financial Year.

Trade payables and other financial liabilities

Trade payables due within the normal commercial terms are not discounted and are recognised at cost (identified by their nominal amount).

Income taxes

Current income taxes

Current taxes for the current and previous years are recognised at the amount expected to be paid to the taxation authorities. Tax rates and tax laws used to calculate the liability are those substantially enacted at the reporting date in the individual countries where Astaldi operates.

Deferred taxes

Deferred taxes are calculated by applying the liability method to the taxable or deductible temporary differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax liabilities are recognised on all taxable temporary differences, except when:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit (tax loss);
- they refer to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures and the timing of their reversal can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and tax losses carried forward, to the extent to which it is probable that the company will earn sufficient future taxable profits offsetting them, except when a deferred tax asset arises from the initial recognition of an asset or liability in a transaction which is not a business combination that at the time of the transaction affects neither accounting profit or loss nor taxable profit (tax loss).

The carrying amount of deferred tax assets is remeasured at each reporting date and reduced if it is no longer probable that the company will earn sufficient future taxable profits to offset the entire or part of the asset. Unrecognised deferred tax assets are reassessed on an annual basis at the reporting date and are recognised to the extent that it has become probable that the company will earn sufficient taxable profit against which the deferred tax assets may be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year when the assets will be realised or the liabilities will be settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legal right to set off current tax assets against current tax liabilities and the deferred taxes refer to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognised directly in equity are recognised in equity too rather than in profit or loss.

Employee benefits

Termination benefits

Termination benefits consist of benefits due to employees following the company’s decision to terminate an employee’s employment before their retirement date and the employee’s decision to accept voluntary redundancy in exchange for those benefits.

The Company recognises these benefits as liabilities and an expense at the earlier of (i) the date when the entity can no longer withdraw the offer of such benefits; and (ii) the date when the entity recognises restructuring costs within the scope of IAS 37, which implies payment of the termination benefits due. These liabilities are measured according to the nature of the benefit. In particular, if the benefits are an enhancement of other post-employment benefits due to employees, the liability is measured in accordance with paragraphs 50 to 60 of IAS 19 - Post-employment benefits. On the other hand, the measurement criteria used to measure termination benefits differ depending on when they will be paid:

- if the company expects to pay the full amount of the benefits within 12 months of the reporting date, the criteria applicable to short-term employee benefits apply (IAS 19.9-25);

- if the company does not expect to pay the full amount of the benefits within 12 months of the reporting date, the criteria applicable to other long-term employee benefits apply (IAS 19.153-158).

Post-employment benefits

Liabilities for guaranteed employee benefits paid when or after employment is terminated through defined benefit plans are recognised in the period in which the employee vests the right to receive them, consistently with the service required to obtain the benefits. They are calculated on the basis of actuarial assumptions and stated net of any advances paid. Independent actuaries measure the liability using the Projected Unit Credit Method.

The following income and expense are recognised as personnel expenses in the statement of profit or loss:

- current service cost reflecting the actuarial estimates of benefits due to employees for their service in the reporting period;
- net interest cost, which is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement; and
- the full amount of costs and income arising from changes to the defined benefit plans ("past service cost or income"), which are recognised in the period when the changes occur.

Furthermore, any actuarial gains and losses on the defined benefit liability are fully recognised in the year when they arise as other comprehensive income (OCI) in the statement of comprehensive income.

Liabilities for guaranteed employee benefits paid when or after employment is terminated through defined contribution plans are recognised at the amount vested at the reporting date.

Liabilities for other employee benefits are recognised at the amount vested at the reporting date, including by using actuarial assumptions in the case of long-term benefits.

Provisions for risks and charges

The provisions for risks and charges are recognised when the company has a present (legal or constructive) obligation arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation or to transfer it to third parties at the reporting date. Where the effect of the time value of money is material, the provision is discounted using a pre-tax discount rate that reflects current market assessments. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

Other operating revenue

Other operating revenue includes revenue not directly related to the Group's core business, i.e., that is not earned on contracts with customers, such as, for example:

- revenue from the sale of goods or rendering of services to suppliers and subcontractors;
- revenue from operating leases recognised on an accruals basis over the lease term;
- gains on sales of non-core assets.

Government grants

Government grants are recognised at fair value, when there is reasonable assurance that such grants will be received and the company will comply with the conditions attaching to them. Grants related to costs are recognised as revenue on a systematic basis over the years in which the company recognises the related costs which the grants are intended to compensate. Grants related to assets are recognised at fair value as a decrease in the carrying amount of the related asset. If related to assets not yet available for use or under construction, the portion of the grant exceeding the related asset is presented as deferred income.

Financial expense

Interest is recognised on an accruals basis using the effective interest method, by applying the interest rate that makes all cash inflows and outflows (including premiums, discounts, commissions, etc.) related to such transaction financially equivalent. If they meet the relevant conditions, borrowing costs are capitalised in accordance with IAS 23.

Dividends

Dividends are recognised when the Shareholders become entitled to receive the payment that normally arises with the related resolution taken by the Shareholders. Dividends are recognised as a liability when their distribution is approved by the shareholders, with a balancing entry in equity.

Expenses

Expenses are recognised on an accruals basis, assuming the Company's ability to continue as a going concern.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by adjusting the above profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding to account for the effect of all potential ordinary shares with a dilutive effect.

Use of estimates

IFRS financial reporting requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosures on contingent assets and liabilities.

In accordance with Bank of Italy/CONSOB/ISVAP Joint Document no. 2 of 6 February 2009, the estimates are based on the most recent information available to management at the time of preparing these separate financial statements, the reliability of which is, therefore, unprejudiced. Estimates are used, inter alia, to perform impairment tests and recognise the loss allowance, discounting of loans and receivables based on their estimated collection times, contract revenue, amortisation and depreciation, impairment losses on assets, employee benefits, taxes, other accruals and provisions.

Actual results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of any changes are recognised in profit or loss when the change is made.

Specifically, taking into account the Company's specific sector, which involves payment of an advance when the individual contracts are assigned, contract profits or losses systematically recognised in profit or loss may differ from those originally estimated. Such estimates may be influenced by numerous factors, including the following:

- claims for additional consideration for contract variations, price escalation clauses, incentives and claims compared to that contractually agreed;
- disputes with customers for fines and compensation for damages;
- the long timeframe and engineering and operating complexity of construction contracts in progress;
- the risk profile of certain countries in which the construction contracts are carried out.

Newly-issued and endorsed standards and interpretations applicable to annual periods beginning on or after 1 January 2020

The EU regulations that have been endorsed and are effective as of 1 January 2020 are summarised below.

Commission Regulation (EU) no. 2019/2075 of 6 December 2019, published in Official Journal L 316 of 6 December 2019: adoption of the amendments to references in the Conceptual Framework in International Financial Reporting Standards. The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised Conceptual Framework.
Specifically, on 29 March 2018, the IASB published the revised Conceptual Framework for Financial Reporting. The main changes of a technical and presentation nature compared to the 2010 version include a new section on measurement, better definitions and guidance in particular on the definition of a liability as well as clarifications about important concepts such as stewardship, prudence and measurement uncertainty. The first-time adoption of these amendments did not entail any significant impact on these separate financial statements.

Commission Regulation (EU) no. 2020/551 of 21 April 2020, published in Official journal L 127 of 22 April 2020: adoption of "Definition of a business (Amendments to IFRS 3)"
The amendments to IFRS 3 - Business combinations are designed to clarify the definition of a business. The first-time adoption of new amendments to IFRS 3 did not entail – within the scope of these separate financial statements - any impact as regards the measurement of related items and financial reporting.

Commission Regulation (EU) no. 2020/1434 of 9 October 2020, published in Official journal L 331 of 12 October 2020: adoption of "COVID-19-Related Rent Concessions (Amendment to IFRS 16)"
The amendment to IFRS 16 is aimed at providing an optional and temporary operational support, due to the COVID-19 pandemic, for lessees that benefit from suspensions of lease payments due, without compromising the materiality and usefulness of the financial information reported by entities.
Specifically, the new regulation provides that a lessee may choose not to assess whether a rent concession that meets the stated conditions is a lease modification. A lessee that makes use of this option must account for any change in lease payments arising from a rent concession in the same manner as it would account for the modification applying this Standard if the modification did not constitute a lease modification.
This expedient may be applied only to rent concessions that are a direct result of the COVID-19 pandemic and only if certain conditions are met.
The Company did not benefit from any suspension of lease payments due to the COVID-19 pandemic: therefore, the amendments brought in by this regulation did not have any impact on these separate financial statements.

Endorsed standards and interpretations not adopted early by the Company

The standards and interpretations endorsed by EU Regulations but not adopted early by Astaldi are summarised below.

Commission Regulation (EU) no. 2021/25 of 13 January 2021, published in Official journal L 11 of 14 January 2021: adoption of "Interest Rate Benchmark Reform - Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16".

The amendments provide for a specific accounting treatment in order to allocate over time any changes in the value of financial instruments or leases due to the replacement of the interest rate benchmark. The Company will apply these amendments as from the 2021 financial year.

Notes to the separate financial statements

1 Revenue from contracts with customers: €989,547 thousand (€1,037,943 thousand)

Revenue from contracts with customers for 2020 amounted to €989,547 thousand, down by €48,396 thousand on the previous year. This caption is broken down as follows:

	2020	2019	Variation
Contract revenue	974,526	1,023,571	(49,045)
Revenue from Operation & Maintenance	15,021	14,372	649
Total	**989,547**	**1,037,943**	**(48,396)**

Contract revenue is that arising from works performed and accepted by customers, including the portion of uncompleted long-term works carried out during the year.

Revenue from Operation & Maintenance includes the fees accrued for infrastructure operation services attributable to the four Tuscan hospitals (€15,021 thousand).

1.1 Revenue by geographical segment

The breakdown of Revenue by geographical area is reported below (values in €/th.).

	2020	%	2019	%	Variation
Italy	432,315	43.69%	358,094	34.50%	74,221
Europe	366,156	37.00%	409,099	39.41%	(42,943)
Americas	172,890	17.47%	256,166	24.68%	(83,276)
Africa	5,654	0.57%	8,869	0.85%	(3,215)
Asia	12,532	1.27%	5,715	0.55%	6,817
Total	**989,547**	**100.00%**	**1,037,943**	**100.00%**	**(48,396)**

The works performed in Italy were mainly attributable to the development of industrial activities on the following projects: (i) Quadrilatero Marche-Umbria road system, Maxi-lot 2, (ii) Line 4 of the Milan Metro, (iii) Brenner Base Tunnel, (iv) Line C of the Rome Metro, (v) High-Capacity Naples-Bari railway line, Naples-Cancello and Apice-Hirpinia lots, (vi) State Road Jonica (SS-106), Mega-lot 3. In the domestic sector, we also note the positive contribution recorded in relation to the Operation & Maintenance work on the four Tuscan hospitals. The growth recorded in the period under consideration, compared to the production volumes reported in the previous year, was mainly due to (i) the entry into full operation of the activities for the construction of the State Road Jonica (SS-106), Mega-Lot 3, during the second half of 2020, (ii) the gradual resumption of the works – as from the beginning of May 2020 – for the Quadrilatero Marche-Umbria road system, Maxi-Lot 2 and (iii) a positive contribution given by the activities concerning the construction of the two sections of the new high-capacity Naples-Bari railway line.

In the Europe area a positive contribution was reported, which was given by the progress of work on the contracts being performed in Romania (Curtici-Simeria railway line - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube) and Poland (Warsaw Southern Bypass and Fast Track Road S-7, Naprawa-

Skomielna Biała section). On the other hand, there was a reduction in volumes in Turkey, which was due to the final completion of the Gebze-Orhangazi-Izmir Motorway that had been taken place in the second half of 2019.

The works performed in the Americas area were mainly attributable to the development of projects in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata Mining Projects). The decrease recorded in production volumes in the Americas area was due to a general delay in the development and start-up of the projects underway in Chile, which was generated by the strict isolation measures imposed by the local authorities in order to contain the spread of the COVID-19 pandemic.

Furthermore, note the works performed abroad, among which are those in Asia (Versova-Bandra Sea Link road in Mumbai and the Mumbai Metro in India) and Africa (Algerian railway lots).

Note 42 - Segment reporting pursuant to IFRS 8 provides more information about this caption.

1.2 Revenue by business segment

The table below shows a breakdown of revenue by business segment (Construction and O&M), along with a further breakdown of revenue by sub-segment for the financial years ended 31 December 2020 and 31 December 2019:

	2020	%	2019	%	Variation
Transport infrastructure	843,637	85.25%	839,004	80.83%	4,633
- Railways and metros	*421,449*	*42.59%*	*458,768*	*44.20%*	*(37,319)*
- Roads and motorways	*303,881*	*30.71%*	*253,595*	*24.43%*	*50,286*
- Ports and airports	*118,307*	*11.96%*	*126,641*	*12.20%*	*(8,335)*
Hydraulic and energy production plants	12,603	1.27%	5,919	0.57%	6,685
Civil and industrial construction	46,826	4.73%	32,225	3.10%	14,600
Industrial plants	71,460	7.22%	146,422	14.11%	(74,962)
Construction	**974,526**	**98.48%**	**1,023,571**	**98.62%**	**(49,044)**
Operation & Maintenance	**15,021**	**1.52%**	**14,372**	**1.38%**	**649**
Total	**989,547**	**100.00%**	**1,037,943**	**100.00%**	**(48,395)**

Construction Business Line

Transport infrastructure

In 2020 revenue from the transport infrastructure sub-segment were essentially attributable to the following sub-segments:

(i) **railways and metros**, mainly attributable to railway contracts in Romania (Lots 2A, 2B and 3 of the Curtici-Simeria railway line) and to the projects concerning the High-Capacity Naples-Bari railway line, Naples–Cancello and Apice–Hirpinia sections, as well as to the construction of Line 4 of the Milan Metro, Line C of the Metro Rome and the Brenner Base Railway Tunnel in Italy;

(ii) **roads and motorways**, essentially relating to the construction of the Braila Bridge over the Danube in Romania, the Warsaw Southern Bypass, the Fast Track Road S-7, Naprawa–Skomielna Biała section in Poland and the Quadrilatero Marche-Umbria road system, Maxi-lot 2 and the State Road Jonica (SS-106), Mega–Lot 3 in Italy;

iii) **ports and airports**: substantially relating to the development of operations for the Arturo Merino Benítez International Airport in Santiago de Chile.

The higher production volumes recorded in 2020 compared to 2019 were mostly due to the start of works, in the sub-segment under consideration, on the State Road Jonica (SS-106), Mega–Lot 3 in Italy.

Hydraulic and energy production plants
Revenue from the hydraulic and energy production plants sub-segment was mainly attributable to the waste-to-energy plant in Gdansk (Poland) and the start of works on the Yaciretà hydroelectric plant (Brazo Aña Cuá project) in Paraguay.

Civil and industrial construction
The works performed in this segment were essentially attributable to the operations for the Ankara Etlik Integrated Health Campus in Turkey.

Industrial plants[30]

In 2020 revenue from the industrial plants sub-segment essentially related to the mining projects in Chile (Chuquicamata Mine) and to plant engineering works of the Bucharest Metro 5. The decrease recorded in the production volumes in the segment under consideration during the year, compared to 2019, was due to a lower contribution given by the projects being implemented in Chile, which were affected by the delays caused by the COVID-19 pandemic.

Operation & Maintenance Business Line

In 2020 revenue from the **Operation & Maintenance** business line was only earned in the healthcare sector in Italy (four Tuscan Hospitals).

At 31 December 2020, the combined amount of contractual consideration of construction contracts in progress allocated to performance obligations not yet satisfied is €6.4 billion (of which €2.7 billion after 2022). The Company will recognise these amounts in revenue of future years in line with available forecasts.

2 Other operating revenue: €60,033 thousand (€86,960 thousand)

Other operating revenue of €60,033 thousand includes items not directly related to the Company's core business but accessory thereto.

	2020	2019	Variation
Revenue from the sale of goods	708	1,040	(332)
Services - third parties	31,110	41,690	(10,580)
Services - management of joint projects	1,470	671	799
Leases and rent	1,576	2,325	(749)
Gains on sales	10,913	4,800	6,113
Other	14,256	36,434	(22,178)
Total	**60,033**	**86,960**	**(26,927)**

The item of "Services - third parties" was essentially attributable to: (i) certain activities ancillary to the construction of works (machinery and equipment rental and the provision of services) on behalf of suppliers and subcontractors as part of works in the construction sector (specifically in Italy, Chile and Poland); (ii) industrial, administrative, procurement and engineering services provided by the Parent to certain Joint Operations in Romania. It should be noted that the decrease in this item was mainly due to lower revenues

[30] It also includes revenue from mining projects.

recorded during 2020 in Chile (Chuquicamata Mining Projects) and Turkey (Gebze-Orhangazi-Izmir Motorway) compared with the previous year.

Gains on sales essentially include (approximately €6.8 million) the updated estimate of the variable components relating to the sale of a 59.4% stake in Veneta Sanitaria Finanziaria di Progetto S.p.A. (New Hospital in Mestre), which took place in 2018. In this regard, it should be noted that the total consideration for the sale (net of related selling costs) included a fixed component, which had been already recognised in the financial statements of previous years (equal to €46.4 million), as well as additional variable elements to be paid to the Company according to the arbitration award involving the SPV and the Granting Authority Azienda ULSS 3 Serenissima. Given the current positive developments in the arbitration proceedings and the consequent settlement of the sale price with the buyer, the Parent proceeded with updating the amount of the capital gain realised in relation to the sale of the investment under consideration.

"Other" mainly includes *(i)* contingent assets, which are largely due to the write-off of some liabilities that are no longer collectible in the Chile and Romania areas (€11,369 thousand), *(ii)* compensation from third parties (insurance companies and sub-contractors) for higher costs incurred by the Company in previous years for the performance of contracts in the construction segment, mainly in Italy (€2,151 thousand). The change in this item compared to 2019 was substantially attributable to non-recurring effects reported in relation to updating certain estimates made in previous years, mainly in Chile and Italy, during the comparative period.

3 Purchase costs: €151,275 thousand (€173,081 thousand)

Purchases of and changes in inventories of raw materials and consumables totalled €151,275 thousand in 2020, showing a decrease of €21,806 thousand compared to 2019.

	2020	2019	Variation
Purchase costs	153,121	172,411	(19,290)
Change in inventories of raw materials, consumables, supplies and goods for resale	(1,846)	670	(2,516)
Total	**151,275**	**173,081**	**(21,806)**

The table below shows a breakdown of purchase costs by geographical segment.

	2020	%	2019	%	Variation
Italy	51,581	34.10%	51,332	29.66%	249
Europe	72,574	47.97%	86,426	49.93%	(13,852)
Americas	24,268	16.04%	33,098	19.12%	(8,830)
Africa	95	0.06%	510	0.29%	(415)
Asia	2,757	1.82%	1,715	0.99%	1,042
Total	**151,275**	**100.00%**	**173,081**	**100.00%**	**(21,806)**

With regard to this item, we note in particular the costs recorded on the contracts being performed in Italy (Line 4 of the Milan Metro and the High-Speed Naples-Bari railway line, Naples-Cancello lots) and in Romania (Total Railway - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube), which gave the largest contribution to the production for the period. As regards the works performed abroad, it should be noted that the change in this item compared to 2019 was mainly attributable to the gradual substantial completion of some operations relating to the road construction projects being implemented in Poland (S2 - Warsaw Southern Bypass - Lot A and S7 - Nappata - Nappata Biada) which had required a greater procurement of raw materials for the construction of the works during 2019.

4 Service costs: €719,366 thousand (€688,176 thousand)

Service costs increased by €31,190 thousand to €719,366 thousand in 2020 compared to 2019. They are broken down as follows:

	2020	2019	Variation
Consortium costs	221,885	168,968	52,917
Subcontracts and other services	376,144	374,920	1,224
Technical, administrative and legal consultancy	79,696	85,481	(5,785)
Directors' and statutory auditors' fees	2,172	2,408	(236)
Utilities	4,186	4,710	(524)
Business trips and travel	1,002	2,255	(1,253)
Insurance	10,823	12,012	(1,189)
Leases and other costs	13,838	19,750	(5,912)
Lease and building management costs	2,551	7,206	(4,655)
Maintenance on third-party assets	224	193	31
Other	6,845	10,273	(3,428)
Total	**719,366**	**688,176**	**31,190**

The consortium costs incurred to carry out contracts with other construction companies were attributable, in particular, to the operations for the execution of works for the construction of the Brenner Base Tunnel (Lot "Mules 2-3"), as well as of Line C of the Rome Metro and the State Road Jonica (SS-106), Mega-Lot 3.

Subcontracts and other services increased by €1,224 thousand over the previous year and are broken down as follows by geographical segment:

	2020	%	2019	%	Variation
Italy	105,241	27.98%	68,058	18.15%	37,183
Europe	201,766	53.64%	218,675	58.33%	(16,909)
Americas	59,777	15.89%	83,347	22.23%	(23,570)
Africa	1,941	0.52%	1,826	0.49%	115
Asia	7,419	1.97%	3,014	0.80%	4,405
Total	**376,144**	**100.00%**	**374,920**	**100.00%**	**1,224**

As detailed in the comments on revenue from contracts with customers (note 1), the changes in this item substantially reflect the trend in the production for the period, which showed an increase in volumes relating to works in progress in Italy (Quadrilatero Marche-Umbria road system, Maxi-lot 2, High-Capacity Naples-Bari railway line, Naples-Cancello section) and Romania (Curtici-Simeria railway line - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube), partly offset by the effects of a decline in volumes relating to projects being implemented in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata Mining Projects) and Turkey (Gebze-Orhangazi-Izmir Motorway).

Furthermore, it should be pointed out that costs for "Technical, administrative and legal consultancy" include a non-recurring component for €12.8 million, relating to the services rendered by the Advisors for the procedure, including legal expenses. Finally, it should be noted that costs for the procedure amounted to a total of €30.6 million in the comparative period.

5 Personnel expenses: €167,816 thousand (€226,935 thousand)

These amounted to €167,816 thousand, showing a decrease of € (59,119) thousand compared to 2019. This caption may be broken down as follows:

	2020	2019	Variation
Wages and salaries	127,770	174,927	(47,157)
Social security contributions	21,405	22,947	(1,542)
Other costs	17,593	28,270	(10,677)
Other post-employment benefits	1,048	777	271
Cost of share-based payments	0	14	(14)
Total	**167,816**	**226,935**	**(59,119)**

As regards the items broken down in the table reported above, “Other costs” mainly comprise costs incurred for bed and board and the transfer of personnel, as well as the allocation of defined-contribution plans, whose costs totalled €2,811 thousand in 2020.

The table below shows a breakdown of Personnel expenses by geographical segment:

	2020	%	2019	%	Variation
Italy	66,104	39.39%	65,787	28.99%	317
Europe	40,984	24.42%	48,640	21.43%	(7,656)
Americas	57,550	34.29%	109,079	48.07%	(51,529)
Africa	1,437	0.86%	2,431	1.07%	(994)
Asia	1,741	1.04%	998	0.44%	743
Total	**167,816**	**100.00%**	**226,935**	**100.00%**	**(59,119)**

The decrease recorded in this item during 2020 (compared to 2019) was mainly due to (i) a slowdown in industrial activities in Chile, which are mostly carried out through Astaldi's personnel, and (ii) the actions taken by the Parent in order to adapt the organisational structure to the new operational scenario resulting from the composition with creditors procedure.

5.1 Average number of employees

The average number of employees by category is as follows:

	2020	2019	Variation
Managers	127	144	(17)
Junior managers	120	137	(17)
White collars	1,441	1,887	(446)
Blue collars	1,466	3,642	(2,176)
Average number of employees	**3,154**	**5,810**	**(2,656)**

6 Other operating costs: €37,676 thousand (€16,638 thousand)

Other operating costs increased by €21,038 thousand to €37,676 thousand compared to 2019. They are made up as follows:

	2020	2019	Variation
Prior year expense and fair value losses	1,760	3,126	(1,366)
Taxes and duties	1,473	2,434	(961)
Other administrative and sundry costs	34,443	11,078	23,365
Total	**37,676**	**16,638**	**21,038**

“Other administrative and sundry costs” mainly include:

- the partial effects of the broader settlement agreement reached with the shareholder Ictas in relation to joint operations in Russia and Turkey, resulting specifically from the Parent's withdrawal from the EPC contract concerning the Third Bosphorus Bridge in Turkey (€10,081 thousand);
- ordinary administration costs (stationery, photocopies, visas, etc.) (€3,103 thousand);
- the losses realised on the sale of machinery and equipment, mostly as part of contracts that are no longer in place in Chile (€2,156 thousand);
- credit losses mainly recognised in Italy (€3,060 thousand);
- the effects of the settlement of some disputes mainly concerning operations in Italy (€9,407 thousand). Specifically, it should be noted that, in this regard, a settlement agreement was reached between the parties (for €5.5 million) in August and September 2020, in order to settle the claims submitted by Metro C S.c.p.A. within the arbitration proceedings brought by the investee against Astaldi S.p.A. in order to seek compensation for damage arising under the factoring agreement in place between Aosta Factoring and the Parent.

7 Change in costs to fulfil a contract: -€1,860 thousand (€125 thousand)

This item, equal to -€1,860 thousand, includes the change in capitalised costs to fulfil future contracts according to paragraph 95 of IFRS 15.

8 Share of profits (losses) from subsidiaries, joint ventures and associates: -€96,219 thousand (€30,805 thousand)

The share of profit (loss) from equity-accounted investments showed a decrease of €127,024 thousand compared to 2019, and is broken down as follows:

	2020	2019	Variation
Subsidiaries	(73,119)	(6,541)	(66,578)
Associates	(18,080)	38,057	(56,137)
Joint ventures	(5,019)	(711)	(4,308)
Total	**(96,219)**	**30,805**	**(127,024)**

As at 31 December 2020 the balance of the item under review, totalling -€96,219 thousand, was substantially relating to:

(i) the results of operations for the first half of 2020 recorded by associate Otoyol Yatirim Ve Isletme A.S. (Gebze-Orhangazi-Izmir Motorway) (€22,496 thousand);

(ii) a reclassification for a total of -€44,899 thousand – carried out in accordance with paragraph 22c of IAS

28 – in the statement of profit (loss) for the year, concerning Other Comprehensive Income relating to the SPVs Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu (€7,496 thousand), which was sold during the first half of 2020, Otoyol Yatirim Ve Isletme A.S. (-€47,753 thousand) and the Ankara Etlik Hastane A.S Joint Venture (-€4,642 thousand), transferred to the segregated assets of the separate unit;

(iii) the losses for the period reported by subsidiaries AR.GI. S.p.A. (-€27,939 thousand), Astur Construction and Trade A.S (-€19,193 thousand) and Partenopea Finanza Progetto ScpA (-€7,017 thousand), essentially due to the write-down of unsecured claims they claim from Astaldi S.p.A..

9 Amortisation, depreciation and impairment losses: €67,858 thousand (€39,298 thousand)

Costs for amortisation, depreciation and impairment losses increased by €28,560 thousand in absolute value to €67,858 thousand. They are broken down as follows:

	2020	2019	Variation
Amortisation	5,954	6,556	(602)
Depreciation	8,337	12,422	(4,085)
Depreciation of right-of-use assets	26,966	25,151	1,815
Other impairment losses on non-current assets	2,962	(6,484)	9,446
Impairment losses on loans and receivables	23,639	1,653	21,986
Total amortisation, depreciation and impairment losses	**67,858**	**39,298**	**28,560**

Amortisation was substantially attributable to the contractual rights acquired to develop works for “Maxi-Lot 2” of the Quadrilatero Marche-Umbria road system (€838 thousand) and the Infraflegrea project[31] (€3,258 thousand).

Depreciation mainly related to the contract being performed in Italy (Line 4 of the Milan Metro), which gave a significant contribution to the production for the period.

The decrease in depreciation compared to 2019 was mainly due to lower production volumes for the contracts being performed in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata Mining Projects).

Depreciation of right-of-use assets comprises depreciation of leased assets as per the standard IFRS 16. It mainly refers to (i) core assets (plant, machinery and equipment) used to develop projects in progress in Italy, Chile and Romania, as well as (ii) buildings that will house the local offices of branches. The increase in this item compared to 2019 was mainly due to the development of the railway project in Romania (Curtici-Simeria railway line - Lot 3).

Other impairment losses on non-current assets related to the partial write-down of the contractual rights relating to the Monte Sant'Angelo contract, which was made after the related Impairment Test. For more information on the assumptions used to calculate the related recoverable amount, reference should be made to Note 20 "Intangible assets" below. Furthermore, it should be noted that the change in this item compared to the comparative data was also due to the non-recurring effects that were recorded in 2019, attributable to value reversals of investments held in the SPVs Ankara Etlik Hastane A.S. (€1,080 thousand) and Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu (€2,586 thousand), which were carried out following the outcome of the related impairment tests.

“Impairment losses on loans and receivables” were essentially attributable to (i) the final effects of the impairment of some claims relating to the EPC contract for the construction of the Third Bosphorus Bridge in Turkey (€13,111 thousand) and (ii) to the write-down of receivables claimed from subsidiaries Astaldi

[31] Cumana railway and the Monte Sant’Angelo railway connector in Naples.

Canada Inc. (€6,721 thousand) and Astaldi Costruction Corporation (€8,394 thousand), which are regarded as amounts that may not be recovered on the basis of the impairment tests carried out. This effect was partly offset by a partial reversal of provisions concerning expected losses determined according to the expected credit loss model, totalling €4,843 thousand.

.10 Provisions: €35,261 thousand (€21 thousand)

This caption is broken down as follows:

	2020	2019	Variation
Accruals to the provision for onerous contracts	(2,557)	21	(2,578)
Accruals to other provisions for risks and charges	37,818	0	37,818
Total	**35,261**	**21**	**35,240**

"Accruals to the provision for onerous contracts" [32] includes the partial use - against the final losses recorded in the current year - of the provision for risks set aside in previous years in relation to the costs necessary to fulfil some contracts (net of any related economic benefit), mainly in Chile and Italy.

"Accruals to other provisions for risks and charges" mainly relate to:

(i) accruals to the provision for risks on equity investments (totalling €29.3 million) against costs arising from the enforcement of corporate guarantees issued by the Company mainly on behalf of subsidiaries Astur Construction and Trade A.S. and Afragola FS S.c.r.l. admitted to a composition with creditors;

(ii) the risks associated with any legal actions that could be brought, in order to have their claim satisfied in full within the composition procedure, on the part of Astaldi's creditors residing in foreign countries that do not recognise the Italian composition procedure (€2.8 million);

(iii) the partial review of the estimate made in previous years for refunding the customers for the higher costs and damages due to the termination of some contracts (mainly in Europe), which do not fall within the perimeter of the going-concern criterion as defined in the Business Plan behind the Composition proposal (€6.3 million).

11 Non-recurring income from discharge of debt on continuing operations: €2,309,146 thousand (€ 0 thousand)

This item includes the positive economic effects arising from the discharge of the Company's debt[33], which were observed after the approval of the composition procedure. It should be noted that for the purpose of determining non-recurring income from the aforesaid discharge, the fair value of the newly-issued Astaldi shares issued in favour of creditors to extinguish unsecured liabilities was taken into account, as required by IFRIC 19 – Extinguishing financial liabilities with equity instruments.

The table below shows the methods according to which the aforesaid non-recurring income was determined:

[32] Ref. paragraphs 66-69 of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets".
[33] Net of losses on unsecured claims the JOs claim from the latter entities.

	€ mln
A) Unsecured liabilities transferred to the Separate Unit	3,425
B) Fair value of shares granted in conversion	(348)
of which confirmed creditors	(324)
of which potential creditors (i.e. provision for risks on unsecured claims)	(24)
C) Assets transferred to the Separate Unit	(703)
D) Astaldi S.p.A. – non-recurring income from discharge of debt to unsecured creditors (A+B+C)	**2,374**
E) non-recurring income from discharge of debt to subordinated creditors	14
F) Total - Astaldi S.p.A.	**2,388**
G) Losses on unsecured claims of JOs	(5)
Total for the separate financial statements (F+G)	**2,383**
of which Continuing operations	**2,309**
of which discontinued operations	74

12 Financial income: €100,643 thousand (€65,745 thousand)

This caption is broken down as follows:

	2020	2019	Variation
Income from other investees	42	(220)	262
Income from financial transactions with banks	404	500	(96)
Commissions on sureties	4,647	6,446	(1,799)
Exchange gains	63,440	20,515	42,925
Financial income on leases	370	509	(139)
Income from derivatives	0	2,600	(2,600)
Other financial income	31,740	35,395	(3,655)
Total	**100,643**	**65,745**	**34,898**

“Other financial income” mainly includes: *(i)* accrued interest on amounts due from customers for contracts in progress in Italy and abroad (€14,507 thousand), *(ii)* interest on loans granted to associates and Joint Ventures (€13,367 thousand), and *(iii)* fair value gains on subordinated loans (€2,003 thousand).

Furthermore, there was an increase in exchange gains, which was mainly due to fluctuations of the Turkish lira and the Chilean peso.

13 Financial expense: €183,987 thousand (€97,569 thousand)

This caption is broken down as follows:

	2020	2019	Variation
Interest on bonds	21,864	11,308	10,556
Commissions on sureties	28,504	24,459	4,045
Expense on financial transactions with banks	5,130	4,518	612
Exchange losses	86,453	24,963	61,490
Fair value losses on derivatives	400	4,180	(3,780)
Financial expense on leases	1,684	3,038	(1,354)
Interest on payment extensions for trade payables	1,155	9,326	(8,171)
Non-recourse factoring of receivables	239	280	(41)
Interest expense on other financial liabilities	7,308	2,157	5,151
Impairment of financial assets	29,869	9,321	20,548
Other financial expense	1,381	4,019	(2,638)
Total	**183,987**	**97,569**	**86,418**

"Interest on bonds" relates to pre-preferential bonds[34], the use of which was specifically authorised by the Court of Rome in accordance with article 182-*quinquies* of the Bankruptcy Law. The increase over the comparative period was attributable to the higher amounts drawn on average out of the bond compared to 2019.

The increase in exchange losses, which mainly affected the areas of Turkey and Chile, was partially offset by higher exchange gains as commented on in note 12 above. Furthermore, with regard to foreign exchange management, it should be noted that in the current year the charges that had been previously recorded through OCI in relation to the Translation reserve of the related foreign operations (totalling approximately €23 million) were reclassified to the statement of the profit (loss) for the year, within the broader context of the Astaldi Group's withdrawal from some projects carried out in partnership with ICTAS in Turkey (the EPC contract[35] concerning the construction of the Third Bosporus Bridge).

"Commissions on sureties" are mainly attributable to the countries with the greatest historical footprint where the Group's industrial activities were refocused following the start of the composition procedure (Italy, Romania, Chile and Poland).

"Impairment of financial assets" essentially relates to subsidiaries Astaldi Canada Inc. (€29,418 thousand) and Astaldi Costruction Corporation (€6,081 thousand), which were regarded as unrecoverable following the impairment tests carried out. However, these amounts were partially offset (for a total of -€5,803 thousand) by the positive effects of the uses of the provisions for impairment set aside in previous years in relation to the estimated credit losses on financial assets in stage 1 and with reference to the loans disbursed to subsidiary N.B.I. S.p.A..

[34] Bond for an initial amount of €75 million issued on 12 February 2019 (Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022), which was subsequently increased and amended up to €190 million on 27 November 2019 (up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022).

[35] Engineering, Procurement, Construction.

14 Income taxes: €180,046 thousand (€26,837 thousand)

The components are broken down in the table below:

	2020	2019	Variation
Current income taxes (*)	2,303	31,271	(28,968)
Deferred income taxes	176,650	(5,698)	182,348
IRAP, current	87	160	(73)
Prior year and other taxes	1,006	1,104	(98)
Total	**180,046**	**26,837**	**153,209**

(*) Income taxes relate to the IRES (corporate income) tax for Italy and to similar taxes for foreign countries

The increase in this item, compared to the same period of the previous year, was essentially due to the effects of the approval of Astaldi S.p.A.'s Composition Proposal and, in particular, to the tax regime applicable to the non-recurring item arising from the discharge of debt upon the award of the new shares in conversion and the PFIs to unsecured creditors, against the write-off of the amounts they claimed from the Parent.

Given that Astaldi S.p.A. has submitted a specific application for ruling to the competent Revenue Agency office, which is aimed at obtaining clarifications on certain tax issues concerning the implementation of the Composition Proposal, including clarifications on how to determine the non-recurring income from discharge of debt relevant for tax purposes, the management has considered that the non-recurring income falls within the scope of the regime referred to in article 88 of the Consolidated Act on Income Taxes (TUIR, Presidential Decree 917 of 1986) for the purposes of preparing these separate financial statements.

In particular, according to paragraph 4-*ter*, "*[i]n the event of a turnaround agreement, a debt restructuring agreement approved in accordance with article 182-*bis *of Royal Decree no. 267 of 16 March 1942, or a certified plan in accordance with article 67, paragraph 3.d), of the aforementioned Royal Decree no. 267 of 1942, published in the register of companies, or equivalent foreign procedures, the reduction in the entity's debts does not constitute an non-recurring income for the portion that exceeds the losses, both past and present, referred to in article 84, without considering the limit of eighty percent, the deduction for the period and the surplus relating to the aid to economic growth referred to in article 1, paragraph 4, of Decree Law no. 201 of 6 December 2011, as amended and converted into Law no. 214 of 22 December 2011, and interest expense and similar financial charges referred to in article 96, paragraph 4, of this consolidated act.*"

According to the abovementioned provision, the non-recurring income recorded against the write-off of unsecured claims has been regarded as taxable (for IRES tax purposes only) up to the full amount of Astaldi S.p.A.'s past losses and the excess interest expense that were not deducted in previous years. Against this taxability, the corresponding deduction of the aforesaid income components (tax losses and non-deducted interest) has been considered, with a net effect of zero on current taxes. The deduction of interest expense that were not deducted in previous years and tax losses carried forward results in the release of the related deferred tax assets recognised by the Company in previous years to the income statement. On the other hand, the excess portion of the non-recurring income, with respect to the portion that is regarded as taxable, benefits from total exemption: for this reason, no additional effects on current taxes have been considered. Finally, it should be noted that Astaldi S.p.A. does not expect any tax effect directly connected with the transaction in foreign countries where it operates directly through its permanent establishments.

Deferred tax assets and liabilities amounting to €88,183 thousand and €56,787 thousand, respectively, are broken down as follows:

	31/12/2020 IRES	31/12/2020 IRAP	31/12/2019 IRES	31/12/2019 IRAP
Deferred tax assets, deriving from:				
- provisions for risks, taxed and costs deductible in following financial years	58,730	4,230	24,777	3,820
- exchange differences	16,527	0	13,722	0
- tax losses	0	0	102,412	0
- IFRS 9 and IFRS 15	18,636	0	23,567	0
- interest expense as per art. 96 and others	0	0	113,316	0
- other minor	819	0	0	0
Deferred tax assets before set-off	**94,712**	**4,230**	**277,794**	**3,820**
Set-off	(10,759)	0	(6,353)	
Deferred tax assets after set-off	**83,953**	**4,230**	**271,441**	**3,820**
Deferred tax liabilities, deriving from:				
- buildings recognised at fair value as deemed cost	(3,807)	0	(3,807)	0
- taxable portion of dividends	0	0	(62)	0
- default interest to be received	(6,952)	0	(5,998)	0
- foreign components taxable in following years	(56,787)	0	(52,732)	0
- other minor	0	0	(302)	0
Deferred tax liabilities before set-off	**(67,546)**	**0**	**(62,901)**	**0**
Set-off	10,759	0	6,353	0
Deferred tax liabilities after set-off	**(56,787)**	**0**	**(56,548)**	**0**

Below are the changes in Deferred tax assets and liabilities:

	2020	2019
Net deferred tax assets/liabilities at the beginning of the Year	**218,712**	**209,412**
(Accruals) uses charged to profit or loss	(176,650)	5,698
(Accruals) uses charged to OCI	(10,698)	3,805
Changes in consolidation perimeter and exchange rate effect	32	(204)
Net deferred tax assets/liabilities at the end of the year	**31,396**	**218,712**

The recoverability of the deferred tax assets recognised in the separate financial statements is reliably ensured by the forecasts implicit in and deriving from the business plan that was approved by the Company's Board of Directors on 14 March 2021.

The following is a reconciliation, solely for IRES purposes, between the actual tax (current and deferred) and theoretical tax resulting from the application of tax rates ruling in Italy (equal to 24%) to pre-tax profit (loss):

	2020	%	2019	%
Pre-tax profit (loss)	**1,986,197**		**(26,076)**	
Theoretical tax	476,687	24.00%	(6,258)	24.00%
DTAs on unrecognised losses	23,166	1.17%	0	0%
Net effect of permanent increases (decreases)	(319,050)	(16.06%)	(11,159)	42.79%
Net effect of deferred and current taxes of Foreign Operations and other adjustments	(199)	(0.01%)	34,857	(133.67%)
Prior year and other taxes	111	0.01%	9,855	(37.79%)
IRAP (current and deferred)	87	0.00%	386	(1.48%)
Taxes recognised in the separate financial statements (current and deferred)	**180,803**	**9.10%**	**27,681**	**(106.15%)**

The net effect of permanent decreases mainly related - in 2020 - to the amount of the non-recurring income, recognised against the write-off of unsecured debt, which is regarded as non-taxable for IRES tax purposes in accordance with article 88, paragraph 4-*ter*, of the Consolidated Act on Income Taxes (Presidential Decree no. 917 of 1986).

In this regard, it should be noted that the components relating to discontinued operations were also taken into account in calculating the tax rate.

15 Net loss from discontinued operations: -€16,332 thousand (-€6,531 thousand)

Within the scope of implementation of the guidelines of the 2018-2023 business and financial plan filed together with the application for admission to the composition with creditors procedure with the Court of Rome on 14 February 2019, which were further reiterated in the new 2021-2023 business plan that was approved by the Board of Directors of Astaldi S.p.A. on 14 March 2021, Astaldi S.p.A. has started an in-depth analysis of the order backlog with a view to achieving a gradual reduction in the intrinsic risk associated with each project.

This analysis, in line with the business plan, has led to a reduction in the Group's footprint in countries that are regarded as being at a higher risk and the selection of projects that are more sustainable as a whole from both an economic and financial point of view.

In particular, the business plan provides a precise definition of the backlog of countries in which to concentrate the Group's industrial operations and, consequently, those countries (mainly Central American countries, Russia and, in some areas, the Middle East in terms of income values for 2020) in relation to which, on the other hand, operations should be discontinued as they no longer meet the requirements of revised commercial and industrial planning strategies.
Accordingly, in implementing the guidelines of the business plan, Astaldi:

- agreed with the shareholder Ictas, within the broader scope of the agreement for the sale of the concessionaire company for the Third Bosphorus Bridge, which was entered into on 20 June 2019 and became effective in March 2020, its complete withdrawal in favour of the same shareholder from the operations being carried out in partnership in Russia;
- suspended the operations of its Honduras Branch after the local Judicial Authorities appointed an administrator on 25 May 2019 in order to sell the Branch’s assets to satisfy its creditors;
- proceeded with the termination of the industrial operations of the additional geographical areas identified on the basis of the Company's new business plan, as early as from 2019.

With reference to all of the aforesaid circumstances, Astaldi's directors have deemed it necessary to classify the income components attributable to the geographical areas under review as discontinued operations in consideration of the information provided above and considering that the conditions laid down in paragraph 32.a) and b) of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations – were already met as early as from 2019.

Below is the breakdown of income and expense included in the aggregate under review:

Income from discontinued operations

	2020	2019	Variation
Revenue from contracts with customers	2,947	120,719	(117,772)
Other operating revenue	7,213	32,091	(24,878)
Financial income	8,214	17,779	(9,565)
Non-recurring income from discharge of debt for discontinued operations	74,127	**0**	**74,127**
Total income from Discontinued Operations	**92,501**	**170,589**	**(78,088)**

Expense from discontinued operations

	2020	2019	Variation
Operating costs	14,334	122,388	(108,054)
Personnel expenses	2,015	30,515	(28,500)
Other operating costs	11,036	2,605	8,431
Provisions and impairment losses	40,895	4,662	36,233
Financial expense	39,796	16,106	23,690
Taxes	757	844	(87)
Total expense from Discontinued Operations	**108,833**	**177,120**	**(68,287)**

Net loss from Discontinued Operations (equal to about €16 million) was mainly attributable to:

(i) the reclassification, in the statement of profit (loss) for the year, concerning the charges (totalling €20 million) previously recognised as OCI in relation to the Translation reserve for the M-11 Motorway and St. Petersburg WHSD projects in Russia following the disposal of the related foreign operations;

(ii) provisions set aside against the risks associated with any legal actions that could be brought, in order to have their claim satisfied in full, on the part of Astaldi's creditors residing in foreign countries that do not recognise the composition procedure (approximately €8 million);

(iii) the partial review of the estimate made with regard to certain pending legal disputes (approximately €21 million), which mainly relate to Central America and certain discontinued operations in Europe;

(iv) foreign exchange losses generated on accounting balances that are mainly denominated in Roubles and Dollars (approximately €12 million);

(v) as well as to current operating expenses for legal, tax and administrative requirements prescribed for the discontinuance of aforesaid operations.

These effects were only partly offset by the Non-recurring income generated as a result of the approval of the Parent's composition with creditors with reference to the payables of the branches operating in discontinued operations (equal to approximately €74 million).

16 Earnings per share: €5.51 (-€0.55)

Basic earnings per share are calculated as follows:

		2020	2019
Numerator (€'000)			
Profit (loss) from continuing operations	**(a)**	**1,821,726**	(47,227)
Profit (loss) for the year	**(b)**	1,805,394	(53,757)
Denominator (in units)			
Weighted average of ordinary shares		327,896,845	98,424,900
Weighted average of treasury shares		(454,415)	(551,834)
Weighted average of shares used to calculate basic earnings per share	**(c)**	327,442,430	97,873,066
Basic earnings per share - (€)	**(b)/(c)**	**Euro 5.51**	**Euro (0.55)**
Basic earnings per share from continuing operations - (€)	**(a)/(c)**	**Euro 5.56**	**Euro (0.48)**

Diluted earnings per share of €5.55 (only considering the profit from continuing operations) was calculated by dividing the profit for the year pertaining to Astaldi S.p.A.'s shareholders by the weighted average number of Astaldi S.p.A. shares outstanding during the year, excluding treasury shares, as increased by the weighted average of shares that could potentially be issued (12,853,455 shares) to service the Lender Warrants.

17 Property, plant and equipment: €36,990 thousand (€71,984 thousand)

The table below shows the opening and closing balances and variations of the year:

2020

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machinery	Assets under const. and payments on account	Total
Balance at 31 December 2019, net of depreciation (1)	29,548	18,516	5,874	16,065	1,980	71,983
Additions from acquisitions	0	381	12	955	4,878	6,226
Gross amount	**29,548**	**18,897**	**5,886**	**17,020**	**6,858**	**78,209**
Depreciation	(918)	(2,593)	(1,436)	(3,383)	0	(8,329)
Disposals	(21,691)	(2,450)	(388)	(875)	0	(25,404)
Reclassifications and transfers	(88)	73	87	41	(113)	0
Net exchange gains (losses)	(2)	231	(526)	(421)	(669)	(1,386)
Change in consolidation scope and other changes	391	(1,230)	(724)	(2,372)	(2,164)	(6,100)
Balance at 31 December 2020, net of depreciation (2)	**7,241**	**12,929**	**2,898**	**10,010**	**3,911**	**36,989**
(1) of which:						
Historical cost	45,345	64,208	42,607	57,948	1,980	212,088
Acc. depreciation	(15,798)	(45,692)	(36,733)	(41,883)	0	(140,105)
Carrying amount	**29,548**	**18,516**	**5,874**	**16,065**	**1,980**	**71,983**
(2) of which:						
Historical cost	12,622	52,680	33,884	46,859	3,911	149,955
Acc. depreciation	(5,381)	(39,751)	(30,986)	(36,849)	0	(112,966)
Carrying amount	**7,241**	**12,929**	**2,898**	**10,010**	**3,911**	**36,989**

The most significant changes that occurred in 2020 related to:

- additions from acquisitions, totalling €6,226 thousand, mainly relating to investments made for projects in Italy and Chile;
- depreciation for the year of €8,329 thousand, mainly relating to the development of industrial operations for the projects being implemented in Romania (Curtici-Simeria railway line - Lots 2A, 2B and 3, as well as the Braila Bridge over the Danube);
- disposals (€25,404 thousand) in the year, mainly concerned the transfer, among segregated assets of the separate unit, involving the building and annexed land located in Rome, at Via G.V. Bona no. 65, hosting the present operational office of the Company (€21,849 thousand) and the disposal of assets under contracts that are being completed, mainly in Italy and Turkey;
- the changes in consolidation scope mainly concerned the deconsolidation of the equity balances relating to the Astaldi- Vinci CGP UJV (Santiago Airport in Chile) following the loss of joint control over the Entity in December 2020.

2019

	Land and buildings	**Generic and specific plant**	**Excavators, power shovels and vehicles**	**Sundry equipment and machinery**	**Assets under const. and payments on account**	**Total**
Balance at 31 December 2018, net of depreciation (1)	30,676	57,829	21,049	21,985	5,904	137,443
Additions from acquisitions	43	430	802	923	0	2,198
Gross amount	**30,719**	**58,259**	**21,851**	**22,908**	**5,904**	**139,641**
Depreciation	(1,073)	(5,455)	(1,807)	(4,079)	0	(12,414)
Disposals	0	(11,288)	(1,015)	(1,433)	0	(13,736)
Reclassifications and transfers	(96)	(22,682)	(13,093)	(1,297)	(3,921)	(41,089)
Net exchange losses	(2)	(319)	(61)	(34)	(3)	(419)
Change in consolidation scope and other changes	0	0	0	0	0	0
Balance at 31 December 2019, net of depreciation (2)	**29,548**	**18,516**	**5,874**	**16,065**	**1,980**	**71,983**
(1) of which:						
Historical cost	45,391	145,928	87,272	71,802	5,904	356,297
Acc. depreciation	(14,715)	(88,099)	(66,223)	(49,824)	0	(218,862)
Carrying amount	**30,676**	**57,829**	**21,049**	**21,985**	**5,904**	**137,443**
(2) of which:						
Historical cost	45,345	64,208	42,607	57,948	1,980	212,088
Acc. depreciation	(15,798)	(45,692)	(36,733)	(41,883)	0	(140,105)
Carrying amount	**29,548**	**18,516**	**5,874**	**16,065**	**1,980**	**71,983**

18 Right-of-use assets: €14,719 thousand (€29,589 thousand)

This caption comprises leased assets as per the standard IFRS 16 and mainly refers to core assets (plant, machinery and equipment) used to develop projects in progress mainly in (i) Chile (Chuquicamata Mining Projects), and (ii) Italy (Line 4 of the Milan Metro), as well as (iii) buildings that will house the local offices of foreign branches.

Below are the types of the caption under review:

2020

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Total at 31/12/2020
Historical cost	6,226	11,765	24,535	2,718	45,244
Acc. Depreciation	(3,068)	(7,797)	(17,870)	(1,790)	(30,525)
Total	**3,158**	**3,968**	**6,665**	**928**	**14,719**

The change in this item compared to the same period of the previous year was mainly due to the normal depreciation cycle for the above-mentioned assets (€26,966 thousand), which was partially offset by new acquisitions relating to work in progress in Italy.

2019

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Total at 31/12/2019
Historical cost	4,688	22,543	32,168	2,721	62,119
Acc. Depreciation	(2,397)	(9,499)	(19,408)	(1,226)	(32,530)
Total	**2,291**	**13,044**	**12,759**	**1,495**	**29,589**

19 Investment property: €120 thousand (€127 thousand)

Investment property, totalling €120 thousand (€127 thousand at 31 December 2019), includes buildings and land held for investment purposes, the value of which substantially decreased due to ordinary depreciation (€8 thousand).

The caption is not measured at fair value as the indicators are not wholly reliable and the investment is immaterial.

20 Intangible assets: €28,687 thousand (€ 37,231 thousand)

The table below shows changes in this caption:

	31/12/2019	Increases from acquisitions	Amortisation	(Impairment Losses)/Reversals under profit or loss	Changes in consolidation scope and other changes	31/12/2020
Historical cost	**79,399**	850	0	(3,517)	(1,639)	**75,093**
Acc. Amortisation	**(42,169)**	0	(5,954)	0	1,717	**(46,406)**
Carrying amount	**37,231**	**850**	**(5,954)**	**(3,517)**	**78**	**28,687**

Below is a more detailed breakdown concerning the type of intangible assets included in this caption:

	31/12/2020	31/12/2019	Variation
Contractual rights	28,156	35,873	(7,717)
Application software	326	443	(117)
Other minor	205	915	(710)
Total	**28,687**	**37,231**	**(8,544)**

At 31 December 2020, the aggregate under review mainly related to "Contractual rights" acquired from third parties to perform the following contracts: (i) works for the construction of Maxi-lot 2 of the Quadrilatero Marche-Umbria road system (€10,143 thousand); (ii) Infraflegrea project (€16,803 thousand).

The change in the item was mainly due to ordinary amortisation of intangible assets (€5,954 thousand) and to the impairment made on contractual rights for the Monte Sant'Angelo project (€3,517 thousand).

Finally, it should be noted that, while taking account of the indicators of impairment[36] on the contractual rights of the Infraflegrea and the Quadrilatero projects, management prudently tested the related investments for impairment.

Specifically, the Company estimated value in use by discounting the operating cash flows (using the UDCF method) calculated on the basis of the projections based on reasonable and sustainable assumptions reflecting the Parent management's best estimates. The cash flows of each year have been suitably discounted (mid-year convention) at a WACC rate of 9.53%.

Impairment test results

Quadrilatero Marche-Umbria road system

The impairment test did not show the need to recognise an impairment loss on this intangible asset. Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of the investment. Similarly, an assumed decrease of 10% in annual EBIT on a linear basis in all years covered by the plan would not affect the recoverability of intangible assets.

Infraflegrea project

In this context, the impairment test was carried out by verifying, as usual, separately whether the investments related to the Cumana railway line and Monte Sant'Angelo could be recovered. For this purpose, it should be noted that the contracts under review, although both of them are part of the Infraflegrea Project, constitute two separate Cash Generating Units that are separately monitored by management for operational purposes.

Specifically, as regards the contractual rights attached to the **Monte Sant'Angelo** contract, the impairment test carried out required a partial write-down of the related investment (-€3,517 thousand).

Below are the results of the sensitivity analysis carried out:

- a reasonable change in the financial parameters used to calculate the discount rate (-100/+100 bps) would entail a corresponding change of about €+364/-345 thousand in the recoverable value of the intangible asset;

- a reasonable change by -10%/+10% in annual EBIT on a linear basis in all years covered by the plan would entail a corresponding change of about €+1,114/-1,115 thousand in the recoverable value of the intangible asset.

On the other hand, the impairment test carried out on the contractual rights for the **Cumana Railway** substantially confirmed that the related investment was recoverable. However, it should be noted that the

[36] Internal information about delays in the performance of works for the Infraflegrea Project and market capitalisation of the Astaldi stock for the Quadrilatero Marche-Umbria road system.

sensitivity analysis carried out would show that an assumed reasonable change in the parameters used to assess the related recoverable amount could entail the impairment of the intangible assets for about -€228 thousand (+100 bps in the discount rate) / -594 (-10% of annual EBITDA on a linear basis in all years covered by the plan).

Finally, the caption does not include leased assets.

21 Equity investments: €111,794 thousand (€537,653 thousand)

Equity investments net of impairment losses amount to €111,794 thousand, down by €425,859 thousand on 31 December 2019.

	31/12/2020	31/12/2019	Variation
Equity-accounted investments	86,001	513,164	(427,163)
Participating Financial Instruments - Astaldi Separate Unit	1,177	0	1,177
Non-controlling interests	24,616	24,489	127
Total	**111,794**	**537,653**	**(425,859)**

21.1 Equity-accounted investments

The change in this caption was mainly due to the transfer of some SPVs operating in the business line of concessions to the segregated assets of the separate unit. In particular, by a resolution dated 24 May 2020, in accordance with the terms of the Composition Plan and Proposal approved by the creditors, the Parent's Board of Directors resolved to set up a separate unit ("the Separate Unit" or "SU") in accordance with article 2447-*bis* et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt, that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors") by selling all the assets, rights and legal relationships transferred to the Separate Unit, thus separating them from the larger general assets of the Parent. The Separate Unit includes (and segregates) specific assets, rights and legal relationships (assets and liabilities) earmarked for disposal and attributable, for the item under review, to the following equity investments:

Company name	Project	Investment %	Transferred Value
Astaldi Concessioni S.p.A.	N.A.	100.00%	17,427
Otoyol Yatirim Ve Isletme A.S.	Gebze - Orhangazi – Izmir Motorway	18.14%	377,723
Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS	Etlik Health Campus	5.00%	3,122

In addition to the information reported above, it should be noted that the additional changes for the period were attributable to the overall financial effects arising from accounting for Subsidiaries, Associates and Joint Ventures according to the equity method and, specifically, to the losses for the period recorded by subsidiaries AR.GI. S.p.A. (-€27,939 thousand), Astur Construction and Trade A.S (-€19,193 thousand) and Partenopea Finanza Progetto ScpA (-€7,017 thousand), essentially due to the write-down of the unsecured claims the latter claim from Astaldi S.p.A..

For more details on the changes that were recorded in equity investments, reference should be made to Annex 3 – "Information on changes in equity investments".

The carrying amounts of the equity investments are shown net of the capital proceeds to be paid in for shares and/or quotas subscribed, like at 31 December 2019.

21.2 Participating Financial Instruments

This caption, totalling €1,177 thousand, includes the fair value of the Participating Financial Instruments "PFIs" (ISIN code: IT0005422925) awarded to the Joint Operations, over which the Company has joint control, as partial payment of unsecured claims. As regards the fair value measurement of the PFIs (equal to approximately €0.17 per PFI), it should be noted that it was determined by taking account of the estimated net proceeds from the sale of each asset that makes up the Separate Unit compared to the number of PFIs that are currently outstanding, including those that could be issued in relation to the unsecured debt to be ascertained (i.e. provisions for risks). As at the reporting date of the 2020 financial year, it was not necessary to make any adjustment to the fair value of the PFIs compared to the value at which they were recognised initially.

21.3 Non-controlling interests

The Group decided to avail of the option as per paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some non-controlling interests (i.e., investments in concession SPEs) as assets at FVTOCI[37], in order to take into account the fact that the valuation of such investments, related to projects developed over a long period of time, can be influenced by external elements[38] - mainly temporary in nature - that do not entail a definitive increase/decrease in equity. Management deemed that recognising these effects in profit or loss would thus impact the proper presentation of the Group's income and expense as they only refer to a temporary accounting presentation. The following table provides a summary of the key figures of the main investments recognised at FVTOCI:

Company name	Business Line	Fair value	Cost	Variation	Investment %	Ke[39]	Valuation method
SPV Linea M4 S.p.A.	Concessions	21,594	23,295	(1,700)	9.63%	8.47%	DDM

On the other hand, it should be noted that since non-controlling interests in the construction business line relate to Consortium Companies and Consortia, the related cost can be regarded as an appropriate measurement of the related fair value.

22 Financial assets

22.1 Non-current financial assets: €75,026 thousand (€63,142 thousand)

The table below gives a breakdown of non-current financial assets:

	31/12/2020	31/12/2019	Variation
Non-current loan assets	38,504	34,912	3,592
Other financial assets – investees	36,633	19,251	17,382
Other financial assets - third parties	2,166	1,024	1,142
Lease payments receivable	4,118	8,461	(4,343)
Provisions for doubtful accounts	(6,395)	(506)	(5,889)
Total	**75,026**	**63,142**	**11,884**

Non-current loan assets mainly relate to the subordinated loans (semi-equity) granted to the SPEs in the concessions segment.

[37] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.
[38] Variations in exchange rates and discount rates.
[39] Calculated based on market values.

The amounts granted to the main Investees are summarised below:

	31/12/2020	31/12/2019	Variation
Ankara Etlik Hastane A.S.	0	5,930	(5,930)
Metro 5 S.p.A.	1,369	1,828	(459)
Otoyol Yatirim Ve Isletme A.S.	0	461	(461)
SPV Linea M4 S.p.A.	37,134	26,694	10,440
Total	**38,504**	**34,912**	**3,590**

The changes for the year mainly related to: (i) the transfer of the semi-equity relating to the SPV Ankara Etlik to the segregated assets of the Separate Unit, as required by the composition proposal that has been approved, and (ii) additional amounts granted in the year to the Concessionaire company Linea M4 S.p.A. (€8,575 thousand), in addition to the change in the fair value of such financial instrument.

“Other financial assets – investees” showed an increase that was mainly due to financing granted to Astaldi Canada Enterprises Inc. to support the development of business activities in Canada.

“Lease payments receivable” (€4,118 thousand) related to the contract in place with the associate Brennero Tunnel Construction S.c.a.r.l. for the lease of a TBM needed to bore the Brenner Base Tunnel. This caption showed a decrease compared to the previous year as a result of the collection of the rentals falling due during 2020.

22.2 Current financial assets: €93,856 thousand (€386,336 thousand)

This item totalled €93,856 thousand and are made up as follows:

	31/12/2020	31/12/2019	Variation
Current loan assets	106,527	407,114	(300,587)
Advance liquidation payments to the Separate Unit	34,039	0	34,039
Impairment losses on financial assets	(46,641)	(17,098)	(29,543)
Loss allowances	(69)	(3,679)	3,610
Total	**93,856**	**386,336**	**(292,480)**

“Current loan assets” mainly related to loans gradually granted to subsidiaries in order to provide them with the necessary financial support for the development of their production activities. The most significant items include the loans granted to (i) Astaldi Canada Inc (€49.7 million), (ii) Consorzio Stabile Operae (€12.5 million), (iii) Seac S.p.a.r.l. in liquidation (€6.9 million) and (iv) Astaldi Canada Enterprises Inc. (€5.8 million). The substantial decrease in this caption compared to the same period of the previous year was essentially due to:

- the transfer of loans gradually granted to Astaldi Concessioni S.p.A. (equal to €226 million at 31 December 2019) to the segregated assets of the Separate Unit;
- the conversion into cash of the financial receivables held by the Apice-Hirpinia consortium (equal to €47.1 million at 31 December 2019);
- the collection of rentals due in 2020 in relation to the financial lease in place with the associate Brennero Tunnel Construction S.c.a.r.l. (€9.9 million).

Impairment losses on current loan assets refer to partially credit-impaired exposures with the subsidiaries (i) Astaldi Canada Inc. (€38.8 million) and (ii) Seac S.p.a.r.l. in liquidation (€6.9 million).

“Advance liquidation payments to the Separate Unit" related to the amounts advanced to the Separate Unit – as required by Astaldi's composition plan, which provides for a total financial contribution of approximately €75 million on this basis – to enable the Separate Unit to meet the capitalisation commitments already undertaken with the concessionaire companies in order to provide them with the financial resources needed to complete the construction of the works under concession. In particular, the amount of €34,039 thousand is mainly related to payments made to the SPVs Ankara Etlik (€13.4 million) and Sociedad Concesionaria Nuevo Pudahuel (€18.4 million).

23 Other assets

23.1 Other non-current assets: €59,766 thousand (€107,692 thousand)

The table below shows the breakdown of this caption.

	31/12/2020	31/12/2019	Variation
Indirect taxes	1,718	6,929	(5,211)
Direct taxes	11,580	6,731	4,849
Tax assets	**13,298**	**13,660**	**(362)**
Guarantee deposits	22,037	35,119	(13,082)
Prepaid insurance premiums	3,865	3,628	237
Prepaid surety commissions	18,658	1,187	17,471
Other prepayments	1,866	2,041	(175)
Amounts due from social security institutions	41	25	16
Other sundry loans and receivables	0	52,031	(52,031)
Other assets	**46,468**	**94,031**	**(47,563)**
Total	**59,766**	**107,692**	**(47,926)**

The decrease in “Guarantee deposits” was mainly attributable to the partial recovery of sums given as security for the Customer entity for the Chuquicamata Mining Projects in Chile (Contract C13 and El Teniente contract). "Other sundry loans and receivables" showed a decrease that was substantially due to the effect of the transfer of Receivables and Work in progress relating to the Venezuelan railway projects (equal, net of the related provisions for doubtful accounts, to €52 million) to the segregated assets of the Separate Unit in accordance with the provisions of the composition proposal that has been approved.

23.2 Other current assets: €394,425 thousand (€399,397 thousand)

“Other current assets”, equal to €394,425 thousand, showed a decrease of €(4,972) thousand compared to the previous year.

	31/12/2020	31/12/2019	Change
Receivables for the sale of goods and/or services	267,133	276,133	(9,000)
Advances to suppliers and subcontractors	74,680	89,545	(14,865)
Amounts due from personnel	1,095	740	355
Amounts due from social security institutions	1,355	1,225	130
Credit notes from suppliers	12,994	15,210	(2,216)
Prepaid insurance premiums	6,577	6,418	159
Prepaid surety commissions	9,927	2,161	7,766
Other prepayments	1,450	958	492
Other sundry loans and receivables	19,650	11,833	7,817
Allowance for contract losses to complete	(436)	(4,826)	4,390
Total	**394,425**	**399,397**	**(4,972)**

“Receivables for the sale of goods and/or services”, equal to €267,133 thousand, mainly relate to:

- activities ancillary to the construction of works (leases of machinery and equipment, sales of goods and provisions of services) provided to suppliers and subcontractors of the construction segment (€88,303 thousand);
- receivables of €178,830 thousand from subsidiaries, associates and joint ventures for (i) industrial, administrative, procurement and engineering services, and *(ii)* commissions for guarantees given by the Company to obtain the performance and advance payment bonds required by the individual contracts.

“Advances to suppliers and subcontractors” showed a decrease of €14,865 thousand, which was due, above all, to the deconsolidation of the equity amounts relating to the Astaldi- Vinci CGP UJV (Santiago Airport in Chile) following the loss of joint control over the Entity in December 2020.

24 Inventories: €30,981 thousand (€32,492 thousand)

This caption, totalling €30,981 thousand at 31 December 2020, is made up as follows:

	31/12/2020	31/12/2019	Variation
Raw materials, consumables and supplies	34,212	35,155	(943)
Allowance for inventory write-downs	(8,809)	(8,867)	58
Finished goods	927	425	502
Goods and materials in transit	4,651	5,779	(1,128)
Total	**30,981**	**32,492**	**(1,511)**

“Allowance for inventory write-downs” relates to certain countries in the Americas where the Group no longer intends to continue its operations. It should be noted that in this context the realisable value was taken into account for the write-off of the inventory assets, considering (i) the reference economic environment of the aforesaid countries and (ii) Astaldi's intention to complete the process of withdrawal from these areas as soon as possible.

The table below gives a more detailed breakdown of inventories by geographical segment:

	31/12/2020	%	31/12/2019	%	Variation
Italy	4,238	13.68%	3,615	11.13%	623
Europe	23,178	74.81%	23,193	71.38%	(15)
Americas	3,310	10.68%	5,429	16.71%	(2,119)
Africa	255	0.82%	255	0.78%	0
Total	**30,981**	**100.00%**	**32,492**	**100.00%**	**(1,511)**

The decrease recorded in the Americas was substantially due to the deconsolidation of the equity balances relating to the Astaldi-Vinci CGP UJV (Santiago Airport in Chile) following the loss of joint control over the Entity in December 2020.
In the Europe area, the increase was recorded with regard to the contracts concerning the (i) Braila Bridge over the Danube in Romania, connected with the start of some operational phases on the aforesaid contracts, providing for the gradual procurement of the materials needed to execute the works. This effect was offset by a decrease recorded in Turkey, as a result of Astaldi's withdrawal from the EPC contract for the construction of the Third Bosporus Bridge.

25 Contract assets: €718,786 thousand (€691,199 thousand) Contract liabilities: -€434,244 thousand (-€330,097 thousand)

These captions are broken down as follows:

	31/12/2020	31/12/2019	Variation
Contract work in progress	12,611,758	11,733,872	877,886
Progress payments	(11,762,755)	(10,931,711)	(831,044)
Fines for contract terminations	0	(38,774)	38,774
Contractual advances	(129,455)	(71,353)	(58,102)
Loss allowances	(762)	(834)	72
Contract assets	**718,786**	**691,199**	**27,587**
Contract work in progress	2,839,743	4,761,858	(1,922,115)
Progress payments	(2,788,903)	(4,827,014)	2,038,111
Contractual advances	(485,083)	(264,941)	(220,142)
Contract liabilities	**(434,244)**	**(330,097)**	**(104,147)**

Net contract work in progress[40], recognised separately under contract assets and contract liabilities, showed an increase of approximately €163 million compared to the previous period, which was mainly due to the development of industrial activities for the contracts that gave the greatest contribution to the production for the period in the areas of (i) Italy (the Brenner Base Tunnel, Line C of the Rome Metro and State Road Jonica, Mega-lot 3), (ii) Romania (Braila Bridge over the Danube).

“Contractual advances” showed a total increase of €280 million, which was due to (i) advance payments received from customers in Italy (mainly the State Road Jonica Mega–Lot 3, the Quadrilatero Marche-Umbria road system, Maxi-lot 2 and the High-Speed and High-Capacity Verona–Padua railway line), even following the concessions provided for in the urgent provisions for the liquidity of contractors laid down in the "Relaunch Decree" (Decree Law no. 34 of 19 May 2020).

26 Costs capitalised to fulfil a contract: €3,215 thousand (€1,355 thousand)

This caption includes pre-operating costs - capitalised in accordance with paragraph 95 of IFRS 15 - incurred as part of the analysis and preparation of offers for new commercial projects, which are regarded as being capable of providing in the future greater resources for the performance of the related contracts (i.e. preliminary and/or final design of works, geognostic surveys, topographical surveys, etc.). The balance outstanding as at the reporting date of the current financial year mainly related to certain projects being awarded in Italy.
During the year under review, no evidence was reported, which suggested that the caption under review might be impaired, and therefore no write-down was applied to these assets.

[40] Contract work in progress less progress payments from customers.

27 Trade receivables: €817,708 thousand (€605,710 thousand)

Trade receivables increased by approximately €211,998 thousand compared to the previous year and are made up as follows:

	31/12/2020	31/12/2019	Variation
Customers	212,856	456,221	(243,365)
Investees	527,946	184,439	343,507
Controlling companies	84,685	0	84,685
Loss allowances	(7,779)	(34,949)	27,170
Total	**817,708**	**605,710**	**211,998**

The caption "Investees" is mainly attributable to the receivables that Astaldi S.p.A. claims from the Iricav Due Consortium and Sirjo S.c.p.A. for contract advances collected by these companies on behalf of the consortium members.

The caption "Controlling companies" relates to the receivables that Astaldi claims from the controlling company Webuild S.p.A. within the scope of certain consortium projects carried out in partnership in Italy (State Road Jonica, Mega–Lot 3 and High-Capacity Naples–Bari railway line, Apice–Hirpinia section).

The decrease in "Loss allowances" was mainly attributable (approximately €26 million) to the derecognition of some impaired claims (net of the related provision for doubtful accounts) connected with the EPC contract concerning the construction of the Third Bosphorus Bridge in Turkey.

The table below gives a more detailed breakdown of the caption by geographical segment:

	31/12/2020	%	31/12/2019	%	Variation
Italy	757,265	92.61%	445,152	73.49%	312,113
Europe	42,103	5.15%	133,529	22.05%	(91,426)
Americas	16,469	2.01%	26,328	4.35%	(9,859)
Africa	1,298	0.16%	527	0.09%	771
Asia	573	0.07%	174	0.03%	399
Total	**817,708**	**100.00%**	**605,710**	**100.00%**	**211,998**

Based on the table above:

- the increase in receivables recorded in Italy was mostly attributable to the consortium projects carried out in partnership with the controlling company Webuild S.p.A. (State Road Jonica, Mega–Lot 3, High-Speed and High-Capacity Verona-Padua railway line and High-Capacity Naples–Bari railway line, Apice–Hirpinia section);
- the decrease in Europe was mostly attributable to the substantial completion of the Warsaw metro line II, extension EAST project in Poland and the Parent's withdrawal from the EPC contract concerning the construction of the Third Bosphorus Bridge in Turkey;
- the decline recorded in the Americas area was largely attributable to the collection of the amounts that were claimed in relation to the works for the construction of the New Hospital in Linares in Chile at the end of the comparative year.

It should be noted that the Company occasionally carries out "direct factoring" transactions in relation to Claims that arose from sales of goods or the provision of services (with an average maturity of about 90 days) relating to operations that constitute the core business of the Group. The transactions under review are mainly assignments without recourse that entail the derecognition of the claims during the phase of assignment. As at 31 December 2020 the outstanding amount of the transactions without recourse totalled approximately €10.6 million, equal to about 1.3 % of the portfolio at that date.

Finally, it should be noted that, according to the management, the book value of Trade receivables is capable of reasonably representing the corresponding fair value.

28 Tax assets: €34,345 thousand (€39,005 thousand)

This caption may be broken down as follows.

	31/12/2020	31/12/2019	Variation
Indirect tax assets	31,976	35,757	(3,781)
Income tax assets	2,567	3,446	(879)
Loss allowances	(198)	(198)	0
Total	**34,345**	**39,005**	**(4,660)**

Indirect tax assets decreased by €3,781 thousand compared to 31 December 2019, essentially as a result of the deconsolidation of the equity balances relating to the Joint Operations of the Astaldi- Vinci CGP UJV (Santiago Airport in Chile) and ICA ICTAS – ASTALDI Joint Venture (Third Bosphorus Bridge) following the loss of joint control over these Entities during 2020.

29 Cash and cash equivalents: €339,462 thousand (€241,134 thousand)

This caption increased by €98,328 thousand over 31 December 2019 as follows:

	31/12/2020	31/12/2019	Variation
Bank and post office accounts	339,307	240,957	98,350
Cash-in-hand and cash equivalents	155	177	(22)
Total	**339,462**	**241,134**	**98,328**

A breakdown of this caption by geographical segment is as follows:

	31/12/2020	%	31/12/2019	%	Variation
Italy	240,971	70.99%	127,343	52.81%	113,628
Europe	83,999	24.74%	92,675	38.43%	(8,676)
Americas	8,983	2.65%	15,291	6.34%	(6,308)
Africa	290	0.09%	1,826	0.76%	(1,536)
Asia	5,219	1.54%	3,999	1.66%	1,220
Total	**339,462**	**100.00%**	**241,134**	**100.00%**	**98,328**

The increase in cash and cash equivalents recorded in Italy reflects the positive effects of the cash capital increase reserved for Webuild S.p.A. (€225 million), which was completed in November 2020.

It should be noted that, within the restructuring process of the project related to the Integrated Health Campus of Ankara Etlik in Turkey, the lending banks have imposed restrictions on liquidity (equal to €33.5 million) of the related Joint Operation that holds the EPC contract in order to provide further support and security for the equity payments on the part of the shareholders in the "Ankara Etlik Hastane A.S.[41]" (Ringfencing Deed). Cash and cash equivalents are deposited in certain specific accounts that are pledged in favour of the lending banks, but may be used, according to the Ringfencing Deed, to meet the construction costs incurred by the EPC Contractor. It should also be noted that a portion of the EPC Contractor's cash and cash equivalents is also used to guarantee construction advance payment bond and stand-by letters of credit for the shareholders' capitalisation commitments in the project company.

[41] The SPV that holds the concession agreement relating to the Etlik Hospital.

30 Non-current assets held for sale: €10,220 thousand (€345,674 thousand); Liabilities directly associated with non-current assets held for sale: -€15,337 thousand (-€195,948 thousand)

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale are broken down as follows:

Non-current assets held for sale

	31/12/2020	31/12/2019	Variation
Property, plant and equipment	1,591	8,882	(7,291)
Equity investments measured at cost	0	64,593	(64,593)
Non-current financial assets	0	194,689	(194,689)
Other non-current assets	2,502	3,929	(1,427)
Deferred tax assets	0	31	(31)
Inventories	496	884	(388)
Contract assets	476	6,659	(6,183)
Trade receivables	1,514	33,351	(31,837)
Current loan assets	0	590	(590)
Other current financial assets	0	356	(356)
Tax assets	289	1,533	(1,244)
Other current assets	3,236	29,415	(26,179)
Cash and cash equivalents	116	762	(646)
Total non-current assets associated with disposal groups	**10,220**	**345,674**	**(335,454)**

Liabilities directly associated with non-current assets held for sale

	31/12/2020	31/12/2019	Variation
Non-current financial liabilities	0	(4,485)	4,485
Employee benefits	(29)	(122)	93
Provisions for risks and charges	0	(56,893)	56,893
Contract liabilities	0	(9,498)	9,498
Trade payables	(5,703)	(96,577)	90,874
Current financial liabilities	0	(22,555)	22,555
Other current financial liabilities	0	(31)	31
Tax liabilities	(1,560)	(2,408)	848
Other current liabilities	(8,046)	(3,379)	(4,667)
Total liabilities directly associated with disposal groups	**(15,337)**	**(195,948)**	**180,611**

The net book value of Disposal groups (equal to -€5,118 thousand at 31 December 2020) mainly related (-€5,118 thousand) to the deficit in Honduras. On 25 May 2019 the local Judicial Authorities – taking account of the well-known financial difficulties of the Parent - appointed an administrator with full powers over the branch's assets, in order to manage and preserve them, in order to sell the assets to satisfy its creditors[42]. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the administrator, management classified the assets and liabilities of the Honduras

[42] For more details, reference should be made to the more complete information provided in the explanatory notes to the 2019 separate financial statements.

branch under disposal groups as such amount will only be recovered when the assets are sold to satisfy the creditors. As at the date of preparation of these separate financial statements, the assets had been measured at the lower of their carrying amount and fair value less costs to sell. The latter has been measured considering the market analyses performed on equivalent assets which did not indicate the need to recognise any impairment losses further to those recognised in previous years.

With regard to the main changes in the items under review with respect to comparative data, it should be noted as follows:

- the sale of the 20% stake (including shareholder loan) in the concessionaire company of the Third Bosphorus Bridge, Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu, for an amount of €259,415 thousand at 31 December 2019;
- Astaldi's total withdrawal from the operations carried out in partnership in Russia with its Turkish partner Ictas, which led to the accounting closure of the equity deficit of the aforementioned projects, amounting to -€102,001 thousand at 31 December 2019.

31 Equity: €1,022,069 thousand (-€1,490,758 thousand)

31.1 Share capital: €340,431 thousand (€196,850 thousand)

The Company's subscribed and fully paid-in share capital consists of 1,480,136,785 ordinary shares without a nominal amount and a total of €340,431 thousand.

As at 31 December 2020, according to the shareholders' register and other related information (which is mandatory by law - article 120 of Legislative decree no. 58/98), the shareholders of Astaldi S.p.A. with investments of more than 3% are as follows:

DIRECT SHAREHOLDER	No. of shares	Investment %	Number of voting rights	% of voting rights
Webuild S.p.A.	978,388,450	66.10%	978,388,450	63.86%
Fin.Ast S.r.l.	52,883,842	3.57%	104,817,304	6.84%
Total shareholders with a significant investment	**1,031,272,292**	**69.67%**	**1,083,205,754**	**70.70%**
Market[43]	448,864,493	30.33%	448,975,019	29.30%
Total	**1,480,136,785**	**100.000%**	**1,532,180,773**	**100.000%**

*Pursuant to article 2357-ter.3 of the Italian Civil Code, the voting rights attached to Treasury Shares are suspended.

The main equity transactions that took place in 2020 are described below:

- for the purposes of implementing the Composition Proposal and the Plan, on 31 July 2020 the Extraordinary Shareholders' Meeting of Astaldi resolved to reduce the share capital due to losses by €174,339,455 and thus up to an amount of €22,510,345;
- on 5 November 2020, the capital increases were carried out, which were reserved for Webuild S.p.A. ("Webuild") and the Company's unsecured creditors, respectively, as provided for in the composition proposal approved by the Court of Rome by an order published on 17 July 2020 and as resolved by the Extraordinary Shareholders' Meeting held on 31 July 2020 for a total value of €316,950,033. In particular, the Company completed: (i) the capital increase, with the exclusion of option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, reserved for subscription by Webuild, through the issue of 978,260,870 new shares (the "Webuild Capital Increase" and the "New Shares"), and (ii) the capital increase, with the exclusion of option rights pursuant to article 2441,

[43] Of which 16,984,348 shares assigned to the Group Companies in conversion of unsecured claims against Astaldi S.p.A..

paragraph 5, of the Italian Civil Code, reserved for unsecured creditors of Astaldi S.p.A. in conversion of the receivables they claim against Astaldi, through the issue of 399,782,755 new shares (the "Capital Increase by Conversion" and the "New Conversion Shares"). The New Shares and the New Conversion Shares were fully subscribed and paid up on the same date and were automatically admitted to trading on the Electronic Stock Market organised and managed by Borsa Italiana in accordance with article 2.4.1 of the Stock Exchange Regulation, in the same way as those that are currently outstanding. For more information, reference should be made to the detailed description in the Prospectus, which was approved by CONSOB by notice no. 1075426/20 of 28 October 2020 and was published, in accordance with the applicable law, on 29 October 2020. The New Conversion Shares were assigned to unsecured creditors at the ratio of 12.493 share for every €100.00 in unsecured claim against Astaldi, as provided for in the composition proposal;

- following Banco BPM's request for the exercise of 4,222,094 Astaldi Warrants 2020-2023, which was submitted on 26 November 2020, 4,222,094 Ordinary Shares were awarded to the bank with a corresponding capital increase equal to €971,082.

The table below summarises the changes in the Company's shares during the year:

Event	Number of shares
Old Shareholders	97,871,066
Webuild S.p.A. capital increase	978,260,870
Capital increase by conversion	399,782,755
Capital increase arising from partial exercise of bonus Warrants	4,222,094
Total Shares	**1,480,136,785**

31.2 Reserve for additional charges on capital increases: €2,101 thousand (€0 thousand)

This reserve includes the charges that are directly associated with the capital increases that were completed during the year under consideration.

31.3 Purchase rights and/or obligations on authorised but unissued capital

The Extraordinary Shareholders' Meeting of Astaldi held on 31 July 2020 resolved, among other things:

- to approve the issue and free assignment of 80,738,448 warrants (the "Anti-Dilutive Warrants") reserved for Webuild S.p.A. in accordance with the provisions of the Composition Proposal and under the terms and conditions laid down in the regulation of the Anti-Dilutive Warrants, at the ratio of 1 newly-issued ordinary share of Astaldi for each 1 Anti-Dilutive Warrant that is exercised. The issue of the bonus shares – which took place at the same time as the Webuild Capital Increase – provides for the issue of a maximum number of 80,738,448 ordinary shares of Astaldi S.p.A., with no par value (bonus shares) to service the exercise of the Anti-Dilutive Warrants, without any modification of the share capital. The exercise of the Anti-Dilutive Warrants - in accordance with the terms and conditions set out in the related regulation - will enable Webuild to subscribe and receive (free of charge) a number of Shares such as to ensure that, if any Shares are issued as part of the Unforeseen Creditors Capital Increase, the stake held in Astaldi's share capital will return to 65% thereof;

- to approve: (a) the issue and free assignment of 79,213,774 warrants (the "Lender Warrants") in favour of Astaldi Lending Banks, which grant the right to subscribe ordinary shares of Astaldi S.p.A. at the ratio of 1 share for each 1 Lender Warrant, to be exercised within the deadline of three years from the registration date of the resolution with the Company Register; (b) a divisible capital increase against payment, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a total maximum amount of up to €18,219,168, including share premium (the "Lender Warrant Capital Increase"), through the issue of a maximum number of 79,231,774 shares (the "Conversion Shares"), with no par value, at a unit price of €0.23, to be used exclusively and irrevocably to service the Lender Warrants and then the exercise of the right of subscription granted to the holders of Lender Warrants; (c) the regulation of the warrants, which governs – among others – the issue, the methods of operation, the exercise and transfer of Lender Warrants (the "Lender Warrant Regulation"). As at the reporting date for the current financial year 4,222,094 lender warrants had been exercised, with a consequent capital increase of €971,081;

- to approve the revocation of: (i) the resolution passed by the extraordinary shareholders' meeting held on 15 December 2017, whereby it approved a cash capital increase for a total maximum nominal amount of €35,706,998, which was reserved exclusively for the service of the equity-linked bond for a total amount of €140,000,000 known as "€140,000,000 4.875 per cent Equity-Linked Notes due 2024"; and (ii) the resolution passed by the extraordinary shareholders' meeting held on 28 June 2018, whereby it approved a divisible capital increase against payment, for a total maximum amount of € 300,000,000, to be offered as an option to shareholders.

It is further noted that the same shareholders' meeting also passed resolutions concerning:

- a divisible capital increase for a maximum total amount of up to €98,653,846, including the share premium, through the issue of a maximum number of 428,929,765 shares, with no par value, at a unit price of €0.23, to be reserved for subscription by the Confirmed Creditors and the Potential Creditors of Astaldi, to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi S.p.A. (the "Capital Increase by Conversion"). As at the reporting date of the current financial year this capital increase was carried out for €91,950,033, corresponding to 399,782,755 shares;

- a divisible capital increase, with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code for a maximum total amount of up to €10,000,000, including the share premium, through the issue of a maximum number of 43,478,261 shares, with no par value, at a unit price of €0.23, to be reserved for subscription by the Unforeseen Creditors of Astaldi, to be assigned to them in settlement of their claims at the ratio of 12.493 new shares for every €100.00 in unsecured claim against Astaldi (the "Unforeseen Creditors Capital Increase").

A copy of the shareholders' meeting resolution is available to the public on the Company's website (www.astaldi.com).

31.4 Treasury shares: -€339 thousand (-€3,023 thousand)

As regards the treasury shares that were owned by the Company at the end of the 2019 financial year (553,834 shares for a total investment of €3,023 thousand), it should be noted that the extraordinary shareholders' meeting of Astaldi S.p.A., which was held on 31 July 2020, resolved to cancel the shares held in the portfolio, without reducing the share capital, by means of a total write-off of the related reserve for treasury shares.

At the end of the 2020 financial year, the value of the reserve for treasury shares related to the shares assigned in conversion - in accordance with the provisions of the approved composition proposal - to the Joint Operations in which Astaldi holds joint control, which were unsecured creditors of the Company for 848,070 shares (for a total value of €339 thousand).

The table below summarises the changes that were recorded in treasury shares during the current financial year:

Event	Number of shares
Treasury shares in the portfolio at 1 January 2020	553,834
Shareholders' Meeting resolution of 31 July 2020 – Cancellation of treasury shares	(553,834)
Treasury Shares assigned in conversion to the Joint Operations	848,070
Total Treasury Shares	**848,070**

31.5 Reserves: -€1,121,317 thousand (-€1,630,828 thousand)

The table below shows the breakdown of the equity reserves:

\	31/12/2020	31/12/2019	Variation
Share premium reserve	234,378	0	234,378
Legal reserve	0	34,347	(34,347)
Extraordinary reserve	0	195,510	(195,510)
Retained losses	(1,394,910)	(1,902,340)	507,430
Other reserves	71,309	162,421	(91,112)
Other comprehensive expense	(32,075)	(153,178)	121,103
Deferred tax on other comprehensive income (expense)	(19)	32,412	(32,431)
Total	**(1,121,317)**	**(1,630,828)**	**509,511**

Share premium reserve

This reserve, which had not been valued at the end of the comparative period, includes the difference between the unit price of €0.23 that is conventionally attributed to the shares issued against the conversion of unsecured claims and the related fair value (estimated at €0.81 per share). The fair value of Astaldi Shares assigned in conversion to Unsecured Creditors has been estimated by using the financial method of the Unlevered Discounted Cash Flow Model in order to take account of the implementation of the Integrated Manoeuvre as provided for in the Business Plan that was approved by Astaldi S.p.A.’s Board of Directors on 14 March 2021. The value determined in this manner has also been verified through the market multiples control method. The management in fact has considered that Astaldi's stock price did not represent the actual fair value of the Shares as at the date of the capital increase; this is also due to the fact that Astaldi stock has been characterised in recent months by much lower trading volumes compared to the past with bid-ask spread levels much higher than those recorded on average in the FTSE MIB list.

Shareholders’ meeting resolution concerning the reduction in losses accumulated in the 2018 and 2019 financial years

The change in the Extraordinary Reserve and Retained Earnings (Losses) was substantially attributable to the effects of the resolution passed by the Company's shareholders' meeting concerning the reduction in losses accumulated in the 2018 and 2019 financial years through a capital decrease by an amount of €174.3 million and a reduction in reserves by a net amount totalling €386.8 million.

Other comprehensive income (expense) and deferred taxation

Below is the breakdown of Other comprehensive income (expense):

	31/12/2020	31/12/2019	Variation
Exchange differences from translation of financial statements in foreign currency	(5,109)	(22,968)	17,859
Fair value of financial assets measured at FVTOCI	84	1,658	(1,574)
Actuarial gains (losses) of defined-benefit plans for employees	(251)	(291)	40
Fair value of financial equity instruments measured at FVTOCI	(9,659)	(8,375)	(1,284)
Total Astaldi and JOs	**(14,935)**	**(29,976)**	**15,041**
Fair value of Cash Flow Hedge derivatives	0	(93,740)	93,740
Exchange differences from translation of financial statements in foreign currency	(6,486)	(2,125)	(4,361)
Fair value of financial assets measured at FVTOCI	0	21,417	(21,417)
Actuarial gains (losses) of defined-benefit plans for employees	(187)	(182)	(5)
Fair value of financial equity instruments measured at FVTOCI	(16,141)	(5,017)	(11,124)
Total Subsidiaries, Associates and JVs	**(22,814)**	**(79,647)**	**56,833**
Other comprehensive income (expense) of Discontinued Operations	5,674	(43,556)	49,230
Deferred taxation from other comprehensive income (expense)	(19)	32,413	(32,432)
Total	**(32,094)**	**(120,766)**	**88,672**

The significant change in other comprehensive income (expense) was mainly due (€88.7 million) to reclassifying - according to the international accounting standards - in the statement of profit (loss) for the period the Other Comprehensive Income relating to the Companies: (i) Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu (-€7.5 million), which was sold during the first half of 2020; (ii) Otoyol Yatirim Ve Isletme A.S. (€35.6 million) and Ankara Etlik Hastane A.S (€38.2 million)[44], which was transferred to the segregated assets of the Separate Unit; as well as to (iii) the JO relating to the EPC contract relating to construction of the Third Bosphorus Bridge following the Parent's withdrawal from the related project during the first half of 2020 (€23 million).

Other reserves

Below is the breakdown of Other reserves:

	31/12/2020	31/12/2019	Variation
IFRS 2 – Share-based Payments reserve	68,902	0	68,902
IFRS transition and FTA reserve	0	(159,207)	159,207
Reserve for trading in treasury shares	0	2,213	(2,213)
Reserve from Merger Deficit	0	11,000	(11,000)
Reserve as per article 6.2 of Legislative decree no. 38/2005	0	265,291	(265,291)
Reserve as per article 6.3 of Legislative decree no. 38/2005	0	43,913	(43,913)
Other	2,407	(789)	3,196
Total	**71,309**	**162,421**	**91,112**

The “IFRS 2 – Share-based Payments reserve” includes the fair value of the shares that could be issued – as required by the approved composition procedure - in conversion of unsecured claims to be ascertained (i.e. provisions for risks) and those to be used to service the exercise of warrants granted to the lending banks.

31.6 Availability of the reserves as per article 2427.7-bis of the Italian Civil Code

	31/12/2020	Possibility of use*
Share capital	340,431	
Additional charges on capital increase	(2,101)	
Treasury shares	(339)	
Reserves:		
• Share premium reserve	234,378	A,B,C[45]
• IFRS 2 – Share-based Payments reserve	68,902	
• Other	2,407	
• Other comprehensive income (expense)	(32,094)	
• Losses carried forward	(1,394,910)	
Total	**(783,325)**	

* A: for capital increase – B: to cover loss – C: dividends

32 Financial liabilities

On a preliminary basis, it should be noted that the financial liabilities directly relating to Astaldi S.p.A., which were outstanding as at the date of submission of the application for admission to the composition with creditors procedure with reservation, in accordance with article 161, paragraph 6, of the Bankruptcy Law on 28 September 2018, were classified as short-term components.

[44] Equity investment partially held through Subsidiary Astaldi Concessioni S.p.A..
[45] Provided that the legal reserve has reached the limit of 1/5 of the share capital.

32.1 Non-current financial liabilities: €193,092 thousand (€179,059 thousand)*

This caption is broken down as follows:

	31/12/2020	31/12/2019	Variation
Secured super senior bonds	0	130,572	(130,572)
Bonds – nominal amount	**0**	**130,572**	**(130,572)**
Total bonds	**0**	**130,572**	**(130,572)**
Bank loans	206,539	8,065	198,474
Lease liabilities	5,389	9,384	(3,995)
Bank loans and borrowings and lease liabilities - nominal amount	**211,928**	**17,449**	**194,479**
Commissions on loans	(22,882)	0	(22,882)
Total bank loans and borrowings and lease liabilities	**189,046**	**17,449**	**171,597**
Loans and borrowings from other financial backers	0	29,201	(29,201)
Subsidiaries	3,920	1,832	2,088
Joint ventures	126	5	121
Total	**193,092**	**179,059**	**14,033**

(*) Included in net financial debt for €189,046 thousand (2019: €177,222 thousand).

The change in “bonds” was due to the early repayment - in accordance with the provisions of the approved composition proposal - of the debenture loan (Super-senior Secured PIYC Floating Rate Notes[46]) following the use of the RCF Line that had been entered into on 19 October 2020 and disbursed on 12 November 2020, as described below.

“Bank loans” mainly related to the unsecured loan agreement (the "RCF Loan Agreement"), which was signed on 19 October 2020 with a pool of banks including Banca Monte dei Paschi di Siena S.p.A., Banco BPM S.p.A., BNP Paribas, Italian Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (the "Banks"), for a total of €200,000,000 and which can be used to finance Astaldi's recurring business activities and allow the repayment of the Bond. As at 31 December 2020, the line had been drawn down in full. Finally, it should be noted that the effective interest rate[47] of the RCF line also includes the component relating to the additional remuneration connected with the Lender Warrants (€24,341 thousand). In this regard, it should be noted that the assignment of Lender Warrants constitutes a component of the additional remuneration of the RCF 200 line (as well as of the Bonding Facility) granted to the Company. Astaldi's management has also considered that the exercise of the Warrants was in fact economically advantageous to the Lending Banks since the price set for the subscription of the related capital increase would be lower than the fair value of Astaldi Shares.

32.2 Current financial liabilities: €90,408 thousand (€2,909,330 thousand)*

This caption showed a total decrease of €2,818,922 thousand compared to 2019 and is broken down as follows:

[46] Bond for an initial amount of €75 million issued on 12 February 2019 (Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022), which was subsequently increased and amended up to €190 million on 27 November 2019 (up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022).
[47] See paragraphs B5.4.1 and B5.4.2 of IFRS 9 – Financial Instruments.

	31/12/2020	31/12/2019	Variation
Bonds	0	908,031	(908,031)
Issue and placement fees	0	(585)	585
Total Bonds	**0**	**907,446**	**(907,446)**
Current portion of bank loans	20,278	1,768,421	(1,748,143)
Current portion of non-current loans	90	1	89
Current portion of collateralised loans	2,810	2,784	26
Lease liabilities	13,776	22,286	(8,510)
Bank loans and borrowings and lease liabilities - nominal amount	**36,954**	**1,793,492**	**(1,756,538)**
Accrued interest on bank loans	765	13,895	(13,130)
Hedging derivatives	0	7,115	(7,115)
Total bank loans and borrowings and lease liabilities	**37,719**	**1,814,502**	**(1,776,783)**
Loans and borrowings from other financial backers	52,689	56,202	(3,513)
Subsidiaries	0	57,044	(57,044)
Intragroup cash pooling current account	0	74,136	(74,136)
Total	**90,408**	**2,909,330**	**(2,818,922)**

(*) Included in net financial debt for €90,408 thousand (2019: €2,847,232 thousand)

The decrease in current financial liabilities, with respect to the comparative figure, was substantially due to the effects of the approval of the Parent's composition with creditors and specifically (i) the discharge of unsecured liabilities through the assignment of newly-issued Shares and Participating Financial Instruments in accordance with the provisions of the composition plan and (ii) the transfer of the total financial relations relating to the Subsidiary Astaldi Concessioni S.p.A. (equal to -€110 million for the caption under consideration only) within the scope of the Separate Unit.

Bank loans and borrowings and lease liabilities - nominal amount

Below are the main credit facilities which were outstanding at 31 December 2020:

Bank	Type	Company	Outstanding 31/12/2020
Banca Popolare Sondrio	Advance payment bond	Astaldi S.p.A.	7,500
Banca Comercială Română	Loan	Projects in JOs	2,878
Banco BPM SpA	Property mortgage	Astaldi S.p.A.	2,811
Banco BTG Pactual	Chile branch restructuring debt	Astaldi Spa – Chile branch	2,153
Factorit SpA	Factoring with recourse	Astaldi S.p.A.	2,131
Arrendadora Internacional	Discounts on self-liquidating loans	Astaldi Spa - Panama branch	1,509
Other loans < €1 million			4,196
Lease liabilities			13,776
Total bank loans			**36,954**

Other borrowings

"Loans and borrowings from other financial backers" mainly relate:

- for €38,258 thousand to the financial support provided by the shareholder VINCI Construction Grand Projects on our behalf, under the agreements reached in this regard to finance, on a temporary basis, the trade working capital of the JO in Chile - *for the construction of the Arturo Merino Benítez International Airport in Santiago de Chile* - while waiting for the position with the customer to be defined on the basis of the changes and claims that are still being examined after having made use of the contractual forms provided - *without prejudice to the information provided in the report on* *operations concerning the request for arbitration submitted on 14 December 2020 against the shareholder VCGP to the International Chamber of Commerce* -;

- for € 6,319 thousand to the debt (including the amount accrued in 2020) to Simest S.p.A. (CDP Group) for the acquisition of minority interests in subsidiary Astaldi Construction Corporation (ACC). In particular, in 2017 Simest S.p.A. participated in the capital increase of ACC through an investment of USD7.5 million, thus effectively entering the related corporate structure with an investment of approximately 34%. The investment agreement that was signed between Astaldi S.p.A. and Simest S.p.A. provides, among other things, for the Parent's acquisition of the investments held by Simest in ACC – according to the terms agreed as per contract - and also states a pre-set minimum price for the transaction that takes account of the initial investment on the part of Simest and the postponement of the transaction; it should be noted that this debt has been reclassified as a short-term item since some clauses of the investment agreement had not yet been complied with at 31 December 2020. In February 2021 the parties signed a deed of amendment that remedied the situation and therefore the debt will be reclassified once again among non-current financial liabilities during the next financial year;
- for €6,260 million to the remaining portion of the subordinated loan granted to Astaldi S.p.A. by FINAST S.r.l. in May 2018.

32.3 Net financial debt

The following table shows the Company's net financial debt and a breakdown of its main components as required by CONSOB communication no. DEM/6064293 of 28 July 2006 which is based on the European Securities and Markets Authority's (ESMA, former CESR) recommendation of 10 February 2005.

			31/12/2020	31/12/2019
A	Cash		339,462	241,134
B	**Cash and cash equivalents**	**(A+B)**	**339,462**	**241,134**
	Current loan assets		69,518	128,683
	of which: related parties		*31,167*	*68,417*
C	**Current loan assets**		**69,518**	**128,683**
D	Current portion of bank loans and borrowings		(12,124)	(1,478,799)
E	Current portion of bonds		-	(907,446)
	of which: related parties		*0*	(6,689)
F	Current portion of non-current debt		(2,899)	(2,784)
G	*Other current loans and borrowings*		*(75,384)*	*(458,203)*
	of which: related parties		*0*	*(94,317)*
H	**Current financial debt**	**(D+E+F+G)**	**(90,408)**	**(2,847,232)**
I	**Net current financial position (Net current financial debt)**	**(B+C+H)**	**318,573**	**(2,477,415)**
J	Non-current bank loans and borrowings		(183,657)	(8,065)
K	*Bonds*		-	*(130,572)*
L	Other non-current financial liabilities		(5,389)	(38,585)
M	**Non-current financial debt**	**(J+K+L)**	(189,046)	(177,222)
N	Net financial debt from continuing operations	**(I+M)**	**129,526**	**(2,654,637)**
O	**Net financial position of disposal groups**		**116**	**173,485**
	of which: related parties		0	194,689
P	**Net financial position (Net financial debt)**	**(N+O)**	**129,642**	**(2,481,152)**
	Non-current loan assets		38,855	27,146
	Subordinated loans		*38,504*	*34,912*
	of which: related parties		0	6,391
Q	Non-current loan assets		77,358	62,059
R	**Total net financial position (total financial debt)**	**(P+Q)**	**207,001**	**(2,419,094)**

Total net financial position includes the net financial position (line P of the above table), calculated as recommended by the ESMA in its recommendation of 10 February 2005, as well as non-current loan assets.

The total net financial position at 31 December 2020 was positive for approximately €207 million. The substantial change compared to the previous year was mainly due to the effects of the approval of the composition with creditors and, in particular, to extinguishing unsecured liabilities through the assignment of newly-issued Shares and Participating Financial Instruments in accordance with the provisions of the composition plan, as well as from the financial resources arising from the capital increase subscribed by Webuild on 5 November 2020 (€225 million). Moreover, the latter effect was partially offset by cash funds used for the partial payment – according to the methods specified by the Judicial Commissioners of the Astaldi composition procedure - of the preferential and pre-preferential claims under the composition procedure for approximately €28.1 million.

32.4 Compliance with covenants and negative pledges

On 19 October 2020, Astaldi signed an unsecured loan agreement (the "RCF Loan Agreement") with a pool of banks including Banca Monte dei Paschi di Siena, Banco BPM S.p.A., BNP Paribas (Italian Branch), Intesa Sanpaolo and Unicredit (the "Banks"), which provides for the application of financial covenants tested on a six-monthly basis, on the basis of the consolidated financial statements of the Webuild Group.

In December 2020, the Company sent the Banks a request for waiver aimed at obtaining - with reference to the calculation dates falling on 31 December 2020 and 30 June 2021 - the non-application and testing of the financial covenants provided for in the RCF Loan Agreement. The request for waiver was granted by the Banks and such acceptance was duly notified to the Company by the Agent Bank in accordance with the provisions of the RCF Loan Agreement on 24 December 2020.

It should be noted that the RCF Loan Agreement and the Bonding Facility also include a negative pledge clause which limits the possibility of pledging present or future assets and revenues as security, except for certain specific exceptions set forth in the relevant agreements. These clauses had been complied with at 31 December 2020.

It should also be noted that no financial covenants are provided for in the Bonding Facility agreement.

33 Employee benefits: €3,976 thousand (€4,765 thousand)

The tables below show the value of this caption and related changes:

2020

	Defined-benefit plans	Termination benefits	31/12/2020
a) Opening balance	**4,762**	**3**	**4,765**
b) Increases			
b.1) Current Service Cost	1,029	0	1029
b.2) Interest Cost	18	0	18
b.3) Actuarial Losses	(40)	0	(40)
c) Utilisations	(1,795)	0	(1,795)
d) Changes in consolidation scope and other changes	0	0	0
d) Defined Benefit Obligation	**3,973**	**3**	**3,976**

2019

	Defined-benefit plans	Termination benefits	31/12/2019
a) Balance at 01/01/2019	**4,422**	**6**	**4,428**
b) Increases			
b.1) Current Service Cost	721	0	721
b.2) Interest Cost	51	0	51
b.3) Actuarial Losses	(12)	0	(12)
c) Utilisations	(288)	0	(288)
d) Net exchange losses and other changes	(133)	(3)	(135)
e) Defined Benefit obligation at 31/12/2019	**4,762**	**3**	**4,765**

33.1 Defined-benefit plans

This caption mostly includes the post-employment benefits governed by article 2120 of the Italian Civil Code.

Plan characteristics

At 31 December 2006, the Italian entities' post-employment benefits (known as "TFR" in Italy) were accounted for as a defined benefit plan. Legislation regulating these benefits was amended with Law no. 296 of 27 December 2006 (the "2007 Finance Act") and subsequent decrees and regulations issued in the first few months of 2007. In the light of these changes, and in particular as regards companies with 50 or more employees, these benefits are now considered a defined benefit plan only if they refer to amounts vested up to 1 January 2007 (and not yet paid at the reporting date), while it can be treated as a defined contribution plan after that date.

Consequently, the liability relating to employee benefits, as recognised in the Group's statement of financial position, net of any advances paid, reflects, (i) for companies with more than 50 employees, the Group's remaining obligation for the indemnity paid to employees up to 31 December 2006, which will be settled when the employee leaves the organisation, (ii) for any other companies, the progressive amount of employee benefits, as set aside during their working lives and accounted for on an accruals basis in line with the work performed to obtain the benefits.

Main assumptions

The main assumptions used for the actuarial valuation of post-employment benefits at 31 December 2020 are summarised below:

- annual discount rate: 0.34%
- annual inflation rate: 0.80%
- annual growth rate of the benefits: 2.10%
- annual salary increase rate:
  - managers: 2.50%
  - junior managers/white collars/blue collars: 1.00%

Sensitivity analysis

The potential effect of reasonably possible changes in the actuarial assumptions on the defined benefit obligation at the reporting date is as follows:

	Turnover rate		Inflation rate		Discount rate	
	+ 1%	- 1%	+1/4 %	-1/4 %	+1/4 %	-1/4 %
Change in the overall amount of the obligation	-9	10	18	-18	-27	27

Effect of the defined benefit plan on the company's future cash flows
Based on the reasonably possible estimates at the reporting date, the effects of the defined benefit plan on the company's future cash flows are shown below:

- 2021 service cost: €496 thousand
- Weighted average life of the obligation: 5.2 years
- Expected payments:
  - 2020-2022: €3,232 thousand
  - subsequent years: €133 thousand

33.2 Termination benefits

Termination benefits show the estimated cost of the agreements signed in 2014 with eight employees based in Italy for the consensual early termination of employment (based on the provisions of article 4.1-7-ter of Law no. 92 of 2012 - the "Fornero law"). Specifically, the residual amount at 31 December 2020 (€3 thousand) refers to social security contributions to be paid on remuneration for the final months of the plan.

34 Other liabilities

34.1 Other non-current liabilities: €727 thousand (€745 thousand)

This caption, equal to €727 thousand (€745 thousand in 2019) mainly relates to the areas of Italy, Algeria and Romania and essentially includes deferred income (i.e. advance lease payments).

34.2 Other current liabilities: €128,342 thousand (€255,905 thousand)

This caption amounted to €128,342 thousand and is made up as follows:

	31/12/2020	31/12/2019	Variation
Subsidiaries	12,680	77,395	(64,715)
Associates and joint ventures	302	313	(11)
Other companies	466	239	227
Employees	14,266	14,591	(325)
Social security institutions	13,958	12,965	993
Accrued expenses and deferred income	22,105	23,264	(1,159)
Others	64,565	127,139	(62,574)
Total	**128,342**	**255,905**	**(127,563)**

"Others" mainly include payables to Customers attributable to the measures they have put in place to pay suppliers and subcontractors, mainly in Poland (approximately €37 million) and mainly liabilities associated with the relationships maintained with the various consortium members in joint operations for the remaining amount.

The decrease in the total values stated in the aggregate of "Other current liabilities", compared to 2019, was essentially due to the effects connected with and arising from the approval of the composition with creditors and the consequent discharge of liabilities under the arrangement following the assignment of newly-issued Astaldi shares and Participating Financial Instruments to unsecured creditors.

For more details on relationships with associates and Joint Ventures, reference should be made to the following note providing information on related parties.

Finally, it should be noted that payables to associates and Joint Ventures for subscribed capital unpaid and not yet called up by the individual Boards of Directors have been reclassified as a direct deduction in the carrying amount of the related equity investments, as in the previous year.

35 Trade payables: €815,194 thousand (€1,192,719 thousand)

This caption is made up as follows:

	31/12/2020	31/12/2019	Variation
Suppliers	421,415	824,731	(403,316)
Subsidiaries	323,366	306,893	16,473
Associates and joint ventures	50,258	59,455	(9,197)
Parents	16,112	0	16,112
Other investees	4,043	1,640	2,403
Total	**815,194**	**1,192,719**	**(377,525)**

The decrease in trade payables was largely due to the effects of the approval of the composition with creditors for the Company.

36 Tax liabilities: €55,210 thousand (€52,283 thousand)

This caption increased by €2,927 thousand compared to 2019 as follows:

	31/12/2020	31/12/2019	Variation
Indirect tax liabilities	9,465	10,305	(840)
Income tax liabilities	35,153	35,645	(492)
Withholding tax liabilities	10,592	6,333	4,259
Total	**55,210**	**52,283**	**2,927**

The increase in withholding tax liabilities related in particular to Italy and was mostly attributable to the withholdings accrued on pre-preferential claims paid in December 2020.

37 Provisions for risks and charges: €42,895 thousand (€129,447 thousand)

This caption is broken down as follows:

	31/12/2020	31/12/2019	Variation
Provision for legal disputes	8,658	39,404	(30,746)
Provision for equity investments	18,926	59,976	(41,050)
Provision as per article 27 of the by-laws	1,435	1,435	0
Provision for onerous contracts	13,876	28,631	(14,755)
Total	**42,895**	**129,447**	**(86,552)**

Provisions for risks and charges are commented on below:

- **The provision for legal disputes** of €8,658 thousand includes (i) the expected costs resulting from the court and out-of-court settlement of disputes relating to contracts, mainly with suppliers and subcontractors, and claims for damages from Customers related to construction contracts; (ii) the provisions set aside for risks associated with any legal actions that could be brought, in order to have their claim satisfied in full within the composition procedure, on the part of Astaldi's creditors residing in foreign countries that do not recognise the composition procedure.

  With regard to the changes that were recorded in this caption during the year, note: (i) accruals of approximately €8 million[48] and (ii) the transfer of the balance of provisions outstanding at the date of approval of the Parent's composition with creditors to the segregated liabilities of the separate unit (approximately €37 million).
- **The provision for equity investments** includes the accruals for the Company's legal obligation to cover the losses exceeding the equity of the related investees. The remaining balance of this caption was essentially attributable (approximately €14 million) to the provision set aside in 2020 with regard to the potential risk of recourse against Astaldi for the amounts contested by the Saudi government agency (General Authority of Zakat and Tax) in relation to the Corporate income tax on the works executed by subsidiary Astaldi Arabia Ltd. in the 2006-2009 financial years. With regard to additional changes that were recorded in this caption during the year, note (i) the transfer of the balance of the provisions outstanding at the date of approval of the composition with creditors to the segregated liabilities of the separate unit (approximately €7.5 million) and (ii) the reclassifications of financial liabilities as a result of the enforcements that were carried out during 2020 out of the corporate guarantees issued by Astaldi in favour of subsidiaries N.B.I. S.p.A. and Astaldi Construction Corporation (for a total of approximately €57 million).
- **The provision as per article 27 of the by-laws** of €1,435 thousand is increased by allocating part of the Company's profit for the year, as provided for by the relevant resolutions, and used for charitable donations.
- **The provision for onerous contracts** of €13,876 thousand refers to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in Italy, Poland and Algeria. The decrease recorded in the period under review was essentially due to (i) the effects of the discharge of debt of provisions for risks on unsecured claims related to repaying the Customers for higher costs and damages arising from the termination of some onerous contracts in Italy (€7 million) and (ii) the deconsolidation of accounting balances relating to the Astaldi- Vinci CGP UJV (Santiago Airport in Chile) as a result of the loss of joint control over the Entity in December 2020 (€3 million).

38 Other contract liabilities: €0 thousand (€48,893 thousand)

At 31 December 2019 this caption, which showed no value at the end of 2020, included estimated probable liabilities - assessed pursuant to IFRS 15 - Revenue from contracts with customers - for the reimbursement to Customers of the greater costs and damage incurred due to the termination (already ascertained) of certain contracts[49]. Specifically, contract liabilities - which will only be definitively due when the relevant disputes have been settled – related to (i) contracts that needed significant financial support in order to complete the works even though they will achieve break even over the contract term, along with (ii) contracts from which the Parent has been unilaterally excluded from performing the works (basically due to the

[48] For more details, reference should be made to the more complete information in the note 10 "Provisions" above.
[49] Contracts that are not included in the core assets scope as defined in the business plan underpinning the composition with creditors proposal.

commencement of the composition with creditors procedure) by the relevant counterparties. The decrease in this caption was attributable to the transfer of the balance of the provisions outstanding at the date of approval of the composition with creditors to the segregated liabilities of the separate unit as required by the composition plan.

39 Fair value measurement

The table below shows Astaldi S.p.A.'s assets and liabilities broken down by fair value level:

	Measurement date	Total	Fair value measurement		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets at fair value					
Subordinated loans	31/12/2020	38,504		38,504	
Non-controlling interests	31/12/2020	24,617		24,617	
Astaldi Participating Financial Instruments – Separate Unit	31/12/2020	1,177			1,177

39.1 Valuation techniques and inputs used for fair value measurement purposes

a) Assets and liabilities measured at fair value on a recurring basis

- **Subordinated loans (semi-equity)**

The Company calculated the fair value of the subordinated loans using their expected cash flows (based on the related loan agreements) discounted with a market rate applied to similar instruments. Specifically, the discount rate was calculated considering each SPE's credit standing, interbank rate trends (mainly the LIBOR and EURIBOR) plus an additional spread (determined by reference to a market basket of the main providers) to reflect the subordination of the loans' repayment to the SPEs' debt with their lending banks.

- **Non-controlling interests**

The Company calculated the fair value of the non-controlling interests using the dividend discount model, discounting the expected future dividends using the investees' cost of equity (ke)[50] rate as per the business plans drawn up by their boards of directors.

- **Astaldi Participating Financial Instruments – Separate Unit**

It should be noted that the fair value of the PFIs (equal to approximately €0.17 per PFI) was measured and determined by taking account of the estimated net proceeds from the sale of the individual assets making up the Separate Unit compared to the number of PFIS that is currently outstanding, including those that might be issued in relation to unsecured debts to be ascertained (i.e. provisions for risks).

b) Assets and liabilities measured at fair value on a non-recurring basis

As at 31 December 2020, there were no assets and liabilities measured at fair value on a non-recurring basis making it necessary to provide the additional disclosures required by IFRS 13 - Fair value measurement.

c) Transfers of financial instruments among the various levels of the fair value hierarchy

During the year, there were no transfers among the different levels of the fair value hierarchy.

50 Calculated based on market values.

40 Information on risk management, financial instruments and guarantees

Financial risk management

Astaldi operates on international markets in different currencies. It uses external sources of funds in Euros and other currencies to finance its activities.

In order to protect its assets, Astaldi issued guidelines on the work for monitoring its exposure to market risks, as well as monitoring of hedged positions.

40.1 Interest rate risk

The Company’s exposure to fluctuations in interest rates is mainly related to its floating rate financial debt. After considering the present level of interest rates and that the Company’s financial debt mainly consisted of the RCF Loan Agreement at the end of the current year, it is believed that there are no significant risks related to fluctuations in interest rates that could significantly impact its financial assets and liabilities or its net financial expense.

40.2 Currency risk

The Company's global operations expose it to the risk of fluctuations in foreign exchange rates. During the 2020 financial year, the overall balance of foreign exchange transactions - net of non-recurring items (equal to -€22 million) relating to the reclassification of the translation reserve of foreign operations that were deconsolidated during the period under review to the statement of profit (loss) for the year – consisted of a net exchange loss of €0.9 million, equal to 0.1 % of revenues for the period (against a net exchange loss of €4.4 million, equal to 0.4 % of revenues in 2019). In year 2020, 56 % of total revenues were generated abroad, mainly with reference to contracts the fees for which are set in USD, RON and CLP. Given the particular financial position of the Company and the restrictions imposed under the composition procedure on the transactions that are not strictly related to industrial activities, no hedges of exchange risk were carried out during the 2019 and 2020 financial years.

However, it should be noted that Astaldi has put in place any possible measure to limit the risk of exchange rate fluctuations, while trying to balance the currency exposure of receivables and payables denominated in foreign currency (natural hedging). It should also be noted that the Group's business plan provides for a reduction in its operations in countries that are regarded as being at a higher risk.

40.3 Liquidity risk

Liquidity risk is the possibility that Astaldi S.p.A. might not be able to meet its contractual financial obligations and, more generally, its short-term financial obligations that could, in extreme circumstances, lead to insolvency and jeopardise the Company’s ability to continue to operate. The main factors that contribute to the Company's liquidity risk are the generation and use of financial resources in operating and investment activities, on the one hand, and, on the other, the maturity of the financial debt and cash investments, as well as the contingent conditions of financial markets.

Astaldi pursues the objective of maintaining such a treasury margin as is sufficient to cover its financial requirements. Cash flows, financing needs and liquidity are monitored on an ongoing basis and are managed with the aim of ensuring an effective and efficient management of financial resources.

Breakdown of maturities	Uses	At sight	2021	2022	2023	2024	2025	beyond
Short-term loans	21,133	3,295	17,838					
Collateral-backed loans <12	2,810		2,810					
Payables to other lenders <12	52,688	44,576	8,112					
Medium/Long-term loans	206,539			4,919	1,619		200,000	
EXPOSURE AT 31.12.2020	**283,170**	**47,871**	**28,759**	**4,919**	**1,619**	**0**	**200,000**	**0**

Note:

* The figure reported in the table coincides with the nominal value of the financial liabilities and therefore does not include (i) costs and commissions directly connected with the disbursement of loans (mainly the RCF Line), included in the measurement at amortised cost.

Moreover, the Company has adopted certain policies and processes aimed at optimising the management of financial resources, thus reducing liquidity risk, including in particular

• a tendency to pooling management of cash inflows and outflows (cash management systems), where it is financially convenient to do so in compliance with the various civil law, currency and tax regulations of the countries in which it operates and in line with the cash flow management rules for each contract;

• maintaining an adequate level of available funds;

• monitoring of prospective liquidity conditions, in relation to the business planning process.

40.4 Credit risk

Astaldi S.p.A. chiefly operates in a segment blighted by constant delays in the public sector's payment of works performed. However, the very nature of the customers, prevalently government and public bodies, which are, by their very nature, solvent, guarantees that receivables will be fully collected over time. The relevant departments constantly monitor receivables falling due. At 31 December 2020, Astaldi claimed trade receivables for a total amount of approximately €818 million, equal to approximately 28.61% of total consolidated assets (€605 million at 31 December 2019, equal to approximately 15.69% of total consolidated assets). The Company is exposed to the risk that its contractual counterparties (mainly customers, project partners, subcontractors and financial counterparties) do not comply with their respective contractual obligations to make payments or otherwise perform in any manner whatsoever.

The risk of non-compliance, as indicated above, is not limited to customers only, but may also involve any other third party with which the Company maintains contractual relationships, such as, among others:

(i) project partners (mainly as part of consortia and Temporary Business Groupings), in which case Astaldi could be either held jointly and severally liable to customers pursuant to law or on a contractual basis, or required to perform the work of the defaulting or insolvent party, without prejudice to appointing, where permitted, appropriate replacements;

(ii) financial counterparties, with a consequent risk to the Company of having to replace credit facilities, thus incurring additional costs, and/or having to advance the costs and resources required to complete the orders.

The Company's exposure to customers, as broken down by the geographical area where contracts are performed, is shown below:

2020

	Trade receivables	Contract assets	Contract liabilities	Total Exposure
Italy	757,265	246,245	(333,847)	**669,664**
Europe	42,103	249,248	(86,687)	**204,664**
Americas	16,469	64,942	(5,728)	**75,683**
Africa	1,298	157,845	0	**159,143**
Asia	573	506	(7,982)	**(6,904)**
Total	**817,708**	**718,786**	**(434,244)**	**1,102,250**

2019

	Trade receivables	Contract assets	Contract liabilities	Total Exposure
Italy	445,152	295,745	(154,503)	**586,393**
Europe	133,529	173,747	(158,771)	**148,505**
Americas	26,328	68,961	(12,997)	**82,293**
Africa	527	151,445	0	**151,972**
Asia	174	1,301	(3,826)	**(2,351)**
Total	**605,710**	**691,199**	**(330,097)**	**966,811**

40.5 Guarantees and sureties

Personal guarantees

Guarantees given amount to €2,766,443 thousand as follows:

- sureties of €105,914 thousand to open credit facilities to ensure regular cash flows for contracts, given on behalf of subsidiaries, joint ventures (€833 thousand), associates and other investees set up for special purposes as per the current sector regulations;
- sureties of €2,437,513 thousand for contract work given on the Group’s behalf by banks and insurance companies to customers for the Company, its subsidiaries, joint ventures (€613 thousand), associates and other investees;
- other sureties of €223,015 thousand (joint ventures: €15,407 thousand) given for various reasons.

Third party sureties given to the company

Banks and insurance companies have given guarantees of €198,217 thousand on behalf of Italian and foreign suppliers and subcontractors with respect to their contractual commitments with the Company.

40.6 Classes of financial instruments

The table below reports the classes of financial instruments held by the Company:

31 December 2020

ASSETS	note	31/12/2020	AC[51]	FVTOCI[52]	FVTPL[53]
Non-current financial assets *	22	70,909	32,405	1,369	37,134
Trade receivables	27	817,708	817,708		
Current financial assets*	22	89,511	89,511		
Cash and cash equivalents	29	339,462	339,462		
LIABILITIES					
Non-current financial liabilities*	32	187,703	187,703		
Trade payables	35	815,194	815,194		
Current financial liabilities *	32	76,632	76,632		

*** it does not include lease assets and liabilities**

31 December 2019

(€'000) ASSETS	note	31/12/2019	AC	FVTOCI	FVTPL
Non-current financial assets *	22	54,681	20,229	1,828	32,624
Trade receivables	27	605,710	605,710		
Current financial assets*	22	375,537	375,537		
Cash and cash equivalents	29	241,134	241,134		
LIABILITIES					
Non-current financial liabilities*	32	169,676	169,676		
Trade payables	35	1,192,719	1,192,719		
Current financial liabilities *	32	2,887,044	2,882,285		4,759

*** it does not include lease assets and liabilities**

41 Related party transactions and directors', statutory auditors' and general managers' fees

Astaldi S.p.A. carries out commercial, financial and administrative transactions with related parties that qualify as legal entities belonging to the group (subsidiaries, jointly controlled entities, associates and joint ventures). These transactions generally take place in the normal course of business as part of the core business of each party involved and at arm's length.

As required by the international accounting standard no. 24, as well as by CONSOB's notice no. 6064293 of 28 July 2006, Annex 1 attached to these notes shows the amounts of transactions and outstanding balances arising from financial and commercial relations with related parties.

[51] Amortised Cost.
[52] Financial assets measured at fair value recognised through other comprehensive income.
[53] Financial assets measured at fair value recognised through profit or loss.

The Company's directors', statutory auditors' and general managers' fees are set out in the following table. Reference should also be made to the Remuneration Report prepared pursuant to article 123-ter of the Consolidated Finance Act for further information.

Category	**Fixed fees**	**Fees for committee meetings**	**Variable fees**	**Non-monetary benefits**	**Other fees**	**Total**
Directors	2,975	47	1,750	22	5	**4,799**
Statutory auditors	175	0	0	0	0	**175**
General managers	1,020	0	567	22	9	**1,618**

42 Segment reporting

The operating segments are defined based on the reports used by senior management for decision-making purposes. Specifically, these reports are split by geographical segment in which the Group operates and are prepared using the same accounting policies used for the consolidated financial statements.

The following tables show the segment disclosures required by IFRS 8.

2020

Reporting at 31/12/2020	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	**Total**
Revenue	599,518	361,028	180,965	5,654	12,532	0	(170,149)	**989,547**
Share of loss of equity-accounted investees								**(96,219)**
Operating profit (loss)	(89,357)	(5,473)	(22,496)	(3,624)	346	(75,099)	(28,327)	**(224,030)**
Net financial expense								**2,225,802**
Profit before tax and non-controlling interests								**2,001,772**
Income taxes								**(180,046)**
Net profit for the year								**1,805,394**
Assets and liabilities								
Segment assets	1,075,440	1,799,274	1,111,191	282,803	49,782	2,021,595	(3,481,803)	**2,858,281**
of which: equity investments						129,671	(17,877)	**111,794**
Segment liabilities	(910,059)	(1,694,605)	(1,165,675)	(292,536)	(50,382)	(1,068,952)	3,345,997	**(1,836,213)**
Other segment figures								
Property, plant and equipment	(7,645)	(9,595)	(13,790)	(78)	(297)	(8,836)	3,252	**(36,990)**
Intangible assets	(28,163)	(261)	(3)	0	0	(260)	0	**(28,687)**
Depreciation	(1,889)	(2,524)	(4,682)	(68)	(114)	(1,595)	2,543	**(8,329)**
Provisions						(35,261)		**(35,261)**

2019

Reporting at 31/12/2019	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	Total
Revenue	502,009	521,538	264,269	9,045	5,715	0	(264,634)	**1,037,943**
Share of profit of equity-accounted investees								**30,805**
Operating profit (loss)	16,487	19,388	(12,777)	3,403	(2,830)	(38,368)	26,131	**11,435**
Net financial expense								**(31,824)**
Loss before tax and non-controlling interests								**(20,389)**
Income taxes								**(26,837)**
Loss for the year								**(53,757)**
Assets and liabilities								
Segment assets	1,096,668	2,014,054	440,824	246,571	26,900	3,174,286	(3,137,876)	**3,861,427**
of which: equity investments						745,478	(207,825)	**537,653**
Segment liabilities	(1,279,416)	(2,112,225)	(910,729)	(294,960)	(40,961)	(3,191,222)	2,477,328	**(5,352,185)**
Other segment figures								
Property, plant and equipment	(8,246)	(19,524)	(31,226)	(163)	(241)	(36,658)	24,075	**(71,984)**
Intangible assets	(35,878)	(298)	(9)	0	(1)	(1,044)	0	**(37,231)**
Depreciation	(3,594)	(5,329)	(9,525)	(126)	(131)	(3,421)	9,712	**(12,414)**
Provisions						(21)		**(21)**

43 Leases

43.1 Leases as lessee

Right-of-use assets include the values of lease assets as defined by the standard IFRS 16. This item mainly relates to core assets (plant, machinery and equipment) used to develop projects in progress in Italy and Chile, as well as buildings that will house the local offices of foreign branches and subsidiaries. The Group also has short-term leases and/or leases of low-value assets, namely IT equipment. The Group has decided not to recognise the right-of-use assets and lease liabilities for such contracts.

Right-of-use assets

Below are the types of the caption of the paragraph under consideration:

	Land and buildings	**Generic and specific plant**	**Excavators, power shovels and vehicles**	**Sundry equipment and machines**	Total at 31/12/2020
Historical cost	6,226	11,765	24,535	2,718	45,244
Acc. depreciation	(3,068)	(7,797)	(17,870)	(1,790)	(30,525)
Total	**3,158**	**3,968**	**6,665**	**928**	**14,719**

Lease liabilities

The table below shows the breakdown of lease liabilities by maturity date:

	31/12/2020	**31/12/2019**
Within one year	13,776	22,286
Between one and within five years	5,389	9,384
Total present value	**19,165**	**31,670**

Amounts taken to profit or loss

	2020	2019
Interest expense on lease liabilities	1,684	3,038
Depreciation of right-of-use assets	26,966	25,151
Costs for short-term leases and/or leases of low-value assets	13,838	19,750

Amounts recognised in the statement of cash flows

	2020	2019
Payment of lease liabilities	(31,006)	(31,509)

Extension options

Some leases provide extension options for the Group and/or the lessors. At the commencement of the lease term, the Group assesses whether it is reasonably certain that it will exercise its option to extend the lease and reassesses this upon the occurrence of a significant event or a significant change in circumstances under its control.

43.2 Leases as a lessor

The Company has, in turn, sub-leased core assets under finance lease, specifically a TBM needed to bore the Brenner Base Tunnel to the associate Brennero Tunnel Construction S.c.a.r.l..

Astaldi S.p.A. also leases some core assets under operating leases to investees or suppliers/sub-contractors in order to boost the efficiency of industrial activities on contracts in the construction segment. These are classified as operating leases from the point of view of a lessor, with the exception of one sub-lease (finance lease) which Astaldi classifies as a finance lease as mentioned above.

Amounts taken to profit or loss

	2020	2019
Interest income on lease payments receivable	370	509
Income from operating leases classified among other revenue	1,576	2,325

Net investment in the lease

	31/12/2020	31/12/2019
Within one year	4,345	10,799
Between one and within five years	4,118	8,461
Total present value	**8,463**	**19,260**

44 Other information

Significant non-recurring events and transactions

In 2020, the Company's financial position and financial performance was significantly affected by the completion of the turnaround process involving them, which had been started with the submission of the application for composition with creditors and culminated in the full implementation of the integrated financial manoeuvre underlying the composition proposal. For more details concerning the consequent effects on the results of operations, financial position and cash flows, reference should be made to the information already provided in the notes to the financial statements.

Atypical or unusual transactions
In 2020, the Company did not carry out any atypical or unusual transactions, as defined in CONSOB communication no. DEM/6064293.

44.1 Management, coordination and control

In accordance with article 2497-*bis*, paragraph 4, of the Italian Civil Code, the tables below report the data, in thousands of Euros, relating to the latest approved financial statements of the parent Webuild S.p.A. (formerly Salini Impregilo), a company that carries out management and coordination activities.

Highlights taken from the 2019 separate financial statements of Webuild S.p.A. (formerly Salini Impregilo S.p.A.)

Statement of financial position

ASSETS (Values in Euro)	31 December 2018	of which with related parties	%	31 December 2019	of which with related parties	%
Non-current assets						
Property, plant and equipment	169,526,879			128,113,274		
Right-of-use assets	-			58,137,979		
Intangible assets	123,755,715			103,325,975		
Equity investments	1,324,130,165			1,313,339,063		
Non-current financial assets	116,394,035	93,163,031	80%	128,980,101	105,691,236	82%
Deferred tax assets	195,000,665			215,050,989		
Total non-current assets	**1,928,807,459**			**1,946,947,381**		
Current assets						
Inventories	143,267,848			111,210,612		
Contract assets	717,156,596			1,230,111,112		
Trade receivables	1,420,387,000	715,301,166	50%	1,505,656,213	1,117,883,931	74%
Derivatives and other current financial assets	710,943,057	665,609,926	94%	916,706,548	871,522,904	95%
Current income tax assets	94,302,501			67,546,553		
Other tax receivables	62,651,612			36,499,521		
Other current assets	290,088,663	76,396,031	26%	264,921,902	85,331,673	32%
Cash and cash equivalents	547,730,061			388,614,886		
Total current assets	**3,986,527,338**			**4,521,267,347**		
Total assets	**5,915,334,797**			**6,468,214,728**		

LIABILITIES AND EQUITY (Values in Euro)	31 December 2018	of which with related parties%	31 December 2019	of which with related parties%
Equity				
Share capital	544,740,000		600,000,000	
Share premium reserve	120,798,000		654,486,000	
Other reserves	188,890,745		195,321,277	

Other comprehensive income (expense)	343,383			(8,019,220)		
Profits (losses) carried forward	(119,122,812)			(19,981,587)		
Net profit (loss)	109,550,415			70,960,125		
Total equity	**845,199,731**			**1,492,766,595**		
Non-current liabilities						
Bank loans and other borrowings	552,180,275			604,158,468		
Bonds	1,088,157,682			1,091,889,762		
Lease liabilities	16,596,304			39,146,994		
Employee severance pay and benefits	11,666,922			12,267,403		
Deferred tax liabilities	18,993,887			18,945,966		
Provisions for risks	48,604,752			87,358,578		
Total non-current liabilities	**1,736,199,822**			**1,853,767,171**		
Current liabilities						
Bank overdrafts and current portion of loans	931,774,630	584,347,225	63%	532,331,550	371,716,285	70%
Current portion of bonds	13,294,521			13,294,521		
Current portion of lease liabilities	17,113,249			18,546,946		
Derivatives and other current financial liabilities	-			2,011,989		
Contract liabilities	626,680,545			544,170,940		
Trade payables to suppliers	1,514,679,805	708,726,041	47%	1,792,144,932	1,128,507,725	63%
Current income tax liabilities	76,886,916			77,687,267		
Other tax payables	15,896,736			14,766,250		
Other current liabilities	137,608,842	55,202,441	40%	126,726,567	53,452,873	42%
Total current liabilities	**3,333,935,244**			**3,121,680,962**		
Liabilities directly associated with assets held for sale						
Total equity and liabilities	**5,915,334,797**			**6,468,214,728**		

Statement of profit (loss) for the year

(Values in Euro)	2018	of which with related parties	%	2019	of which with related parties	%
Revenues						
Revenue from contracts with customers	2,916,439,069	90,495,394	3%	2,597,494,612	115,950,934	4%
Other income	151,860,081	42,422,273	28%	143,495,608	64,742,705	45%
Total revenues	**3,068,299,150**			**2,740,990,220**		
Costs						
Costs for purchases	(391,830,409)	(8,981)	0%	(202,477,486)	(43,371)	0%
Subcontracts	(507,679,607)	(53,624,791)	11%	(522,062,587)	(42,436,492)	8%
Costs for services	(1,383,905,587)	(514,159,583)	37%	(1,241,376,941)	(616,669,537)	50%
Personnel costs	(319,624,087)	(2,607,279)	1%	(294,927,571)	(1,817,604)	1%
Other operating costs	(62,641,115)	(426,832)	1%	(66,663,457)	(527,738)	1%
Impairment losses (**)	(190,615,948)	(35,764,469)	19%	(36,080,036)	(6,412,554)	18%
Amortisation, depreciation and provisions	(79,497,269)			(120,429,732)		
Total costs	**(2,935,794,022)**			**(2,484,017,810)**		

Operating profit (loss)	**132,505,128**			**256,972,410**		
Financial and equity investments operations						
Financial income	58,471,893	28,071,404	48%	48,593,543	26,401,786	54%
Financial costs	(95,601,331)	(14,089,198)	15%	(119,043,004)	(28,505,844)	24%
Foreign exchange gains (losses)	31,342,936			5,432,325		
Financial operations	(5,786,502)			(65,017,136)		
Equity investments operations	41,627,560			(37,828,094)		
Total financial and equity investments operations	**35,841,058**			**(102,845,230)**		
Profit (loss) before tax	**168,346,186**			**154,127,180**		
Tax	(58,795,771)			(83,167,055)		
Net profit (loss)	**109,550,415**			**70,960,125**		

Statement of comprehensive income

(Values in €'000)	**2018**	**2019**
Net profit (loss) for the year (a)	**109,550**	**70,960**
- components that can be reclassified in subsequent financial periods to profit (loss) for the period, net of tax effect:		
Profits (losses) from translation of financial statements of foreign companies	3,791	1,453
Profits (losses) from translation of financial statements of foreign companies reclassified from comprehensive income to the statement of profit (loss)		(9,875)
Profits (losses) on Cash Flow Hedge instruments, net of tax effect		
- components that cannot be reclassified in subsequent financial periods to profit (loss) for the period, net of tax effect:		
Actuarial gains (losses) on defined-benefit plans	114	59
Other comprehensive income (expense) (b)	**3,905**	**(8,363)**
Total comprehensive result (a) + (b)	**113,455**	**62,597**

44.2 Authorisation for publication

The Company's board of directors authorised the publication of these separate financial statements on 17 March 2021. On the same date, the Board of Directors also resolved to submit a proposal to the Shareholders' Meeting to allocate the profit for the year, equal to €1,805,393,771, for the following purposes:

a) for €1,394,909,707 to cover past losses;

b) for €17,021,573 to set aside the legal reserve for an amount equal to 5% of the share capital;

c) for €23,996,625 to the non-distributable reserve under article 6, paragraph 2, of Legislative Decree no. 38/2005, in the amount of the capital gains recognised in relation to equity-accounted investments;

d) for the remaining amount of €369,465,866 to the extraordinary reserve.

44.3 Events after the reporting date

Below is a summary of the significant events that occurred after the end of the 2020 financial year, also referring for completeness to the information available on the website, in the Media - Press releases section.

On 10 February 2021, the Astaldi Board of Directors co-opted Daniela Montemerlo and David Morganti by resolution approved by the Board of Statutory Auditors as new independent, non-executive directors, replacing the non-independent, non-executive director Alessandro De Rosa, who resigned on 21 January 2021 for personal reasons, and the independent, non-executive director Flavia Insom, who ceased to hold office on 5 November 2020. The Board verified that the two new directors meet the requirements of independence set forth in the legislation and the Corporate Governance Code. The new directors Montemerlo and Morganti will remain in office until the next Shareholders' Meeting pursuant to the Articles of Association in force and art. 2386 of the Italian Civil Code. As confirmed by the Appointments and Remuneration Committee, the new composition of the Company's Board of Directors continues to ensure the gender balance prescribed by current law.
On the same date, following the aforementioned changes, the Board of Directors also appointed: (i) Daniela Montemerlo as a member of the Control and Risks Committee, which is consequently composed of directors Nicoletta Mincato (Chairwoman), Daniela Montemerlo and Teresa Naddeo; (ii) David Morganti as a member of the Appointments and Remuneration Committee, which is consequently composed of directors Teresa Naddeo (Chairwoman), Nicoletta Mincato and David Morganti; (iii) Daniela Montemerlo as a member of the Related Parties Committee, which is consequently composed of Andrea Gemma (Chairman), Maria Raffaella Leone and Daniela Montemerlo.
At the same time, the Company announced that it had terminated by mutual agreement its employment relationship with Francesco Maria Rotundi, General Manager at the Astaldi Group, whose powers were assigned to Cesare Bernardini, former General Manager at the Astaldi Group, who therefore assumed the role of General Manager of Operations as part of the mandate conferred on him on the same date by the Company's Board of Directors.
In March 2021, in consortium with Webuild and Pizzarotti, the Astaldi Group (25%) was declared the top bidder for the contract worth just over €1 billion for the executive design and construction of sections B2 (12.7 kilometres, from Lentate sul Seveso to Cesano Maderno) and C (20 kilometres, from Cesano Maderno to the A–51 east ring road of Milan) of the Pedemontana Lombarda motorway. Commissioned by Autostrada Pedemontana Lombarda S.p.A., the project must be completed ahead of the Winter Olympics in Milan-Cortina in 2026.

***

The corporate integration process between Webuild and Astaldi began on 14 March 2021. The Boards of Directors of Astaldi S.p.A. and Webuild S.p.A., meeting on the same date, agreed that it was appropriate to proceed with a proportionate partial demerger of Astaldi in favour of Webuild, which at a corporate level will result in the definitive separation between Astaldi's core assets and Astaldi's separate unit established on 24 May 2020 as part of the composition with creditors procedure (the "Separate Unit" – see § "Composition with creditors on a going concern basis as per article 186–bis of the Bankruptcy Law"). The project will provide for the assignment of the core assets to Webuild, while Astaldi will maintain ownership of the assets and the creditor and debtor relationships that were transferred to the Separate Unit.
The guidelines of the project include the allocation to Astaldi shareholders of 203 Webuild ordinary shares for every 1,000 Astaldi ordinary shares held by them. This swap ratio was identified by the Astaldi and Webuild Boards of Directors, the Astaldi Board of Directors having constantly kept informed the Related Parties Committee, which is supported by Equita as an independent financial advisor. This ratio was also identified taking into account the earnings and the financial position and performance of the two groups during 2020 and based on generally applied valuation methods, particularly the so-called "fundamental" methods based on the economic and financial plans of the two groups. For the transaction Astaldi and Webuild are assisted by EY and Partners as financial advisors of the Boards of Directors, and Equita and Lazard as independent financial advisors of the Related Parties Committees.
The Astaldi Board of Directors believes that the transaction represents the natural evolution of a project that has given continuity to an industrial business of international importance while safeguarding employment levels, and that now will bring together important businesses to create a major Italian player in the infrastructure sector that can contribute to the country's infrastructural development. The precise terms and conditions of the transaction, which constitutes a further important stage in the implementation of "Progetto Italia", will be submitted for the approval of the Webuild and Astaldi board meetings scheduled for 19 March. It is expected that the terms of the demerger project will be as follows:

(a) Webuild will be the assignee of all Astaldi's assets, liabilities and legal relationships after discharge of debt as part of the composition with creditors that are not included in the Separate Unit, as defined in the composition with creditors plan;

(b) the assets, rights and obligations relating to the Separate Unit will remain the property of Astaldi, without prejudice to the intended use of the Separate Unit in compliance with the Astaldi composition with creditors;

(c) on the effective date of the demerger, Astaldi shareholders will receive newly issued Webuild ordinary shares, with cancellation of all Astaldi ordinary shares (including shares held by Webuild) and consequent delisting of Astaldi from the electronic stock market of Borsa Italiana S.p.A.;

(d) any unsecured creditors of Astaldi that are recognised as such after the effective date of the demerger will be entitled to receive ordinary shares of Webuild and will retain the right to receive participating financial instruments from Astaldi based on the Separate Unit, in accordance with Astaldi's composition with creditors plan;

(e) as part of the demerger, on the date immediately preceding the effective date of the transaction Webuild's shareholders will receive Webuild warrants that will entitle them to receive new Webuild shares in such number that their shareholding remains unchanged in the event that new Webuild shares are issued to additional Astaldi unsecured creditors as described above. Webuild will also issue its own warrants in place of those assigned by Astaldi to certain lending banks under the composition with creditors proposal;

(f) the share capital of the demerged Astaldi will be eliminated and simultaneously restored with a subscription of new capital by a new foundation, which, as the sole shareholder of the demerged Astaldi, will guide the management and orderly disposal of the assets of the Separate Unit by Astaldi according to the composition with creditors proposal.

After approval by the two Boards of Directors scheduled for 19 March 2021, based on the timing agreed by the two companies, extraordinary shareholders' meetings will be called for the purpose of approving the demerger project on 29 April 2021 in the case of Astaldi, and on 30 April 2021 in the case of Webuild.

It is expected that the transaction will be implemented through the execution of the demerger deed only after the Court of Rome issues the order certifying the execution of the Astaldi composition with creditors, in accordance with the provisions of the order approving the Composition with Creditors Proposal dated 17 July 2020. This order is expected to be issued by July.

The transaction is subject to the application of the procedure on transactions with significant related parties. The Boards of Directors of Astaldi and Webuild will therefore approve the transaction and the related mutual commitments together with the single demerger project subject to a reasoned opinion of the respective related parties committees on the corporate interest in completing the transaction and on the substantial fairness and propriety of the related conditions.

For further information, please also refer to the press release issued by the Company on 15 March 2020, available on the website www.astaldi.com, in the Media - Press releases section.

***

On 14 March 2021 the Astaldi Board of Directors also approved Astaldi's business plan for the three-year period 2021-2023 on a stand-alone basis for the purposes of (i) determining the allocation ratio between the shares of the companies involved in the integration and (ii) providing the financial advisors – of the respective boards and related parties committees, as well as the expert appointed by the Court of Milan pursuant to and for the purposes of art. 2506-ter and 2501-sexies of the Italian Civil Code – with the elements necessary for the definition of the allocation ratio and relative fairness opinions. It should be noted that obviously this plan will not be implemented following the report on the integration transaction.

Without prejudice to the above provisions, this plan is made available to the public on the website www.astaldi.com. It shows that, if the integration transaction described above is not carried out for any reason whatsoever, Astaldi would report (i) Revenues of €2.1 billion, (ii) EBITDA margin of 8.1% and a (iii) positive end-of-period NFP of €505 million at 2023.

44.4 Fees to the independent auditors, PricewaterhouseCoopers S.p.A., and their network pursuant to article 149-duodecies of the Issuer Regulation

The Shareholders' Meeting of Astaldi, which was held on 31 July 2020 resolved, on the reasoned recommendation of the Board of Statutory Auditors, to appoint PricewaterhouseCoopers S.p.A. (PWC): (i) to carry out the statutory audit of accounts in accordance with articles 13 and 17, paragraph 1, of Legislative Decree no. 39 of 2010 and article 16 of Regulation (EU) No. 537/2014 relating to the separate financial statements of Astaldi S.p.A. and the consolidated financial statements of the Astaldi Group for the financial years from 2020 to (and including) 2028; (ii) to audit the Consolidated Disclosure of Non-Financial Information required under article 2 of Legislative Decree no. 254 of 2016; and (iii) to carry out the statutory audit of accounts of the Separate Unit in accordance with article 2447-bis et seq. of the Italian Civil Code, the establishment of which was approved by the Board of Directors on 24 May 2020, as provided for in the composition with creditors proposal.
Below are the fees accrued for the 2020 financial year:

Paying entity	Recipient	Audit services [54]	Optional review or assurance services	Other non-audit services [55]	Total for FY 2020
PricewaterhouseCoopers S.p.A.	Astaldi S.p.A.	486	0	406	**892**
PricewaterhouseCoopers Network	Astaldi S.p.A.	0	0	0	**0**
Total fees due to independent auditors		**486**	**0**	**406**	**892**

Filippo Stinellis
Chief Executive Officer

Paolo Citterio
Manager in charge of financial reporting

[54] It includes expenses and CONSOB contribution.
[55] These include the limited review of the Consolidated Non-Financial Statement relating to the Astaldi Group and the review of the consolidation files prepared for the purposes of the consolidated financial statements of the Webuild Group.

Annexes to the separate financial statements

ANNEX 1 – RELATED-PARTY TRANSACTIONS

Group company	Non-current financial assets	Contract assets	Trade receivables	Current financial assets	Other current assets	Non-current financial liabilities	Trade payables	Other current liabilities	Revenue	Other operating revenue	Service costs	Other operating costs	Other financial income	Interest and other financial expense	Profit (loss) from discontinued operations
3E System S.r.l in Liquidation - Composition with creditors	0	0	0	0	1	0	17	0	0	0	0	0	0	0	0
Afragola FS S.C. a R.L. - Composition with creditors	0	0	0	0	2,209	0	3,698	0	0	0	5	0	0	0	0
AGN Haga AB	0	0	0	0	2,024	0	0	134	0	3,232	20	0	0	0	0
AR.GI S.c.p.A.	0	0	53,769	0	3,725	0	57,872	1,932	0	120	1,863	0	2	0	0
AS. M. S.c.r.l.	0	0	0	0	1,284	0	169	11	0	119	317	0	0	0	0
Astaldi - UTI - Romairport Joint Venture	0	0	0	0	245	0	0	5	0	0	0	0	0	0	0
Astaldi Algerie - E.u.r.l.	0	0	0	0	775	0	687	0	0	5	0	3	0	0	-4
Astaldi Arabia Ltd.	0	0	0	919	3,593	112	3,829	429	0	0	0	0	53	0	87
Astaldi Bayindir J.V.	0	0	0	0	203	0	154	49	0	0	0	0	0	0	0
Astaldi Bulgaria LTD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
Astaldi Canada Design & Construcion Inc.	0	0	0	0	218	0	0	0	0	54	0	0	0	0	0
Astaldi Canada Enterprises Inc.	28,696	0	0	5,836	1,353	0	0	0	0	629	0	0	1,605	0	0
Astaldi Canada Inc.	19	0	0	10,989	24	0	0	0	0	143	0	0	1,245	29,419	0
Astaldi Concessioni S.p.A.	0	0	0	0	0	0	0	0	0	84	890	0	4,978	0	0
Astaldi Concessions S.p.A.	0	0	0	0	28	2,844	0	0	0	28	0	0	0	0	0
Astaldi Construction Corporation	0	0	69	0	6,564	69	5,570	841	0	1,010	0	0	2,825	6,082	4
Astaldi de Venezuela C.A.	98	0	0	0	20	0	168	0	0	0	0	0	4	0	-1
Astaldi India Services LLP	0	0	0	0	2,995	0	0	0	0	1,736	0	0	0	0	23
Astaldi International Ltd.	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0
Astaldi Polska Sp. z o.o.	0	0	0	0	263	0	212	0	0	0	6	0	0	0	0
Astaldi-Max Bogl-CCCF JV S.r.l.	0	0	0	0	2,645	0	1,754	407	0	0	0	0	0	0	0
ASTALROM S.A.	0	0	0	0	7,627	895	5,033	2,964	0	320	575	0	0	0	0
Astur Construction and Trade A.S.	100	0	0	0	1,763	0	2,144	2	0	1	0	0	1	0	118
Autostrada Nogara Mare Adriatico S.c.p.a. in liquidation	0	0	0	0	0	0	13	0	0	0	7	0	0	0	0
Avola S.c.r.l. in liquidazione	84	0	0	0	556	0	162	0	0	0	0	0	0	0	0
Avrasya Metro Grubu Srl in liquidation	0	0	0	0	0	0	37	0	0	0	0	0	0	0	0
Brennero Tunnel Construction -BTC SCARL	4,118	0	0	4,345	14,879	0	6,762	0	0	617	85,588	0	377	0	0
Bussentina S.c.r.l. in liquidation	235	0	0	43	132	0	176	0	0	0	0	0	0	0	0
C.F.M. S.c.r.l. in liquidation	0	0	0	0	166	0	55	104	0	0	0	0	0	0	0
C.O.MES. In liquidation S.C.r.l.	0	0	0	0	998	0	0	0	0	0	1	0	0	0	0
Capodichino AS.M S.c.r.l	0	0	0	0	4,670	0	2,310	46	0	384	8,056	0	0	0	0
CO.ME.NA. S.c.r.l. in liquidation	0	0	0	0	62	0	5	0	0	27	4	0	0	0	0
CO.MERI S.p.A.	0	0	0	0	45	0	130	0	0	0	0	0	6	0	0

ANNEX 1 – RELATED-PARTY TRANSACTIONS

Group company	Non-current financial assets	Contract assets	Trade receivables	Current financial assets	Other current assets	Non-current financial liabilities	Trade payables	Other current liabilities	Revenue	Other operating revenue	Service costs	Other operating costs	Other financial income	Interest and other financial expense	Profit (loss) from discontinued operations
Colli Albani S.c.r.l. in liquidation	10	0	0	0	790	0	343	0	0	0	0	0	0	0	0
Consorcio Contuy Medio	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Consorzio A.F.T. in liquidation	0	0	0	375	192	0	32	0	0	0	25	0	0	0	0
Consorzio A.F.T. Kramis	0	0	0	578	5,736	0	0	0	0	382	37	0	0	0	0
Consorzio Consarno	0	0	0	127	0	0	52	0	0	0	41	0	0	0	0
Consorzio Ferrofir in liquidation	0	0	0	0	0	0	296	0	0	0	57	0	0	0	0
Consorzio Gi.It. in liquidation	0	0	0	0	0	0	89	0	0	0	89	0	0	0	0
Consorzio Iricav Due	0	0	96,365	0	1,569	0	16,752	0	0	343	11,341	0	0	0	0
Consorzio Iricav Uno	0	0	0	0	257	0	830	0	0	0	229	0	0	0	0
Consorzio Ital.Co.Cer. in liquidation	0	0	0	0	38	0	219	0	0	0	15	0	0	0	0
Consorzio Italvenezia	0	0	0	0	0	0	158	0	0	0	156	0	0	0	0
Consorzio MM4	0	6,506	0	0	1,302	0	1,212	311	72,902	204	1,110	0	0	0	0
Consorzio Novocen in liquidation	0	0	0	22	262	0	75	0	0	0	0	0	0	0	0
Consorzio Stabile Busi in liquidation	0	0	0	0	9	0	904	19	0	0	0	0	0	0	0
Consorzio Stabile Operae	0	0	113,755	12,500	4,811	0	147,505	0	0	0	23,287	0	0	0	0
Constructora Astaldi Cachapoal Limitada	0	0	0	0	4,532	0	1,846	3,389	0	0	0	0	0	0	2
Diga di Blufi S.c.r.l. in liquidation	0	0	0	0	6,848	0	5,477	28	0	0	2	0	3	0	0
Dirpa 2 S.c.ar.l.	0	36,068	39,953	0	537	0	514	3,146	43,557	182	0	0	0	2	0
DMS DESIGN CONSORTIUM s.c.r.l.	0	0	0	0	160	0	487	0	0	0	400	0	0	0	0
Ecosarno S.c.r.l. in liquidation	0	0	0	0	0	0	154	0	0	0	499	0	0	0	0
Ankara Etlik Hastante A.S.	0	0	0	0	0	0	0	0	2,331	0	0	0	151	0	0
Etlik Hastane PA S.r.l.	0	0	0	0	8,039	0	4,664	0	0	1	0	0	0	0	0
Forum S.c.r.l.	0	0	0	0	1,093	0	929	0	0	13	498	0	0	0	0
Fosso Canna S.c.r.l. in liquidation	0	0	0	183	254	0	78	0	0	0	0	0	0	0	0
Garbi Linea 5 S.c.a.r.l. in liquidation	0	0	0	0	7,006	0	6,016	898	0	0	0	0	0	0	0
GE. SAT S.c.a. r.l.	0	0	10,152	0	3	0	6,625	0	0	143	13,080	0	0	0	0
GEI - Grupo Empresas Italianas	0	0	0	0	565	0	0	17	0	0	0	0	0	0	382
Infraflegrea Progetto S.p.A.	0	0	5,884	0	529	0	1,233	59	4,369	97	59	2	0	8	0
Infraflegrea S.c.r.l. in liquidation	0	0	0	0	532	0	562	0	0	0	39	0	0	0	0
Italstrade CCCF JV Romis S.r.l.	0	0	0	0	340	0	156	0	0	0	0	0	0	0	0
Italstrade S.p.A.	0	0	0	4,456	45	0	7	31	0	18	0	0	156	0	0
M.N. Metropolitana di Napoli S.p.A.	0	0	0	0	35	0	364	0	0	30	0	0	0	3	0
Messina Stadio S.c.r.l. in liquidation	0	0	0	2,470	1,502	0	3,718	25	0	0	10	0	3	0	0
METRO C S.c.p.a.	0	0	8,626	0	1,176	0	11,920	0	0	483	19,796	5	8,626	0	0
Metrogenova S.c.r.l.	0	0	0	0	205	0	187	1	0	0	7	0	0	0	0
Mondial Milas - Bodrum Havalimani Uluslararasi Terminal Isletmeciligi Ve Yatirim A.S.	0	0	0	0	38	0	16	2	0	0	0	0	0	0	0

ANNEX 1 – RELATED-PARTY TRANSACTIONS

Group company	Non-current financial assets	Contract assets	Trade receivables	Current financial assets	Other current assets	Non-current financial liabilities	Trade payables	Other current liabilities	Revenue	Other operating revenue	Service costs	Other operating costs	Other financial income	Interest and other financial expense	Profit (loss) from discontinued operations
Mose Bocca di Chioggia Società consortile a Responsabilità Limitata	0	0	0	0	141	0	246	0	0	0	105	0	0	0	0
Mose-Treporti S.c.r.l.	0	0	0	0	778	0	964	1	0	44	287	0	0	0	0
N.P.F. - Nuovo Polo Fieristico S.c.r.l. in liquidation	0	0	0	0	215	0	0	0	0	0	80	0	0	0	0
nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve	495	0	0	0	287	0	23	0	0	3	0	0	19	0	0
NBI S.p.A.	1,000	0	0	0	4,126	0	3,641	0	0	783	4,735	0	48	0	-10
Nova Metro S.c.r.l. in liquidation	0	0	0	0	0	0	0	0	0	72	10	0	0	0	0
Nuovo Ospedale Sud Est Barese S.c.r.l. - NOSEB S.c.r.l.	0	0	0	0	2,779	0	74	0	0	1,067	9,307	0	353	0	0
Ospedale del Mare S.C.r.l. in liquidation	0	0	0	0	4	0	200	0	0	0	190	0	0	0	0
Otoyol Deniz Tasimaciligi A.S.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Otoyol Yatirim Ve Isletme A.S	0	0	0	0	0	0	0	0	7,047	0	0	0	0	0	0
Partenopea Finanza di Progetto S.c.p.A.	0	0	5,844	0	1,352	0	6,280	1,264	0	37	76	0	0	6	0
Passante Dorico S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pedelombarda S.c.p.A.	0	0	841	0	264	0	1,101	0	0	0	0	0	0	0	0
Pegaso S.c.r.l. in liquidation	0	0	0	0	177	0	6	0	0	0	30	0	0	0	0
Piana di Licata S.c.r.l. in liquidation	0	0	0	156	259	0	139	0	0	0	0	0	0	1	0
Portovesme S.c.r.l. in liquidation	0	0	0	0	253	0	14	0	0	0	4	0	0	0	0
Romairport S.r.l.	524	0	0	0	10,318	0	3,118	49	0	3	6	0	0	0	0
S. Filippo S.c.r.l. in liquidation	0	0	0	0	960	0	89	0	0	0	0	0	0	0	0
S. Leonardo S.c.r.l. in liquidation	0	0	0	0	2,603	0	698	0	0	0	0	0	0	0	0
S.E.I.S. S.p.A.	0	0	0	5,541	37	0	0	0	0	5	0	0	97	0	0
S.P.T. - Società Passante Torino S.C.r.l.	0	0	0	0	510	0	420	0	0	0	15	0	0	0	0
Sartori Tecnologie Industriali S.r.l. in liquidation and Composition with creditors	0	0	0	0	372	0	199	15	0	0	0	0	0	0	0
Scuola Carabinieri S.C.r.l. in liquidation	0	0	0	0	1,419	0	1,038	0	0	0	12	0	0	0	0
Seac S.p.a.r.l. in liquidation	0	0	0	0	314	0	0	0	0	0	0	0	211	169	0
Sirjo Scpa	0	0	187,267	2,512	4,218	0	58,567	18	0	575	44,216	0	66	0	0
SOC 24, Russia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Societad Concesionaria Metropolitana de Salud	0	0	0	0	0	0	0	0	-1,472	0	0	0	0	0	0
Sociedad Austral Mantenciones y Operaciones S.p.A.	0	0	0	0	16	0	0	0	0	7	0	0	0	0	0
Sociedad Concesionaria Aguas de Punilla S.A.	0	3,038	0	0	7	0	0	0	0	2	0	0	0	0	0
Susa Dora Quattro S.c.r.l. in liquidation	0	0	0	0	68	0	46	65	0	0	45	0	0	0	0
T.E.Q. Construction Enterprise Inc.	0	0	0	0	858	0	0	0	0	96	0	0	0	0	0
Tangenziale Seconda S.c.r.l. in liquidation	0	0	0	0	92	0	27	0	0	0	1	0	1	0	0
Toledo S.c.r.l. in liquidation	0	0	0	0	841	0	196	0	0	12	35	0	0	0	0
Valle Aconcagua S.A.	0	0	0	0	34	0	0	59	0	0	0	0	0	0	0
Webuild S.p.A.	0	0	88,131	0	2,728	0	16,112	0	11,885	0	313	0	0	142	0
Total	**35,380**	**45,612**	**610,656**	**51,053**	**143,513**	**3,920**	**397,578**	**16,321**	**140,619**	**13,113**	**227,574**	**10**	**20,831**	**35,832**	**609**
As a percentage of transactions	**47.16%**	**6.35%**	**74.68%**	**54.39%**	**36.39%**	**2.03%**	**48.77%**	**12.72%**	**14.21%**	**21.84%**	**31.64%**	**0.03%**	**20.70%**	**19.48%**	**3.73%**

ANNEX 2 – LIST OF EQUITY INVESTMENTS

Investees	Registered office	Share/quota capital/consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Subsidiaries							
3E System S.r.l in liquidation	Bologna	10,000	EUR	100.00%	0.00%	100.00%	NBI Spa
Afragola FS Società consortile a Responsabilità Limitata –Composition with creditors	Rome	10,000	EUR	100.00%	82.54%	17.46%	NBI Spa
AR.GI S.c.p.A.	Rome	35,000,000	EUR	99.99%	99.99%	0.00%	
AS. M. S.c.r.l.	Naples	10,000	EUR	75.91%	75.91%	0.00%	
Asocierii Astaldi SpA, Sc Somet sa, sc Tiab sa, sc Uti grup sa	Bucharest (Romania)	0	EUR	40.00%	40.00%	0.00%	
Astaldi Algerie - E.u.r.l.	Algiers (Algeria)	54,979,619	DZD	100.00%	100.00%	0.00%	
Astaldi Arabia Ltd.	Riyadh (UAE)	SAR 5,000,000	USD	100.00%	60.00%	40.00%	Astaldi International Ltd.
Astaldi Bulgaria LTD	Sofia (Bulgaria)	5085	BGN	100.00%	100.00%	0.00%	
Astaldi Canada Design & Construcion Inc.	Montreal (Canada)	100	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.
Astaldi Canada Enterprises Inc.	Montreal (Canada)	100	CAD	100.00%	100.00%	0.00%	
Astaldi Canada Inc.	Montreal (Canada)	50,020,000	CAD	100.00%	100.00%	0.00%	
Astaldi Concessions S.p.A.	Rome	300,000	EUR	100.00%	100.00%	0.00%	
Astaldi Construction Corporation	Florida (USA)	18,972,000	USD	65.81%	65.81%	0.00%	
Astaldi de Venezuela C.A.	Caracas	VEF 110,300	EUR	99.80%	99.80%	0.00%	
Astaldi International Inc.	Monrovia	USD 3,000,000	EUR	100.00%	100.00%	0.00%	
Astaldi International Ltd.	London (UK)	2,000,000	GBP	100.00%	100.00%	0.00%	
Astaldi Polska Sp. z o.o.	Warsaw (Poland)	120,000	PLN	100.00%	100.00%	0.00%	
Astaldi-Max Bogl-CCCF JV S.r.l.	Bucharest (Romania)	RON 40,000	EUR	66.00%	66.00%	0.00%	
Astalnica S.A.	Managua (Nicaragua)	2,000,000	NIO	98.00%	98.00%	0.00%	
ASTALROM S.A.	Calarasi (Romania)	4,181,602	RON	99.68%	99.68%	0.00%	
Astur Construction and Trade A.S.	Istanbul (Turkey)	TRY 35,500,000	USD	100.00%	100.00%	0.00%	
Bielle Impianti S.c.r.l. in liquidation	Bologna	100,000	EUR	75.00%	0.00%	75.00%	NBI Spa
Bussentina S.c.r.l. in liquidation	Rome	25,500	EUR	78.90%	78.90%	0.00%	
C.O.MES. in liquidation S.C.r.l.	Rome	20,000	EUR	55.00%	55.00%	0.00%	
Capodichino AS.M S.c.r.l	Naples	10,000	EUR	66.83%	66.83%	0.00%	
CO.ME.NA. S.c.r.l. in liquidation	Naples	20,658	EUR	70.43%	70.43%	0.00%	
CO.MERI S.p.A.	Rome	35,000,000	EUR	99.99%	99.99%	0.00%	
CO.VA S.c.r.l. in liquidation	Bologna	10,000	EUR	60.00%	0.00%	60.00%	NBI Spa
Consorzio Stabile Busi in liquidation	Bologna	100,000	EUR	95.00%	0.00%	95.00%	NBI Spa, 3E System S.r.l.
Consorzio Stabile Operae	Rome	500,000	EUR	99.00%	98.00%	1.00%	NBI Spa

ANNEX 2 – LIST OF EQUITY INVESTMENTS

Investees	Registered office	Share/quota capital/consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Subsidiaries							
Constructora Astaldi Cachapoal Limitada	Santiago de Chile (Chile)	10,000,000	CLP	99.90%	99.90%	0.00%	
DEAS Società Consortile a Responsabilità Limitata	Bologna	10,000	EUR	57.00%	0.00%	57.00%	NBI Spa
DMS DESIGN CONSORTIUM s.c.r.l.	Rome	10,000	EUR	60.00%	60.00%	0.00%	
Dirpa 2 S.c.ar.l.	Rome	50,009,998	EUR	99.00%	0.00%	99.99%	Consorzio Stabile Operae
Forum S.c.r.l. in liquidation	Rome	51,000	EUR	79.98%	79.98%	0.00%	
Garbi Linea 5 S.c.a.r.l. in liquidation	Rome	10,000	EUR	100.00%	100.00%	0.00%	
GE. SAT S.c.a. r.l.	Prato	10,000	EUR	53.85%	35.00%	18.85%	Astaldi Concessions S.p.A.
Infraflegrea Progetto S.p.A.	Naples	500,000	EUR	51.00%	51.00%	0.00%	
Italstrade CCCF JV Romis S.r.l.	Bucharest (Romania)	RON 540,000	EUR	51.00%	51.00%	0.00%	
Italstrade S.p.A.	Rome	611,882	EUR	100.00%	100.00%	0.00%	
LAGUNA S.c.a r.l. in liquidation	Bologna	10,000	EUR	84.70%	0.00%	84.70%	NBI Spa
Messina Stadio S.c.r.l. in liquidation	Milan	45,900	EUR	100.00%	100.00%	0.00%	
Mondial Milas - Bodrum Ve Yatirim A.S.	Istanbul (Turkey)	TRY 37,518,000	EUR	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A.
Ospedale Monopoli Fasano Scarl	Bologna	10,000	EUR	51.00%	0.00%	51.00%	NBI Spa
nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve	Istanbul (Turkey)	10,720,000	TRY	100.00%	0.00%	100.00%	NBI Spa
NBI S.p.A.	Rome	7,500,000	EUR	100.00%	100.00%	0.00%	
Ospedale del Mare S.C.r.l. in liquidation	Rome	50,000	EUR	100.00%	100.00%	0.00%	
Partenopea Finanza di Progetto S.c.p.A. – Composition with creditors	Naples	9,300,000	EUR	99.99%	99.99%	0.00%	
Portovesme S.c.r.l. in liquidation	Milan	25,500	EUR	99.98%	99.98%	0.00%	
Redo-Association Momentanée	Kinshasa (Congo)	CDF 0,5	EUR	100.00%	75.00%	25.00%	Astaldi International Ltd.
Romairport S.r.l.	Rome	500,000	EUR	99.26%	99.26%	0.00%	
S. Filippo S.c.r.l. in liquidation	Rome	10,200	EUR	80.00%	80.00%	0.00%	
S.P.T. - Società Passante Torino S.C.r.l.	Rome	50,000	EUR	82.50%	82.50%	0.00%	
Sartori Tecnologie Industriali S.r.l. in liquidation	Brindisi	1,000,000	EUR	100.00%	0.00%	100.00%	NBI Spa
Scuola Carabinieri S.C.r.l. in liquidation	Rome	50,000	EUR	76.40%	76.40%	0.00%	
Seac S.p.a.r.l. in liquidation	Kinshasa (Congo)	CDF 400	EUR	100.00%	100.00%	0.00%	
Sirjo Scpa	Rome	30,000,000	EUR	60.00%	60.00%	0.00%	
Sociedad Austral Mantenciones y Operaciones S.p.A.	Santiago de Chile (Chile)	1,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A.
Sociedad Concesionaria Aguas de Punilla S.A.	Santiago de Chile (Chile)	40,000,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A.
Susa Dora Quattro S.c.r.l. in liquidation	Rome	51,000	EUR	90.00%	90.00%	0.00%	
T.E.Q. Construction Enterprise Inc.	Montreal (Canada)	11,080,515	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.
Tione 2008 Scrl in liquidation	Bologna	100,000	EUR	80.00%	0.00%	80.00%	Consorzio Stabile Busi
Toledo S.c.r.l. in liquidation	Naples	50,000	EUR	90.39%	90.39%	0.00%	

ANNEX 2 – LIST OF EQUITY INVESTMENTS

Investees	Registered office	Share/quota capital/consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Subsidiaries							
Valle Aconcagua S.A.	Santiago de Chile (Chile)	CLP 19,064,993,360	USD	84.31%	0.00%	84.31%	Astaldi Concessions S.p.A.
A10 S.c.a r.l.	Bologna	10,000	EUR	62.52%	0.00%	62.52%	NBI Spa
Astaldi India Services LLP	Mumbai (India)	INR 8,00,080	INR	99.99%	99.99%	0.00%	
Astaldi Mobilinx Hurontario GP Inc.	Ontario (Canada)	CAD 100	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.
Transmisora del Sur S.p.A.	Santiago de Chile (Chile)	CLP 1,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A. Branch Chile
AGN Haga AB	Gothenburg (Sweden)	SEK 500,000	CLP	40.00%	40.00%	40.00%	
Nuovo Ospedale Sud Est Barese S.c.r.l. - NOSEB S.c.r.l.	Rome	50,000	EUR	100.00%	100.00%	0.00%	

Investees	Registered office	Share/quota capital/consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Joint Ventures							
Ankara Etlik Hastane Isletme Ve Bakim Anonim Sirketi	Ankara (Turkey)	50,000	TRY	51.00%	0.00%	51.00%	Astaldi Concessions S.p.A.
Astaldi Bayindir J.V.	Ankara (Turkey)	0	EUR	50.00%	50.00%	0.00%	
Avola S.c.r.l. in liquidation	Milan	10,200	EUR	50.00%	50.00%	0.00%	
Avrasya Metro Grubu Srl in liquidation	Agliana (PT)	10,000	EUR	42.00%	42.00%	0.00%	
C.F.M. S.c.r.l. in liquidation	Naples	40,800	EUR	50.00%	50.00%	0.00%	
Colli Albani S.c.r.l. in liquidation	Rome	25,500	EUR	60.00%	60.00%	0.00%	
Consorzio A.F.T. Kramis	Rome	100,000	EUR	50.00%	50.00%	0.00%	
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	Naples	2,582	EUR	50.00%	50.00%	0.00%	
Consorzio Ferrofir in liquidation	Rome	30,987	EUR	66.67%	66.67%	0.00%	
Consorzio Gi.It. in liquidation	Naples	2,582	EUR	50.00%	50.00%	0.00%	
Etlik Hastane PA S.r.l.	Rome	110,000	EUR	51.00%	51.00%	0.00%	
Grand Capital Ring	Moscow (Russia)	400,000	RUB	25.10%	25.10%	0.00%	
Infraflegrea S.c.r.l. in liquidation	Naples	46,600	EUR	50.00%	50.00%	0.00%	
Piana di Licata S.c.r.l. in liquidation	Milan	10,200	EUR	43.75%	43.75%	0.00%	
S. Leonardo S.c.r.l. in liquidation	Rome	10,200	EUR	51.00%	51.00%	0.00%	
SOC 24, Russia	Moscow (Russia)	400,000	RUB	25.10%	25.10%	0.00%	
ICA LT Limited Liability Company	St. Petersburg (Russia)	RUB 100,000	RUB	50.00%	50.00%	0.00%	

ANNEX 2 – LIST OF EQUITY INVESTMENTS

Investees	Registered office	Share/quota capital/consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Associates							
Association en participation SEP Astaldi-Somatra-Bredero	Tunisia	0	TND	40.00%	40.00%	0.00%	
Autostrada Nogara Mare Adriatico S.c.p.a. in liquidation	Verona	120,000	EUR	23.00%	10.00%	13.00%	Astaldi Concessions S.p.A.
Brennero Tunnel Construction S.c.r.l. - BTC SCARL	Rome	100,000	EUR	47.23%	47.23%	0.00%	
Consorcio Contuy Medio	Caracas (Venezuela)	0	VES	28.30%	28.30%	0.00%	
Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles	Caracas (Venezuela)	0	EUR	32.33%	32.33%	0.00%	
Consorzio A.F.T. in liquidation	Rome	46,481	EUR	33.33%	33.33%	0.00%	
Consorzio Consarno	Castellammare di Stabia (NA)	20,658	EUR	25.00%	25.00%	0.00%	
Consorzio Iricav Due	Rome	510,000	EUR	37.49%	37.49%	0.00%	
Consorzio Iricav Uno	Rome	520,000	EUR	42.86%	42.86%	0.00%	
Consorzio Ital.Co.Cer. in liquidation	Rome	51,600	EUR	30.00%	30.00%	0.00%	
Consorzio Italvenezia	Rome	77,450	EUR	25.00%	25.00%	0.00%	
Consorzio MM4	Milan	200,000	EUR	32.14%	32.14%	0.00%	
Consorzio Novocen in liquidation	Naples	51,640	EUR	40.76%	40.76%	0.00%	
Diga di Blufi S.c.r.l. in liquidation	Milan	45,900	EUR	50.00%	50.00%	0.00%	
Ecosarno S.c.r.l. in liquidation	SestoS. Giovanni (MI)	50,490	EUR	33.33%	33.33%	0.00%	
Fosso Canna S.c.r.l. in liquidation	Milan	25,500	EUR	32.00%	32.00%	0.00%	
GEI - Grupo Empresas Italianas	Caracas (Venezuela)	20,001	VES	33.34%	33.34%	0.00%	
Groupement Eurolep	Switzerland	100,000	EUR	22.00%	22.00%	0.00%	
Italsagi Sp. Zo. O.	Katowice (Poland)	PLN 100,000,000	EUR	34.00%	0.00%	34.00%	Italstrade IS Srl
M.N. Metropolitana di Napoli S.p.A.	Naples	3,655,397	EUR	22.62%	22.62%	0.00%	
METRO C S.c.p.a.	Rome	57,500,000	EUR	34.50%	34.50%	0.00%	
Metrogenova S.c.r.l. in liquidation	Spianata Acquasola (Ge)	25,500	EUR	21.81%	21.81%	0.00%	
Mose Bocca di Chioggia Società consortile a Responsabilità Limitata	Padua	10,000	EUR	15.00%	15.00%	0.00%	
Mose-Treporti S.c.r.l.	Padua	10,000	EUR	35.00%	35.00%	0.00%	
N.P.F. - Nuovo Polo Fieristico S.c.r.l. in liquidation	Rome	40,000	EUR	50.00%	50.00%	0.00%	
Nova Metro S.c.r.l. in liquidation	Rome	40,800	EUR	24.10%	24.10%	0.00%	
Otoyol Deniz Tasimaciligi A.S.	Ankara (Turkey)	6,000,000	TRY	17.50%	17.50%	0.00%	
Otoyol Isletime Ve Bakim AS	Ankara (Turkey)	500,000	TRY	18.14%	18.14%	0.00%	
Passante Dorico S.p.A.	Milan	24,000,000	EUR	24.00%	24.00%	0.00%	
Pedelombarda S.c.p.A.	Milan	5,000,000	EUR	24.00%	24.00%	0.00%	
Pedemontana Lombarda Manutenzioni Scarl	Tortona (AL)	10,000	EUR	35.40%	0.00%	35.40%	NBI Spa

ANNEX 2 – LIST OF EQUITY INVESTMENTS

Investees	Registered office	Share/quota capital/ consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Associates							
Pegaso S.c.r.l. in liquidation	Rome	260,000	EUR	43.75%	43.75%	0.00%	
S.E.I.S. S.p.A.	Milan	3,877,500	EUR	48.33%	48.33%	0.00%	
Quinta Società Concessionaria	Gatchina	RUB 30,000	RUB	24.50%	24.50%		
Tangenziale Seconda S.c.r.l. in liquidation	Rome	45,900	EUR	42.73%	42.73%	0.00%	

Investees	Registered office	Share/quota capital/ consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Other companies							
C.F.C. S.c.r.l. in liquidation	Naples	45,900	EUR	0.01%	0.01%	0.00%	
CENTOQUATTRO scarl	Rovigo	10,000	EUR	12.07%	0.00%	12.07%	NBI Spa
CENTOTRE scarl	Rovigo	10,000	EUR	12.52%	0.00%	12.52%	NBI Spa
Co.Sa.Vi.D. S.c.r.l.	Rome	25,500	EUR	0.01%	0.01%	0.00%	
Consorzio Asse Sangro in liquidation	Rome	464,811	EUR	4.76%	4.76%	0.00%	
Consorzio Centro Uno in liquidation	Naples	154,937	EUR	2.00%	2.00%	0.00%	
Consorzio CONA in liquidation	Carpi (Mo)	1,286,250	EUR	4.99%	0.00%	4.99%	NBI Spa
Consorzio Groupement Lesi-Dipenta	Rome	258,228	EUR	0.01%	0.01%	0.00%	
Consorzio TRA.DE.CI.V.	Naples	155,535	EUR	17.73%	17.73%	0.00%	
Dirpa S.c.a.r.l. in A.S.	Rome	50,000,000	EUR	99.98%	0.00%	99.98%	Consorzio Stabile Operae
Fusaro S.C.r.l. in liquidation	Naples	10,200	EUR	0.01%	0.01%	0.00%	
Guida Editori S.r.l. in liquidation	Naples	0	EUR	1.05%	1.05%	0.00%	
I.SV.E.UR. Istituto per lo Sviluppo Edilizio ed Urbanistico S.p.A.	Rome	2,500,000	EUR	0.20%	0.20%	0.00%	
M.N.6 S.C.r.l.	Naples	51,000	EUR	1.00%	1.00%	0.00%	
Metro 5 S.p.A.	Milan	53,300,000	EUR	2.00%	2.00%	0.00%	
Mose Operae scarl	Padua	10,000	EUR	17.28%	17.28%	0.00%	
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.	Naples	10,329	EUR	0.01%	0.01%	0.00%	
Pavimental S.p.A.	Rome	10,116,452	EUR	0.60%	0.60%	0.00%	
Prog. Este S.p.A.	Carpi (Mo)	11,956,151	EUR	2.70%	0.00%	2.70%	NBI Spa
SA.T. S.p.A.	Prato	19,200,000	EUR	1.00%	1.00%	0.00%	
Skiarea Valchiavenna S.p.A.	Campodolcino	18,000	EUR	0.17%	0.17%	0.00%	
Mobilinx Hurontario GP (Project Co)	Ontario (Canada)	CAD 100	CAD	14.00%	0.00%	14.00%	Astaldi Canada Enterprises Inc.
Mobilinx Hurontario Services	Ontario (Canada)	0	CAD	8.00%	0.00%	8.00%	Astaldi Canada Enterprises Inc.
Sociedad Concesionaria BAS S.A.	Santiago de Chile (Chile)	CLP 8,876,340,000	EUR	0.10%	0.10%	0.00%	

ANNEX 2 – LIST OF EQUITY INVESTMENTS

Investees	Registered office	Share/quota capital/consortium fund Nominal amount	Functional currency	%	% direct	% indirect	Indirect investor
Other companies							
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	Mestre (VE)	20,500,000	EUR	1.00%	0.50%	0.50%	Astaldi Concessions S.p.A.
SPV Linea M4 S.p.A.	Milan	61,531,500	EUR	9.63%	9.63%	0.00%	
VCGP - Astaldi Ingenieria y Construccion Limitada	Santiago de Chile (Chile)	66,000,000	CLP	0.01%	0.01%	0.00%	
UJV Astaldi Spa Succursale Cile, Vinci CGP Succursale Cile, and VCGP - Astaldi Ingenieria y Construccion Limitada	Santiago de Chile (Chile)	0.00	CLP	0.01%	0.01%	0.00%	

ANNEX 3 – INFORMATION ON CHANGES IN EQUITY INVESTMENTS

Subsidiaries	Carrying amount at 31/12/2019	Changes of the period									Carrying amount at 31/12/2020
		Invested capital increases	Invested capital decreases	Equity accounting through profit or loss	Equity accounting through OCI	(Dividends) / Coverage of losses	(Impairment losses) / Reversals of impairment losses	Disposals	Fair value measure ment	Reclassifi cations and other changes	
Afragola FS Società consortile a Responsabilità Limitata	(473)			473	-						(0)
AGN Haga AB	531			1,542	96						2,169
AR.GI S.c.p.A.	15,327	21,000		(27,939)	-						8,388
AS. M. S.c.r.l.	8			-	-						8
Astaldi Algerie - E.u.r.l.	1,122			(75)	(187)						860
Astaldi Concessioni S.p.A.	28,764			(9,086)	2,445					(22,123)	0
Astaldi Concessions Spa	-			-	-					4,697	4,697
Astaldi de Venezuela C.A.	3,095			(1,467)	-					(126)	1,502
Astaldi India Services LLP	124	100		(236)	-					12	-
Astaldi International Inc.	1,586			(301)	-						1,285
Astaldi International Ltd.	2,936			(2,455)	14					(147)	347
Astaldi Polska Sp. z o.o.	(45)			45	-						0
ASTALROM S.A.	5,840			666	(106)						6,399
Astur Construction and Trade A.S.	19,325			(19,193)	(132)						(0)
C.O.MES. S.C.r.l. in liquidation	11			-	-						11
Capodichino AS.M S.c.r.l	7			-	-						7
CO.ME.NA. S.c.r.l. in liquidation	15			-	-						15
CO.MERI S.p.A.	4,747	3,085		(3,329)	-						4,503
Consorzio Stabile Operae	274			-	-						274
DMS Design Consortium Scrl	6			-	-						6
Forum S.c.r.l. in liquidation	41			-	-						41
Garbi Linea 5 S.c.a.r.l.	10			(10)	-						-
GE. SAT S.c.a. r.l.	4			-	-						4
Infraflegrea Progetto S.p.A.	3,038			(117)	0						2,921
Italstrade CCCF JV Romis S.r.l.	211			(9)	-						202
Italstrade IS S.r.l.	1,120			(820)	(3)	404					702
Messina Stadio /S.c.r.l. in liquidation	46			-	-						46
nBI S.p.A.	-	10,260		(2,158)	-					-	8,102

ANNEX 3 – INFORMATION ON CHANGES IN EQUITY INVESTMENTS

Subsidiaries	Carrying amount at 31/12/2019	Invested capital increases	Invested capital decreases	Equity accounting through profit or loss	Equity accounting through OCI	(Dividends) / Coverage of losses	(Impairment losses) / Reversals of impairment losses	Disposals	Fair value measurement	Reclassifications and other changes	Carrying amount at 31/12/2020
Noseb S.c.r.l.	35	15		-	-						50
Ospedale del Mare S.C.r.l. in liquidation	50			-	-						50
Partenopea Finanza di Progetto S.c.p.A.	7,499			(7,017)	-						482
Portovesme S.c.r.l. in liquidation	26			-	-						26
Redo-Association Momentanée	678			(442)	-						236
Romairport S.p.A.	-			(1,194)	-	1,625					431
S.P.T. - Società Passante Torino S.C.r.l.	41			-	-						41
Scuola Carabinieri S.C.r.l.	28			6	-						34
Sirjo Scpa	4,500			-	-						4,500
Susa Dora Quattro S.c.r.l. in liquidation	46			-	-						46
Toledo S.c.r.l. in liquidation	45			-	-						45
Total Subsidiaries	**100,619**	**34,460**	**-**	**(73,115)**	**2,126**	**2,029**	**-**	**-**	**-**	**(17,687)**	**48,431**

Joint Ventures	Carrying amount at 31/12/2019	Invested capital increases	Invested capital decreases	Equity accounting through profit or loss	Equity accounting through OCI	(Dividends) / Coverage of losses	(Impairment losses) / Reversals of impairment losses	Disposals	Fair value measurement	Reclassifications and other changes	Carrying amount at 31/12/2020
Ankara etlik Hastane A.S.	4,075			(4,998)	3,816					(2,892)	0
C.F.M. S.c.r.l. in liquidation	21			-	-						21
Consorzio Ferrofir in liquidation	357			-	-						357
Consorzio Gi.It. in liquidation	1			-	-						1
Etlik Hastane PA S.r.l.	1,134			(9)	-	(1,047)					78
ICA LT Limited Liability Company	1			-	-						1
IKA Izmir Otoyol Yatirim Ve Işletme Anonim Şirketi	8			-	-						8
Infraflegrea S.c.r.l. in liquidation	23			-	-						23
S. Leonardo S.c.r.l. in liquidation	-			-	-						-
VCGP - Astaldi Ingenieria y Construccion Limitada	12				-					(12)	(0)
Total Joint Ventures	**5,632**	**-**	**-**	**(5,007)**	**3,816**	**(1,047)**	**-**	**-**	**-**	**(2,904)**	**489**

ANNEX 3 – INFORMATION ON CHANGES IN EQUITY INVESTMENTS

Associates	Carrying amount at 31/12/2019	Invested capital increases	Invested capital decreases	Equity accounting through profit or loss	Equity accounting through OCI	(Dividends) / Coverage of losses	(Impairment losses) / Reversals of impairment losses	Disposals	Fair value measurement	Reclassifications and other changes	Carrying amount at 31/12/2020
Autostrada Nogara Mare Adriatico S.c.p.a. in liquidazione	12			-	-						12
Brennero Tunnel Construction S.c.r.l. - BTC SCARL	47			-	-						47
Consorzio A.F.T. in liquidation	15			-	-						15
Consorzio Consarno	5			-	-						5
Consorzio Iricav Due	194			-	-						194
Consorzio Iricav Uno	124			-	-						124
Consorzio Ital.Co.Cer.	15			-	-						15
Consorzio Italvenezia	19			-	-						19
Consorzio MM4	64			-	-						64
Diga di Blufi S.c.r.l. in liquidation	23			-	-						23
Ecosarno S.c.r.l. in liquidation	17			-	-						17
Groupement Eurolep	8			-	-						8
M.N. Metropolitana di Napoli S.p.A.	5,110			-	-						5,110
Metro Brescia S.r.l.	2,852			-	-			(2,852)			-
METRO C S.c.p.a.	19,671			-	-						19,671
Metrogenova S.c.r.l.	6			-	-						6
Mose Bocca di Chioggia Società consortile a Responsabilità Limitata	2			-	-						2
Mose-Treporti S.c.r.l.	4			-	-						4
N.P.F. - Nuovo Polo Fieristico S.c.r.l. in liquidazione	20			-	-						20
Nova Metro S.c.r.l. in liquidation	10		(10)	-	-						0
Otoyol Deniz Tasimaciligi A.S.	159			(32)	(16)						111
Otoyol Isletime Ve Bakim AS	313		(13)	(76)	(29)						195
Otoyol Yatirim Ve Isletme A.S	366,456			(25,257)	36,525					(377,724)	-
Passante Dorico S.p.A.	1,396			(17)	-						1,379
Pedelombarda S.c.p.A.	1,200			-	-						1,200
Pegaso S.c.r.l. in liquidation	114				-						114
S.E.I.S. S.p.A.	8,898			(194)	-						8,704
Tangenziale Seconda S.c.r.l. in liquidation	20			-	-						20
Total Associates	**406,774**	**-**	**(23)**	**(25,576)**	**36,480**	**-**	**-**	**(2,852)**	**-**	**(377,724)**	**37,079**

ANNEX 3 – INFORMATION ON CHANGES IN EQUITY INVESTMENTS

Other companies	Carrying amount at 31/12/2019	Invested capital increases	Invested capital decreases	Equity accounting through profit or loss	Equity accountin g through OCI	(Dividends) / Coverage of losses	(Impairment losses) / Reversals of impairment losses	Disposals	Fair value measure ment	Reclassifi cations and other changes	Carrying amount at 31/12/2020
Consorzio Centro Uno in liquidation	3	-	-	-	-	-	-	-	-	-	3
Consorzio TRA.DE.CI.V.	28	-	-	-	-	-	-	-	-	-	28
Consorzio Utenti Servizi Salaria Vallericca	17	-	-	-	-	-	-	-	-	-	17
Fondazione Accademia Nazionale di S. Cecilia	5	-	-	-	-	-	-	-	-	-	5
Fondazione Filarmonica Arturo Toscanini	5	-	-	-	-	-	-	-	-	-	5
I.SV.E.UR. Istituto per lo Sviluppo Edilizio ed Urbanistico S.p.A.	7	-	-	-	-	-	-		-	-	7
IGI - Istituto Grandi Infrastrutture	52	-	-	-	-	-	-		-	-	52
M.N.6 S.C.r.l.	1	-	-	-	-	-	-	-	-	-	1
Metro 5 S.p.A.	1,645	-	-	-	-	-	-	-	-	-	1,645
Mose Operae scarl	2	-	-	-	-	-	-	-	-	-	2
Pantano S.c.r.l.	4	-	-	-	-	-	-	(4)	-	-	-
Pavimental S.p.A.	62	-	-	-	-	-	-	-	-	-	62
SA.T. S.p.A.	361	-	-	-	-	-	-	-	-	-	361
Skiarea Valchiavenna S.p.A.	18	-	-	-	-	-	-	-	-	-	18
Sociedad Concesionaria BAS S.A.	13	-	-	-	-	-	-	-	-	-	13
SPV Linea M4 S.p.A.	21,895	1,400	-	-	-	-	-	-	(1,284)	-	22,011
VCGP - Astaldi Ingenieria y Construccion Limitada	-				-					12	12
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	377	-	-	-	-	-	-	-	-	-	377
Total Other companies	**24,495**	**1,400**	**-**	**-**	**-**	**-**	**-**	**(4)**	**(1,284)**	**12**	**24,619**

pwc

Separate Unit of Astaldi SpA

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

Consolidated financial statements as of 31 December 2020

pwc

Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Proxy of the Separate Unit of
Astaldi SpA

Report on the Audit of the Consolidated Financial Statements as of 31 December 2020

Opinion

We have audited the consolidated financial statements of the Separate Unit of Astaldi SpA, which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Separate Unit of Astaldi SpA as of 31 December 2020, and of the result of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of the Separate Unit of Astaldi SpA and of the company Astaldi SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Proxy and the Board of Statutory Auditors for the Consolidated Financial Statements

The Proxy is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as he determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

The Proxy is responsible for assessing the ability of the Separate Unit of Astaldi SpA to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Proxy uses the going concern basis of accounting unless he either intends to liquidate the Separate Unit of SpA or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors of Astaldi SpA is responsible for overseeing, in the terms prescribed by law, the financial reporting process of the Separate Unit of Astaldi SpA.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Separate Unit of Astaldi SpA;

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Proxy;

- We concluded on the appropriateness of the Proxy's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Separate Unit of Astaldi SpA to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Separate Unit of Astaldi SpA to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

pwc

- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Separate Unit of Astaldi SpA to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Separate Unit of Astaldi SpA. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The Proxy of the Separate Unit of Astaldi SpA is responsible for preparing an explanatory report on the consolidated financial statements of the Separate Unit of Astaldi SpA as of 31 December 2020, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the explanatory report with the consolidated financial statements of the Separate Unit of Astaldi SpA as of 31 December 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the explanatory report is consistent with the consolidated financial statements of the Separate Unit of Astaldi SpA as of 31 December 2020 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the entity and its environment obtained in the course of the audit, we have nothing to report.

Rome, 7 April 2021

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Separate Unit of Astaldi SpA

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

Financial statements as of 31 December 2020

Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Proxy of the Separate Unit of
Astaldi SpA

Report on the Audit of the Financial Statements as of 31 December 2020

Opinion

We have audited the financial statements of the Separate Unit of Astaldi SpA, which comprise the statement of financial position as of 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Separate Unit of Astaldi SpA as of 31 December 2020, and of the result of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Separate Unit of Astaldi SpA and of the company Astaldi SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Proxy and the Board of Statutory Auditors for the Financial Statements

The Proxy is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

The Proxy is responsible for assessing the ability of the Separate Unit of Astaldi SpA to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Proxy uses the going concern basis of accounting unless he either intends to liquidate the Separate Unit of SpA or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors of Astaldi SpA is responsible for overseeing, in the terms prescribed by law, the financial reporting process of the Separate Unit of Astaldi SpA.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Separate Unit of Astaldi SpA;

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Proxy;

- We concluded on the appropriateness of the Proxy's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Separate Unit of Astaldi SpA to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Separate Unit of Astaldi SpA to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The Proxy of the Separate Unit of Astaldi SpA is responsible for preparing an explanatory report on the financial statements of the Separate Unit of Astaldi SpA as of 31 December 2020, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the explanatory report with the financial statements of the Separate Unit of Astaldi SpA as of 31 December 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the explanatory report is consistent with the financial statements of the Separate Unit of Astaldi SpA as of 31 December 2020 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the entity and its environment obtained in the course of the audit, we have nothing to report.

Rome, 7 April 2021

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

FINANCIAL REPORT OF ASTALDI S.P.A.'S SEPARATE UNIT AT 31 DECEMBER 2020

prepared in accordance with Article 2447-*septies* of the Italian Civil Code

ASTALDI
PATRIMONIO DESTINATO

PICTURE - THIRD BOSPHORUS BRIDGE - TURKEY

ASTALDI PATRIMONIO DESTINATO

Separate Unit of Astaldi S.p.A.
Registered office in Rome (RM), Via Giulio Vincenzo Bona 65
Subscribed and paid-up share capital: € 340,431,460.27 (Astaldi S.p.A.)
Rome Company Register and Tax Code 00398970582
Rome Economic and Administrative Index no. 152353
VAT no. 00880281001

CONTENTS

EXPLANATORY REPORT ON THE FINANCIAL STATEMENTS

PICTURE 1: ETLIK HOSPITAL - TURKEY

ASTALDI
PATRIMONIO DESTINATO

CONTENTS OF THE SECTION

COMPOSITION OF THE BOARDS OF THE SEPARATE UNIT

Proxy for the management and sale of the Separate Unit[1]	**Claudio Sforza**
Independent Auditors[2]	PricewaterhouseCoopers S.p.A.

[1] In the execution of the Composition Proposal, by a board resolution of 24 May 2020, Mr Claudio Sforza was entrusted with a special mandate for the management and sale of the Separate Unit, in the interests of the Unsecured Creditors holding PFIs (as defined below). The mandate became effective on the date of the publication of the order of approval of the Astaldi S.p.A. composition with creditors procedure, i.e. 17 July 2020. For more details reference should be made to the information provided below, as well as to the website www.astaldi.com, Investor Relations Section - Composition with Creditors.

[2] According to the resolution passed by the shareholders' meeting of Astaldi S.p.A. held on 31 July 2020, PricewaterhouseCoopers S.p.A. was appointed to carry out the statutory audit of the Financial Statements of the Separate Unit for the financial years 2020 to (and including) 2028 for € 90,000 per year. The fees for the engagement concerning the audit of the consolidated accounts amount to € 25,000.

Dear Sirs,
I have prepared the financial statements of the Separate Unit ("Separate Unit" or "SU") at 31 December 2020 pursuant to Article 2447-*septies* of the Italian Civil Code and in accordance with the IAS/IFRS in the execution of my duties under a general mandate with representation that was granted to me on 21 July 2020 pursuant to and for the purposes of Article 1704 et seq. of the Italian Civil Code, which is irrevocable pursuant to Article 1723 of the Italian Civil Code in that it was conferred in the interests of the Unsecured Creditors holding the Participating Financial Instruments ("PFIs") issued by Astaldi S.p.A. (the "Company").
The separate and consolidated financial statements of the Separate Unit (the "Financial Statements"), as a whole, provide information on the performance of its operations from 17 July 2020 (i.e. the effective date of the establishment of the Separate Unit) to 31 December 2020 and consist of the statement of financial position, the statement of profit or loss, the statement of cash flows and the related explanatory notes, as well as of this accompanying explanatory report.
In consideration of the structure of the Separate Unit, the information on the consolidated and separate management of the Separate Unit is presented in this single Report in making use of the option provided for by Legislative Decree no. 32 of 2 February 2007.
The Financial Statements of the Separate Unit are also subject to the statutory audit of accounts on the part of PricewaterhouseCoopers S.p.A., the same audit firm of Astaldi S.p.A..

INTRODUCTION

As provided for in the plan and proposal concerning Astaldi S.p.A.'s composition with creditors on a going concern basis no. 63/2018 (as approved by the Court of Rome by order no. 2900/2020, published on 17 July 2020), on the date on which the composition was approved, the resolution passed by the Board of Directors' meeting of Astaldi S.p.A. held on 24 May 2020 came into effect, which provides for the establishment of a Separate Unit in accordance with Article 2447-*bis* et seq. of the Italian Civil Code in order to segregate from the core assets scope of Astaldi S.p.A. the set of assets and legal relationships intended to be sold, the net proceeds of which are to be used to satisfy those of the Company's unsecured creditors whose claims by title or cause date back to before 28 September 2018.

The sole and specific business for which the Separate Unit is intended, therefore, is the liquidation of the assets and rights of which it is composed and the allocation of their proceeds to Astaldi S.p.A.'s unsecured creditors holding PFIs, according to the provisions of the composition proposal, the Separate Unit's economic and financial plan and the regulation governing the procedures, terms and conditions of issue, the characteristics, the circulation regime and the financial and administrative rights of the PFIs (the "PFI Regulation").

To retrace the most significant events that have led to the establishment and subsequent efficacy of the Separate Unit, it should be noted that: with its ruling of 4 May 2020, the Court of Rome *(i)* set the hearing date for the proceedings for approval of Astaldi S.p.A.'s composition with creditors procedure at 23 June 2020 and *(ii)* acknowledged the completion of the voting process for the composition with creditors proposal of Astaldi S.p.A. (the "Composition Proposal"), whereby the proposal was approved by an overall majority of 69.4% of the creditors eligible to vote (equal to a total of roughly € 3,017 million). Such percentage comprises the votes in favour validly cast at the Creditors' Meeting on 9 April 2020 (equal to 58.32%), along with additional votes in favour validly cast over the twenty following days (11.08%) in accordance with the provisions of Article 178 of Royal Decree no. 267 of 16 March 1942 (the "Bankruptcy Law" or "B.L.").

Subsequently, implementing the plan and the Composition Proposal (already favourably considered by the creditors), by a resolution dated 24 May 2020, the Company's Board of Directors resolved to set up the Separate Unit in accordance with Article 2447-bis et seq. of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured debt (the "Unsecured Debt"), that is of satisfying the Company's unsecured creditors by means of title or previous cause at 28 September 2018 (the "Unsecured Creditors") by selling all the assets, rights and legal relationships transferred to the Separate Unit. The Board also duly resolved:

(i) to assign management and sale of the Separate Unit, in the interest of the Unsecured Creditors, to Mr Claudio Sforza, an individual fulfilling the professional and integrity requirements prescribed for members of the board of statutory auditors (the "Separate Unit Proxy" or the "Proxy"), granting him a specific, irrevocable mandate with representation (the "Mandate"), to be finalised before the date of publication of the Court of Rome order approving the Composition Proposal (the "Approval", which took place on 17 July 2020) and with effect from the same date. The Mandate concerns performance, in the name and on behalf of Astaldi S.p.A., but in the interest of the Unsecured Creditors holding the PFIs, of all acts, legal transactions, contracts and activities of any sort and kind, as deemed necessary, useful and/or appropriate to execute the specific deal to which the Separate Unit is dedicated and to manage and sell all the assets, rights and legal relationships of the Separate Unit in execution of the Plan;

(ii) to approve the economic and financial plan of the Separate Unit (the "Separate Unit Plan" or the "Plan" or the "EFP"), which covers a period from 2020 to 2023, a period within which it is expected that the sale of the assets transferred to the Separate Unit will be completed, in implementation of the Composition Proposal and within the terms defined therein;

(iii) to establish the rules for reporting on the Separate Unit;

(iv) to issue, in one or more issues, PFIs with no par value, pursuant to Article 2447-bis, sub-paragraph e), of the Italian Civil Code, to be assigned to the Unsecured Creditors in exchange for contribution to the Separate Unit of the unsecured claims owned (the "Unsecured Claims") pursuant to Article 2447-bis, sub-paragraph d) of the Italian Civil Code;

(v) to approve the PFI Regulation, for which reference is made to the information provided by the Company on the website www.astaldi.com, in the Investor Relations – Composition with Creditors section;

(vi) to grant each Unsecured Creditor one PFI for each €1.00 of Unsecured Claim contributed, while not recognising cash adjustments or the issuance of fractional PFIs and, therefore, cancelling the remainders. The PFIs are equity-based instruments and the contribution made by each Unsecured Creditor for release of the PFIs is a forgivable loan and does not grant any right to return and/or reimbursement of the contribution, but exclusively the financial and administrative rights pertaining to those PFIs;

(vii) that the first issue of PFIs be executed after the Approval, in a number corresponding to the amount of the Unsecured Debt indicated in the liabilities of the composition with creditors Plan, as adjusted in the Report by the Court-Appointed Receivers prepared pursuant to Article 172 of the Bankruptcy Law (the "Report 172"). Any additional issues of PFIs will be made after a specific resolution by the Board of Directors, on a half-yearly basis after any recognition, in court or out of court, of unsecured claims not included in the liabilities of the composition with creditors Plan or the possible materialisation of liabilities that were taken into account during recognition of the provisions for risks within the Plan.

Specific assets, rights and legal relationships (assets and liabilities) of the Company were merged and segregated into the Separate Unit, which were held for sale, including the ownership of the entire capital of Astaldi Concessioni S.p.A. ("Astaldi Concessioni").

In particular, implementing the composition with creditors plan of Astaldi S.p.A. (the "Composition Plan") and the Composition Proposal, Astaldi Concessioni first underwent a proportionate partial demerger, executed with a deed dated 28 May 2020 (becoming effective on 12 June 2020), designed to isolate the liquidation perimeter intended to serve the remuneration of the PFIs and transferred to the Separate Unit (mainly composed of concessions) from the core assets scope of Astaldi Concessioni (which has flowed into a newly incorporated company named Astaldi Concessions S.p.A.). The assets included in Astaldi Concessions S.p.A. ("Astaldi Concessions"), the capital of which is wholly owned by Astaldi S.p.A., essentially refer to Operation & Maintenance ("O&M")[3] contracts, other minor concessions and other related assets and liabilities, including those vis-à-vis third parties.

The statement of profit or loss and the statement of financial position items at 17 July 2020 take account of the effects of the demerger of Astaldi Concessioni, the investment in which, equal to 100%, is included in the assets of the Separate Unit, as noted above. On the contrary, none of the 100% investment in the beneficiary Astaldi Concessions S.p.A. falls within the scope of the Separate Unit assets.

In the performance of his functions, the Separate Unit Proxy is also assisted by services placed at his disposal by Astaldi Concessions under a service agreement signed on 8 June 2020 (the "Service Agreement"). These are corporate services including, but not limited to, administrative services (i.e., assisting the Proxy in drawing up the Financial Report, managing concession projects and carrying out asset disposals).

The costs associated with the Service Agreement vary according to the number and benchmark value of the assets that were managed by the Separate Unit during the reporting period of operation with an annual cap set at approximately € 2.8 million.

In implementing the Board of Directors' resolution of 24 May 2020, Astaldi S.p.A. issued, among others, 3,199,975,846 PFIs, in accordance with Article 2447-*ter*, paragraph 1.e), of the Italian Civil Code, in favour of the Unsecured Creditors of Astaldi S.p.A. on 6 November 2020. The PFIs were assigned at a ratio of 1 PFI for each €1.00 of unsecured claim contributed to the Separate Unit, as provided for in the Composition Proposal.

As provided in the PFI Regulation, the PFIs were placed in the system of Monte Titoli S.p.A., the Italian Central Securities Depository, in a dematerialised form in accordance with Article 83-*bis* et seq. of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented and with the related implementing rules and will be handled by authorised intermediaries joining the centralised management system of Monte Titoli S.p.A. (the "Authorised Intermediaries").

PFIs confer the rights referred to in the PFI Regulation on holders, are not convertible and may only be transferred in compliance with the provisions of the PFI Regulation, as required by the applicable legislation, through the Authorised Intermediaries.

[3] O&M activities include routine and non-routine maintenance on works and plants that have already been constructed (i.e., the integrated management of services at facilities with a high technological content such as hospital facilities, the maintenance of works and plants, heat and energy management, the management of healthcare technologies and, electro-medical equipment, the sterilisation of surgical instruments, the provision of hotel services such as laundering, cleaning and catering and the maintenance of parks and gardens and shopping centres).

Through the Proxy, the Company has opened a register of holders of PFIs and keeps it up to date in accordance with the applicable regulations.

The PFIs (together with the shares issued by Astaldi S.p.A. in the execution of the Composition Proposal) to which confirmed creditors are entitled and in relation to which they have not yet provided the data needed for the transfer of the instruments have been credited to a securities deposit account held in the name of Astaldi S.p.A. itself but on behalf of third parties, as already communicated to the market and the creditors on 2 November 2020.

TABLE 1: SUMMARY OF THE MAIN EVENTS LEADING UP TO THE ESTABLISHMENT OF THE SEPARATE UNIT[4]

24 May 2020	In accordance with the terms of the Composition Plan and Proposal presented to the Rome Court and approved by the creditors, Astaldi S.p.A. announced that the Company's Board of Directors had resolved, pursuant to Articles 2447-bis et seq. Of the Italian Civil Code, to establish a Separate Unit for the sole purpose of satisfying the Company's Unsecured Creditors by selling all the assets, rights and legal relationships included in the Separate Unit and allocating the net proceeds from the sale of the assets to holders of the participating financial instruments that the Company simultaneously resolved to issue and that were assigned to the Unsecured Creditors after final approval of the composition with creditors.
12 June 2020	Astaldi S.p.A. announced that the incorporation of Astaldi Concessions S.p.A. had become effective, which was the beneficiary company of the assets and liabilities created from the demerger of Astaldi Concessioni.
17 June 2020	The Company announced that the Board of Directors approved the financial statements at 31 December 2018 and at 31 December 2019 and called the Shareholders' Meeting (i) in ordinary session, to approve the 2018 and 2019 financial statements, as well as to appoint the Board of Directors and to assign the statutory audit of the accounts for the years 2020-2028, and (ii) in extraordinary session, to implement the transactions envisaged in the Composition Proposal.
23 June 2020	The hearing was held before the Court of Rome for the approval of the composition with creditors procedure of Astaldi S.p.A..
17 July 2020	The Court of Rome, upon completion of its review of the compliance of the composition with creditors procedure and the results of the creditors' vote, published its order in approval of the composition with creditors on a going concern basis of Astaldi S.p.A..
31 July 2020	The Shareholders' Meeting of Astaldi S.p.A. approved the 2018 and 2019 financial statements, appointed the Board of Directors and passed a resolution on the capital increases necessary for and preparatory to the implementation of the Composition Plan and Proposal.

[4] The table is a summary of the main events recorded during 2020 that were decisive for the purposes of determining the scope of the Separate Unit. For fuller documentation, reference should be made to the information published on the website www.astaldi.com, Investor Relations – Composition with Creditors section.

6 November 2020	After having executed the capital increases reserved for Webuild S.p.A. and the Company's Unsecured Creditors, work was completed on the assignment of the new shares and the Participating Financial Instruments to Unsecured Creditors.

It should be noted that, in accordance with Article 2447-*quinquies*, paragraph 4, of the Italian Civil Code, any joint and several liability on the part of Astaldi S.p.A. for the obligations undertaken in connection with the aforesaid specific business, for which the Separate Unit is intended, is expressly ruled out. However, it is understood that, by law, Astaldi S.p.A. will be liable only for any obligations deriving from the commission of unlawful acts and will charge any loss to the Separate Unit if such an unlawful act is committed in the framework thereof.

COMPOSITION OF ASSETS AND LIABILITIES TRANSFERRED TO THE SEPARATE UNIT

Composition of ASSETS

Specific assets, rights and legal relationships (assets and liabilities) of the Company have been merged (and segregated) into the Separate Unit, including the investment in Astaldi Concessioni, all to be valued. In particular:

a) Astaldi S.p.A.'s financial assets with Astaldi Concessioni and its 100% investment therein (the "AstCon Investment") with all the financial assets and liabilities, including intragroup, and Astaldi Concessioni's investments in other companies (the "AstCon Investees") and, mainly:

(i) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the Etlik Integrated Health Campus in Ankara, Turkey (Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.Ş., "Etlik") and its 46% investment therein (the "Etlik Investment");
(ii) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the Arturo Merino Benítez International Airport in Santiago, Chile (Sociedad Concesionaria Nuevo Pudahuel S.A., "NPU") and its 15% investment therein (the "NPU Investment");
(iii) Astaldi Concessioni's financial assets with the SPV holding the concession to build and operate the West Metropolitan Hospital in Santiago, Chile (Sociedad Concesionaria Metropolitana de Salud S.A., "Salud" or "SCMS") and its 51% investment therein (the "Salud Investment").

The Separate Unit will take on all Astaldi S.p.A.'s rights and obligations arising from its AstCon Investment and with the AstCon Investees. Similarly, it will take over all the relationships (assets and liabilities), rights, financial assets, obligations and costs of Astaldi Concessioni and the AstCon Investees vis-à-vis all private and public sector third parties without limitation or exception, as well as any obligations arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi to private or public sector third parties in conjunction with the obligations of Astaldi Concessioni and the AstCon Investees;

b) all Astaldi S.p.A.'s rights and obligations with IC Içtas Inşaat Sanayi ve Ticaret A.Ş. ("ICTAS"), deriving from the sale of its 20% investment (the "Third Bosphorus Bridge Investment") in Ica Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş. (the project company holding the concession agreement for the construction and operation of the Third Bosphorus Bridge, the "Third Bosphorus Bridge Operator") to ICTAS. The sale of the Third Bosphorus Bridge Investment to ICTAS was designed and regulated within a broader transaction between Astaldi S.p.A. and ICTAS (the "ICTAS Settlement Agreement"). Within the scope of the ICTAS Settlement Agreement, as a result of this sale, the related consideration of USD315 million (the "Third Bosphorus Bridge Financial Asset") and the obligation to pay ICTAS, as compensation, an amount of USD100 million (the "ICTAS Compensation"), to settle any reciprocal disputes and claims, as well as any claims and debts due for the discontinuation of the other transactions with ICTAS are part of the Separate Unit assets. Pursuant to the terms of the composition plan of Astaldi S.p.A. and the Composition Proposal, the Separate Unit has also taken over Astaldi S.p.A.'s liabilities to some Turkish commercial and financial creditors, solely in relation to the Third Bosphorus Bridge Financial Asset and certain assets located in Turkey;

c) the 18.14% investment in the SPV holding the concession to build and operate the Gebze-Orhangazi-Izmir Motorway in Turkey (Otoyol Yatirim ve Isletme A.Ş., "GOI") (the "GOI Investment"). All the rights and obligations deriving from the GOI investment are transferred to the Separate Unit, which also has sole responsibility for all relationships (assets and liabilities), rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi S.p.A. to GOI or to third parties to secure GOI's commitments or to third parties for obligations related to the GOI Investment;

d) the 5% investment in Etlik (the "Etlik Non-controlling Interest"). All the rights and obligations deriving from the Etlik Non-controlling Interest are transferred to the Separate Unit, which also has sole responsibility for all relationships (assets and liabilities), rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters given by Astaldi S.p.A. to Etlik or to third parties to secure Etlik's commitments or to third parties for obligations related to the Etlik Non-controlling Interest;

e) Astaldi S.p.A.'s amounts due from Instituto de Ferrocarriles del Estado (the "Venezuelan Financial Assets") for the works to develop the Puerto Cabello-La Encrucijada, San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines (the "Venezuelan Projects") carried out as part of a joint venture with Webuild S.p.A. and Ghella S.p.A. (the "Joint Venture") for a total nominal amount of approximately €433 million, plus related costs. The Separate Unit has sole responsibility for the entire amount of the Venezuelan Financial Assets and related costs, as well as all the assets, costs and expenses necessary to complete the projects, including the assets, costs and expenses of the arbitration proceedings commenced by the Joint Venture before the Paris International Chamber of Commerce against Instituto de Ferrocarriles del Estado and Venezuela to obtain payment of its outstanding amounts due (including the Venezuelan Financial Assets) and related costs for the works carried out as part of the Venezuelan Projects;

f) the office building in Via Giulio Vincenzo Bona 65, Rome, which houses the Company's registered and head offices (the "Property"). The Separate Unit has sole responsibility for the title rights to the Property, the related obligations and costs of all kind related to title that can be opposed by the creditors.

Summarising this representation, all the assets, rights and legal relationships (assets and liabilities) related to the following macro areas have been transferred to the Separate Unit assets:

- equity investments, receivables and financial assets for shareholder loan relating to concessionaire companies, partly directly belonging to the Separate Unit and partly indirectly held through the wholly-owned subsidiary Astaldi Concessioni;
- other assets items such as receivables, obligations and titles entirely transferred to the Separate Unit by Astaldi S.p.A.

PICTURE 2: CONCESSIONS TO BE SOLD

ASSET - SPV	COUNTRY	SECTOR	Investment held directly	Investment held through ASTALDI Concessioni SpA
Etlik Hospital		Healthcare infrastructure	5%	46%
Gebze-Orhangazi-Izmir Motorway		Transport infrastructure	18.14%	-
Felix Bulnes Hospital		Healthcare infrastructure	51%	-
Santiago Airport		Transport infrastructure	-	15%

PICTURE 3: OTHER COMPONENTS OF THE LIQUIDATION PERIMETER

Other asset components	COUNTRY	ORGIN
ICTAS settlement agreement		rights and obligations arising from the sale of 3BB quotas
Venezuelan Financial Assets		assignment of claims
Office building		rights and obligations for property ownership

It should be noted that some of the Separate Unit assets were released from the liens that secured the bonds issued by Astaldi S.p.A. when the financial manoeuvre underlying the composition with creditors of Astaldi S.p.A. was completed in November 2020.

Composition of LIABILITIES

The debts that Astaldi S.p.A. expects to settle by making use of the net proceeds of the sale of the assets transferred to the Separate Unit have been transferred to the Separate Unit liabilities, in accordance with the Composition Proposal of Astaldi S.p.A..

In particular, the Separate Unit Liabilities are made up of:

- unsecured liabilities, as identified in the report prepared by Astaldi S.p.A.'s Court-appointed Receivers in accordance with Article 172 of Bankruptcy Law (the "Report 172").

  The unsecured liabilities, which also include provisions against possible unsecured liabilities, could vary and/or be adjusted as a result of subsequent events, also comprising court or out-of-court procedures, that might modify their amounts or composition. In accordance with the PFI Regulation, the scope of the Separate Unit includes, among others, any possible contingent liability generated by the unfavourable outcome of disputes (including any not initiated or not known to Astaldi S.p.A. at present) regarding legal issues that have come into being by virtue of material acts, events and circumstances, which by title or cause date back to before 28 September 2018 (i.e. the date of submission of the request for composition with creditors of Astaldi S.p.A.).

  The Separate Unit includes some cases brought against Astaldi S.p.A. that have not been accounted for in this Financial Report because the risk of their being lost has been considered to be remote. Should the future course of these disputes indicate the emergence of a probable liability, the related provisions for risks on unsecured claims shall be set aside and steps will be taken to proceed with the related discharge of debt for accounting purposes, as has been done for the provisions for risks on unsecured claims – and, more generally, for all unsecured debt – transferred to the Separate Unit on the part of Astaldi S.p.A..

  It should be noted that PFIs will be issued for liabilities that are considered to be likely at present and liabilities that are only possible or remote (and have, therefore, not been recognised) should the related unsecured debt arise after the results of the disputes are known, as provided for in the Composition Proposal and the PFI Regulation.

  The total unsecured debt transferred to the Separate Unit (either ascertained or likely) has been converted into an equity reserve in the Separate Unit against the distribution of PFIs (including future distributions from the provisions for risks recognised) in favour of the respective Unsecured Creditors;

- the amounts due to certain Turkish parties (the "Turkey Debt"). As provided for in the Composition Proposal and the PFI Regulation, the Turkey Debt will be paid in full in cash before the remuneration of the PFIs from the Third Bosphorus Bridge Financial Asset and from the proceeds of the sale of the other assets of the Separate Unit located in Turkey only.
  The Turkey Debt is specifically composed as follows:
    - a portion relating to the amount due to shareholder ICTAS defined within the ICTAS Settlement Agreement;
    - a portion relating to payables to Turkish banks: Isbank, Vakiflar, Ziraat, Ziraat Katilim, Akbank (the "Turkish Banks");
    - a portion of debt to other Turkish suppliers and providers.

  With specific reference to the portion relating to the Turkish Banks, it should be noted that Astaldi S.p.A. has concluded with each bank:

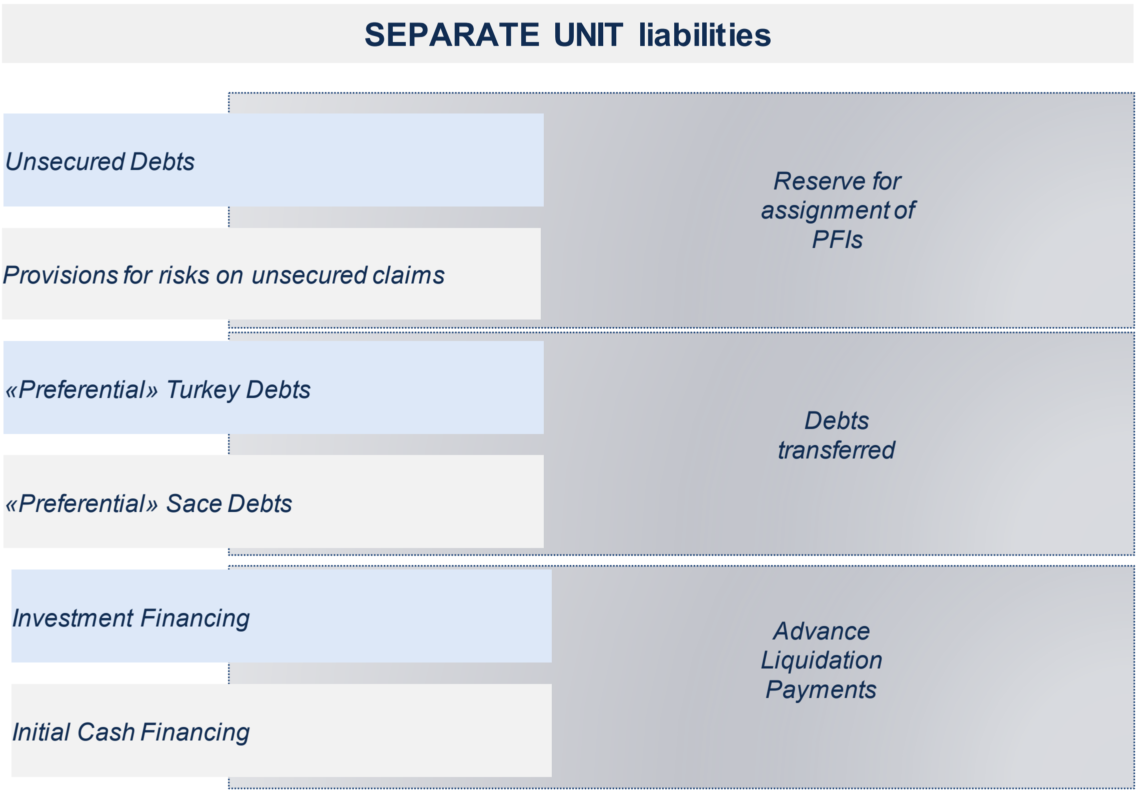
    a. as many standstill agreements (signed between 16 September 2019 and 19 September 2019) as needed, whereby each bank undertakes not to demand the payment of Astaldi S.p.A.'s (Separate Unit's) debt during the "standstill period", which, it is agreed, will last until the occurrence of the first event of (i) the expiry of the period of 18 (eighteen) months after the execution of each standstill agreement (the second half of March 2021); or (ii) the completion of the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture (as defined below);

b. even with the participation of ICTAS, as many protocols as needed regarding methods of payment whereby ICTAS has undertaken to pay the part of the consideration due to Astaldi S.p.A. that is equal to the latter's debt to each bank, paying the relative amount directly into the current account that the Company has opened with each bank;

- the amount due to Sace S.p.A. (the "Sace Debt"). According to the provisions laid down in the settlement agreement between Astaldi S.p.A. and Sace S.p.A., which was authorised by the Court of Rome on 19 March 2020 (the "SACE Settlement"), the Sace Debt will be paid in cash from the Separate Unit before the remuneration of the PFIs from the proceeds of the sale in the agreed order of distribution during the three-year period from 2020 to 2022;

- the amount due to Astaldi S.p.A. for the funds that it has undertaken to commit to the Separate Unit in order to provide the latter with the resources required to meet the necessary investments (equity injection) on the completion of the works still under construction (Santiago Airport and Etlik Hospital) (the "Investment Financing") and the initial injection of liquidity (the "Initial Cash Financing"). These financings are to be considered as Advance Liquidation Payments as defined in the PFI Regulation.

PICTURE 4: SUMMARY DESCRIPTION OF THE SEPARATE UNIT LIABILITIES



The Separate Unit also includes all the assets, rights and legal relationships (assets and liabilities) that come into being and arise on any basis during the course of and as an effect of its operations. On the other hand, expressly excluded from the Separate Unit are all the legal relationships, rights, financial assets, obligations and costs, including those arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi S.p.A., which are connected solely with the execution of the works entrusted by the companies Etlik, NPU, Salud, GOI and the Third Bosphorus Bridge Operator directly to Astaldi S.p.A. or to joint ventures, consortia or companies established in any legal form with the participation of Astaldi S.p.A..

For more details regarding the guarantees transferred to the Separate Unit, reference should be made to the Notes to the Financial Statements.

PERFORMANCE OF OPERATIONS

The annual separate financial statements of the Separate Unit for the financial period ended 31 December 2020 show, in aggregate, Revenues equal to approximately €0.8 million, negative EBITDA of approximately €1.3 million and a Net Loss of approximately €20.5 million in the statement of profit or loss.

The annual consolidated financial statements of the Separate Unit for the financial period ended 31 December 2020 show, in aggregate, Revenues equal to approximately €0.5 million, negative EBITDA of approximately €1.8 million and a Net Loss of approximately €26.6 million in the statement of profit or loss.

The position relating to each asset included in the scope of the Separate Unit is summarised below. Both the assets held directly by the Separate Unit and those it holds indirectly through the investment in Astaldi Concessioni are considered.

****

Focus on CONCESSIONS

ETLIK HOSPITAL

Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S. Ankara Etlik Hospital Management and Investment Inc.

Country	TURKEY
Sector	Healthcare Infrastructure
Phase	Construction
Interest held by ASTCON	46%
Interest held by the Separate Unit	5%

The Separate Unit includes the amounts that Astaldi S.p.A. and Astaldi Concessioni claim against the Turkish company Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S. Ankara Etlik Hospital Management and Investment Inc. (Etlik, as defined above) on account of shareholder loan, as well as Astaldi S.p.A.'s and Astaldi Concessioni's investments equal to 5% and 46%, respectively.

Etlik is the holder of the concession agreement signed with the Turkish Ministry of Health ("MOH") for the design, construction and operation of the Etlik Hospital Campus in Ankara (the "Etlik Hospital").

This is a project for the construction of a healthcare facility that is to be one of the biggest in continental Europe with more than 3,699 beds and a total area of 1,145,129 square metres.

The term of the concession originally arranged was 27.5 years, consisting of 3.5 years for design and construction and the remaining 24 years for operation. As a result of some delays also arising from the variations requested by the Granting Authority (Ministry of Health), which gave rise to some defaults around the project financial documentation, a number of additional deeds to the main concession agreement were negotiated with the Granting Authority in 2020 in order to remedy these delays and take the effects of the new law on concessions of 2020 into account; the law was aimed at remedying all the unfavourable impacts of the fluctuations in the value of the Turkish lira that had occurred as early as from 2019.

The negotiations ended favourably during 2020: some contractual terms and conditions were amended, including a 2.5-year extension of the construction period (at present this period is expected to end on 31 December 2021) with a consequent reduction in the duration of the period of operation.

Prudentially, the risk of lengthened completion time was taken into account in valuing this asset within this Financial Report of the Separate Unit, also owing to some reports issued in the meantime by the technical advisors of the institutions financing the work. As of the date of preparation of this Financial Report, we feel that construction times will not respect the time schedule.

Again according to the agreement, the effective term of the operation phase will be assessed again when the facility has been constructed on the basis of final and budget macroeconomic criteria, which will determine whether any advances will be made on the Customer's availability fees paid during this phase. Should it be necessary, such advances would be used to ensure amortisation of the financial debt.

In the operation phase, the agreement refers to non-medical hospital services (cleaning, internal catering, waste collection, laundering, disinfestation, security, assistance to patients, help desk, maintaining, managing and operating civil and plant works, running the IT infrastructure that provides services in the campus, managing green spaces), as well as clinical services (laboratories, imaging, sterilisation and rehabilitation) and commercial services (cafeteria, retail areas, public services and parking).

The facility is in the construction stage at present and preparations are being made for the operation phase.

GEZBE IZMIR MOTOWAY

Otoyol Yatirim ve Isletme A.S.

Country	TURKEY
Sector	Transport Infrastructure
Phase	Operation
Interest held by ASTCON	-
Interest held by the Separate Unit	18.14%

The Separate Unit includes the amounts that Astaldi S.p.A. claims against the Turkish company Otoyol Yatirim ve Isletme A.S. (GOI, as defined above) on account of shareholder loan, as well as Astaldi S.p.A.'s investment equal to 18.14% in GOI; the company is the holder of the concession agreement for the construction and operation of the Gebze – Orhangazi – Izmir motorway (the "Motorway"), the remaining interests in which are held by the following companies: Makyol (25.9%), Ozaltin (25.9%), Nurol (25.9%) and Gocay (4%).

The investment is in the design, construction and operation (entrusted to a special O&M company) under a concession agreement, concerning a new Turkish motorway section. The motorway follows a route of about 400 km from Gebze to Orhangazi and Izmir including a suspension bridge, the fourth longest in the world (the Izmit Bay Bridge). At present the Concession is due to end in September 2035. The work was completed and came into service in several stages and was opened in its entirety in August 2019.

The Customer pays a guaranteed revenue setting a number of equivalent vehicles for each section of motorway and for the bridge in accordance with the toll prices set down in the Concession agreement.

Receipts are in Turkish lire, both the tolls taken from users and the final balance received twice a year, but the base tariffs are in dollars according to the tender specifications and subsequent amendments, based on the US inflation and the USD/TRY exchange rate.

Tariffs for users are adjusted twice a year in February and August and paid in March and/or September the same year.

The customer has always paid the final balance regularly to date.

Although the effects of the pandemic have been substantial, with severe restrictions in Turkey too, the combined result of the macroeconomic variables and of trends in borrowing, exchange rates and lower operating costs, was, nevertheless, nearly total observance of the 2020 budget: a very small 0.5% difference from the original estimate made by the management.

On 22 December 2020 Customer KGM asked for motorway and bridge tolls for users to be kept as low as possible, setting a ceiling of 25% more than the 2020 tariffs for the year 2021 only (instead of 25.5% as agreed as per contract).

The Turkish authorities considered it necessary to make this request, which involved various concession projects throughout the country, in order to limit the effects that exchange rates would have on prices for end users.

This change will be the object of an addendum to the contract that is to be signed formally during 2021 after being put before the financial institutions for their formal approval.

The shareholders collectively have instructed a financial advisor of high international standing (JP Morgan) to transfer all their interests in GOI.

However, it should be noted that the mandate agreement signed with the financial advisor JP Morgan expired in March 2021 and no additional addendum had been signed at the date of preparation of this Financial Report.

Preliminary work is being done at the moment on scouting for and identifying potential bidders; work, however, has slowed mainly owing to the situation brought about by the global pandemic.

FELIX BULNES HOSPITAL

Sociedad Concesionaria Metropolitana de Salud ("Salud")

Country	CHILE
Sector	Healthcare Infrastructure
Phase	Construction
Interest held by ASTCON	51%

The Separate Unit has received, through Astaldi Concessioni, the amounts that the latter company's Chilean branch (Astaldi Concessioni – Agencia en Chile) claims from the Chilean company Sociedad Concesionaria Metropolitana de Salud (Salud or SCMS as defined above), as well as Astaldi Concessioni's investment of 51% held in the company, which is the holder of the concession agreement for the construction, maintenance and operation of the Felix Bulnes Hospital in Santiago de Chile (the "Felix Bulnes Hospital").

SCMS is the holder of the concession agreement for the design, financing and construction of the Felix Bulnes Hospital, which belongs to the health assistance network of the Servicio de Salud Metropolitano Occidente en Santiago de Chile, and for managing commercial and non-medical services. The agreement also provides for the supply and maintenance of electro-medical equipment and furnishings. This new facility has 10 storeys and a heliport with about 523 beds and 600 car spaces over an area of 130,000 square metres. The term of the concession is 20 years, consisting of 52 months for construction and 15 years for operation.

In early 2017, after Astaldi Concessioni had sold 49% of its total investment, a strategic partnership was entered into with the Meridiam Latam Holding S.L. ("Meridiam") infrastructure fund, whose total entry into the capital of SCMS was to take place gradually. Among other arrangements, control over the company under consideration passed to Meridiam with the transfer of 49% of the investment[5].

Under the agreement between Astaldi Concessioni and Meridiam, there is a commitment for the gradual sale of Astaldi Concessioni's total remaining investment in SCMS (equal to 51%) to be completed in two steps:

- a 21% share of the investment after provisional acceptance (*Puesta en Servicio Provisoria*, "PSP");
- the remaining 30% share, with a completion bonus, after final acceptance (*Puesta en Servicio Definitiva*, "PSD").

Problems arose with the EPC contractor Astaldi S.p.A., Chilean Branch, during 2018, against whom both a performance bond and a retention bond were enforced; the procedure for the termination of the contract was also started, as the contractor's performance as regards the completion of the works before the contractually agreed time limit (31 January 2019) was considered inadequate against a work progress of 98%.

As a result of the aforesaid termination, progress in the design phases became irregular and slow, and consequently also the sale of Astaldi Concessioni's remaining investment in SCMS to Meridiam. Furthermore, the termination of the contract gave rise to extra construction costs and consequently the need to obtain more financial support than initially planned in terms of

[5] In spite of the fact that Astaldi Concessioni retained the majority following the above-mentioned sale, under the shareholders' agreement with Meridiam, rights and powers corresponding to a higher interest of 70%, were given to the latter immediately, anticipating the effects of a further transfer in the future.

additional capital to be paid up by the shareholders. In other words, SCMS' s shareholders (including Astaldi Concessioni) were asked to put down more capital than initially expected following the termination.

Astaldi Concessioni felt that it had suffered serious consequences after entrusting the governance of the company to shareholder Meridiam and that it could not put down more capital than that laid down in the agreement it had signed initially.

As a result, in September 2019 shareholder Meridiam sued Astaldi Concessioni for damages, by a request for international arbitration before the International Chamber of Commerce (ICC), requesting about USD18.9 million in compensation as penalties for various alleged breaches of contract, the main breaches being default on the payment of the first and second additional contribution to capital and failure to comply with Meridiam's voting instructions in a general meeting held to approve the capitalisation of a part of a subordinate loan it had executed.

On the contrary, Astaldi Concessioni in its turn took action against Meridiam, opposing the latter's requests in that they were based on situations deliberately brought about in order to provoke Astaldi Concessioni's breach of contract and acquire total control over SCMS, absolutely flouting the principles of good faith and cooperation between the shareholders of the same company. At the same time, Astaldi Concessioni submitted a counter-claim, asking the court to rule:

(i) that Meridiam was obliged to buy from Astaldi Concessioni the remaining 51% of the interests in SCMS on a permanent basis and pay it the entire price that had been agreed, and that SCMS should reimburse an amount of approximately €0.95 million in surety fees to the Company; as well as

(ii) that Meridiam had not complied with a set of provisions of the Shareholder's Agreement as a result of some decisions made by the members of the Board of SCMS.

In this regard, Astaldi Concessioni's legal counsels issued an opinion which (in the light of the factual and legal considerations relevant and applicable to the case, and also subject to certain assumptions, qualifications and limitations that were set out in the opinion), considered the arguments in Meridiam's claims to be unfounded; according to this opinion, there are valid and reasonable elements and grounds for believing that the Arbitration Tribunal will take a favourable view of Astaldi Concessioni's defence and counterclaim action. Prudentially, however, Astaldi Concessioni has taken steps to adjust the book value of its investment, conforming it to Astaldi Concessioni's corresponding stake in SCMS' equity, considering that this value is its recoverable amount pending the final settlement of the arbitration proceedings in progress.

On 29 January 2021 Meridiam presented a Statement of Defence (*Memorial de Contestación de Demanda*) in which it repeated its objections to Astaldi Concessioni's counter-claims.

On the same date Astaldi Concessioni filed a defence pleading that also included witness statements. The court then set 19 March 2021 for the production of documents.

Following the establishment of the Separate Unit, the Proxy gauged Meridiam's readiness to reach an amicable settlement of the dispute, also to avoid the expense of the arbitration proceedings and not only the uncertainty typical of an arbitration award. Nevertheless, the solution of the dispute that the shareholder fears would lead to there being no contribution to the Separate Unit from this quarter.

To date, the final hearing has been scheduled at the end of October 2021. Therefore, the arbitration award is expected to be issued in early 2022. According to the opinions prepared by the legal counsels (Cuatrecasas, Baraona) to Astaldi S.p.A. on 16 February 2021 and 11 February 2021, respectively, there is a possible risk of the company losing the case.

SANTIAGO AIRPORT

Sociedad Concesionaria Nuevo Pudahuel S.A. ("NPU")

Country	CHILE
Sector	Transport Infrastructure
Phase	Operation
Interests held by ASTCON	15%

The Separate Unit includes the amounts that Astaldi Concessioni claims from the Chilean company Sociedad Concesionaria Nuevo Pudahuel S.A (NPU as defined above) on account of shareholder loan, as well as Astaldi Concessioni's investment of 15% held in the company. NPU is also invested in by the French companies Group ADP and Vinci Airports for 45% and 40%, respectively.

NPU is the holder of the concession for *(i)* the refurbishment of Terminal 1 of the Arturo Merino Benítez international airport in Santiago de Chile (the "Airport"); *(ii)* the construction of Terminal 2 of the Airport with two car parks; *(iii)* the operation of the Airport's aviation and non-aviation services (including retail services) for a term of 20 years as from 2015.

At the moment Terminal 2, which has already been built, is being operated and works are in progress on Terminal 1 under the concession agreement. Progress has encountered some difficulties arising on one hand from the fall in air traffic owing to the COVID-19 epidemiological emergency and on the other hand from requests from the contractor to be paid for the construction works.

As regards operation, there has been a substantial increase in the number of passengers transported (from 16 million in 2014 to 23.3 million in 2018) at the Airport since the concession was awarded (2015). If the 30-million passenger ceiling had been exceeded, improved terms would have been the result for NPU: a further Chilean Ministry of Public Works ("MPW") investment in the construction of a third terminal, a possible rise of 22.44% in the royalties at present paid to NPU and a possible extension of the term of the concession.

As at 31 December 2020, a total of 703 thousand passengers had been transported (-66.9% compared to 2019), broken down as follows: domestic traffic 499.2 thousand passengers (-59% compared to 2019), international traffic 203.6 thousand passengers (-77.4% compared to 2019). The monthly figures for December confirm the downward trend for the entire year 2020, with a drop of 65% in total passengers.

The situation that came into being with Covid-19, together with social and political affairs and the previous difficulties with the construction works, entailed greater costs and longer completion times. Although NPU has submitted various requests to the customer – MPW - to set out a strategy to restore the balance of the concession, as matters stand these various attempts at negotiation have been unsuccessful.

On 19 January 2021 the French shareholders alone filed an application to initiate the ICSID[6] procedure under the France-Chile convention (the majority of the interests in NPU is held by French concerns). This procedure requires an obligatory conciliation procedure that must last at most 6 months. The ICSID claim is based on the fact that the Chilean Government took emergency measures to keep the Covid-19 pandemic at bay (not the least being the total closure of the frontiers) without, however, making any provision for compensatory measures to cushion economic and financial impacts on the aviation sector.

[6] ICSID is an International Centre for Settlement of Investment Disputes established by the World Bank that resolves issues on the basis of the specific bilateral Treaties entered into between the countries concerned. In this case, reference is made to the treaty entered into between France and Chile.

As at the date of preparation of this Report, the Separate Unit, through the subsidiary Astaldi Concessioni, was considering the possibility reserved for the subsidiary to lodge a claim with ICSID under the Bilateral Treaty between Italy and Chile[7].

The Astaldi Chile - Vinci Costruction JV (the "Constructor") has been entrusted with construction work under a works contract (the "EPC Contract") and the works, 91.7% of which have been carried out, were originally to be completed in April 2021.

The Constructor has filed some claims, through NPU, with the MPW, which are listed below:

(a) a request for the extension of completion times owing to design faults, offsetting the costs;

(b) a request for the extension of completion times owing to additional works requested by the customer, offsetting the costs;

(c) compensation for Covid-19 costs.

As regards relations with the technical panel (an institution under Chilean concession laws called upon to hand down opinions regarding potential disputes between customer and concession holders), as of the date of the preparation of this Report, NPU was preparing to request the panel to redress the financial equilibrium of the concession agreement in order to compensate it for the adverse impacts of the restrictive measures brought in by the Government as a result of the pandemic.

In the light of the complex situation that has arisen and in the absence, at the moment, of reasonably reliable indications regarding the outcome of NPU's requests, the Separate Unit has proceeded prudentially with the write-down of the entire value of the investment.

Focus on other assets

Settlement agreement with IC Içtas Inşaat Sanayl ve Ticaret A.Ş. ("ICTAS")

Relations concerning the sale of the interests held in the project company of the Third Bosphorus Bridge.

The Separate Unit retains sole responsibility for (i) all rights and obligations arising from the Third Bosphorus Bridge Financial Asset in accordance with the provisions of the contract of sale that was signed with ICTAS on 20 June 2019 (the ICTAS Settlement Agreement) and was authorised by the Court of Rome on 2 November 2019.

The Separate Unit received, among others, all claims and obligations of Astaldi S.p.A. against the Turkish company ICTAS, arising under the contract providing for the sale – which had been already completed at the reporting date - in favour of the latter, concerning the Company's investment of 20% and the amount claimed on account of shareholder loan in Ica Ictas Astaldi Ucuncu Bogaz Koprusum Ve Kunzey Marmana Otoyolu Yatirim Ve Isletme AS (the Third Bosphorus Bridge Operator), which holds the concession agreement for the construction and operation of the "Third Bosphorus Bridge."

In particular, under the contract arrangements, the Separate Unit holds (i) a credit of USD315 million (equal to approximately €281 million) from ICTAS as consideration for the aforesaid sale; (ii) a debt of USD100 million (equal to approximately €89 million) to ICTAS for the waiver of the

[7] In this case, reference is instead made to the treaty entered into between Italy and Chile.

right to bring any further and different disputes with ICTAS itself (the "ICTAS Compensation"), to be paid by offsetting it against the aforesaid higher credit.

Therefore, the Third Bosphorus Bridge Financial Asset (namely the net amount that the Separate Unit claims from ICTAS) amounts to USD215 million (equal to approximately €192 million), less transaction costs determined differently according to whether the sale of the Third Bosphorus Bridge Operator to a Chinese joint venture (the "Chinese Joint Venture") is concluded or not on the part of ICTAS.[8]

It is as well to point out that according to the economic and financial plan (the "EFP") for the Separate Unit, a part of the Third Bosphorus Bridge Financial Asset is to be used to satisfy some creditors of Astaldi S.p.A. in accordance with the provisions of the composition proposal.

The abovementioned terms of payment laid down in the respective agreements in relation to the Turkey Debt and the SACE Debt are set out in the PFI Regulation.

As regards the Turkey Debt, in setting the order of priority of the deductions to make from the proceeds of the sale of the assets so that the "Net Liquidation Proceeds" in each Distribution can be calculated, Article 2.36 of the PFI Regulation puts in first place "*the sums to pay the Turkey Creditors*", i.e., the Turkey Debt to subtract from the proceeds of the sale of the Assets of Turkey including the Third Bosphorus Bridge Financial Asset (as well as the Etlik Investment and the GOI Investment).

Accordingly, as regards the Third Bosphorus Bridge Financial Asset – unless the Turkey Debt has been settled, in the meantime, using the proceeds of the other Assets of Turkey – what will be distributed is the amount realised by the payment of the Turkey Debt and the other further deductions referred to in the aforesaid Article 2.36 of the PFI Regulation.

On the basis of the SACE Settlement Agreement, the SACE Debt is to be described as a Contingent Liability which, by virtue of the abovementioned Article 2.36 of the PFI Regulation - must also be deducted in order to calculate the Net Liquidation Proceeds of each Distribution. In other words, the SACE Debt is to be repaid in advance with respect to unsecured claims - albeit after the payment of the Turkey Debt.

The structure of the Settlement Agreement

The debit and credit relationships between the Separate Unit and ICTAS are governed by the settlement agreement signed on 20 June 2019, as amended (the ICTAS Settlement Agreement) which is subject to the condition precedent of the Court's approval as part of the composition with creditors procedure, which took place on 21 November 2019.

As noted above, under the ICTAS Settlement Agreement, the parties settled some disputes amicably that had arisen between them, agreeing, for our purposes, to transfer to ICTAS, already the holder of the remaining interests in the Third Bosphorus Bridge Operator, the 20% investment that the Separate Unit already held in the Third Bosphorus Bridge Operator and the shareholder loan credit against the payment of the price on the part of the buyer.

Under the ICTAS Settlement Agreement, there are two different possibilities for the payment of the consideration, according to whether ICTAS, in its turn, reaches an agreement or not for the sale of the entire capital of the Third Bosphorus Bridge Operator to a consortium of Chinese companies (the Chinese Joint Venture), with which negotiations are in progress at present.

[8] Values taken from the economic and financial plan of the Separate Unit attached to the resolution approving its establishment dated 24 May 2020 (share swap ratio of June 2019).

The ICTAS Settlement Agreement provides for the payment of the Third Bosphorus Bridge Financial Asset, equal to USD215.0 million, on the part of ICTAS either:

(a) if the sale is made to the Chinese Joint Venture, in a single amount to be paid "after" the completion of the sale. If the sale to the Chinese Joint Venture is completed with the payment of a consideration in excess of USD1,250,000,000, ICTAS will pay the Separate Unit a further amount of 25% of the excess paid by the buyer with reference to the 20% investment transferred by the Company;

or

(b) if the sale is not made to the Chinese Joint Venture, by deferred payment of the Third Bosphorus Bridge Financial Asset (as increased by interest as from 31 January 2020 at the annual rate of EURIBOR +1.75%), according to the following methods:

- 10% of the amount within the 4th quarter of 2020;
- 10% of the amount within the 4th quarter of 2021;
- 30% of the amount within the 4th quarter of 2022;
- 50% of the amount within the 4th quarter of 2023.

According to the ICTAS Settlement Agreement, even were a sale to the Chinese Joint Venture completed after the estimated deadline for the closing of the transaction (February 2020), which in fact has been the case, ICTAS would in any case have to pay the total Third Bosphorus Bridge Financial Asset to the Separate Unit in a single amount, as illustrated above, as required within the scope of amendment no. 5 of 11 October 2019.

The parties have decided on two forms of security for the recovery of the Separate Unit's claim:

(a) ICTAS will transfer the amounts it claims from the Third Bosphorus Bridge Operator to the Separate Unit as shareholder loan and rights to the distribution of dividends, if and when they become payable, within the limits of the amount due to the Separate Unit;

(b) the delivery of 5 international bills of exchange constituting enforcement orders to an Escrow Agent, issued by ICTAS in favour of the Separate Unit and in particular:
   - 4 bills of exchange (the "Principal Bills") equal to, respectively:
     - USD21,283,205.99 expiring on 31 December 2020;
     - USD21,283,205.99 expiring on 31 December 2021;
     - USD63,849,617.98 expiring on 31 December 2022;
     - USD 106,416,209.96 expiring on 31 December 2023,

     which, on maturity (i) if ICTAS pays their amount, will be given back to it; or (ii) if not, will be delivered to the Separate Unit;
   - 1 bill of exchange expiring on 31 December 2020 (the "Additional Bill") as security for the interest on each Principal Bill; if interest is duly paid on a Principal Bill, on maturity, it is to be replaced by another bill with the same maturity as that of the subsequent Principal Bill.

Furthermore, in the event of the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture, the ICTAS Settlement Agreement provides for a dedicated account to be opened to receive the consideration for ICTAS and provides for the latter's commitment, at the time of the closing of the sale, to grant the Separate Unit an irrevocable order for the bank concerned to transfer the portion of the consideration received from the Chinese Joint Venture, equal to the amount of the Third Bosphorus Bridge Financial Asset, to the account that the Separate Unit chooses to open with the said bank for this purpose.

The commitments to the Turkish Creditors

As noted above, according to the EFP for the Separate Unit, the amount necessary to settle the Turkey Debt is to be allocated from the proceeds of the recovery of the Third Bosphorus Bridge Financial Asset. The Turkey Debt mainly consists of the original debt of the Separate Unit to 5 Turkish bank, as well as to some Turkish suppliers, for an amount totalling approximately €142 million (the Turkish Debt)[9]. That a part of the Third Bosphorus Bridge Financial Asset is to be allocated to the settlement of the Turkey Debt becomes understandable when one considers that the Italian composition with creditors procedure is not recognised in Turkish law. Consequently, in the absence of these "preferential rights" granted to the Turkish creditors, the latter could have taken action to recover their credit by force, probably attacking the Separate Unit assets located in Turkey, in spite of the approval of the composition with creditors.
For this purpose, the Separate Unit has concluded with each bank:

(a) as many standstill agreements (signed between 16 September 2019 and 19 September 2019) as needed, whereby each bank undertakes not to demand the payment of the Separate Unit's debt during the "standstill period", which, it is agreed, will last until the occurrence of the first event of (i) the expiry of the period of 18 (eighteen) months after the execution of each standstill agreement (the second half of March 2021); or (ii) the completion of the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture;

(b) even with the participation of ICTAS, as many protocols as needed regarding methods of payment whereby ICTAS has undertaken to pay the part of the consideration due to the Separate Unit that is equal to the latter's debt to each bank, paying the relative amount directly into the current account that the Company has opened with each bank.

The commitment to SACE

As noted above, according to the EFP for the Separate Unit, the amount necessary to settle the Separate Unit's Debt to SACE S.p.A., equal to approximately €29 million, in addition to related legal interest at a special rate under Legislative Decree no. 123 of 1998 (the SACE Debt) is also to be allocated from the proceeds of the recovery of the Third Bosphorus Bridge Financial Asset.

In this case too, in fact, the parties concerned reached a settlement agreement (the SACE Settlement Agreement) during the composition with creditors procedure in order to settle amicably SACE's claim regarding the nature of its credit; this agreement, too, is subject to the condition precedent of the Court's authorisation in the framework of the composition with creditors procedure.

Under the SACE Settlement Agreement, while giving SACE's claim priority, the parties determined a method of payment that differs from the other claims of the same rank claimed against the Separate Unit. Payment is to be deferred as follows:

- €20,000,000 (or the amount obtained from the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture, if less), to be paid by 31 December 2020 by using the proceeds arising from the aforesaid sale to the Chinese Joint Venture, as therein scheduled for 2020;
- €5,000,000 (or more if there is a remainder not paid in the first instalment) by 31 December 2021;
- €4,000,000 by 31 December 2022.

[9] Values taken from the economic and financial plan of the Separate Unit attached to the resolution approving its establishment dated 24 May 2020 (share swap ratio of June 2019).

The parties also stipulated that these amounts, in general, should be paid from the proceeds of the sale of the assets afterwards contributed to the Separate Unit – and thus even before their maturities in the event of the sale of assets other than the Third Bosphorus Bridge Financial Asset– following the procedure set out in the PFI Regulation for Contingent Liabilities.

Present situation

As regards the position in its negotiations with the Chinese Joint Venture, ICTAS has informed the Separate Unit, also orally, that the conclusion of the negotiations has been delayed owing to the COVID-19 emergency and that some further steps that have to be taken could be completed during the 2021 financial year.

As the sale to the Chinese Joint Venture was not completed by 31 December 2020, the first expiry date of the mechanism for the deferred payment mentioned above, ICTAS paid the first 10% of the amount on 14 January 2021, as increased by interest as from 31 January 2020 at the annual rate of EURIBOR +1.75%), as a direct reduction in its debts to the Turkish Banks, as required by the payment protocols in place with the banks themselves.

As at the reporting date, talks were in progress with both SACE and the Turkish Banks with the object of obtaining an extension of payment times owing to the delay in the completion of the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture.

Venezuelan Financial Assets

The Separate Unit also includes the Venezuelan Financial Assets, i.e. the amounts initially claimed by the Company against the Istituto de Ferrocarriles del Estado (the "IFE") and the Bolivarian Republic of Venezuela ("Venezuela"), as well as all assets, costs and charges necessary to recover them, including the assets, costs and charges related to the arbitration proceedings regarding the claims, initiated before the Paris International Chamber of Commerce (the "ICC").

They specifically consist of the amounts claimed under some contracts for the construction of civil works in certain sections of the Venezuelan railway network executed by the Company as a member of the following consortia:

(i) the Contuy Consortium, invested in by Astaldi S.p.A., Webuild S.p.A. and Ghella (the "Italian Companies"), as well as by Venezuelan companies Ghella Sogene and Otaola Ingenieria (holding interests equal to 32.33%, 32.33%, 11.12%, 11.11% and 11.11%, respectively) and holding the contract for works relating to the Puerto Cabello -La Encrucijada project;

(ii) the GEI Consortium, consisting solely of the Italian Companies of the above consortium (each holding a 33.33% interest), holding the contract for works for the Southern Lots.

Although the works that were the object of these contracts were duly carried out by the Consortia and certified by the IFE, the latter has not paid the consideration due. This led the members of the Consortia, also in view of the unsuccessful outcome of the various attempts at an amicable resolution of the dispute, to stop the works in progress on one hand and on the other hand to bring the arbitration proceedings mentioned above, which are pending before the ICC in Paris at present (the arbitration proceedings, however, were initiated at the request of the Italian Companies alone).

In particular, the Company's claim in the arbitration proceedings is for the payment of the consideration as:

(a) consideration for the works executed and certified by the IFE with reference to the Puerto Cabello -La Encrucijada project;

(b) consideration for the works in progress, again with reference to the Puerto Cabello -La Encrucijada project;
(c) consideration for the works executed and certified by the IFE with reference to the projects concerning the Southern Lots.

As regards the value of the Venezuelan Financial Assets, the nominal amount of which consists of a total of €433 million[10], in January 2021 the Separate Unit's Proxy asked Professor Enrico Laghi to express an opinion on the fair value measurement as at 31 December 2020. It emerges from his opinion that the value that can be assigned to these financial assets can be placed within certain ranges that he sets out, adding that the lower values in these ranges of measurement are more likely.

For the purposes of recognition in the Financial Report of the Separate Unit, prudentially, the recoverable value of the Venezuelan Financial Assets estimated by Professor Laghi has been discounted at a rate considered fair considering the characteristics of the market concerned (4%). Again for reasons of prudence, the estimated legal costs of the arbitration proceedings in progress have also been deducted from its value calculated as above, for an amount of €5.0 million.

The building office at Via Bona

The Separate Unit retains sole responsibility for all the property rights, obligations and charges (including taxes), without exclusions or exceptions, on the property for office use located in Rome, at Via Giulio Vincenzo Bona no. 65, as recorded in the Rome land registry on Sheet no. 293, particles nos. 859 and 887 and owned by the Separate Unit, by virtue of the deed drawn up by Salvatore Mariconda, Notary Public, on 30 November 2010, file no. 6655/4626, with the related obligations and charges of any kind and nature resting on the owner (the Property).

At present, the Property is the object of a usage contract between the Separate Unit and Astaldi S.p.A. in accordance with the provisions of the EFP for the Separate Unit.

During 2020 the Separate Unit commenced the preparatory work on the sale of the building following a public tender procedure based on transparency and equality of treatment with the aim of finding potential buyers. Specifically, preliminary information was published on both national dailies and property websites with requests for expressions of interest on 10 December 2020.

No expression of interest has been received until now, probably also owing to the pandemic emergency caused by COVID-19, which also slowed the property market seriously and the market for property for office use in particular.

The estimated value of this asset within the scope of this Financial Report takes the most recent adverse market scenario into account and is based especially on various surveys that the Separate Unit has commissioned from leading property advisors during 2020.

[10] The total amounts due for works that have been executed claimed by the members of the Consortium in the arbitration proceedings consist of:
(i) works certified by the customer (i.e. invoices issued and to be issued) for a total amount of approximately USD1,017 million for the consortium; the Separate Unit's share of these is equal to USD345 million (approximately €289.5 million);
(ii) works in progress and not yet certified, including, among others, an amount of USD171 million relating to the Separate Unit (approximately €143.5 million).

RESULTS OF OPERATIONS AND FINANCIAL POSITION

Consolidated statement of profit or loss and statement of financial position of the Separate Unit

The consolidated financial statements of the Separate Unit show negative EBITDA of approximately -€1.8 million during the period between 17 July 2020 (the date of the Court of Rome's approval of the Composition Proposal of Astaldi S.p.A. and then of the effectiveness of the establishment of the Separate Unit) and 31 December 2020. The main element in this result are the costs sustained for the operations of the Separate Unit (approximately -€2.3 million), only partly offset by the revenues from letting the Property located at Via Bona to Astaldi S.p.A. (approximately +€0.5 million).

The results of operations for the period came to approximately -€26.6 million and included the negative contribution given by EBITDA referred to above, as well as:

- the negative effect of amortisation, depreciation and impairment (approximately -€4.1 million), mainly relating to the write-down of the subordinated loan held in SCMS;
- losses for the period relating to joint ventures and associates valued at equity (equal to approximately €25.8 million);
- net financial income of approximately €5.0 million, which includes foreign exchange losses of approximately €8.9 million, offset by financial income of approximately €13.9 million. The latter item is mainly attributable to the revaluation of the receivable relating to the sale of the Third Bosphorus Bridge Operator at 31 December 2020;
- taxes relating entirely to the consolidation of Astaldi Concessioni, equal to approximately €0.05 million.

TABLE 2: SEPARATE UNIT - CONSOLIDATED STATEMENT OF PROFIT OR LOSS AT 31 DECEMBER 2020

Breakdown of Consolidated Statement of profit or loss (€/000)	31/12/2020
Total value of production	515
Total operating costs	(2,281)
EBITDA	**(1,766)**
Total amortisation, depreciation and impairment	(4,080)
Operating result	**(5,845)**
Profit (loss) on equity-accounted investments	(25,754)
Net financial income and expense	5,026
Profit / Loss before tax	**(26,573)**
Taxes	(45)
Profit / (Loss) for the period	**(26,618)**

The main items of the assets in the consolidated statement of financial position of the Separate Unit are described below.

As at 31 December 2020 non-current assets stood at approximately €570.7 million, mainly consisting of non-current financial assets (approximately €81.4 million) and equity investments (approximately €483.0 million). The negative differential compared to the values recorded at 17 July 2020, equal to approximately -€6.4 million, related to:

- the changes in the item relating to equity investments, which showed a decrease by an amount of approximately -€22.9 million during the reporting period, mainly as a result of the write-down of the investment held in GOI;
- the opposite effect relating to an increase in other non-current financial assets for €16.5 million.

Current assets, equal to approximately €214.2 million at 31 December 2020, showed a decrease of approximately €2.8 million compared to the value posted at 17 July 2020, mainly due to an increase in other current assets (for about €1.3 million) and an increase in cash and cash equivalents (for about €1.6 million).

The increase recorded in cash and cash equivalents from approximately €0.1 million at 17 July 2020 to approximately €1.7 million at 31 December 2020, was mainly due to Astaldi S.p.A.'s payments as cash funding to the Separate Unit (in accordance with the provisions of the Composition Proposal) during the reporting period.

Finally, with reference to the balance sheet assets, non-current assets held for sale, equal to approximately €2.1 million, include the reclassification of the equity investment and the shareholder loan held in SCMS on the part of Astaldi Concessioni. The value of these assets showed a decrease compared to the value posted at 17 July 2020 as a result of the valuation at equity carried out at 31 December 2020.

With reference to the main liabilities recognised at 31 December 2020, it should be noted that:

- non-current liabilities, equal to approximately €37.2 million, are sums paid out by Astaldi S.p.A. as advance liquidation payments as defined in the PFI Regulation, aimed at financing the agreed equity commitments of the companies included in the perimeter of the Separate Unit that hold concession agreements;
- trade payables totalled approximately €4.8 million and mainly related to payables for invoices to be received;
- current financial liabilities, equal to approximately €45.1 million, mainly consisted of loans relating to banks resident in Turkey;
- other current liabilities, recognised for approximately €31.0 million, at 31 December 2020, are mainly preferential debt arising from the settlement agreement signed between Astaldi S.p.A. and SACE S.p.A. before the approval of the composition with creditors procedure on the part of the Court of Rome.

Due to the balance of assets and liabilities reported above, the equity for accounting purposes of the Separate Unit was positive for approximately €668.9 million at 31 December 2020.

Of the total equity of the Separate Unit recognised at 31 December 2020, an amount of about €622.7 million is due to Astaldi S.p.A.'s unsecured creditors, who have already been assigned PFIs issued. The remainder of approximately €46.2 million is due to unsecured creditors whose status is only a potential one at present; therefore, their portions of PFIs have not yet been issued from the Separate Unit.

TABLE 3: SEPARATE UNIT – CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020 COMPARED TO 17 JULY 2020

Breakdown of Consolidated statement of financial position (€/000)	31/12/2020	17/07/2020
Property, plant and equipment	5,974	6,022
Other non-current financial assets	81,437	64,980
Other non-current assets	3	3
Equity investments	482,985	505,844
Deferred tax assets	327	298
TOTAL Non-current assets	**570,726**	**577,147**
Contract assets	17,244	17,244
Trade receivables	15,508	15,653
Tax receivables	537	462
Other current assets	179,304	178,037
Cash and cash equivalents	1,656	106
TOTAL Current assets	**214,249**	**211,502**
Non-current assets held for sale	2,089	8,506
TOTAL ASSETS	**787,064**	**797,155**

TOTAL EQUITY	**668,854**	**693,062**
TOTAL Non-current liabilities	**37,198**	**21,630**
Trade payables	4,764	3,789
Current financial liabilities	45,144	45,680
Tax payables	84	41
Other current liabilities	31,020	32,951
TOTAL Current liabilities	**81,012**	**82,463**
TOTAL EQUITY AND LIABILITIES	**787,064**	**797,155**

In order to make it easier to identify the assets held for sale in the consolidated assets of the Separate Unit at 31 December 2020, the summary table below sets out the values of the individual assets and related items concerned. The table also provides the references to the notes to the consolidated financial statements reported below.

TABLE 4: BREAKDOWN OF ASSETS HELD FOR SALE AND RELATED ITEMS AT 31 DECEMBER 2020

Description of the asset	€/000	Items concerned	Ref. Notes to the Financial Statements (NFS)
Etlik Hospital	**132,755**		
Investment	55,430	Equity-accounted investments	NFS - par 6.2
Financial receivable	77,325	Other non-current financial assets	NFS - par 6.3
Third Bosphorus Bridge	**175,355**		
Investment	-	n.a.	
Net financial receivable	175,355	Other current assets	NFS - par 6.8
Gebze - Orhangazi - Izmir – Motorway GOI	**427,749**		
Investment	427,555	Equity-accounted investments	NFS - par 6.2
Financial receivable	194	Other non-current financial assets	NFS - par 6.3
Santiago Airport - NPU	**3,333**		
Investment	-	Equity investments	
Financial receivable	3,333	Other non-current financial assets	NFS - par 6.3
Felix Bulnes Hospital - SCMS	**2,089**		
Investment	-	Non-current assets held for sale	NFS - par 6.10
Financial receivable	2,089	Non-current assets held for sale	NFS - par 6.10
Venezuelan Financial Assets	**32,752**	Trade receivables and contract assets	NFS - par 6.5 - 6.6
Property located at Via Bona	**5,973**	Property, plant and equipment	NFS - par 6.1
Total	**780,005**		

Separate statement of profit or loss and statement of financial position of the Separate Unit

During the period between 17 July 2020 (the date of the Court of Rome's approval of the Composition Proposal of Astaldi S.p.A. and then of the effectiveness of the establishment of the Separate Unit) and 31 December 2020, the Separate Unit recorded final negative EBITDA of approximately -€1.3 million, mainly attributable to the costs sustained for its operations, equal to approximately €2.1 million, partially offset by revenues of approximately €0.8 million relating to the rent received on the Property located at Via Bona let to Astaldi S.p.A., on the one hand, and, on the other, to costs charged back to Astaldi Concessioni S.p.A., whose sole shareholder is the

Separate Unit, incurred by the Separate Unit on its behalf (i.e. the service agreement that was also entered into in the interests of Astaldi Concessioni S.p.A. with Astaldi Concessions, a subsidiary of Astaldi S.p.A.).

The overall results of operations recognised in the reporting period showed a loss of approximately -€20.5 million and included the negative contribution given by EBITDA, as well as:

- amortisation, depreciation and impairment carried out at 31 December 2020, totalling approximately €21.4 million;
- net financial income of approximately €14.8 million;
- foreign exchange losses of approximately -€12.6 million.

TABLE 5: SEPARATE UNIT - SEPARATE STATEMENT OF PROFIT OR LOSS AT 31 DECEMBER 2020

Breakdown of Separate statement of profit or loss (€/000)	31/12/2020
Total value of production	828
Total operating costs	-2,106
EBITDA	**-1,277**
Total amortisation, depreciation and impairment	-21,446
Operating result	**-22,723**
Net financial income and expense	14,762
Net foreign exchange gains/(losses)	-12,576
Profit / Loss before tax	**-20,537**
Profit / (Loss) for the period	**-20,537**

The main items of the assets in the separate statement of financial position of the Separate Unit are described below.

As at 31 December 2020 non-current assets stood at approximately €686.2 million, mainly consisting of non-current financial assets (approximately €247.0 million) and equity investments (approximately €433.2 million). The negative differential compared to the values recorded at 17 July 2020, equal to approximately -€16.2 million, related to:

- the changes in other non-current financial assets, which showed an increase of approximately €3.5 million, mainly due to the loans granted to Astaldi Concessioni during the reporting period;
- the changes in the item relating to equity investments, which showed a decrease by an amount of approximately -€19.7 million during the reporting period, as a result of the adjustment to fair value measurement at 31 December 2020.

Current assets increased from approximately €232.4 million at 17 July 2020 to approximately €239.3 million at 31 December 2020, mainly due to:

- a rise in other receivables and current assets (due to the combined effect of the higher receivable relating to the Third Bosphorus Bridge for approximately €0.8 million and a higher amount for invoices to be issued to subsidiaries for approximately €3.9 million);
- the amount of cash and cash equivalents recognised at 31 December 2020, equal to approximately €1.5 million. Astaldi S.p.A. made an initial cash funding of about €2.0 million to the Separate Unit during the reporting period, in the execution of its Composition Plan.

The Separate Unit's liabilities recognised at 31 December 2020 benefitted from the discharge of unsecured debt being transferred to the Separate Unit on the part of Astaldi S.p.A..

With reference to the main liabilities recognised at 31 December 2020, it should be noted that:

- non-current liabilities, equal to approximately €34.4 million, are sums paid out by Astaldi S.p.A. as advance liquidation payments as defined in the PFI Regulation, aimed at financing the agreed equity commitments of the companies included in the perimeter of the Separate Unit that hold concession agreements;
- trade payables totalled approximately €11.2 million and mainly related to: payables to third-party suppliers for invoices to be received in relation to the Turkey Debt (approximately €2.8 million), past payables to Astaldi Concessioni (approximately €2.9 million) and invoices to be received from subsidiaries (approximately €5.5 million);
- current financial liabilities, equal to approximately €146.9 million, mainly consisted of: (i) bank loans relating to banks resident in Turkey for approximately €43.8 million; (ii) payables for cash pooling to Astaldi Concessioni for approximately €70.2 million; (iii) loans payable to Astaldi Concessioni for approximately €32.9 million.
  Current financial liabilities showed a total decrease of approximately €5.7 million compared to the value posted at 17 July 2020 due to the exchange differences on payables to the banks resident in Turkey (approximately €1.7 million) and the currency adjustment to cash pooling payables and other payables to Astaldi Concessioni (approximately €4.0 million);
- current provisions for risks related to the impairment of equity investments and showed a decrease of approximately €1.6 million compared to the value posted at 17 July 2020 as a result of the write-down made to the investment in Astaldi Concessioni;
- other current liabilities, recognised for approximately €29.4 million at 31 December 2020, mainly consisted of the preferential debt relating to the settlement agreement signed between Astaldi S.p.A. and SACE S.p.A. at a time before the approval of the composition with creditors procedure on the part of the Court of Rome.

Of the total equity in the Separate Unit's separate accounts recognised at 31 December 2020, an amount of about €627.3 million is due to Astaldi S.p.A.'s unsecured creditors, who have already been assigned PFIs issued. The remainder of approximately €46.5 million is due to unsecured creditors whose status is only a potential one at present; therefore, their portions of PFIs will be issued at a later time on the part of the Separate Unit.

TABLE 6: SEPARATE UNIT – SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020 COMPARED TO 17 JULY 2020

Breakdown of Separate statement of financial position (€/000)	31/12/2020	17/07/2020
Property, plant and equipment	5,973	6,020
Equity investments	433,191	452,892
Non-current financial assets	247,030	243,503
TOTAL Non-current assets	**686,193**	**702,414**
Trade receivables	15,508	15,556
Contract assets	17,244	17,244
Other receivables and current assets	204,990	199,569
Cash and cash equivalents	1,522	-
TOTAL Current assets	**239,264**	**232,369**
TOTAL ASSETS	**925,456**	**934,783**
TOTAL EQUITY	**673,829**	**693,062**
TOTAL Non-current liabilities	**34,366**	**21,630**
Trade payables	11,196	9,983
Current financial liabilities	146,914	152,662
Current provisions for risks	29,729	28,132
Other current liabilities	29,423	29,314
TOTAL Current liabilities	**217,262**	**220,092**
TOTAL EQUITY AND LIABILITIES	**925,456**	**934,783**

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 13 January 2021, ICTAS took steps to pay the amount of USD23,628,953, including interest accrued at 31 December 2020, as first instalment of the total amount due to the Separate Unit. This sum is to be used to pay a part of the current debt to the Turkish Banks, in accordance with the provisions of the PFI Regulation, as well as of the Standstill Agreements signed between the Separate Unit and the Turkish Banks.

As far as it is given to know from what information is available from ICTAS, the completion of the transaction for the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture, which would entail the Separate Unit's collecting the remaining part of the sale price in a single amount, has been delayed owing to the COVID-19 emergency and some further steps have to be taken. The procedure could be finalised during the 2021 financial year.

Finally, it should be noted that, as an event that occurred after the reporting date, the holders of PFIs were informed on 16 February 2021 of the convening of the first Special General Meeting of PFI Holders, which was held at the registered office of Astaldi S.p.A. – Separate Unit, in Rome, at Via Giulio Vincenzo Bona no. 65, on 16 March 2021 at 10:00 a.m., in order to discuss and pass resolutions on the following agenda:

- amendments to Articles 1.5, 2.40, 6.1, 7.1 (a), 7.2, 7.9 and 9.2 of the PFI Regulation;
- appointment of the PFI Common Representative in accordance with Article 7.1(a) of the PFI Regulation;

- determination of the fees due to the PFI Common Representative.

Nevertheless, the meeting called for 16 March 2021 was not valid to deliberate the items on the agenda since only 10.21% of the PFIs were present. This was not sufficient to reach the quorum laid down in the PFI Regulation.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Separate Unit did not carry out any R&D activity during the reporting period.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES, PARENT COMPANIES AND ENTITIES CONTROLLED BY PARENT COMPANIES

The table below summarises the credit and debit relationships with the only subsidiary Astaldi Concessioni S.p.A..

TABLE 7: EXPOSURE TO ASTALDI CONCESSIONI S.P.A.

Exposure to Astaldi Concessioni (€/000)	Balance at 31/12/2020
Receivables from Astaldi Concessioni S.p.A.	267,682
Payables to Astaldi Concessioni S.p.A.	-111,435
Total exposure to Astaldi Concessioni S.p.A.	**156,246**

EXPOSURE TO RISKS AND UNCERTAINTIES

The global spread of the COVID-19 emergency exposed the Separate Unit to the consequences of extraordinary measures taken by various world governments in the different countries in which the assets included in the perimeter of the Separate Unit are located, both within and outside Europe.

A number of actions were taken and safeguards were adopted in order to cope with this extraordinary event, on one hand to make an adequate and prompt response to the requirement to protect the health of all the employees and on the other hand to monitor the situation of the assets included in the liquidation perimeter of the Separate Unit so that their economic value is preserved as much as possible and business continuity is supported, in the sense of the capacity to operate with a view to achieving the highest realisable value of the Company's assets.

Taxing economic, global and domestic prospects and public funds that have struggled to respond to the pandemic emergency are leading to the depreciation of many emerging countries' currencies. The devaluation trends tend to coincide with the propagation of the pandemic and have affected entities differently also according to how greatly it is spreading and the consequent measures governments have taken to contain it. We see in particular that, up to now, the Turkish lira has been one of the currencies that have suffered most from the current healthcare crisis.

A risk assessment has been conducted for the Separate Unit with a view to updating the organisational, management and control model under Legislative Decree no. 231 of 2001, as amended and supplemented, of Astaldi S.p.A. (hereinafter the "OM"), and strengthening internal control systems.

The risk assessment has appraised all the processes in the Separate Unit, mapping them for sensitive areas at risk of the commission of criminal offences and identifying control systems.

The special part of the OM, specifically devoted to the Separate Unit, contains the results of the assessment and has been implemented as a specific section in the latest updated version of the OM of Astaldi S.p.A.

Other types of risk impact on the Separate Unit to the same substantial extent as they impact on Astaldi S.p.A., to which report reference should be made for more information on risks and uncertainties.

The Separate Unit, however, has a risk assessment system that evaluates the possibility of risks having a material impact on their specific processes.

For more information, reference should be also made to the paragraph on the Risk Management in the Notes to the consolidated and separate financial statements that accompany this Explanatory Report.

OUTLOOK

According to the Composition Plan of Astaldi S.p.A., the sole objective of the Separate Unit is the satisfaction of the Unsecured Creditors of Astaldi S.p.A.; accordingly, all the preliminary and subsequent action necessary to sell the assets to be liquidated within the time and in the manner laid down will be taken in conformity to the Plan and the Proxy's mandate.

Similarly, in compliance with operational obligations, payments of equity and shareholder loans related to assets still being developed will continue, as will also the ongoing monitoring of the particular aspects of each asset.

LIST OF SUB-OFFICES

No sub-offices are included in the perimeter of the Separate Unit assets.

CONCLUSIONS

The Financial Report of the Separate Unit showed a consolidated net loss of approximately -€26.6 million at 31 December 2020.

No sale process was completed between 17 July and 31 December 2020 such as to create liquidity in the net liquidation proceeds that could be distributed to the holders of PFIs, in accordance with the provisions of the PFI Regulation.

Therefore, no partial distributions are planned in favour of the holders of PFIs from the results at 31 December 2020.

Roma, 16 March 2021

for the Separate Unit
The Proxy
Claudio Sforza

CONSOLIDATED FINANCIAL STATEMENTS OF THE SEPARATE UNIT AT 31.12.2020

PICTURE 5: GEBZE OTOYOL IZMIR MOTORWAY (GOI) - TURKEY

ASTALDI
PATRIMONIO DESTINATO

CONTENTS OF THE SECTION

Consolidated Financial Statements of the Separate Unit

Consolidated Statement of Profit or Loss

(€'000)	Note	FY ended 31 December 2020
Other revenue and income	5.1	515
Purchase costs		(1)
Service costs	5.2	(2,101)
Personnel expenses	5.3	(33)
Other operating costs	5.4	(145)
Amortisation, depreciation and impairment losses	5.5	(4,080)
Operating loss		**(5,845)**
Loss on equity-accounted investments	5.6	(25,754)
Net financial income (expense)	5.7	13,890
Net exchange gains / (losses)	5.8	(8,864)
Pre-tax loss		**(26,573)**
Income taxes	5.9	(45)
Loss for the period		**(26,618)**

Consolidated Statement of Comprehensive Income

	Note	FY ended 31 December
(€'000)		**2020**
Loss for the period		(26,618)
Change in subordinated loans at FVOCI[11]	6.3	2,410
Comprehensive loss for the period		**(24,208)**

[11] With reference to the FVOCI Changes shown in the table, it should be noted that IFRS 9, provides, among other things, for the possibility of classifying financial assets at fair value through other comprehensive income (hereinafter also "FVOCI"). A financial asset is classified among financial assets at fair value through other comprehensive income if both of the following conditions are met: (i) the financial asset is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest determined on the amount of the outstanding nominal value (SPPI).
Following the analyses of the business model on the basis of which the Company intends to manage the subordinated loans (semi-equity) granted to the SPVs of the business line of concessions, it was necessary to classify part of these loans within the category under consideration.

Consolidated Statement of Financial Position

(€'000)	Note	At 31 December 2020
Property, plant and equipment	6.1	5,974
Equity-accounted investments	6.2	482,985
Non-current financial assets	6.3	81,437
Deferred tax assets	6.4	327
Other non-current assets		3
Total non-current assets		**570,726**
Trade receivables	6.5	15,508
Contract assets	6.6	17,244
Tax assets	6.7	537
Other current receivables and assets	6.8	179,304
Cash and cash equivalents	6.9	1,656
Total current assets		**214,249**
Non-current assets held for sale	6.10	2,089
Total assets		**787,064**
Reserve for Participating Financial Instruments (PFIs)	6.11	668,854
Total equity of PFIs		**668,854**
Non-current loans and borrowings	6.12	34,366
Deferred tax liabilities		2,832
Total non-current liabilities		**37,198**
Current loans and borrowings	6.12	45,144
Payables to suppliers	6.13	4,764
Tax liabilities	6.14	84
Other current payables and liabilities	6.15	31,020
Total current liabilities		**81,012**
Total liabilities		**118,210**
Total equity and liabilities		**787,064**

Consolidated Statement of Cash Flows

(€'000)	**Note**	**FY ended 31 December 2020**
Pre-tax loss		(26,573)
Adjustments for:		
Amortisation, depreciation and impairment losses	5.5	4,084
Releases of provision for write-down	5.5	(4)
Net financial (income)/expense	5.7	(13,890)
Profit / (Loss) on equity-accounted investments	5.6	25,754
Other non-monetary items		10,269
Cash flows generated in operating activities before changes in net working capital		**(360)**
Change in trade receivables	6.5	145
Change in trade payables	6.13	975
Change in other assets/liabilities	6.3 - 6.4 - 6.6 - 6.8 -6.10 - 6.14	(1,619)
Net cash flows generated in operating activities		**(859)**
Total change in cash and cash equivalents	6.9	1,550
Opening cash and cash equivalents	6.9	106
Closing cash and cash equivalents		**1,656**

Consolidated Statement of Changes in Equity of PFIs

(€'000)	**Reserve for Participating Financial Instruments (PFIs)**	*of which: Other comprehensive income*
At 17 July 2020	**693,062**	-
Loss for the period	(26,618)	-
Change in subordinated loans at FVOCI	2,410	*2,410*
At 31 December 2020	**668,854**	***2,410***

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Separate Unit, and the companies it controls, were established in accordance with article 2447-*bis* et seq. of the Italian Civil Code in the implementation of the Composition with Creditors Proposal of Astaldi S.p.A. that was filed with the Court of Rome on 14 February 2019 (as updated on 19 June 2019 and subsequently supplemented on 16 July 2019, 20 July 2019 and 2 August 2019) and was approved with a favourable vote by the majority of Astaldi S.p.A.'s composition creditors admitted to vote in April 2020.

On 17 July 2020, the set-up of the Separate Unit became effective following the final approval of the composition with creditors procedure of Astaldi S.p.A..

Finally, on 6 November 2020, there was the completion of the capital increase of Astaldi S.p.A. reserved for WeBuild S.p.A. ("**Webuild**"), through which, in exchange for an injection of €225 million, WeBuild acquired control over the capital of Astaldi S.p.A., holding a total stake of approximately 66% at present.

At the same time as the above-mentioned capital increase, the participating financial instruments of the Separate Unit (PFIs) were issued in favour of the Unsecured Creditors of Astaldi S.p.A., as required by the Composition Proposal.

The Composition Proposal provides for the allocation of the net proceeds from the sale of the assets transferred to the Separate Unit in favour of Astaldi S.p.A.'s Unsecured Creditors.

In particular, the issue of the PFIs assigned to Astaldi S.p.A.'s Unsecured Creditors took place at the same time as the execution of the capital increases of Astaldi S.p.A. (6 November 2020). The unsecured creditors of Astaldi S.p.A. were granted 1 PFI for each €1 of unsecured claim they claimed against Astaldi S.p.A.. This right shall also be granted to those unsecured creditors that may be confirmed at a later time after the approval. Therefore, it should be noted that additional PFIs may be issued to unsecured creditors that were not included in the Composition Plan as at the date of the shareholders' meeting resolution that approved it, provided that in the meantime the claims of such creditors have been ascertained by a final or provisionally enforceable judgment, or acknowledged by Astaldi S.p.A. in writing.

The holders of PFIs are granted the right to receive the net proceeds from the sales of the assets included in the Separate Unit, net of any related transaction costs, any and all applicable taxes and duties and any prior liabilities included in the Separate Unit, as provided for in the PFI Regulation, the Composition Proposal and related annexes, as well as any additional amount relating to liabilities, including contingent liabilities, which shall be borne by the Separate Unit.

The specific business for which the Separate Unit is intended is therefore the satisfaction of Astaldi S.p.A.'s unsecured creditors, who will benefit, through the PFIs, from the proceeds from the liquidation of the assets forming part of the Separate Unit.

The Separate Unit has been incorporated and is domiciled in Italy, with registered office in Rome, at Via Giulio Vincenzo Bona no. 65, and is organised according to the legal system of the Italian Republic.

2. Summary of accounting standards

This section provides a description of the most significant accounting standards adopted to prepare these consolidated financial statements for the period ended 31 December 2020 (hereinafter the "**2020 Consolidated Financial Statements**").

It should be noted that, as provided for in the Composition Proposal, the resolution passed by the Board of Directors of Astaldi S.p.A. on 24 May 2020, which provided for the establishment of a Separate Unit in accordance with article 2447-bis et seq. of the Italian Civil Code, became effective on the date the composition with creditors procedure of Astaldi S.p.A. was approved by the Court of Rome on 17 July 2020.

In other words, the date of 17 July 2020 is the date of incorporation of the Separate Unit, i.e. the date of first recognition of the assets, liabilities and legal relationships it received from Astaldi S.p.A.. For this reason, the 2020 Consolidated Financial Statements describe the performance of operations of the Separate Unit from 17 July 2020 to 31 December 2020 and relate to the first reporting period of the Separate Unit.

2.1 Basis of preparation

(i) *Introduction*

The 2020 Consolidated Financial Statements constitute the first consolidated accounts prepared by the Separate Unit and the financial period ended 31 December 2020 coincides with the period running from 17 July 2020, i.e. the date when the Separate Unit was established, to 31 December 2020, the reporting date of the financial period.

(ii) *Compliance with EU-IFRS*

The 2020 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board, and adopted by the European Union ("**EU-IFRS**"). By "EU-IFRS" are meant all International Financial Reporting Standards, all International Accounting Standards ("**IAS**"), all the interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"), previously known as the Standing Interpretations Committee ("**SIC**"), which, as at the date of approval of the 2020 Consolidated Financial Statements, had been already endorsed by the European Union in accordance with the procedure laid down in Regulation (EC) No. 1606/2002 of the European Parliament and the European Council of 19 July 2002.

The 2020 Consolidated Financial Statements have also been prepared on the basis of the best knowledge of the EU-IFRS and by taking account of the best practice on the subject; any possible future interpretation guidelines and revisions will be reflected in the accounts for the subsequent financial periods, according to the methods provided for by the reference accounting standards from time to time.

2.2 Form and content of accounting statements

The 2020 Consolidated Financial Statements have been prepared in Euro, which is the currency of the prevailing economic environment in which the Separate Unit operates. All amounts included herein are shown in thousands of Euros, except as otherwise stated.

The schedules forming part of the 2020 Consolidated Financial Statements and the related classification criteria adopted by the Separate Unit, within the scope of the options provided for in IAS 1 – "Presentation of Financial Statements", are listed below:

- *the consolidated statement of financial position* has been prepared by classifying assets and liabilities on a "current/non-current" basis;

- *the consolidated statement of comprehensive income* - the schedule of which applies a classification of costs and revenues based on their nature - shows the results of operations, added to by the items that are recognised directly under equity, other than those relating to transactions carried out with the Separate Unit's PFI holders, as expressly required by EU-IFRS;

- *the consolidated statement of cash flows* has been prepared by showing the cash flows from operating activities according to the "indirect method";

- *the consolidated statement of changes in equity of the PFIs* for the period running from 17 July 2020 to 31 December 2020.

The schedules that have been used are those that provide the best representation of the results of operations, financial position and cash flows of the Separate Unit and its subsidiary.

Classification of assets and liabilities as current or non-current

The Separate Unit and its subsidiary classify an asset as a current item when:

- it is held for sale or consumption, or is expected to be realised, in the normal course of their operating cycle;
- it is held primarily for the purpose of trading;
- they expect to realise it within twelve months after the reporting period; or
- it consists of cash or cash equivalents the use of which is not subject to restrictions or limitations that would prevent its use for at least twelve months after the reporting period.

All assets that do not meet the conditions listed above are classified as non-current items.

The Separate Unit and its subsidiary classify a liability as a non-current item when:

- they expect to settle the liability in their normal operating cycle;
- they hold it primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All liabilities that do not meet the conditions listed above are classified as current items.

2.3 Consolidation criteria and methods

In accordance with the provisions of IFRS 3 "Business Combinations" (hereinafter "**IFRS 3**"), the Separate Unit does not appear to constitute a company activity (i.e. a business). This is because, by its very nature, the Separate Unit is not characterised by any process that contributes to generating income.

The assets and legal relationships included in the perimeter of the Separate Unit can, in substance, be described as assets intended for liquidation. These assets have in fact been "segregated" within the Separate Unit, in line with the provisions of the Composition Proposal, not for the purpose of creating production, as required by IFRS 3, but rather for the sole purpose of satisfying Astaldi S.p.A.'s unsecured creditors; since in the meantime the latter have become holders of PFIs, which incorporate the related rights to receive the proceeds of the Separate Unit, they will benefit from the net proceeds deriving from the sale of the aforesaid assets.

In view of the above provisions and assuming that the Separate Unit itself does not constitute a business (as defined by IFRS 3), it is therefore believed that the assets and legal relationships that have been transferred to the Separate Unit and its subsidiaries can be reasonably treated as a set of assets that are not aggregated with each other and that are managed by a single Proxy in the exclusive interests of Astaldi S.p.A.'s unsecured creditors.

In providing for the cases in which the standard does not apply (i.e. in the case of the group of assets under consideration), IFRS 3 establishes that in case of an acquisition of an asset or a group of assets that do not constitute a business "the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities based on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill."

As noted above, since all the net assets transferred to the Separate Unit and its subsidiaries are not intended to "create production" and do not therefore constitute an independent going concern, upon "initial recognition" (17 July 2020) the assets and legal relationships transferred to the Separate Unit were measured at their respective fair values, which consist of their acquisition cost as at 17 July 2020, the date when the Separate Unit was established.

After initial recognition, the assets and legal relationships referred to above have been accounted for according to the accounting standards applicable to each case from time to time. As a result, the figures at 31 December 2020 take account of the changes that occurred between 17 July 2020 and 31 December 2020 arising, at least in part, from the application of the criteria to account for each case, as well as from the recognition of the results of the impairment tests carried out on the individual assets.

(i) Subsidiaries

An investor controls an entity when it has: i) exposure, or rights, to variable returns and ii) the ability to use its power over the investee to affect the amount of the investor’s returns. An investor shall reassess whether it controls the entity if facts and/or circumstances indicate that there are changes to one or more of the above-mentioned elements of control.

Subsidiaries are consolidated on a line-by-line basis as from the date on which control was acquired and cease to be consolidated as from the date on which control is transferred to third parties.

The table below shows the scope of consolidation at 31 December 2020:

(In Euro)	**Country**	**Registered office**	**At 31 December 2020**	**Functional currency**	**Share capital**
			% of direct ownership		**Nominal value**
Astaldi Concessioni S.p.A.	Italy	Rome	100%	EUR	22,635,327

It should be noted that the reporting date of the financial statements of Astaldi Concessioni S.p.A. coincides with that of the Separate Unit (31 December 2020).

It is understood that Astaldi Concessioni, a company that is wholly owned by the Separate Unit and that already existed before the latter was established, will prepare its financial statements in continuity with what was done in previous financial periods and in accordance with the reference accounting standards.

For the sole purposes of preparing the 2020 Consolidated Financial Statements of the Separate Unit, the assets of Astaldi Concessioni will be valued according to the reference accounting standards applicable to the Separate Unit.

The criteria adopted for line-by-line consolidation are as follows:

- assets and liabilities, as well as income and costs of subsidiary entities are recorded on a line-by-line basis, attributing the related share of equity and net profit (loss) for the period to minority shareholders, where applicable; these shares are shown separately under equity and in the statement of comprehensive income
- profits and losses, including any related tax effect, arising from transactions carried out between companies consolidated on a line-by-line basis and not yet realised with third parties are eliminated, except for any losses that are not eliminated if the transaction provides evidence of an impairment of the transferred asset. The mutual relationships involving payables and receivables, costs and revenues, as well as financial income and expense are also eliminated;
- any difference between the acquisition cost and the relevant portion of equity relating to investments acquired after control has been obtained (acquisition of non-controlling interests) is recognised as equity attributable to the Separate Unit and its subsidiaries; similarly, gains and losses deriving from the sale of non-controlling interests without loss of control are recognised in equity;
- if a sale of equity investments results in a loss of control, the Separate Unit and its subsidiaries:
  - eliminate the assets (including goodwill) and liabilities of the subsidiary at their carrying amount on the date of loss of control;
  - eliminate the carrying amount of non-controlling interests at the date of loss of control (including the accumulated value of other comprehensive income attributable to them);
  - recognise the fair value of the proceeds of the transaction that resulted in the loss of control;
  - recognise any retained residual equity investment at fair value as at the date of loss of control. The value of any retained equity investment, aligned with its fair value as at the date of loss of control, is the new book value of the investment, which also constitutes the reference value for any subsequent measurement according to the applicable accounting policies;
  - reclassify, through the consolidated statement of profit or loss, any amount recognised as other comprehensive income relating to the investee whose control has been lost, for which a transfer to profit or loss is required. If their transfer to profit or loss is not required, these amounts are transferred to the equity item of "Reserves for profits carried forward";
  - recognise the resulting difference in the consolidated income statement as profit or loss attributable to the Separate Unit.

(ii) Associates

Associates are those companies over which the Separate Unit and its subsidiaries exercise significant influence, which is presumed to exist when the investment is of between 20% and 50% of voting rights.

Associates are initially recognised at fair value and are subsequently measured according to the equity method.

The method for applying the equity method is described below:

- the book value of equity-accounted investments is aligned with the equity of the related company, as adjusted, if necessary, to reflect the application of EU-IFRS and includes the recognition of the higher values attributed to assets and liabilities and goodwill (if any), identified at the date of acquisition, through a process similar to that described above for business combinations;
- any profits or losses attributable to the Separate Unit and its subsidiaries are accounted for from the date on which the significant influence commenced and until the date on which it ceases. If, as a result of losses, the equity-accounted company shows a negative equity, the carrying amount of the investment is cancelled and any surplus attributable to the Separate Unit and its subsidiaries is recognised under a specific provision for risks where the latter has undertaken to fulfil legal or implicit obligations of the investee, or in any case to cover its losses; any changes in the equity of equity-accounted companies, which are not reported in the result of the statement of profit or loss, are accounted for directly in the statement of comprehensive income;
- any unrealised gains and losses generated from transactions carried out between the Separate Unit/subsidiaries and the equity-accounted investee are eliminated in proportion to the value of the interest held by the Separate Unit and its subsidiaries in the investee itself, except for any losses that consist of an impairment of the underlying asset, and dividends that are eliminated in full.
  If there is any objective evidence of impairment losses, the investment in associates is tested for recoverability by comparing their book value with the related recoverable amount. When the reasons for any write-down cease to apply, the value of the equity investments is reversed within the limits of the write-downs made, with the effect charged to profit or loss.
  The sale of shares of investment that results in the loss of joint control or significant influence over the investee entails the recognition in the consolidated statement of profit or loss of the difference between:
  - the fair value of any retained residual equity investment and the proceeds arising from the sale of the shares of investment; and
  - the book value of the investment at the date on which the equity method was abandoned.

2.4 Accounting policies

The sections below provide a brief description of the most significant accounting standards and policies used to prepare the 2020 Consolidated Financial Statements.

Statement of financial position

Property, plant and equipment

These are recognised at fair value and subsequently depreciated. Revaluations of property, plant and equipment are not permitted, even in application of specific laws.

Property, plant and equipment are depreciated systematically on a straight-line basis over their technical and economic useful life, which is the estimated period over which the asset will be used by the Separate Unit and its subsidiaries. This period runs from the month in which the use of the asset commences or could have commenced. When the tangible asset consists of more than one significant component with different useful lives, depreciation is carried out for each component. The value to be depreciated consists of the book value reduced by the presumed net disposal value at the end of its useful life. Land is not depreciated, even if purchased together with a building, as are tangible assets held for sale. Any changes in the depreciation schedule, deriving from a review of the useful life of the tangible asset, the residual value or the methods for obtaining the economic benefits of the asset, are recognised on a prospective basis.

Depreciation methods and periods

Depreciation begins when the asset becomes available for use and is carried out systematically in relation to the residual possibility of its use, namely on the basis of the estimated useful life.

Below is the estimated useful life of the main tangible assets:

PROPERTY, PLANT AND EQUIPMENT	Estimated useful life (in years)
Buildings	30
Plant and equipment	10

Impairment of property, plant and equipment

Property, plant and equipment with definite useful life

At each reporting date of the consolidated financial statements, a test is carried out in order to assess whether tangible assets show any evidence of impairment loss. Both internal and external sources of information are considered for this purpose. Internal sources consider the following elements: the obsolescence or physical deterioration of the asset, any significant changes in the intended use of the asset and the economic performance of the asset compared to what was expected. Instead, external sources consider the following elements: the market price trend of the assets, any technological, market or regulatory discontinuities, the trend in market interest rates or the cost of capital used to measure investments.

If there is any evidence of impairment, the recoverable value of the aforesaid assets is estimated, allocating any write-down compared to the related book value to profit or loss. The recoverable value of an asset consists of the higher of its fair value, net of ancillary selling costs, and its value in use, i.e. the present value of the future cash flows estimated for the asset. In determining the value in use, the expected future cash flows are discounted by using a pre-tax discount rate that reflects the current market valuations of the cost of money, in relation to the period of the investment and the specific risks attached to the asset. The recoverable value of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit ("**CGU**") to which the asset belongs.

An impairment loss is recognised through profit or loss if the book value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value. Any impairment of CGUs is firstly recognised as a reduction in the book value of any goodwill allocated thereto and, then, as a reduction in other assets, in proportion to their book value and within the limits of the related recoverable value. If the reasons for a previous write-down cease to apply, the book value of the asset is reversed and charged to profit or loss, within the limits of the net carrying amount that the asset in question would have had if no write-down had been made and the related depreciation had been carried out.

Financial assets

Upon initial recognition, financial assets must be classified into one of the three categories listed below on the basis of the following elements:

- the entity's business model used to manage financial assets; and
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are subsequently derecognised from the consolidated financial statements only if the sale has involved the substantial transfer of all risks and rewards associated therewith. On the other hand, if a significant share of the risks and rewards has been retained in relation to the transferred financial assets, the latter continue to be entered in the consolidated financial statements, even if the legal title to the assets has actually been transferred.

Financial assets measured at amortised cost

This category includes financial assets that meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved by collecting contractually agreed cash flows (Hold-to-Collect business model); and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of capital to be repaid ("SPPI test" passed).

Upon initial recognition, these assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument itself. After initial recognition, the financial assets under consideration are measured at amortised cost, using the effective interest method. The amortised cost method is not used for assets – measured at historical cost - whose short-term life makes the effect of applying discounting-back negligible, as well as for those without a definite maturity and for uncommitted credit facilities.

Financial assets measured at fair value through comprehensive income

This category includes financial assets that meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved by both collecting contractually agreed cash flows and by selling the financial asset (Hold-to-Collect business model); and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of capital to be repaid ("SPPI test" passed).

This category includes equity investments that do not qualify as subsidiaries, associates and joint ventures and are not held for trading purposes, for which the option has been exercised to designate them at fair value though comprehensive income.

Upon initial recognition, the assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument itself. After initial recognition, equity investments other than those held in subsidiaries, associates and joint ventures are measured at fair value, and the amounts recognised against an entry in equity (Statement of Comprehensive Income) must not subsequently be transferred to profit or loss, even in the event of any disposal. The only component referable to these equity instruments that is subject to recognition through profit or loss consists of the related dividends.

As regards the equity instruments included in this category, which are not listed in an active market, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to a few circumstances, namely if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Financial assets measured fair value through profit or loss

This category includes financial assets other than those classified among "Financial assets measured at amortised cost" and among "Financial assets measured at fair value through comprehensive income".

Upon initial recognition, financial assets measured at fair value through profit or loss are stated at fair value, without considering transaction costs or income directly attributable to the instrument itself. On subsequent reporting dates they are measured at fair value through profit or loss.

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Separate Unit and its subsidiaries apply a simplified approach in order to estimate expected credit losses over the entire life of the instrument and take into account their past experience regarding credit losses, as adjusted on the basis of prospective factors that are specific to the nature of the Separate Unit's and its subsidiaries' claims and the economic environment.

In summary, the Separate Unit and its subsidiaries measure expected losses on financial assets so as to reflect:

- an unbiased, probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date of the consolidated financial statements about past events, present conditions, and forecasts of future economic conditions.

A financial asset is impaired when one or more events have occurred which have an adverse impact on its estimated future cash flows. Observable data relating to the following events constitute evidence that the financial asset is impaired (it may not be possible to identify a single event: the impairment of financial assets may be due to the combined effect of various events):

a) significant financial difficulty of the issuer or debtor;
b) a breach of contract, such as a default or past due event;
c) for economic or contractual reasons relating to the debtor's financial difficulty, the creditor grants to the debtor a concession that the creditor would not otherwise consider;
d) it becomes probable that the debtor will enter bankruptcy or any other financial reorganisation;
e) the disappearance of an active market for that financial asset due to financial difficulties; or
f) the purchase or origination of the financial asset at a deep discount that reflects incurred credit losses.

For financial assets accounted for at amortised cost, when an impairment loss has been identified, its value is measured as the difference between the book value of the asset and the present value of expected future cash flows, as discounted on the basis of the initial effective interest rate. This value is recognised through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive cash flows from the asset has expired;

- the Separate Unit and its subsidiaries have substantially transferred all risks and rewards associated with the asset;
- the Separate Unit and its subsidiaries have neither transferred nor retained substantially all the risks and rewards associated with the financial asset but have relinquished control over it.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is fulfilled, cancelled or becomes statute-barred. An exchange of debt instruments with substantially different contractual terms must be accounted for as an extinguishment of the initial financial liability and the recognition of a new financial liability. Similarly, a substantial change in the contractual terms of an existing financial liability, even partially, must be accounted for as an extinguishment of the initial financial liability and the recognition of a new financial liability.

Offsetting financial assets and liabilities

The Separate Unit and its subsidiaries offset financial assets and liabilities if and only if:

- there is a legally enforceable right to offset the amounts recognised in the consolidated financial statements;
- there is an intention either to offset on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash and demand deposits, as well as financial assets with an original maturity of three months or less, readily convertible into cash and subject to an insignificant risk of changes in value. The items of cash and cash equivalents are measured at fair value. Time deposits that do not meet the requirements of IFRS are not included in cash and cash equivalents.

Short-term bank deposits with an original maturity of three months or more that do not meet the requirements of IAS 7 are included in a specific item of current assets.

Collection transactions are recorded by date of bank transaction, while the date of payment order is also taken into account for payment transactions.

Financial liabilities and payables to suppliers

Financial liabilities and payables to suppliers are recorded when the Separate Unit and its subsidiaries become a party to the related contract and are initially measured at fair value adjusted for directly-attributable transaction costs.

Subsequently, they are measured at amortised cost using the effective interest method.

Financial liabilities are derecognised from the consolidated financial statements when the contractual rights to the related cash flows expire or when the financial liability is disposed of with the substantial transfer of all the risks and rewards deriving from its ownership.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of a determined nature and whose existence is certain or probable, the amount and/or date of occurrence of which could not be determined at the reporting date of the consolidated financial statements. Accruals to such provisions are recognised when:

- it is probable that there is a present obligation (either legal or constructive) arising from a past event;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the amount that the Separate Unit and its subsidiaries would reasonably pay to settle the obligation or to transfer it to third parties at the reporting date of the consolidated financial statements. Where the effect of the time value of money is material and the payment dates of the obligations can be estimated reliably, the provision is determined by discounting the expected cash flows that are determined by taking account of the risks associated with the obligation; the increase in the provision due to the passage of time is recognised as "Financial expense" through profit or loss.

Provisions are updated periodically in order to reflect changes in cost estimates, the time needed to fulfil the obligation and the discount rate; reviews of estimates are charged to the same item of the statement of profit or loss to which the provision has been previously charged. Provisions for risks and charges are subject to discounting if it is possible to reasonably estimate the time when the cash outflows will occur. When the liability relates to property, plant and equipment, changes in the estimate of the provision are recognised as a contra-entry against the asset to which they refer, within the limits of the book values; any possible surplus is recognised through profit or loss.

If it is envisaged that all or part of the expenses required to settle an obligation will be reimbursed by third parties, the indemnity, when virtually certain of being obtained, is recognised as a separate asset.

Fair value measurement

Fair value measurement and related disclosures are carried out in accordance with IFRS 13 - Fair Value Measurement. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell an asset or to transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, the transaction is assumed to take place in the most advantageous market to which the Separate Unit and its subsidiaries have access, i.e., the market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability.

The fair value of an asset or liability is determined by considering the assumptions that market participants would use when pricing the asset or liability, assuming that they are acting in their best economic interest. Market participants are buyers and sellers who are independent of each other and knowledgeable, as well as able and willing, but not obliged or induced, to enter into a transaction for the asset or liability.

Fair value measurement of financial instruments

The fair value of listed financial instruments is determined by applying prices that are directly observable on the market, while specific valuation techniques are required for unlisted financial instruments, which make use of the greatest possible number of inputs observable on the market. When this is not possible, inputs are estimated by management taking account of the characteristics of the instruments being valued. Changes in assumptions made in estimating inputs could affect the fair value recognised in the consolidated financial statements for these instruments.

The levels of financial instruments classified on the basis of a hierarchy that reflects the significance of the inputs used in measuring fair value are reported below (IFRS 13 - Fair Value Measurement):

- Level 1: quoted prices (active market): inputs are quoted prices in active markets for assets or liabilities that are identical to those being valued.
- Level 2: inputs that are observable on the market (e.g., for derivatives, exchange rates observed by the Bank of Italy, market rate curves, volatility provided by Bloomberg, credit spreads calculated on the basis of Credit default swaps, etc.) other than quoted prices included within Level 1;
- Level 3: inputs are unobservable on the market (own assumptions, for example, cash flows, risk-adjusted spreads, etc.).

Statement of profit or loss

Revenue recognition

Revenue from contracts with customers is recognised when the following conditions are met:

- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the price has been allocated to the performance obligations in the contract;
- the performance obligation in the contract has been fulfilled.

The Separate Unit and its subsidiaries recognise revenue from contracts with customers when (or as) they fulfil the performance obligation by transferring the promised good or service (i.e., asset) to the customer. The asset is transferred when (or as) the customer obtains its control.

The Separate Unit and its subsidiaries transfer the control of the good or service over time, and therefore fulfil the performance obligation and recognise revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the rewards arising from the entity's performance as the latter performs it;
- the performance of the Separate Unit and its subsidiaries creates or improves the asset (e.g., work in progress) that the customer controls as the asset is originated or improved;
- the performance of the Separate Unit and its subsidiaries does not originate an asset that presents an alternative use for the Separate Unit and its subsidiaries and they have the enforceable right to payment for the completed performance until the relevant date.

If the performance obligation is not fulfilled over time, it is fulfilled at a point in time. In this case, the Separate Unit and its subsidiaries recognise the revenue at the time when the customer obtains control of the promised asset.

The contractual consideration included in contracts with customers may include fixed amounts, variable amounts, or both of them. If the contractual consideration includes a variable amount (e.g., discounts, price concessions, incentives, penalties, or any other similar item), the Separate Unit and its subsidiaries must estimate the amount of consideration to which they will be entitled in exchange for transferring promised goods or services to a customer. The Separate Unit and its subsidiaries include the amount of the estimated variable consideration in the transaction price if, and only to the extent that, it is highly probable that there will no significant downward adjustment to the amount of recognised cumulative revenue when the uncertainty associated with the variable consideration has been subsequently resolved.

The Separate Unit and its subsidiaries allocate the transaction price to each performance obligation on the basis of the stand-alone selling prices (SSPs) of each performance obligation. When an SSP does not exist, the Separate Unit and its subsidiaries estimate the SSP by using an adjusted market approach.

The Separate Unit and its subsidiaries apply judgment in determining performance obligations, variable consideration and transaction price allocation.

The incremental costs of obtaining contracts with customers are accounted for as an asset and amortised over the term of the underlying contract if the Separate Unit and its subsidiaries expect to recover them. These costs are the costs that the Separate Unit and its subsidiaries incur to obtain a contract with customers that they would not have incurred if the contract had not been successfully obtained. The costs that would have been incurred even if the contract had not been obtained must be recognised as an expense when they are incurred, unless they can be explicitly charged to the customer even if the contract is not obtained.

Costs incurred to fulfil contracts with customers are capitalised as assets and amortised over the term of the underlying contract only if such costs do not fall within the scope of another accounting standard (e.g., IAS 2 - Inventories, IAS 16 - Property, Plant and Equipment, and IAS 38 - Intangible Assets) and meet all of the following conditions:

- the costs relate directly to a contract or an anticipated contract, which the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or continuing to satisfy) its performance obligations in the future;
- the costs are expected to be recovered.

Cost recognition

Costs are recognised on an accruals basis when they relate to services and goods that have been purchased or consumed during the financial period or for systematic allocation or when their future useful life cannot be identified.

Income and expenses arising from the disposal and/or sale of non-current assets are recognised under the specific item of "Capital gains / (losses) on disposal of non-current assets" of the statement of profit or loss.

Financial income and expense are recognised through profit or loss during the financial period in which they accrue.

Foreign currency transactions

Revenues and costs relating to transactions denominated in currencies other than the functional currency are stated at the exchange rate prevailing on the date when the transaction is carried out.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency by using the exchange rate prevailing at the reporting date of the consolidated financial statements, with effect through profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency and measured at cost are stated at the exchange rate prevailing at the date of initial recognition; when measurement is carried out at fair value, or at the recoverable or realisable value, the entity adopts the exchange rate that is prevailing at the date when this value is determined.

Income taxes

Current income taxes for the financial period, recognised among "Tax liabilities", net of advances paid, or among "Tax assets" when the net balance is a credit, are calculated on the basis of estimated taxable income and in accordance with current tax legislation. Taxable income differs from net profit in the income statement in that it excludes income and cost components that are taxable or deductible in other financial periods, or that are not taxable or deductible at all. In particular, these payables and receivables are determined by applying the tax rates set out in the regulations in force at the reporting date.

Current taxes are recognised in the statement of profit or loss, except for those relating to items recorded outside this statement, which are recognised directly in equity.

Deferred tax assets and liabilities are calculated on the temporary differences between the balance sheet values recorded in the financial statements and the corresponding values recognised for tax purposes, applying the tax rate prevailing at the date when the temporary difference is reversed, determined on the basis of the tax rates set out in the regulations in force at the reporting date.

Deferred tax assets for all taxable temporary differences, tax losses or unused tax credits are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. Deferred tax assets are tested for recoverability at the end of each period. Deferred tax assets that are not recognised in the financial statements are reassessed at each reporting date of the financial statements and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are recognised in the statement of profit or loss, except for those relating to items recorded outside this statement, which are recognised directly in equity.

Deferred tax assets and liabilities arising from the application of regulations enacted by the same tax authority are offset if there is a legally enforceable right of offsetting current tax assets against current tax liabilities that will be generated when they are reversed.

Deferred tax assets are classified among non-current assets and are offset at the level of each tax jurisdiction, if they relate to taxes that can be offset. The credit balance of offsetting is stated among "Deferred tax assets".

Related parties

Related parties are those that share with the Separate Unit and its subsidiaries the same controlling entity, companies that directly or indirectly control them, are controlled or are subject to joint control by the Separate Unit and its subsidiaries and those in which they hold an interest such as to be able to exercise significant influence. The definition of related parties also includes the members of the Board of Directors of Astaldi S.p.A. and executives with strategic responsibilities, who are those who have the power and responsibility, either directly or indirectly, for the planning, management and control of the operations of the Separate Unit and its subsidiaries.

Due to the reasons behind its establishment, the Separate Unit must only pursue the interests of the PFI holders and not even those of the Astaldi Group, given that in no case may the results of the Separate Unit's operations benefit Astaldi S.p.A. or the shareholders of Astaldi S.p.A.. For this purpose, the Separate Unit's Proxy is granted full operational autonomy, under the resolution and the Proxy's Mandate, even in case of any possible conflict with the interests of Astaldi S.p.A., where conflicting with the interests of the PFI Holders.

Having stated this, the Separate Unit cannot be considered to be a "*related party*" of Astaldi S.p.A..

2.5 Newly-issued accounting standards

Accounting standards, amendments and interpretations not yet applicable and not early adopted

As at the reporting date of these 2020 Consolidated Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the following accounting standards and amendments:

Accounting standard / amendment	EU-endorsed	Effective date
IFRS 17 Insurance Contracts	NO	Financial periods commencing from 1 January 2023
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively)	NO	Financial periods commencing from 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*	NO	Financial periods commencing from 1 January 2022
Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	NO	Financial periods commencing from 1 January 2023
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	NO	Financial periods commencing from 1 January 2023

Accounting standards, amendments and interpretations endorsed by the EU but not yet adopted

As at the reporting date of these 2020 Consolidated Financial Statements, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments, not early adopted by the Separate Unit and its subsidiaries:

Accounting standard /amendment	EU-endorsed	Effective date	Early adopted by the Separate Unit
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	YES	Financial periods commencing from 1 January 2021	NO
Amendments to IFRS 4 - Insurance Contracts – Deferral of IFRS 19 (issued on 25 June2020)	YES	Financial periods commencing from 1 January 2021	NO

3. Financial risk management

The Separate Unit's and its subsidiaries' operations are exposed to the following risks:

- market risk (defined as interest rate risk and exchange risk);
- credit risk; and
- liquidity risk.

The risk management strategy is designed to minimise any potential adverse impact on financial performance. Some types of risk are mitigated by using derivative instruments. Risk management is centralised and identifies, assesses and hedges financial risks in close cooperation with the business units of the Separate Unit and its subsidiaries. The company management provides guidance on monitoring risk management, as well as guidance on specific areas, regarding interest rate risk, foreign exchange risk and the use of derivative and non-derivative instruments.

Interest rate risk

The Separate Unit and its subsidiaries rely on third-party financial resources in the form of borrowing. Any changes in interest rates affect the cost and return on the various forms of financing and lending, thus having an impact on the amount of net financial costs. The Separate Unit and its subsidiaries did not enter into any derivative contract for hedging purposes during the reporting period.

Exchange risk

The exposure to the risk of fluctuations in exchange rates derives from the assets held by the Separate Unit and its subsidiaries in currencies other than the Euro. It should be noted that the Separate Unit and its subsidiaries do not use derivatives for the purpose of hedging exchange risk on foreign currency items: net exposure, in financial terms, to exchange risk therefore consists of Net foreign exchange gains / (losses), amounting to a loss of €8,864 thousand for the financial period ended 31 December 2020.

Credit risk

Credit risk essentially arises from receivables from customers. In order to mitigate credit risk attached to commercial counterparties, the Separate Unit and its subsidiaries have put in place procedures aimed at limiting the concentration of exposures on each counterparty or group, through an analysis of their credit rating. The ongoing monitoring of accounts receivable allows the Separate Unit and its subsidiaries to promptly detect any default or deterioration in the credit rating of their counterparties and to take any appropriate mitigating action.

The Separate Unit and its subsidiaries apply the simplified approach required by IFRS 9 to estimate the recoverability of their trade receivables. The resulting adjustment to estimates, as shown in the table below, takes account of the risk of uncollectibility of receivables through the differentiation of the ECL (Expected Credit Losses) applied to homogeneous groups of accounts with respect to risk profile and ageing, i.e., depending on the progress of actions taken to recover non-performing loans.

It is believed that the book value of trade receivables approximates their fair value, given their short-term nature and their measurement at fair value upon initial recognition. Therefore, no evidence of impairment loss was reported which was such as to justify a write-down.

Liquidity risk

Liquidity risk is associated with the Separate Unit's and its subsidiaries' ability to meet obligations that mainly arise from financial liabilities. Prudent management of liquidity risk attached to the normal operations of the Separate Unit and its subsidiaries involves maintaining an adequate level of cash and cash equivalents.

The tables below show the cash flows expected in future financial periods in relation to financial liabilities at 31 December 2020:

At 31 December 2020 *(€'000)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**
Current and non-current loans and borrowings	79,510	45,144	34,366	-
Payables to suppliers	4,764	4,764	-	-
Total	**84,274**	**49,908**	**34,366**	**-**

Capital risk

The objective of the Separate Unit and its subsidiaries within the scope of capital risk management is mainly to safeguard the value of their assets with the aim of pursuing the satisfaction of Astaldi S.p.A.'s unsecured creditors, who will benefit from the proceeds of the sale of the assets forming part of the Separate Unit through their PFIs.

Financial assets and liabilities by category

Non-current financial assets and liabilities are settled or valued at market rates, and their fair value is therefore regarded as being substantially in line with present book values.

Below is a classification of financial assets and liabilities by category at 31 December 2020:

At 31 December 2020 *(€'000)*	**Loans and receivables**	**Equity-accounted investments**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets					
Equity-accounted investments	-	482,985	**482,985**	-	**482,985**
Other current and non-current receivables and assets	179,303	-	**179,303**	-	**179,303**
Trade receivables	15,508	-	**15,508**	-	**15,508**
Cash and cash equivalents	1,656	-	**1,656**	-	**1,656**
Total assets	**196,468**	**482,985**	**679,453**	**-**	**679,453**
Liabilities					
Current and non-current loans and borrowings	79,510	-	**79,510**	-	**79,510**
Payables to suppliers	4,764	-	**4,764**	-	**4,764**
Other current liabilities	31,020	-	**31,020**	-	**31,020**
Total liabilities	**115,294**	**-**	**115,294**	**-**	**115,294**

Fair value measurement

The fair value of financial assets that are listed in an active market is based on market prices as at the reporting date of the 2020 Consolidated Financial Statements. The fair value of assets that are not listed in an active market is determined by using valuation techniques that are based on a set of methods and assumptions linked to market conditions as at the reporting date of the 2020 Consolidated Financial Statements.

Below is a classification of the fair values of financial instruments on the basis of the following hierarchy levels:

- Level 1: Fair values determined with reference to (unadjusted) quoted prices in active markets for identical financial instruments;
- Level 2: Fair values determined by using valuation techniques with reference to variables observable in active markets;
  Level 3: Fair values determined by using valuation techniques with reference to unobservable market variables.

At 31 December 2020 *(€'000)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Subordinated loans	-	81,437	-	**81,437**
Total subordinated loans	**-**	**81,437**	**-**	**81,437**

For valuation purposes, the Separate Unit and its subsidiaries make use of company models that are generally used in financial practice and third-party models (market rate curves, volatility provided by Bloomberg, credit spreads calculated on the basis of Credit default swaps, etc.).

There were no transfers between the different levels of the fair value hierarchy during the periods under consideration.

4. Estimates and Assumptions

The preparation of the 2020 Consolidated Financial Statements in accordance with IFRS has required the Proxy to use estimates and assumptions that affect the value of assets and liabilities included in the statement of financial position, rather than in the disclosures made in the related explanatory notes, as to both contingent assets and liabilities as at the date of disclosure of the 2020 Consolidated Financial Statements, and revenues and expenses for the period.

Estimates are based on experience and other factors that are regarded as material. Actual results may therefore differ from those estimated. Estimates are reviewed periodically and the effects of any change are recognised through profit or loss in the period in which the estimate is reviewed.

The cases that require greater subjectivity on the part of the directors in making estimates are reported below:

- **Credit evaluation**: the provision for bad debts reflects estimates of expected losses on the credit portfolio of the Separate Unit and its subsidiaries. Any provisions set aside for expected credit losses are estimated on the basis of past experience with reference to accounts receivable with similar credit risk and present and historical outstanding amounts, as well as of careful monitoring of the quality of the credit portfolio and the present and expected conditions of economy and target markets. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised through profit or loss in the financial period in which they accrue.
- **Impairment of assets:** assets are written down when events or changes in circumstances provide evidence that the book value in the consolidated financial statements may not be recovered. Events that may lead to an impairment of assets are changes in business plans, changes in market prices and a reduced use of plants. The decision whether to make a write-down and the determination of its amount depend on the company management's assessments of complex and highly uncertain factors, including future price trends, the impact of inflation and technological improvements on production costs, production profiles and supply and demand conditions. The impairment is determined by comparing the carrying amount with the related recoverable amount, which consists of the greater of fair value, net of disposal costs, and value in use determined by discounting cash flows expected from the use of the asset. Expected cash flows are calculated on the basis of the information available at the time of the estimate and of subjective opinions on the trend in future variables, such as

prices, costs, growth rates of demand, production profiles, and are discounted by using a rate that takes account of the risk inherent in the asset concerned.

- **Useful life of property, plant and equipment with definite useful lives**: depreciation is calculated on the basis of the useful life of the asset, which is determined at the time the asset is recognised in the Consolidated Financial Statements. Useful life assessments are based on historical experience, market conditions and expectations of future events that could affect it, including changes in technology. As a result, it is possible that the actual useful life may differ from the estimated one.
- **Measurement of provisions for risks on unsecured claims**: the Separate Unit sets aside provisions that are mainly connected with legal disputes and the estimation of which is the result of a complex process in which the final judgment is supported by legal opinions;
- **Measurement of remote liabilities**: the Separate Unit also include liabilities that are regarded as remote in relation to unsecured claims for an amount of about €175.3 million. Should these liabilities arise, the Separate Unit should allocate additional PFIs to unsecured creditors as required by the PFI Regulation;
- **Fair value measurement of assets and liabilities**: the fair value of unlisted assets and liabilities is determined by means of commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions may not occur in the period of time and in the manner that are expected. Estimates made by the Separate Unit and its subsidiaries may therefore differ from actual final data.

5. Notes to the statement of comprehensive income

5.1 Other revenue and income

The table below shows the breakdown of “Other revenue and income” for the financial period ended 31 December 2020:

(€’000)	**FY ended 31 December 2020**
Rental income	467
Revenues from services and commissions	38
Contingent asset	10
Total	**515**

5.2 Service costs

The table below shows the breakdown of “Service costs” for the financial period ended 31 December 2020:

(€’000)	**FY ended 31 December 2020**
Legal, tax and administrative services	1,833
Insurance	100
Directors’ and Statutory Auditors ‘s fees	84
Technical and business consultancy	70
Processing costs and other services	15
Rent	8
Reimbursements of expenses, business trips and travel	5
Other services	1
Total	**2,101**

5.3 Personnel expenses

The table below shows the breakdown of "Personnel expenses" for the financial period ended 31 December 2020:

(€'000)	FY ended 31 December 2020
Wages and salaries	26
Social security contributions	5
Other personnel expenses	1
Post-employment benefits	1
Total	**33**

The table below provides the exact number of the employees of the Separate Unit and its subsidiaries, broken down by category, at 31 December 2020:

(in units)	At 31 December 2020 Exact number at period-end
Managers	3
White-collars	5
Total	**8**

5.4 Other operating costs

The table below shows the breakdown of "Other operating costs" for the financial period ended 31 December 2020:

(€'000)	FY ended 31 December 2020
Duties and other indirect taxes	143
Administrative management expenses	1
Bank expenses and charges	1
Total	**145**

5.5 Amortisation, depreciation and impairment losses

The table below shows the breakdown of "Amortisation, depreciation and impairment losses" for the financial period ended 31 December 2020:

(€'000)	FY ended 31 December 2020
Net write-down of the shareholder loan to associate Sociedad Concessionaria Metropolitana de Salud	4,032
Positive effects from the application of amortised cost	(4)
Depreciation of buildings	46
Depreciation of plant and equipment	2
Total	**4,076**

For more details, reference should be made to note 6.1 "Property, plant and equipment".

5.6 Profit /(Loss) on equity-accounted investments

The table below shows the breakdown of "Profit /(Loss) on equity-accounted investments" for the financial period ended 31 December 2020:

(€'000)	FY ended 31 December 2020
Profit /(Loss) on GOI investment	19,701
Profit /(Loss) on ETLIK investment	3,158
Profit /(Loss) on SCMS investment	2,895
Total	**25,754**

For more details, reference should be made to notes 6.2 "Equity-accounted investments" and 6.10 "Non-current assets held for sale".

5.7 Net financial income (expense)

The table below shows the breakdown of "Net financial income (expense)" for the financial period ended 31 December 2020:

(€'000)	FY ended 31 December 2020
Interest income on loans	2,734
Other financial income	13,088
Total financial income	**15,822**
Interest expense to banks	(101)
Other interest expense and financial expense	(1,831)
Total financial expense	**(1,932)**
Total	**13,890**

"Other financial income" mainly includes interest accrued on the amounts receivable that the Separate Unit claims from the Turkish company Ica Ictas Ve Ticaret AS. For more information, reference should be made to note 6.8 "Other current receivables and assets".

5.8 Net exchange gains / (losses)

The table below shows the breakdown of "Net exchange gains / (losses)" for the financial period ended 31 December 2020:

(€'000)	FY ended 31 December 2020
Realised exchange gains	17,400
Realised exchange losses	(366)
Estimated exchange losses	(25,898)
Total	**(8,864)**

5.9 Income taxes

The table below shows the breakdown of "Income taxes" for the financial period ended 31 December 2020:

(€'000)	**FY ended 31 December 2020**
Current taxes	12
Deferred taxes	33
Total	**45**

The table below provides the reconciliation of theoretical and actual tax charge for the financial period ended 31 December 2020:

(€'000)	**FY ended 31 December 2020**
Pre-tax loss	*26,573*
Theoretical taxes	**6,378**
IRAP (Regional Production Activity) tax	1
Deferred tax assets not stated on tax losses and permanent differences	(6,334)
Effective taxes	**45**

6. Notes to the statement of financial position

6.1 Property, plant and equipment

The table below shows the breakdown of "Property, plant and equipment" for the financial period ended 31 December 2020:

(€'000)	**Land**	**Buildings**	**Plant and equipment**	**Total**
Balance at 17 July 2020	**2,653**	**3,324**	**44**	**6,022**
Of which:				
- historical cost	*2,653*	*3,324*	*44*	*6,022*
-accumulated depreciation	-	-	-	-
Depreciation		(46)	(2)	(48)
Balance at 31 December 2020	**2,653**	**3,278**	**42**	**5,974**
Of which:				
- historical cost	*2,653*	*3,324*	*44*	*6,022*
- accumulated depreciation	-	*(46)*	*(2)*	*(48)*

"Land" and "Buildings" include, respectively, the value of the land and of the building standing thereon located in Rome, at Via Giulio Vincenzo Bona no. 65.

"Plant and equipment" mainly relate to a PV plant.

6.2 Equity-accounted investments

The table below shows the breakdown of associates and joint ventures at 31 December 2020. The share capital of the companies listed below only consists of ordinary shares, which are held by the Separate Unit and its subsidiaries. The country of incorporation or registration is also the main place of their business, and the percentage of ownership is equal to the percentage of voting rights held.

(€'000)	**Country**	**At 31 December 2020**		**Nature of the relationship**	**Measurement method**	**At 31 December 2020**
		% of direct ownership	***% of indirect ownership***			**Book value**
GOI	Turkey	18.14%	-	Associate	Equity method	427,555
ETLIK	Turkey	5%	46%	Associate	Equity method	55,430
Total						**482,985**

Financial information selected for associates

The tables below provide a summary of the financial information concerning the associates that is regarded as material for the Separate Unit and its subsidiaries. This information represents the amounts shown in the financial statements of the associates, and not the share held by the Separate Unit and its subsidiaries. In addition, this financial information has been used to reflect adjustments made by the Group in order to apply the equity method, including fair value adjustments and changes for differences in accounting policies.

Statements of financial position, profit or loss and cash flows of associate GOI at 31 December 2020

(USD'000)	**At 31 December 2020**
	GOI
Statement of financial position highlights:	
Current assets	
Cash and cash equivalents	229,664
Trade receivables	243,684
Contract assets	17,001
Other current receivables and assets	770,842
Total current assets	**1,261,191**
Property, plant and equipment	1,178
Intangible assets	2,793
Non-current contract assets	6,246,639
Deferred tax assets	-
Other non-current receivables and assets	63,935
Non-current assets	**6,314,545**
Current liabilities	
Financial liabilities	448,381
Payables to suppliers	1,438
Derivatives	358,006
Other current liabilities	19,250
Total current liabilities	**827,075**
Non-current liabilities	
Financial liabilities	3,971,493
Employee benefits	67
Derivatives	-
Deferred tax liabilities	212,910
Other non-current liabilities	-
Total non-current liabilities	**4,184,470**
Equity	**2,564,191**

(USD'000)	**FY ended 31 December 2020**
	GOI
Statement of profit or loss highlights:	
Revenue	753,501
Cost of sales	(57,914)
Service costs	(4,060)
Other operating costs	30,265
Net provisions and impairment losses	-
Net financial expense	(294,273)
Income taxes	(64,322)
Profit from continuing operations	**363,197**
Profit from discontinued operations	**-**
Profit for the period	**363,197**
Other comprehensive expense	(65,968)
Total comprehensive income	**297,229**

Statements of financial position, profit or loss and cash flows of associate Etlik at 31 December 2020

(€'000)	**At 31 December 2020**
	ETLIK
Statement of financial position highlights:	
Current assets	
Cash and cash equivalents	3,679
Trade receivables	64,648
Contract assets	-
Other current receivables and assets	31,285
Total current assets	**99,612**
Property, plant and equipment	25
Intangible assets	2
Non-current contract assets	869,653
Deferred tax assets	43,209
Other non-current receivables and assets	107
Non-current assets	**912,996**
Current liabilities	
Financial liabilities	16,034
Payables to suppliers	1,164
Derivatives	14,195
Other current liabilities	597
Total current liabilities	**31,990**
Non-current liabilities	
Financial liabilities	694,714
Employee benefits	-
Derivatives	110,959
Deferred tax liabilities	-
Other non-current liabilities	118,689
Total non-current liabilities	**924,362**
Equity	**56,256**

(€'000)	**FY ended 31 December 2020**
	ETLIK
Statement of profit or loss highlights:	
Revenue	28,934
Cost of sales	(28,934)
Service costs	-
Other operating costs	-
Net provisions and impairment losses	(464)
Net financial income	5,416
Income taxes	(20,158)
Profit / (Loss) from continuing operations	**(15,206)**
Profit from discontinued operations	
Loss for the period	**(15,206)**
Other comprehensive income (expense)	
Total comprehensive expense	**(15,206)**

6.3 Non-current financial assets

The table below shows the breakdown of this item at 31 December 2020:

(€'000)	At 31 December 2020
Subordinated loans	80,852
Other non-current financial receivables	585
Total	**81,437**

Subordinated loans (approximately €80.9 million) relate to loans disbursed to the following project companies:

- Etlik for the construction of the Etlik Hospital for approximately €77.3 million;
- NPU for the construction of Santiago Airport for approximately €3.3 million;
- GOI for the construction of the GOI Motorway for approximately €0.2 million.

6.4 Deferred tax assets

This item includes taxes calculated by the Chilean Branch of Astaldi Concessioni.

6.5 Trade receivables

The table below shows the breakdown of "Trade receivables" at 31 December 2020:

(€'000)	At 31 December 2020
Trade receivables	15,508
Provision for write-down of trade receivables	-
Total	**15,508**

No write-downs of trade receivables were carried out during 2020.

It is deemed that the book value of trade receivables approximates their fair value, given their short-term nature.

6.6 Contract assets

The table below shows the assets and liabilities recognised under contracts with customers at 31 December 2020:

(€'000)	At 31 December 2020
Works under construction	1,552,629
Advances	(1,535,385)
Total	**17,244**

This item relates to the amount of Venezuelan Financial Assets relating to work in progress. Specifically, these are amounts to be received from the Istituto Autonomo de Ferrocarriles for works at Porto Cabello in Venezuela.

6.7 Tax assets

“Tax assets”, equal to €537 thousand at 31 December 2020, mainly include VAT, withholding tax and tax credits.

6.8 Other current receivables and assets

The table below shows the breakdown of “Other current receivables and assets” at 31 December 2020:

(€’000)	**At 31 December 2020**
Other receivables from customers	175,357
Trade receivables from associates and Joint Ventures	2,972
Other receivables from associates and Joint Ventures	26
Checking account	606
Other receivables	279
Receivables from social security institutions	64
Total	**179,304**

"Other receivables from customers", equal to €175,357 thousand at 31 December 2020, mainly related to the Separate Unit’s receivables from and liabilities to the Turkish company Ica Ictas Ve Ticaret AS (ICTAS), arising from the sale to the latter of the 20% investment already held by Astaldi S.p.A. in Ica Ictas Astaldi ucuncu Bogaz Koprusum Ve Kunzey Marmana Otoyolu Yatirim Ve Isletme AS (Third Bosphorus Bridge Operator), a company that holds the concession contract for the construction and management of the "Third Bosphorus Bridge" project.

Under the ICTAS Settlement Agreement, as a result of the aforesaid sale, the Separate Unit’s assets also include the related consideration of USD315 million (the Third Bosphorus Bridge Financial Asset), and the obligation to pay ICTAS, by way of compensation, an amount of USD100 million (the ICTAS Compensation), in order to settle any reason for mutual dispute and claims, as well as any credit and debt positions, in relation to the termination of any relationship with ICTAS.

It should also be noted that the Separate Unit’s Economic and Financial Plan, in line with the Composition Proposal, has allocated part of the Third Bosphorus Bridge Financial Asset to satisfy the prior claims of certain Astaldi S.p.A. creditors transferred to the Separate Unit.

This Third Bosphorus Bridge Financial Asset is measured at fair value through comprehensive income.

ICTAS settlement agreement

The debit and credit relationships between the Separate Unit and ICTAS are governed by the settlement agreement signed on 20 June 2019 and was amended following the authorisation given by the Court within the composition with creditors procedure on 21 November 2019 (the ICTAS Settlement Agreement).

Under the ICTAS Settlement Agreement, there are two different possibilities for the payment of the consideration, according to whether ICTAS, in its turn, reaches an agreement or not for the sale of the entire capital of the Third Bosphorus Bridge Operator to a consortium of Chinese companies (the Chinese Joint Venture) with which the related negotiations are in progress. In particular, it is envisaged that ICTAS will pay the Third Bosphorus Bridge Financial Asset, either:

(a) if the sale is made to the Chinese Joint Venture: in a single amount to be paid "after" the completion of the sale to the Chinese Joint Venture. Furthermore, if the sale to the Chinese Joint Venture is completed with the payment of a consideration in excess of USD1,250,000,000.00, the ICTAS Settlement Agreement provides for ICTAS' obligation to pay the Separate Unit a further amount of 25% of the excess paid by the buyer with reference to the 20% investment transferred by the Company; or

(b) if the sale is not made to the Chinese Joint Venture: by deferred payment of the Third Bosphorus Bridge Financial Asset (as increased by interest as from 31 January 2020 at the annual rate of EURIBOR +1.75%), as follows:

- 10% of the amount within the 4th quarter of 2020;
- 10% of the amount within the 4th quarter of 2021;
- 30% of the amount within the 4th quarter of 2022;
- 50% of the amount within the 4th quarter of 2023.

For more details, reference should be made to the Explanatory Report on the Financial Statements.

6.9 Cash and cash equivalents

The table below shows the breakdown of "Cash and cash equivalents" at 31 December 2020:

	At 31 December
(€'000)	**2020**
Bank and post-office accounts	1,655
Cash-in-hand and cash equivalents	1
Total	**1,656**

Term deposits are shown as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable upon a 24-hour prior notice without any loss of interest.

6.10 Non-current assets held for sale

This item is made up as follows:

	At 31 December
(€'000)	**2020**
Equity-accounted investments	-
Non-current financial receivables measured at Fair Value	2,089
Total non-current assets held for sale	**2,089**

"Non-current assets held for sale" include:

- the equity investment held in Sociedad Concessionaria Metropolitana de Salud equal to €0 thousand, an amount that is affected by the write-down made at 31 December 2020, equal to €2,895 thousand;
- "Non-current financial receivables", which entirely relate to the existing subordinated loan granted to Sociedad Concessionaria Metropolitana de Salud for an amount of €2,089 thousand. This item includes the effects arising from the adjustment to the value of the investment.

6.11 Consolidated equity of PFIs

Reserve for Participating Financial Instruments (PFIs)

The table below shows the changes in the number of Participating Financial Instruments for the financial period ended 31 December 2020:

	Number of PFIs *(in units)*		
	17 July 2020	*Changes*	*31 December 2020*
PFIs issued on 5 / 6 November	3,199,975,846	-	3,199,975,846
PFIs to be issued	237,301,659	-	237,301,659
Total PFIs	3,437,277,505	-	3,437,277,505

The issue of PFIs, with no par value, is equal to the overall amount of all unsecured debts ascertained, net of some minimal rounding-down operations, excluding the provisions for unsecured claims contributed to the Separate Unit. Each confirmed unsecured creditor is entitled to receive 1 PFI for each €1.00 of its confirmed unsecured claim.

Additional issues of PFIs will be resolved by the Board of Directors of Astaldi S.p.A. against a contribution of value equal to the unsecured creditors' claims subsequently recognised from time to time.

The "Reserve for Participating Financial Instruments (PFIs)" consists of the value of the share of equity attributable to the holders of PFIs, both issued and to be issued.

It should be noted that the PFIs to be issued relate to potential unsecured creditors, i.e. not yet ascertained, arising from provisions for risks transferred to the Separate Unit by Astaldi S.p.A. on a going concern basis on the effective date of the composition with creditors. Should the unsecured creditors be ascertained, they would be entitled to the PFIs, which will then be issued according to the proportions described above.

It should also be noted that additional unsecured claims could arise from further litigation and pre-litigation disputes, which amount to approximately €175.3 million. Should additional unsecured claims that are not currently provided for be ascertained, they would be entitled to new PFIs, to be issued according to the proportions described above.

Finally, it should be noted that any additional future issue of PFIs would generate a dilutive effect for the holders of PFIs that have been already issued.

The Reserve for PFIs cannot be distributed and cannot be aggregated with other equity items, nor can it be used, with a consequent reduction in its amount, in order to cover losses.

Fair value measurement reserve

The Separate Unit also holds certain investments in debt instruments measured at fair value through other comprehensive income. The changes in the fair value of these instruments are recognised in equity. When the instrument is derecognised or impaired, the amount of the reserve is recognised through profit or loss.

For the related changes recorded during the period, reference should be made to the "Statement of Changes in Equity".

6.12 Loans and borrowings (current and non-current)

The table below shows the breakdown of "Loans and borrowings (current and non-current)" at 31 December 2020:

(€'000)	At 31 December 2020
Subordinated loan payables to Astaldi S.p.A.	34,366
Total non-current loans and borrowings	***34,366***
Bank loans	45,144
Total current loans and borrowings	***45,144***
Total loans and borrowings	**79,510**

The table below shows the breakdown of loans and borrowings by maturity at 31 December 2020:

At 31 December 2020 (€'000)	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Bank loans	45,144	-	-	**45,144**
Subordinated loan payables to shareholders		34,366	-	**34,366**
Total	**45,144**	**34,366**	**-**	**79,510**

"Bank loans" relate to the Separate Unit's debt to 5 banks resident in Turkey, as well as to some suppliers resident in Turkey (the Turkey Debt). The Turkey Debt will be cash settled in full, in advance with respect to the remuneration of the PFIs, from the Third Bosphorus Bridge Financial Asset and only the proceeds arising from the sale of the Separate Unit's other assets located in Turkey.

For this purpose, the Separate Unit has concluded with each bank:

(a) as many Standstill Agreements (signed in September 2019) as needed, whereby each bank undertakes not to demand the payment of the Separate Unit's debt during the "standstill period", which, it is agreed, will last until the occurrence of the first event of (i) the expiry of the period of 18 (eighteen) months after the execution of each standstill agreement (and then, during the second half of March 2021); or (ii) the completion of the sale of ICTAS to the Chinese Joint Venture;

(b) even with the participation of ICTAS, as many protocols as needed regarding methods of payment whereby ICTAS has undertaken to pay the part of the consideration due to the Separate Unit that is equal to the latter's debt to each bank, paying the relative amount directly into the current account that the Separate Unit has opened with each bank;

For more details, reference should be made to the Explanatory Report on the Financial Statements.

6.13 Payables to suppliers

The table below shows the breakdown of "Payables to suppliers" at 31 December 2020:

(€'000)	At 31 December 2020
Payables to suppliers	11
Invoices to be received	4,753
Total	**4,764**

This item includes payables to suppliers that are segregated in the Separate Unit and its subsidiaries and are not subject to discharge of debt.

It is considered that the book value of payables to suppliers approximates their fair value given their short-term nature.

6.14 Tax liabilities

This item, equal to €84 thousand at 31 December 2020, mainly includes withholding tax payables.

6.15 Other current payables and liabilities

The table below shows the breakdown of "Other current payables and liabilities" at 31 December 2020:

	At 31 December
(€'000)	**2020**
Payables to social security institutions	22
Payables to employees	141
Other current payables	30,857
Total	**31,020**

"Payables to employees", equal to €141 thousand at 31 December 2020, are mainly attributable to wages and remuneration due to permanent staff members.

"Other current payables", equal to €30,857 thousand at 31 December 2020, mainly relate to a debt of €29 million to SACE, a company specialised in providing services in the insurance and financial sector, which will be settled by using the proceeds arising from the recovery of the Third Bosphorus Bridge Financial Asset and other sales of assets that will be carried out by the Separate Unit.

According to the terms and conditions of the settlement agreement between Astaldi S.p.A. and SACE S.p.A., which was authorised by the Court of Rome on 19 March 2020, the Separate Unit will proceed with the cash payment of the SACE debt, in advance of the remuneration of the PFIs (and on a subordinated basis with respect to the Turkey Debt), using the proceeds of the sale, according to the distribution order envisaged during the three-year period from 2020 to 2022. For more details, reference should be made to the Explanatory Report on the Financial Statements.

7. Related-party transactions

Related parties are identified according to the provisions of IAS 24. Related-party transactions are mainly of a commercial and financial nature, and are linked to operations carried out at arm's length; however, there is no guarantee that, if these transactions had been concluded between or with third parties, the latter would have negotiated and signed the related contracts, or carried out the transactions themselves, under the same terms and conditions and in the same manner.

By related parties are meant those that share with the Separate Unit the same controlling entity, companies that directly or indirectly control it, are controlled or are subject to joint control by the Separate Unit and those in which it holds an interest such as to be able to exercise significant influence. The definition of related parties also includes the Separate Unit's Proxy.

Due to the reasons behind its establishment, the Separate Unit must only pursue the interests of the PFI holders and not even those of the Astaldi Group, given that in no case may the results of the Separate Unit's operations benefit Astaldi S.p.A. or the shareholders of Astaldi S.p.A.. For this purpose, the Separate Unit's Proxy is granted, under the resolution and the Proxy's Mandate, full operational autonomy even in case of any possible conflict with the interests of Astaldi S.p.A., where conflicting with the interests of the PFI Holders.

Having stated this, the Separate Unit cannot be considered to be a "*related party*" of Astaldi S.p.A..

It should be noted that no related-party transactions were carried out during 2020.

8. Contingent assets and liabilities

As at 31 December 2020, the Separate Unit and its subsidiaries showed unsecured contingent liabilities that included liabilities whose risk of loss has been determined to be remote.

9. Commitments and guarantees

Investment commitments

As at 31 December 2020, the Separate Unit had no commitments for outstanding investments, the debt for which has not already been recorded in the 2020 Consolidated Financial Statements, except for the investments that Astaldi S.p.A. and Astaldi Concessioni have committed to make in the project companies for the Etlik Hospital (Etlik) and Santiago Airport (NPU) required to complete the construction.

Commitments to purchase goods

The Separate Unit and its subsidiaries have not entered into any agreement for the future purchase of goods for resale. Accordingly, there were no commitments outstanding for this reason at 31 December 2020.

Guarantees

The table below shows the guarantees outstanding at 31 December 2020:

(€'000)		**At 31 December**
Project	***Types***	**2020**
Santiago Airport	Performance Bond – Operation	1,902
Santiago Airport	Performance Bond – Operation	1,525
Santiago Airport	Performance Bond – Construction	961
Santiago Airport	Equity Stand By Letter of Credit	13,232
Gebze Izmir Motorway	Performance Bond – Operation	1,136
Etlik Hospital	Equity Stand By Letter of Credit	36,785
Etlik Hospital	Investment Term Performance Bond	3,163
Etlik Hospital	Additional Investment Term Performance Bond	710
Total guarantees issued		**59,414**

It should be noted that these guarantees were issued by Astaldi S.p.A. in the interests of Astaldi S.p.A. and Astaldi Concessioni, as partners in the individual projects.

10. Significant events after the reporting date

As far as it is given to know from what information is available from ICTAS, the completion of the transaction for the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture has been delayed owing to the COVID-19 emergency and some further steps have to be taken, with the sale expected to take place in 2021.

As the sale to the Chinese Joint Venture was not completed by 31 December 2020, the first expiry date of the mechanism for the deferred payment, ICTAS paid the first 10% of the amount on 14 January 2021, as increased by interest as from 31 January 2020 at the annual rate of EURIBOR +1.75%, as a direct reduction in its debts to the Turkish Banks, as required by the Payment protocols in place with the banks themselves.

As of today, discussions are underway with both SACE and the Turkish banks, aimed at obtaining an extension of the payment terms in view of the delayed conclusion of the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture on the part of ICTAS.

11. Opening statement of financial position of the Separate Unit and its subsidiaries

The opening statement of financial position of the Separate Unit and its subsidiaries at 17 July 2020 is provided below.

(€'000)	**At 17 July 2020**
Property, plant and equipment	6,022
Equity-accounted investments	505,844
Non-current financial assets	64,980
Deferred tax assets	298
Other non-current assets	3
Total non-current assets	**577,147**
Trade receivables	15,653
Contract assets	17,244
Tax assets	462
Other current receivables and assets	178,037
Cash and cash equivalents	106
Total current assets	**211,502**
Non-current assets held for sale	8,506
Total assets	**797,155**
Reserve for Participating Financial Instruments (PFIs)	693,062
Total equity of PFIs	**693,062**
Non-current loans and borrowings	21,630
Total non-current liabilities	**21,630**
Current loans and borrowings	45,680
Payables to suppliers	3,789
Tax liabilities	41
Other current payables and liabilities	32,953
Total current liabilities	**82,463**
Total liabilities	**104,093**
Total equity and liabilities	**797,155**

12. Changes in consolidated equity of PFIs according to the legal framework

The table below provides a statement of changes in consolidated equity of the Separate Unit's PFIs, which reflects, as at 17 July 2020, the measurement at nominal value of payables and unsecured provisions of Astaldi S.p.A. transferred to the Separate Unit in order to provide a consistent disclosure with respect to its establishment, including from a legal framework point of view, as reported in the documentation accompanying the Composition Proposal of Astaldi S.p.A..

(€'000)	**Reserve for Participating Financial Instruments (PFIs)**	*of which: Other comprehensive income*	**Other reserves**	**Total Equity of PFIs**
At 17 July 2020	**-**	**-**	**(2,729,185)**	**(2,729,185)**
Discharge of debt			3,422,247	3,422,247
Award of PFIs	693,062		(693,062)	-
Loss for the period	(26,618)			(26,618)
Changes in subordinated loans at FVOCI	2,410	*2,410*		2,410
At 31 December 2020	**668,854**	***2,410***	**-**	**668,854**

The approach underlying this disclosure takes account of the following issues:

- the approval of Astaldi S.p.A.'s Composition with Creditors Proposal was approved on 17 July 2020. As at that date, the resolution to set up the Separate Unit became effective and Astaldi S.p.A. proceeded with the transfer to the Separate Unit of the assets subject to liquidation on the one hand, and, on the other, the unsecured liabilities of Astaldi S.p.A. (including the provisions for risks on unsecured claims) and other prior-period debts that shall be borne by the Separate Unit in accordance with the Composition Proposal (i.e. Turkey Debt, SACE S.p.A. debt).

  As at that date, given that the nominal value of total liabilities transferred to the Separate Unit was greater than related assets, the Separate Unit's equity was negative and equal to approximately €2,729 million;

- as at 6 November 2020, at the same time as the execution of Astaldi's capital increases, including that reserved for Webuild, the Separate Unit's PFIs were issued to the benefit of the ascertained unsecured creditors of Astaldi S.p.A., in addition to the newly-issued shares of Astaldi S.p.A. to be allocated to them in accordance with the provisions of the Composition Proposal.

  Against the issue of the PFIs in question (and of the Astaldi S.p.A. shares to the benefit of unsecured creditors), the unsecured liabilities were then cancelled on 6 November 2020;

- from 6 November 2020 onwards - therefore including the recognition at 31 December 2020, the Separate Unit's net equity is the same in both disclosures provided above. In fact, the two proposed schedules differ, as at 17 July 2020 only, due to a different method of reporting unsecured liabilities subject to discharge of debt within the Separate Unit's scope. In other words:

  - the schedule prepared according to IAS/IFRS takes as reference the fair value of the unsecured liabilities of Astaldi S.p.A. as at the date of initial recognition of the Separate Unit (17 July 2020). The fair value of these liabilities is already "affected" by the impact arising from the subsequent formal cancellation of the unsecured liabilities of the Separate Unit, thus determining an amount equal to €0 and the accrual of the right to receive the realisable value of the assets through the assignment of the PFIs;

- the schedule prepared according to the reference legal framework instead envisages that the effects are recorded as at 6 November 2020 at the same time as the issue of the PFIs and Astaldi S.p.A. shares. Until 5 November 2020, the unsecured liabilities had in fact not yet been "extinguished", as the related financial instruments subject to the substituted performance (*datio in solutum*) provided for in the Composition Proposal of Astaldi S.p.A. had not yet been issued.

For the Separate Unit
The Proxy
Claudio Sforza

FINANCIAL STATEMENTS OF THE SEPARATE UNIT AT 31.12.2020

PICTURE 6: SANTIAGO AIRPORT - CHILE

ASTALDI
PATRIMONIO DESTINATO

CONTENTS OF THE SECTION
Financial Statements of the Separate Unit

Statement of Profit or Loss

(in Euros)	Note	FY ended 31 December 2020
Other revenue and income	5.1	828,406
Service costs	5.2	(1,969,227)
Personnel expenses	5.3	(38,102)
Other operating costs	5.4	(98,352)
Amortisation and depreciation	5.5	(47,420)
Net provisions and impairment losses	5.6	(21,398,711)
Operating loss		**(22,723,406)**
Net financial income (expense)	5.7	14,762,104
Net exchange gains / (losses)	5.8	(12,575,721)
Pre-tax loss		**(20,537,023)**
Loss for the period		**(20,537,023)**

Statement of Comprehensive Income

(in Euros)	Note	FY ended 31 December 2020
Loss for the period		(20,537,023)
Change in subordinated loans at FVOCI	6.3	1,304,016
Comprehensive loss for the period		**(19,233,007)**

Statement of Financial Position

(in Euros)	Note	At 31 December 2020
Property, plant and equipment	6.1	5,972,580
Equity investments	6.2	433,190,631
Non-current financial assets	6.3	247,029,614
Total non-current assets		**686,192,825**
Trade receivables	6.4	15,508,411
Contract assets	6.5	17,243,606
Other current receivables and assets	6.6	204,989,645
Cash and cash equivalents	6.7	1,521,856
Total current assets		**239,263,518**
Total assets		**925,456,343**
Reserve for Participating Financial Instruments (PFIs)	6.8	673,828,818
Total equity of PFIs		**673,828,818**
Non-current loans and borrowings	6.9	34,365,553
Total non-current liabilities		**34,365,553**
Current loans and borrowings	6.9	146,913,800
Payables to suppliers	6.10	11,195,939
Current provisions for risks	6.11	29,729,082
Other current payables and liabilities	6.12	29,423,151
Total current liabilities		**217,261,972**
Total liabilities		**251,627,525**
Total equity and liabilities		**925,456,343**

Statement of Cash Flows

(in Euros)	Note	FY ended 31 December 2020
Pre-tax loss		(20,537,023)
Adjustments for:		
Amortisation, depreciation and impairment losses	5.5 - 5.6	19,748,384
Net provisions for risks	5.6	1,596,842
Net financial (income)/expense	5.7	(14,762,104)
Other non-monetary items		5,101,295
Cash flows generated in operating activities before changes in net working capital		**(8,852,606)**
Change in trade receivables	6.4	47,983
Change in payables to suppliers	6.10	1,212,904
Change in other assets/liabilities	6.6 - 6.11	9,113,575
Net cash flows generated in operating activities		**1,521,856**
Investments in property, plant and equipment	6.1	-
Equity investments	6.2	-
Net cash flows generated in investing activities		**-**
New issues of long-term loans	6.9	-
(Decrease)/increase in short-term loans	6.9	-
Net cash flows generated in financing activities		**-**
Total change in cash and cash equivalents	6.7	1,521,856
Opening cash and cash equivalents	6.7	-
Closing cash and cash equivalents		**1,521,856**

Statement of Changes in Equity of PFIs

(in Euros)	**Reserve for Participating Financial Instruments (PFIs)**	*of which: Other comprehensive income*
At 17 July 2020	**693,061,825**	
Loss for the period	(20,537,023)	
Change in subordinated loans at FVOCI	1,304,016	*1,304,016*
At 31 December 2020	**673,828,818**	***1,304,016***

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Separate Unit under article 2447-*bis* et seq. of the Italian Civil Code (Separate Unit or "SU") was established in the implementation of the Composition with Creditors Proposal that was filed with the Court of Rome on 14 February 2019 (as updated on 19 June 2019 and subsequently supplemented on 16 July 2019, 20 July 2019 and 2 August 2019) and was approved with a favourable vote by the majority of Astaldi S.p.A.'s composition creditors admitted to vote in April 2020.

On 17 July 2020, the set-up of the Separate Unit became effective following the final approval of the composition with creditors procedure of Astaldi S.p.A..

Finally, on 6 November 2020, there was the completion of the capital increase of Astaldi S.p.A. reserved for WeBuild, through which, in exchange for an injection of €225 million, WeBuild acquired control over about 66% of the capital of Astaldi S.p.A., holding a total stake of approximately 66% at present.

At the same time as the above-mentioned capital increase, the participating financial instruments of the Separate Unit (PFIs) were issued in favour of the Unsecured Creditors of Astaldi S.p.A., as required by the Composition Proposal.

The Composition Proposal provides for the allocation of the net proceeds from the sale of the assets transferred to the Separate Unit in favour of Astaldi S.p.A.'s Unsecured Creditors.

In particular, the issue of the PFIs assigned to Astaldi S.p.A.'s Unsecured Creditors took place at the same time as the execution of the capital increases of Astaldi S.p.A. (6 November 2020). The unsecured creditors of Astaldi S.p.A. were granted 1 PFI for each €1 of unsecured claim they claimed against Astaldi S.p.A.. In particular, 3,199,975,846 PFIs were issued at the time of the aforesaid discharge of debt. This right shall also be granted to those unsecured creditors that may be confirmed at a later time after the approval. Therefore, it should be noted that additional PFIs will be issued to unsecured creditors that were not included in the Composition Plan as at the date of the shareholders' meeting resolution that approved it, provided that in the meantime the claims of such creditors have been ascertained by a final or provisionally enforceable judgment, or acknowledged by Astaldi S.p.A. in writing.

The holders of PFIs are granted the right to receive the net proceeds from the sales of the assets included in the Separate Unit, net of any related transaction costs, any and all applicable taxes and duties and any prior liabilities included in the Separate Unit, as provided for in the PFI Regulation, the Composition Proposal and related annexes, as well as any additional amount relating to liabilities, including contingent liabilities, which shall be borne by the Separate Unit.

The specific business for which the Separate Unit is intended is therefore the satisfaction of Astaldi S.p.A.'s unsecured creditors, who will benefit, through the PFIs, from the proceeds from the liquidation of the assets forming part of the Separate Unit.

The Separate Unit has been incorporated and is domiciled in Italy, with registered office in Rome, at Via Giulio Vincenzo Bona no. 65, and is organised according to the legal system of the Italian Republic.

2. Summary of accounting standards

This section provides a description of the most significant accounting standards adopted to prepare these separate financial statements for the financial period ended 31 December 2020 (the "2020 Separate Financial Statements").

It should be noted that, as provided for in the Composition Proposal, the resolution passed by the Board of Directors of Astaldi S.p.A. on 24 May 2020, which provided for the establishment of a Separate Unit in accordance with article 2447-bis et seq. of the Italian Civil Code, became effective on the date the composition with creditors procedure of Astaldi S.p.A. was approved by the Court of Rome on 17 July 2020.

In other words, the date of 17 July 2020 is the date of incorporation of the Separate Unit, i.e. the date of first recognition of the assets, liabilities and legal relationships it received from Astaldi S.p.A.. For this reason, the 2020 Separate Financial Statements describe the performance of its operations from 17 July 2020 to 31 December 2020 and relate to the first reporting period of the Separate Unit.

2.1 Basis of preparation

(iii) *Introduction*

The 2020 Separate Financial Statements constitute the first separate accounts prepared by the Separate Unit and the financial period ended 31 December 2020 coincides with the period running from 17 July 2020, i.e. the date when the Separate Unit was established, to 31 December 2020, the reporting date of the financial period.

(iv) *Compliance with EU-IFRS*

The 2020 Separate Financial Statements have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board, and adopted by the European Union ("**EU-IFRS**"). By "EU-IFRS" are meant all International Financial Reporting Standards, all International Accounting Standards ("**IAS**"), all the interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"), previously known as the Standing Interpretations Committee ("**SIC**"), which, as at the date of approval of the 2020 Separate Financial Statements, had been already endorsed by the European Union in accordance with the procedure laid down in Regulation (EC) No. 1606/2002 of the European Parliament and the European Council of 19 July 2002.

The 2020 Separate Financial Statements have also been prepared on the basis of the best knowledge of the EU-IFRS and by taking account of the best practice on the subject; any possible future interpretation guidelines and revisions will be reflected in the accounts for the subsequent financial periods, according to the methods provided for by the reference accounting standards from time to time.

2.2 Form and content of accounting statements

The 2020 Separate Financial Statements have been prepared in Euro, which is the currency of the prevailing economic environment in which the Separate Unit operates. All amounts included herein are shown in Euro units, except as otherwise stated.

The schedules forming part of the 2020 Separate Financial Statements and the related classification criteria adopted by the Separate Unit, within the scope of the options provided for in IAS 1 – "Presentation of Financial Statements", are listed below:

- *the statement of financial position* has been prepared by classifying assets and liabilities on a "current/non-current" basis;
- *the statement of comprehensive income* - the schedule of which applies a classification of costs and revenues based on their nature - shows the results of operations, added to by the items that are recognised directly under equity, other than those relating to transactions carried out with the Separate Unit's PFI holders, as expressly required by EU-IFRS;
- *the statement of cash flows* has been prepared by showing the cash flows from operating activities according to the "indirect method";
- *the statement of changes in equity of the PFIs* for the period running from 17 July 2020 to 31 December 2020.

The schedules that have been used are those that provide the best representation of the results of operations, financial position and cash flows of the Separate Unit.

Classification of assets and liabilities as current or non-current

The Separate Unit classifies an asset as a current item when:

- it holds it as held for sale or consumption, or is expected to be realised, in the normal course of their operating cycle;
- it holds it primarily for the purpose of trading;
- it expects to realise it within twelve months after the reporting period; or
- it consists of cash or cash equivalents the use of which is not subject to restrictions or limitations that would prevent its use for at least twelve months after the reporting period.

All assets that do not meet the conditions listed above are classified as non-current items.

The Separate Unit classifies a liability as a non-current item when:

- it expects to settle the liability in their normal operating cycle;
- it holds it primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All liabilities that do not meet the conditions listed above are classified as current items.

2.3 Accounting policies

The sections below provide a brief description of the most significant accounting standards and policies used to prepare the 2020 Separate Financial Statements.

Statement of financial position

Property, plant and equipment

These are recognised at fair value as deemed cost and subsequently depreciated. Revaluations of property, plant and equipment are not permitted, even in application of specific laws.

Property, plant and equipment are depreciated systematically on a straight-line basis over their technical and economic useful life, which is the estimated period over which the asset will be used by the Separate Unit. This period runs from the month in which the use of the asset commences or could have commenced. When the tangible asset consists of more than one significant component with different useful lives, depreciation is carried out for each component. The value to be depreciated consists of the book value reduced by the presumed net disposal value at the end of its useful life. Land is not depreciated, even if purchased together with a building, as are works of art and tangible assets held for sale. Any changes in the depreciation schedule, deriving from a review of the useful life of the tangible asset, the residual value or the methods for obtaining the economic benefits of the asset, are recognised on a prospective basis.

Depreciation methods and periods

Depreciation begins when the asset becomes available for use and is carried out systematically in relation to the residual possibility of its use, namely on the basis of the estimated useful life.

Below is the estimated useful life of the main tangible assets:

PROPERTY, PLANT AND EQUIPMENT	Estimated useful life (in years)
Buildings	30
Plant and equipment	10

Impairment of property, plant and equipment

Property, plant and equipment with definite useful life

At each reporting date of the financial statements, a test is carried out in order to assess whether tangible assets show any evidence of impairment loss. Both internal and external sources of information are considered for this purpose. Internal sources consider the following elements: the obsolescence or physical deterioration of the asset, any significant changes in the intended use of the asset and the economic performance of the asset compared to what was expected. Instead, external sources consider the following elements: the market price trend of the assets, any technological, market or regulatory discontinuities, the trend in market interest rates or the cost of capital used to measure investments.

If there is any evidence of impairment, the recoverable value of the aforesaid assets is estimated, allocating any write-down compared to the related book value to profit or loss. The recoverable value of an asset consists of the higher of its fair value, net of ancillary selling costs, and its value in use, i.e. the present value of the future cash flows estimated for the asset. In determining the value in use, the expected future cash flows are discounted by using a pre-tax discount rate that reflects the current market valuations of the cost of money, in relation to the period of the investment and the specific risks attached to the asset. The recoverable value of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit ("CGU") to which the asset belongs.

An impairment loss is recognised through profit or loss if the book value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value. Any impairment of CGUs is firstly recognised as a reduction in the book value of any goodwill allocated thereto and, then, as a reduction in other assets, in proportion to their book value and within the limits of the related recoverable value. If the reasons for a previous write-down cease to apply, the book value of the asset is reversed and charged to profit or loss, within the limits of the net carrying amount that the asset in question would have had if no write-down had been made and the related depreciation had been carried out.

Financial assets

Upon initial recognition, financial assets must be classified into one of the three categories listed below on the basis of the following elements:

- the entity's business model used to manage financial assets; and
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are subsequently derecognised from the financial statements only if the sale has involved the substantial transfer of all risks and rewards associated therewith. On the other hand, if a significant share of the risks and rewards has been retained in relation to the transferred financial assets, the latter continue to be entered in the financial statements, even if the legal title to the assets has actually been transferred.

Financial assets measured at amortised cost

This category includes financial assets that meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved by collecting contractually agreed cash flows (Hold-to-Collect business model); and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of capital to be repaid ("SPPI test" passed).

Upon initial recognition, these assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument itself. After initial recognition, the financial assets under consideration are measured at amortised cost, using the effective interest method. The amortised cost method is not used for assets – measured at historical cost - whose short-term life makes the effect of applying discounting-back negligible, as well as for those without a definite maturity and for uncommitted credit facilities.

Financial assets measured at fair value through comprehensive income

This category includes financial assets that meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved by both collecting contractually agreed cash flows and by selling the financial asset (Hold-to-Collect business model); and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of capital to be repaid ("SPPI test" passed).

This category includes equity investments that do not qualify as subsidiaries, associates and joint ventures and are not held for trading purposes, for which the option has been exercised to designate them at fair value though comprehensive income.

Upon initial recognition, the assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument itself. After initial recognition, equity investments other than those held in subsidiaries, associates and joint ventures are measured at fair value, and the amounts recognised against an entry in equity (Statement of Comprehensive Income) must not subsequently be transferred to profit or loss, even in the event of any disposal. The only component referable to these equity instruments that is subject to recognition through profit or loss consists of the related dividends.

As regards the equity instruments included in this category, which are not listed in an active market, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to a few circumstances, namely if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Financial assets measured fair value through profit or loss

This category includes financial assets other than those classified among "Financial assets measured at amortised cost" and among "Financial assets measured at fair value through comprehensive income".

Upon initial recognition, financial assets measured at fair value through profit or loss are stated at fair value, without considering transaction costs or income directly attributable to the instrument itself. On subsequent reporting dates they are measured at fair value through profit or loss.

(i) *Subsidiaries*

An investor controls an entity when it has: i) exposure, or rights, to variable returns and ii) the ability to use its power over the investee to affect the amount of the investor's returns. An investor shall reassess whether it controls the entity if facts and/or circumstances indicate that there are changes to one or more of the above-mentioned elements of control.

Investments in subsidiaries are recognised at cost and subsequently written down if there is evidence of any permanent impairment loss.

(ii) *Associates*

These are companies over which the Separate Unit exercises significant influence, which is presumed to exist when the investment is of between 20% and 50% of voting rights.

Investments in associates are recognised at cost and subsequently written down if there is evidence of any permanent impairment losses.

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Separate Unit applies a simplified approach in order to estimate expected credit losses over the entire life of the instrument and take into account their past experience regarding credit losses, as adjusted on the basis of prospective factors that are specific to the nature of the Separate Unit's claims and the economic environment.

In summary, the Separate Unit measures expected losses on financial assets so as to reflect:

- an unbiased, probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date of the financial statements about past events, present conditions, and forecasts of future economic conditions.

A financial asset is impaired when one or more events have occurred which have an adverse impact on its estimated future cash flows. Observable data relating to the following events constitute evidence that the financial asset is impaired (it may not be possible to identify a single event: the impairment of financial assets may be due to the combined effect of various events):

a) significant financial difficulty of the issuer or debtor;
b) a breach of contract, such as a default or past due event;
c) for economic or contractual reasons relating to the debtor's financial difficulty, the creditor grants to the debtor a concession that the creditor would not otherwise consider;
d) it becomes probable that the debtor will enter bankruptcy or any other financial reorganisation;
e) the disappearance of an active market for that financial asset due to financial difficulties; or
f) the purchase or origination of the financial asset at a deep discount that reflects incurred credit losses.

For financial assets accounted for at amortised cost, when an impairment loss has been identified, its value is measured as the difference between the book value of the asset and the present value of expected future cash flows, as discounted on the basis of the initial effective interest rate. This value is recognised through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive cash flows from the asset has expired;
- the Separate Unit has substantially transferred all risks and rewards associated with the asset;
- the Separate Unit has neither transferred nor retained substantially all the risks and rewards associated with the financial asset but have relinquished control over it.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is fulfilled, cancelled or becomes statute-barred. An exchange of debt instruments with substantially different contractual terms must be accounted for as an extinguishment of the initial financial liability and the recognition of a new financial liability. Similarly, a substantial change in the contractual terms of an existing financial liability, even partially, must be accounted for as an extinguishment of the initial financial liability and the recognition of a new financial liability.

Offsetting financial assets and liabilities

The Separate Unit offsets financial assets and liabilities if and only if:

- there is a legally enforceable right to offset the amounts recognised in the financial statements;
- there is an intention either to offset on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash and demand deposits, as well as financial assets with an original maturity of three months or less, readily convertible into cash and subject to an insignificant risk of changes in value. The items of cash and cash equivalents are measured at fair value. Time deposits that do not meet the requirements of IFRS are not included in cash and cash equivalents.

Short-term bank deposits with an original maturity of three months or more that do not meet the requirements of IAS 7 are included in a specific item of current assets.

Collection transactions are recorded by date of bank transaction, while the date of payment order is also taken into account for payment transactions.

Financial liabilities and payables to suppliers

Financial liabilities and payables to suppliers are recorded when the Separate Unit becomes a party to the related contract and are initially measured at fair value adjusted for directly-attributable transaction costs.

Subsequently, they are measured at amortised cost using the effective interest method.

Financial liabilities are derecognised from the financial statements when the contractual rights to the related cash flows expire or when the financial liability is disposed of with the substantial transfer of all the risks and rewards deriving from its ownership.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of a determined nature and whose existence is certain or probable, the amount and/or date of occurrence of which could not be determined at the reporting date of the financial statements. Accruals to such provisions are recognised when:

- it is probable that there is a present obligation (either legal or constructive) arising from a past event;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the amount that the Separate Unit would reasonably pay to settle the obligation or to transfer it to third parties at the reporting date of the financial statements. Where the effect of the time value of money is material and the payment dates of the obligations can be estimated reliably, the provision is determined by discounting the expected cash flows that are determined by taking account of the risks associated with the obligation; the increase in the provision due to the passage of time is recognised as "Financial expense" through profit or loss.

Provisions are updated periodically in order to reflect changes in cost estimates, the time needed to fulfil the obligation and the discount rate; reviews of estimates are charged to the same item of the statement of profit or loss to which the provision has been previously charged. Provisions for risks and charges are subject to discounting if it is possible to reasonably estimate the time when the cash outflows will occur. When the liability relates to property, plant and equipment, changes in the estimate of the provision are recognised as a contra-entry against the asset to which they refer, within the limits of the book values; any possible surplus is recognised through profit or loss.

If it is envisaged that all or part of the expenses required to settle an obligation will be reimbursed by third parties, the indemnity, when virtually certain of being obtained, is recognised as a separate asset.

Fair value measurement

Fair value measurement and related disclosures are carried out in accordance with IFRS 13 - Fair Value Measurement. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell an asset or to transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, the transaction is assumed to take place in the most advantageous market to which the Separate Unit has access, i.e., the market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability.

The fair value of an asset or liability is determined by considering the assumptions that market participants would use when pricing the asset or liability, assuming that they are acting in their best economic interest. Market participants are buyers and sellers who are independent of each other and knowledgeable, as well as able and willing, but not obliged or induced, to enter into a transaction for the asset or liability.

Fair value measurement of financial instruments

The fair value of listed financial instruments is determined by applying prices that are directly observable on the market, while specific valuation techniques are required for unlisted financial instruments, which make use of the greatest possible number of inputs observable on the market. When this is not possible, inputs are estimated by management taking account of the characteristics of the instruments being valued. Changes in assumptions made in estimating inputs could affect the fair value recognised in the financial statements for these instruments.

The levels of financial instruments classified on the basis of a hierarchy that reflects the significance of the inputs used in measuring fair value are reported below (IFRS 13 - Fair Value Measurement):

- Level 1: quoted prices (active market): inputs are quoted prices in active markets for assets or liabilities that are identical to those being valued.
- Level 2: inputs that are observable on the market (e.g., for derivatives, exchange rates observed by the Bank of Italy, market rate curves, volatility provided by Bloomberg, credit spreads calculated on the basis of Credit default swaps, etc.) other than quoted prices included within Level 1;
- Level 3: inputs are unobservable on the market (own assumptions, for example, cash flows, risk-adjusted spreads, etc.).

Statement of profit or loss

Revenue recognition

Revenue from contracts with customers is recognised when the following conditions are met:

- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the price has been allocated to the performance obligations in the contract;
- the performance obligation in the contract has been fulfilled.

The Separate Unit recognises revenue from contracts with customers when (or as) it fulfils the performance obligation by transferring the promised good or service (i.e., asset) to the customer. The asset is transferred when (or as) the customer obtains its control.

The Separate Unit transfers the control of the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the rewards arising from the entity's performance as the latter performs it;
- the performance of the Separate Unit creates or improves the asset (e.g., work in progress) that the customer controls as the asset is originated or improved;
- the performance of the Separate Unit does not originate an asset that presents an alternative use for the Separate Unit and it has the enforceable right to payment for the completed performance until the relevant date.

If the performance obligation is not fulfilled over time, it is fulfilled at a point in time. In this case, the Separate Unit recognises the revenue at the time when the customer obtains control of the promised asset.

The contractual consideration included in contracts with customers may include fixed amounts, variable amounts, or both of them. If the contractual consideration includes a variable amount (e.g., discounts, price concessions, incentives, penalties, or any other similar item), the Separate Unit must estimate the amount of consideration to which it will be entitled in exchange for transferring promised goods or services to a customer. The Separate Unit includes the amount of the estimated variable consideration in the transaction price if, and only to the extent that, it is highly probable that there will no significant downward adjustment to the amount of recognised cumulative revenue when the uncertainty associated with the variable consideration has been subsequently resolved.

The Separate Unit allocates the transaction price to each performance obligation on the basis of the stand-alone selling prices (SSPs) of each performance obligation. When an SSP does not exist, the Separate Unit estimates the SSP by using an adjusted market approach.

The Separate Unit applies judgment in determining performance obligations, variable consideration and transaction price allocation.

The incremental costs of obtaining contracts with customers are accounted for as an asset and amortised over the term of the underlying contract if the Separate Unit expects to recover them. These costs are the costs that the Separate Unit incurs to obtain a contract with customers that it would not have incurred if the contract had not been successfully obtained. The costs that would have been incurred even if the contract had not been obtained must be recognised as an expense when they are incurred, unless they can be explicitly charged to the customer even if the contract is not obtained.

Costs incurred to fulfil contracts with customers are capitalised as assets and amortised over the term of the underlying contract only if such costs do not fall within the scope of another accounting standard (e.g., IAS 2 - Inventories, IAS 16 - Property, Plant and Equipment, and IAS 38 - Intangible Assets) and meet all of the following conditions:

- the costs relate directly to a contract or an anticipated contract, which the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or continuing to satisfy) its performance obligations in the future;
- the costs are expected to be recovered.

Cost recognition

Costs are recognised on an accruals basis when they relate to services and goods that have been purchased or consumed during the financial period or for systematic allocation or when their future useful life cannot be identified.

Income and expenses arising from the disposal and/or sale of non-current assets are recognised under the specific item of "Capital gains / (losses) on disposal of non-current assets" of the statement of profit or loss.

Financial income and expense are recognised through profit or loss during the financial period in which they accrue.

Foreign currency transactions

Revenues and costs relating to transactions denominated in currencies other than the functional currency are stated at the exchange rate prevailing on the date when the transaction is carried out.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency by using the exchange rate prevailing at the reporting date of the financial statements, with effect through profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency and measured at cost are stated at the exchange rate prevailing at the date of initial recognition; when measurement is carried out at fair value, or at the recoverable or realisable value, the entity adopts the exchange rate that is prevailing at the date when this value is determined.

Related parties

Related parties are those that share with the Separate Unit the same controlling entity, companies that directly or indirectly control it, are controlled or are subject to joint control by the Separate Unit and those in which it holds an interest such as to be able to exercise significant influence. The definition of related parties also includes the Proxy of the Separate Unit.

2.4 Newly-issued accounting standards

Accounting standards, amendments and interpretations not yet applicable and not early adopted

As at the reporting date of these 2020 Separate Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the following accounting standards and amendments:

Accounting standard / amendment	EU-endorsed	Effective date
IFRS 17 Insurance Contracts	NO	Financial periods commencing from 1 January 2023
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively)	NO	Financial periods commencing from 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*	NO	Financial periods commencing from 1 January 2022
Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	NO	Financial periods commencing from 1 January 2023
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	NO	Financial periods commencing from 1 January 2023

Accounting standards, amendments and interpretations endorsed by the EU but not yet adopted

As at the reporting date of these 2020 Separate Financial Statements, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments, not early adopted by the Separate Unit:

Accounting standard /amendment	EU-endorsed	Effective date	Early adopted by the Separate Unit
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	YES	Financial periods commencing from 1 January 2021	NO
Amendments to IFRS 4 - Insurance Contracts – Deferral of IFRS 19 (issued on 25 June 2020)	YES	Financial periods commencing from 1 January 2021	NO

3. Financial risk management

The Separate Unit's operations are exposed to the following risks:

- market risk (defined as interest rate risk and exchange risk);
- credit risk; and
- liquidity risk.

The Separate Unit's risk management strategy is designed to minimise any potential adverse impact on its financial performance. Some types of risk are mitigated by using derivative instruments. Risk management is centralised and identifies, assesses and hedges financial risks in close cooperation with the business units of the Separate Unit. The company management provides guidance on monitoring risk management, as well as guidance on specific areas, regarding interest rate risk, foreign exchange risk and the use of derivative and non-derivative instruments.

Interest rate risk

The Separate Unit relies on third-party financial resources in the form of borrowing. Any changes in interest rates affect the cost and return on the various forms of financing and lending, thus having an impact on the amount of net financial costs. The Separate Unit did not enter into any derivative contract for hedging purposes during the reporting period.

Exchange risk

The exposure to the risk of fluctuations in exchange rates derives from the assets held by the Separate Unit in currencies other than the Euro. It should be noted that the Separate Unit does not use derivatives for the purpose of hedging exchange risk on foreign currency items: the Separate Unit's net exposure, in financial terms, to exchange risk therefore consists of Net foreign exchange gains / (losses), amounting to a loss of €12,575,721 thousand for the financial period ended 31 December 2020.

Credit risk

Credit risk essentially arises from receivables from customers. In order to mitigate credit risk attached to commercial counterparties, the Separate Unit has put in place procedures aimed at limiting the concentration of exposures on each counterparty or group, through an analysis of their credit rating. The ongoing monitoring of accounts receivable allows the Separate Unit to promptly detect any default or deterioration in the credit rating of its counterparties and to take any appropriate mitigating action.

The Separate Unit applies the simplified approach required by IFRS 9 to estimate the recoverability of its trade receivables. The resulting adjustment to estimates, as shown in the table below, takes account of the risk of uncollectibility of receivables through the differentiation of the ECL (Expected Credit Losses) applied to homogeneous groups of accounts with respect to risk profile and ageing, i.e., depending on the progress of actions taken to recover non-performing loans.

It is believed that the book value of trade receivables approximates their fair value, given their short-term nature and their measurement at fair value upon initial recognition. Therefore, the Separate Unit has not recognised any evidence of impairment loss which was such as to justify a write-down.

Liquidity risk

Liquidity risk is associated with the Separate Unit's ability to meet obligations that mainly arise from financial liabilities. Prudent management of liquidity risk attached to the normal operations of the Separate Unit involves maintaining an adequate level of cash and cash equivalents.

The tables below show the cash flows expected in future financial periods in relation to financial liabilities at 31 December 2020:

At 31 December 2020 *(in Euros)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**
Current and non-current loans and borrowings	181,279,353	146,913,800	34,365,553	-
Payables to suppliers	11,195,939	11,195,939	-	-
Total	**192,475,292**	**158,109,739**	**34,365,553**	**-**

Capital risk

The objective of the Separate Unit within the scope of capital risk management is mainly to safeguard the value of its assets with the aim of pursuing the satisfaction of Astaldi S.p.A.'s unsecured creditors, who will benefit from the proceeds of the sale of the assets forming part of the Separate Unit through their PFIs.

Financial assets and liabilities by category

Non-current financial assets and liabilities are settled or valued at market rates, and their fair value is therefore regarded as being substantially in line with present book values.

Below is a classification of financial assets and liabilities by category at 31 December 2020:

At 31 December 2020 *(in Euros)*	**Loans and receivables**	**Equity investments**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets					
Equity investments	-	433,190,631	**433,190,631**	-	**433,190,631**
Non-current financial assets	247,029,614	-	**247,029,614**	-	**247,029,614**
Other current receivables and assets	204,989,645	-	**204,989,645**	-	**204,989,645**
Trade receivables	15,508,411	-	**15,508,411**	-	**15,508,411**
Cash and cash equivalents	1,521,856	-	**1,521,856**	-	**1,521,856**
Total assets	**469,049,526**	**433,190,631**	**902,240,157**	**-**	**902,240,157**
Liabilities					
Current and non-current loans and borrowings	181,279,353	-	**181,279,353**	-	**181,279,353**
Payables to suppliers	11,195,939	-	**11,195,939**	-	**11,195,939**
Other current liabilities	29,423,151	-	**29,423,151**	-	**29,423,151**
Total liabilities	**221,898,443**	-	**221,898,443**	**-**	**221,898,443**

Fair value measurement

The fair value of financial assets that are listed in an active market is based on market prices as at the reporting date of the 2020 Separate Financial Statements. The fair value of assets that are not listed in an active market is determined by using valuation techniques that are based on a set of methods and assumptions linked to market conditions as at the reporting date of the 2020 Separate Financial Statements.

Below is a classification of the fair values of financial instruments on the basis of the following hierarchy levels:

- Level 1: Fair values determined with reference to (unadjusted) quoted prices in active markets for identical financial instruments;
- Level 2: Fair values determined by using valuation techniques with reference to variables observable in active markets;
- Level 3: Fair values determined by using valuation techniques with reference to unobservable market variables.

At 31 December 2020 *(in Euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Subordinated loans	-	7,774,520	-	**7,774,520**
Total subordinated loans	-	**7,774,520**	-	**7,774,520**

For valuation purposes, the Separate Unit makes use of company models that are generally used in financial practice and third-party models (market rate curves, volatility provided by Bloomberg, credit spreads calculated on the basis of Credit default swaps, etc.).

There were no transfers between the different levels of the fair value hierarchy during the periods under consideration.

4. Estimates and Assumptions

The preparation of the 2020 Separate Financial Statements in accordance with IFRS has required the Management to use estimates and assumptions that affect the value of assets and liabilities included in the statement of financial position, rather than in the disclosures made in the related explanatory notes, as to both contingent assets and liabilities as at the date of disclosure of the 2020 Separate Financial Statements, and revenues and expenses for the period.

Estimates are based on experience and other factors that are regarded as material. Actual results may therefore differ from those estimated. Estimates are reviewed periodically and the effects of any change are recognised through profit or loss in the period in which the estimate is reviewed.

The cases that require greater subjectivity on the part of the directors in making estimates are reported below:

- **Credit evaluation**: the provision for bad debts reflects estimates of expected losses on the credit portfolio of the Separate Unit. Any provisions set aside for expected credit losses are estimated on the basis of past experience with reference to accounts receivable with similar credit risk and present and historical outstanding amounts, as well as of careful monitoring of the quality of the credit portfolio and the present and expected conditions of economy and target markets. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised through profit or loss in the financial period in which they accrue.

- **Impairment of assets:** assets are written down when events or changes in circumstances provide evidence that the book value in the 2020 Separate Financial Statements may not be recovered. Events that may lead to an impairment of assets are changes in business plans, changes in market prices and a reduced use of plants. The decision whether to make a write-down and the determination of its amount depend on the company management's assessments of complex and highly uncertain factors, including future price trends, the impact of inflation and technological improvements on production costs, production profiles and supply and demand conditions. The impairment is determined by comparing the carrying amount with the related recoverable amount, which consists of the greater of fair value, net of disposal costs, and value in use determined by discounting cash flows expected from the use of the asset. Expected cash flows are calculated on the basis of the information available at the time of the estimate and of subjective opinions on the trend in future variables, such as prices, costs, growth rates of demand, production profiles, and are discounted by using a rate that takes account of the risk inherent in the asset concerned.
- **Useful life of property, plant and equipment with definite useful lives**: depreciation is calculated on the basis of the useful life of the asset, which is determined at the time the asset is recognised in the Financial Statements. Useful life assessments are based on historical experience, market conditions and expectations of future events that could affect it, including changes in technology. As a result, it is possible that the actual useful life may differ from the estimated one.
- **Measurement of provisions for risks on unsecured claims**: the Separate Unit sets aside provisions that are mainly connected with legal disputes and the estimation of which is the result of a complex process in which the final judgment is supported by legal opinions;
- **Remote risk assessment**: the Separate Unit also include provisions for risks on unsecured claims stated among memorandum accounts, which include liabilities in relation to which the risk of default has been regarded as remote for an amount of €175.3 million;
- **Fair value measurement of assets and liabilities**: the fair value of unlisted assets and liabilities is determined by means of commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions may not occur in the period of time and in the manner that are expected. Estimates made by the Separate Unit may therefore differ from actual final data.

5. Notes to the statement of comprehensive income

5.1 Other revenue and income

The table below shows the breakdown of "Other revenue and income" for the financial period ended 31 December 2020:

	FY ended 31 December
(in Euros)	**2020**
Rental income	467,000
Revenues from services and commissions	361,406
Total	**828,406**

5.2 Service costs

The table below shows the breakdown of “Service costs” for the financial period ended 31 December 2020:

(in Euros)	**FY ended 31 December 2020**
Legal, tax and administrative services	1,786,487
Insurance	100,253
Technical and business consultancy	67,007
Processing costs and other services	15,480
Total	**1,969,227**

5.3 Personnel expenses

The table below shows the breakdown of “Personnel expenses” for the financial period ended 31 December 2020:

(in Euros)	**FY ended 31 December 2020**
Wages and salaries	30,439
Social security contributions	5,643
Other personnel expenses	276
Post-employment benefits	1,744
Total	**38,102**

The table below provides the exact number of the employees of the Separate Unit, broken down by category, for the period ended 31 December 2020:

(in units)	**Exact number at 31 December 2020 (period-end)**
Managers	2
White-collars	2
Total	**4**

5.4 Other operating costs

The table below shows the breakdown of “Other operating costs” for the financial period ended 31 December 2020:

(in Euros)	**FY ended 31 December 2020**
Duties and other indirect taxes	97,870
Administrative management expenses	433
Bank expenses and charges	49
Total	**98,352**

5.5 Amortisation and depreciation

The table below shows the breakdown of "Amortisation and depreciation" for the financial period ended 31 December 2020:

(in Euros)	**FY ended 31 December 2020**
Depreciation of buildings	45,619
Depreciation of plant and equipment	1,801
Total	**47,420**

For more details, reference should be made to note 6.1 "Property, plant and equipment".

5.6 Net provisions and impairment losses

The table below shows the breakdown of "Net provisions and impairment losses" for the financial period ended 31 December 2020:

(in Euros)	**FY ended 31 December 2020**
Write-down of investments in associates	19,700,964
Provision for refinancing of equity investments	1,596,842
Write-down of loans to associates	100,905
Total	**21,398,711**

"Write-down of investments in associates" is mainly attributable to the investment in associate GOI.

For more details on the item of "Provision for refinancing of equity investments", reference should be made to note 6.11 "Current provisions for risks".

5.7 Net financial income (expense)

The table below shows the breakdown of "Financial income" for the financial period ended 31 December 2020:

(in Euros)	**FY ended 31 December 2020**
Interest income on loans	3,689,345
Other financial income	12,859,493
Total financial income	**16,548,838**
Interest expense on bank loans	(1,786,734)
Total financial expense	**(1,786,734)**
Total	**14,762,104**

"Other financial income" mainly includes interest accrued on the amounts receivable that the Separate Unit claims from the Turkish company Ica Ictas Ve Ticaret AS. For more information, reference should be made to note 6.6 "Other current receivables and assets".

5.8 Net exchange gains / (losses)

The table below shows the breakdown of "Net exchange gains / (losses)" for the financial period ended 31 December 2020:

(in Euros)	FY ended 31 December 2020
Realised exchange gains	5,070,919
Estimated exchange gains	3,058,043
Estimated exchange losses	(20,704,683)
Total	**(12,575,721)**

5.9 Income taxes

With reference to taxes, it should be noted, in this regard, that on 22 July 2020, Astaldi S.p.A. submitted an application for ruling under article 11 of law no. 212 of 27 July 2002 to the Revenue Agency ("RA") with the aim of: (i) correctly interpreting the tax regulations applicable to the case under consideration and therefore, (ii) setting out the methods for including the Separate Unit's tax result within the scope of calculation of Astaldi S.p.A.'s taxable income.

On 22 January 2021 Astaldi S.p.A. provided the Revenue Agency with additional documentation the latter had requested after considering the application for ruling.

On 24 March 2021, the Revenue Agency, in response to the application submitted by Astaldi S.p.A., confirmed that, for tax purposes, the Separate Unit is characterised by the fact that it is an institution intended for the segregation of assets and, while also confirming that it is the company (Astaldi SpA) from which these "gem" assets originate that is the only entity that can be regarded as a taxable entity for tax purposes.

Therefore, the Separate Unit's assets earmarked for a specific business cannot be counted among taxpayers either for IRES (Corporate Income) or IRAP (Regional Production Activity) tax purposes.

It follows that any and all operations connected with management of the Separate Unit's assets shall necessarily be attributed to the company (Astaldi S.p.A.) within which this unit has been established and which shall assume responsibility for any related tax obligation.

6. Notes to the statement of financial position

6.1 Property, plant and equipment

The table below shows the breakdown of "Property, plant and equipment" for the financial period ended 31 December 2020:

(in Euros)	Land	Buildings	Plant and equipment	Total
Balance at 17 July 2020	**2,652,728**	**3,323,539**	**43,733**	**6,020,000**
Of which:				
- historical cost	*2,652,728*	*3,323,539*	*43,733*	*6,020,000*
-accumulated depreciation	-	-	-	-
Depreciation		(45,619)	(1,801)	(47,420)
Balance at 31 December 2020	**2,652,728**	**3,277,920**	**41,932**	**5,972,580**
Of which:				
- historical cost	*2,652,728*	*3,323,539*	*43,733*	*6,020,000*
- accumulated depreciation	-	*(45,619)*	*(1,801)*	*(47,420)*

"Land" and "Buildings" include, respectively, the value of the land and of the building standing thereon located in Rome, at Via Giulio Vincenzo Bona no. 65.

"Plant and equipment" entirely relate to a PV plant.

6.2 Equity investments

<u>*Subsidiaries*</u>

The table below shows the breakdown of the Separate Unit's subsidiaries at 31 December 2020. The share capital of the company listed below only consists of ordinary shares, which are held directly by the Separate Unit. The country of incorporation or registration is also the main place of its business, and the percentage of ownership is equal to the percentage of voting rights held.

(in Euros)	Country	At 31 December 2020	Nature of the relationship	At 31 December 2020
		% of ownership		Book value
Astaldi Concessioni S.p.A.	Italy	100%	Subsidiary	-
Total				**-**

As at 31 December 2020, the investment held in Astaldi Concessioni S.p.A. showed a fair value equal to zero.

<u>*Associates and joint ventures*</u>

The table below shows the breakdown of the Separate Unit's associates and joint ventures at 31 December 2020. The share capital of the companies listed below only consists of ordinary shares, which are held directly by the Separate Unit. The country of incorporation or registration is also the main place of their business, and the percentage of ownership is equal to the percentage of voting rights held.

(in Euros)	Country	At 31 December 2020	Nature of the relationship	At 31 December 2020
		% of ownership		Book value
GOI	Turkey	18.14%	Associate	427,555,131
ETLIK	Turkey	5%	Associate	5,635,500
Total				**433,190,631**

6.3 Non-current financial assets

The table below shows the breakdown of this item at 31 December 2020:

(in Euros)	At 31 December 2020
Loans to associates	239,255,094
Subordinated loans	7,774,520
Total	**247,029,614**

6.4 Trade receivables

The table below shows the breakdown of "Trade receivables" at 31 December 2020:

(in Euros)	At 31 December 2020
Trade receivables	15,508,411
Provision for write-down of trade receivables	-
Total	**15,508,411**

No write-downs of trade receivables were carried out during 2020.

It is deemed that the book value of trade receivables approximates their fair value, given their short-term nature.

6.5 Contract assets

The table below shows the assets and liabilities recognised by the Separate Unit under contracts with customers at 31 December 2020:

(in Euros)	At 31 December 2020
Works under construction	1,552,628,518
Advances	(1,535,384,912)
Total	**17,243,606**

This item relates to the amount of Venezuelan Financial Assets relating to work in progress. Specifically, these are amounts to be received from the Istituto Autonomo de Ferrocarriles for works at Porto Cabello in Venezuela.

6.6 Other current receivables and assets

The table below shows the breakdown of "Other current receivables and assets" at 31 December 2020:

(in Euros)	At 31 December 2020
Other receivables from customers	175,354,746
Trade receivables from subsidiaries	24,516,643
Trade receivables from associates and Joint Ventures	1,130,516
Other receivables from subsidiaries	3,237,118
Checking account	672,695
VAT tax assets	7,689
Other receivables	70,238
Total	**204,989,645**

"Other receivables from customers", equal to €175,354,746 at 31 December 2020, mainly related to the Separate Unit's receivables from and liabilities to the Turkish company ICTAS, arising from the sale to the latter of the 20% investment already held by the Separate Unit in Ica Ictas Astaldi ucuncu Bogaz Koprusum Ve Kunzey Marmana Otoyolu Yatirim Ve Isletme AS (Third Bosphorus Bridge Operator), a company that holds the concession contract for the construction and management of the "Third Bosphorus Bridge" project.

Under the ICTAS settlement agreement, as a result of the aforesaid sale, the Separate Unit's assets also include the related consideration of USD315 million (the Third Bosphorus Bridge Financial Asset), and the obligation to pay ICTAS, by way of compensation, an amount of USD100 million (the ICTAS Compensation), in order to settle any reason for mutual dispute and claims, as well as any credit and debt positions, in relation to the termination of any relationship with ICTAS.

It should also be noted that the Separate Unit's Economic and Financial Plan, in line with the Composition Proposal, has allocated part of the Third Bosphorus Bridge Financial Asset to satisfy the claims of certain Astaldi S.p.A. creditors.

This Third Bosphorus Bridge Financial Asset had been measured at fair value through comprehensive income at 17 July 2020 and at amortised cost at 31 December 2020.

ICTAS settlement agreement

The debit and credit relationships between the Separate Unit and ICTAS are governed by the settlement agreement signed on 20 June 2019 and was amended following the authorisation given by the Court within the composition with creditors procedure on 21 November 2019 (the ICTAS Settlement Agreement).

Under the ICTAS Settlement Agreement, there are two different possibilities for the payment of the consideration, according to whether ICTAS, in its turn, reaches an agreement or not for the sale of the entire capital of the Third Bosphorus Bridge Operator to a consortium of Chinese companies (the Chinese Joint Venture) with which the related negotiations are in progress. In particular, it is envisaged that ICTAS will pay the Third Bosphorus Bridge Financial Asset, either:

(a) if the sale is made to the Chinese Joint Venture: in a single amount to be paid "after" the completion of the sale to the Chinese Joint Venture. Furthermore, if the sale to the Chinese Joint Venture is completed with the payment of a consideration in excess of USD1,250,000,000.00, the ICTAS Settlement Agreement provides for ICTAS' obligation to pay the Separate Unit a further amount of 25% of the excess paid by the buyer with reference to the 20% investment transferred by the Company; or

(b) if the sale is not made to the Chinese Joint Venture: by deferred payment of the Third Bosphorus Bridge Financial Asset (as increased by interest as from 31 January 2020 at the annual rate of EURIBOR +1.75%), as follows:

- 10% of the amount within the 4th quarter of 2020;
- 10% of the amount within the 4th quarter of 2021;
- 30% of the amount within the 4th quarter of 2022;
- 50% of the amount within the 4th quarter of 2023.

For more details, reference should be made to the Explanatory Report on the Financial Statements.

6.7 Cash and cash equivalents

The table below shows the breakdown of "Cash and cash equivalents" at 31 December 2020:

(in Euros)	At 31 December 2020
Bank and post-office accounts	1,521,856
Cash-in-hand and cash equivalents	-
Total	**1,521,856**

Term deposits are shown as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable upon a 24-hour prior notice without any loss of interest.

6.8 Equity of PFIs

<u>Reserve for Participating Financial Instruments (PFIs)</u>

The table below shows the changes in the number and value of Participating Financial Instruments for the financial period ended 31 December 2020:

	Number of PFIs *(in units)*
Participating Financial Instruments	3,199,975,846
At 31 December 2020	

The issue of PFIs, with no par value, is equal to the overall amount of all unsecured debts, excluding provisions for unsecured claims. Additional issues of PFIs will be resolved by the Board of Directors of Astaldi S.p.A. against a contribution of value equal to the unsecured creditors' claims subsequently recognised from time to time.

Each confirmed unsecured creditor is entitled to receive 1 PFI for each €1.00 of its confirmed unsecured claim.

The "Reserve for Participating Financial Instruments (PFIs)" consists of the value of the share of equity attributable to the holders of PFIs, both issued and to be issued.

The Reserve for PFIs cannot be distributed and cannot be aggregated with other equity items, nor can it be used, with a consequent reduction in its amount, in order to cover losses.

<u>Fair value measurement reserve</u>

The Separate Unit also holds certain investments in debt instruments measured at fair value through other comprehensive income. The changes in the fair value of these instruments are recognised in equity. When the instrument is derecognised or impaired, the amount of the reserve is recognised through profit or loss.

For the related changes recorded during the period, reference should be made to the "Statement of Changes in Equity".

6.9 Loans and borrowings (current and non-current)

The table below shows the breakdown of “Loans and borrowings (current and non-current)” at 31 December 2020:

(in Euros)	**At 31 December 2020**
Subordinated loan payables to shareholders	34,365,553
Total non-current loans and borrowings	***34,365,553***
Bank loans	43,883,050
Cash pooling payables to subsidiaries	70,159,339
Loans from subsidiaries	32,871,411
Total current loans and borrowings	***146,913,800***
Total loans	**181,279,353**

The table below shows the breakdown of loans and borrowings by maturity at 31 December 2020:

At 31 December 2020 *(in Euros)*	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Bank loans	43,883,050	-	-	**43,883,050**
Cash pooling payables to subsidiaries	70,159,339	-	-	**70,159,339**
Subordinated loan payables to shareholders		34,365,553	-	**34,365,553**
Loans from subsidiaries	32,871,411	-	-	**32,871,411**
Total	**146,913,800**	**34,365,553**	**-**	**181,279,353**

"Bank loans" relate to the Separate Unit's debt to 5 Turkish banks. The Turkey Debt (which also includes the debt to some Turkish suppliers and the debt to ICTAS) will be cash settled in full, in advance with respect to the remuneration of the PFIs, from the Third Bosphorus Bridge Financial Asset and only the proceeds arising from the sale of the Separate Unit's other assets located in Turkey.

For this purpose, the Separate Unit has concluded with each bank:

(a) as many Standstill Agreements (signed in September 2019) as needed, whereby each bank undertakes not to demand the payment of the Separate Unit's debt during the "standstill period", which, it is agreed, will last until the occurrence of the first event of (i) the expiry of the period of 18 (eighteen) months after the execution of each standstill agreement (and then, during the second half of March 2021); or (ii) the completion of the sale of ICTAS to the Chinese Joint Venture;

(b) even with the participation of ICTAS, as many protocols as needed regarding methods of payment whereby ICTAS has undertaken to pay the part of the consideration due to the Separate Unit that is equal to the latter's debt to each bank, paying the relative amount directly into the current account that the Separate Unit has opened with each bank;

For more details, reference should be made to the Explanatory Report on the Financial Statements.

6.10 Payables to suppliers

The table below shows the breakdown of "Payables to suppliers" at 31 December 2020:

(in Euros)	At 31 December 2020
Payables to suppliers	2,838,807
Invoices to be received	8,357,132
Total	**11,195,939**

This item includes payables to suppliers that are segregated in the Separate Unit and are not subject to discharge of debt.

It is considered that the book value of payables to suppliers approximates their fair value given their short-term nature.

Payables to suppliers relate to the overall Turkey Debt.

6.11 Current provisions for risks

The table below shows the breakdown of "Current provisions for risks" for the financial period ended 31 December 2020:

(in Euros)	Provision for risks for refinancing of subsidiaries	Total
At 17 July 2020	**28,132,240**	**28,132,240**
Provisions	1,596,842	**1,596,842**
At 31 December 2020	**29,729,082**	**29,729,082**

The “Provision for risks for refinancing of subsidiaries”, equal to €29,729,082 at 31 December 2020, includes the provision set aside by the Separate Unit in order to support the refinancing of subsidiary Astaldi Concessioni.

6.12 Other current payables and liabilities

The table below shows the breakdown of “Other current payables and liabilities” at 31 December 2020:

	At 31 December
(in Euros)	**2020**
Tax liabilities	58,737
Payables to social security institutions	9,669
Payables to employees	40,616
Other current payables	29,314,129
Total	**29,423,151**

"Tax liabilities”, equal to Euro 58,737 at 31 December 2020, are substantially attributable to tax deductions to be paid to the Tax Office.

“Payables to employees", equal to €40,616 at 31 December 2020, are mainly attributable to wages and remuneration due to permanent staff members.

"Other current payables", equal to €29,314,129 at 31 December 2020, mainly relate to a debt to SACE, a company specialised in providing services in the insurance and financial sector, which will be settled by using the proceeds arising from the collection of the Third Bosphorus Bridge Financial Asset, as well as from the sale of other assets of the Separate Unit.

According to the terms and conditions of the settlement agreement between Astaldi S.p.A. and SACE S.p.A., which was authorised by the Court of Rome on 19 March 2020, the Separate Unit will proceed with the cash payment of the SACE debt, in advance of the remuneration of the PFIs (and on a subordinated basis with respect to the Turkey Debt), using the proceeds of the sale, according to the distribution order envisaged during the three-year period from 2020 to 2022. For more details, reference should be made to the Explanatory Report on the Financial Statements.

7. Related-party transactions

Related parties are identified according to the provisions of IAS 24. Related-party transactions are mainly of a commercial and financial nature, and are linked to operations carried out at arm’s length; however, there is no guarantee that, if these transactions had been concluded between or with third parties, the latter would have negotiated and signed the related contracts, or carried out the transactions themselves, under the same terms and conditions and in the same manner.

The tables below show the relations with related parties that include, for the reporting period:

- Subsidiaries;
- Associates and joint ventures;
- the Separate Unit’s Proxy.

The table below summarises the impact of related-party transactions on the statement of profit or loss and the statement of financial position at 31 December 2020 and for the financial period ended 31 December 2020.

(in Euros)	Subsidiaries	Associates and joint ventures	Separate Unit's Proxy	Total related parties	Financial statement item	Impact on financial statement item
Transactions' impact on the statement of profit or loss						
Other revenues and income						
Financial period ended 31 December 2020	361,406	-	-	361,406	828,406	44%
Net financial income and expenses						
Financial period ended 31 December 2020	3,582,781	-	-	3,582,781	3,689,345	97%

(in Euros)	Subsidiaries	Associates and joint ventures	Separate Unit's Proxy	Total related parties	Financial statement item	Impact on financial statement item
Transactions' impact on the statement of financial position						
Non-current financial assets						
At 31 December 2020	239,255,094	-	-	239,255,094	247,029,614	97%
Other current receivables and assets						
At 31 December 2020	28,426,457	1,130,516	-	29,556,973	204,989,645	14%
Current loans and borrowings						
At 31 December 2020	103,030,750	-	-	103,030,750	146,913,800	70%
Payables to suppliers						
At 31 December 2020	8,404,620	-	-	8,404,620	11,195,939	75%

8. Contingent assets and liabilities

As at 31 December 2020, the Separate Unit showed contingent liabilities, whose risk of loss has been determined to be remote for an amount equal to about €175.3 million.

9. Commitments and guarantees

Investment commitments

As at 31 December 2020, the Separate Unit had no commitments for outstanding investments, the debt for which has not already been recorded in the 2020 Separate Financial Statements, except for the investments that Astaldi S.p.A. and Astaldi Concessioni have committed to make in the project companies for the Etlik Hospital (Etlik) and Santiago Airport (NPU) required to complete the construction.

Commitments to purchase goods

The Separate Unit has not entered into any agreement for the future purchase of goods for resale. Accordingly, there were no commitments outstanding for this reason at 31 December 2020.

Guarantees

The table below shows the guarantees outstanding at 31 December 2020:

(in Euros)		**At 31 December**
Project	***Types***	**2020**
Santiago Airport	Performance Bond – Operation	1,902,132
Santiago Airport	Performance Bond – Operation	1,525,181
Santiago Airport	Performance Bond – Construction	961,042
Santiago Airport	Equity Stand By Letter of Credit	13,231,861
Gebze Izmir Motorway	Performance Bond – Operation	1,135,747
Etlik Hospital	Equity Stand By Letter of Credit	36,784,815
Etlik Hospital	Investment Term Performance Bond	3,162,715
Etlik Hospital	Additional Investment Term Performance Bond	709,733
Total guarantees issued		**59,413,226**

It should be noted that these guarantees were issued by the Separate Unit in the interests of Astaldi Concessioni, as partners in the individual projects.

10. Significant events after the reporting date

As far as it is given to know from what information is available from ICTAS, the negotiations concerning the transaction for the sale by ICTAS of the Third Bosphorus Bridge Operator to the Chinese Joint Venture, resulting in the consequent acceleration in collecting the related Third Bosphorus Bridge Financial Asset, has been delayed owing to the COVID-19 emergency and some further steps have to be taken, with the sale expected to take place during the 2021 financial period.

As the sale to the Chinese Joint Venture was not completed by 31 December 2020, the first expiry date of the mechanism for the deferred payment, ICTAS paid the first 10% of the amount due on 14 January 2021, as increased by interest as from 31 January 2020 at the annual rate of EURIBOR +1.75%. The payment in question contributed to a direct reduction in debts to the Turkish Banks, as required by the Payment protocols in place with the banks themselves.

As of today, discussions are underway with both SACE and the Turkish banks, aimed at obtaining an extension of the payment terms in view of the delayed conclusion of the sale of the Third Bosphorus Bridge Operator to the Chinese Joint Venture.

11. Opening statement of financial position of the Separate Unit

The opening statement of financial position of the Separate Unit at 17 July 2020 is provided below.

(in Euros)	**At 17 July 2020**
Property, plant and equipment	6,020,000
Equity investments	452,891,595
Non-current financial assets	243,502,699
Total non-current assets	**702,414,294**
Trade receivables	15,556,394
Contract assets	17,243,606
Other current receivables and assets	199,569,098
Cash and cash equivalents	-
Total current assets	**232,369,098**
Total assets	**934,783,392**
Reserve for Participating Financial Instruments (PFIs)	693,061,825
Total equity of PFIs	**693,061,825**
Non-current loans and borrowings	21,629,801
Total non-current liabilities	**21,629,801**
Current loans and borrowings	152,662,362
Payables to suppliers	9,983,035
Current provisions for risks	28,132,240
Other current payables and liabilities	29,314,129
Total current liabilities	**220,091,766**
Total liabilities	**241,721,567**
Total equity and liabilities	**934,783,392**

12. Changes in equity of PFIs according to the legal framework

The table below provides a statement of changes in equity of the Separate Unit's PFIs, which reflects, as at 17 July 2020, the measurement at nominal value of payables and unsecured provisions of Astaldi S.p.A. transferred to the Separate Unit in order to provide a consistent disclosure with respect to its establishment, including from a legal framework point of view, as reported in the documentation accompanying the Composition Proposal of Astaldi S.p.A..

(in Euros)	**Reserve for Participating Financial Instruments (PFIs)**	*of which: Other comprehensive income*	**Other reserves**	**Total Equity of PFIs**
At 17 July 2020	**-**	**-**	**(2,729,184,540)**	**(2,729,184,540)**
Discharge of debt			3,422,246,365	3,422,246,365
Award of PFIs	693,061,825		(693,061,825)	-
Loss for the period	(20,537,023)			(20,537,023)
Changes in subordinated loans at FVOCI	1,304,016	*1,304,016*		1,304,016
At 31 December 2020	**673,828,818**	***1,304,016***	**-**	**673,828,818**

The approach underlying this disclosure takes account of the following issues:

- the approval of Astaldi S.p.A.'s Composition with Creditors proposal was approved on 17 July 2020. As at that date, the resolution to set up the Separate Unit became effective and Astaldi S.p.A. proceeded with the transfer to the Separate Unit of the assets subject to liquidation on the one hand, and, on the other, the unsecured liabilities of Astaldi S.p.A. (including the provisions for risks on unsecured claims) and other prior-period debts that shall be borne by the Separate Unit in accordance with the Composition Proposal (i.e. Turkey Debt, SACE S.p.A. debt).

  As at that date, given that the nominal value of total liabilities transferred to the Separate Unit was greater than related assets, the Separate Unit's equity was negative and equal to approximately €2,729 million;

- as at 6 November 2020, at the same time as the execution of Astaldi S.p.A.'s capital increases, including that reserved for Webuild, the Separate Unit's PFIs were issued to the benefit of the ascertained unsecured creditors of Astaldi S.p.A., in addition to the newly-issued shares of Astaldi S.p.A. to be allocated to them in accordance with the provisions of the Composition Proposal.

  Against the issue of the PFIs in question (and of the Astaldi S.p.A. shares to the benefit of Unsecured Creditors), the unsecured liabilities stated in the Separate Unit's accounts were then cancelled on 6 November 2020;

- from 6 November 2020 onwards - therefore including the recognition at 31 December 2020, the Separate Unit's net equity is the same in both disclosures provided above. In fact, the two proposed schedules differ, as at 17 July 2020 only, due to a different method of reporting unsecured liabilities subject to discharge of debt within the Separate Unit's scope. In other words:

  - the schedule prepared according to IAS/IFRS takes as reference the fair value of the unsecured liabilities of Astaldi S.p.A. as at the date of initial recognition of the Separate Unit (17 July 2020). The fair value of these liabilities is already "affected" by the impact arising from the subsequent formal cancellation of the unsecured liabilities of the Separate Unit, thus determining an amount equal to €0 and the accrual of the right to receive the realisable value of the assets through the assignment of the PFIs;

  - the schedule prepared according to the reference legal framework instead envisages that the effects are recorded as at 6 November 2020 at the same time as the issue of the PFIs and Astaldi S.p.A. shares. Until 5 November 2020, the unsecured liabilities had in fact not yet been "extinguished", as the related financial instruments subject to the substituted performance (*datio in solutum*) provided for in the Composition Proposal of Astaldi S.p.A. had not yet been issued.

For the Separate Unit
The Proxy
Claudio Sforza

Certification of Separate Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and additions

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Filippo Stinellis, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Manager in charge of financial reporting of Astaldi S.p.A., hereby certify:
   - the appropriateness in relation to the company's characteristics and
   - the actual application of administrative and accounting procedures used to formulate the 2020 separate financial statements.

2. The administrative and accounting procedures used to formulate the separate financial statements at 31 December 2020 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.
   There are no significant observations to be made in this regard.

3. This is also to certify that:
   3.1 The separate financial statements:
   a) were drafted in compliance with the applicable international financial reporting standards acknowledged within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) match the ledgers and accounting entries;
   c) are suitable for providing a truthful and accurate representation of the financial position and results of operations of the issuer.

3.2 The management report contains a reliable analysis of the operating performance and result, as well as of the situation of Astaldi S.p.A. together with a description of the main risks and uncertainties it is exposed to.

Rome, 16 March 2021

Signed	*Signed*
Filippo Stinellis	**Paolo Citterio**
Chief Executive Officer	***Manager in charge of financial reporting***

REPORT
ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE
in accordance with Article 123-*bis* of the
Consolidated Finance Act

(traditional management and control model)

Issuer: **ASTALDI S.p.A.**
Website: **www.astaldi.com**
Year to which the Report refers: **2020**
Date of approval of the Report: **17 March 2021**

CONTENTS

TABLES

GLOSSARY

Code / Code of Conduct: the Code of Conduct of listed companies, as approved by the Corporate Governance Committee in July 2014 and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code: the Italian Civil Code.

Board: the Board of Directors of the Issuer.

Issuer: the entity that issues the transferable securities to which the Report refers.

Financial Year: the financial year to which the Report refers.

Consob Issuers' Regulation: the Regulation issued by Consob by resolution no. 11971 of 1999 (as amended) concerning issuers.

Consob Market Regulation: the Regulation issued by Consob by resolution no. 20249 of 2017 concerning markets.

Consob Regulation on Related-party Transactions: the Regulation issued by Consob by resolution no. 17221 of 12 March 2010 (as amended) concerning related-party transactions.

Report: the report on corporate governance and ownership structure that the companies are required to prepare in accordance with Article 123-*bis* of the Consolidated Finance Act.

Consolidated Finance Act/TUF (*Testo Unico della Finanza*): Legislative Decree 58 of 24 February 1998.

1. THE ISSUER

The Corporate Governance structure adopted by Astaldi S.p.A. ("Astaldi" and/or the "Company"), a company incorporated under Italian law with shares admitted to trading on the Electronic Stock Exchange (*Mercato Telematico Azionario*) of Borsa Italiana S.p.A. ("MTA" and "Italian Stock Exchange"), subject to management and coordination by Webuild S.p.A., in accordance with Article 2497 et seq. of the Civil Code, is based on the traditional management and control model. While the shareholders' meeting is responsible for its statutory duties, the Corporate Governance structure entrusts the management to the Board of Directors and supervisory functions to the Board of Statutory Auditors. The statutory audit of accounts is entrusted to the independent auditors. The Company has appointed a Supervisory Board in accordance with the provisions of Legislative Decree 231 of 2001.
Astaldi S.p.A. abides by the "Code of Conduct of listed companies" (hereinafter the "Code of Conduct"), which was prepared by Borsa Italiana S.p.A. in 1999 and was subsequently amended by the Corporate Governance Committee. This year too, Astaldi S.p.A.'s governance is in line with both the principles laid down in the Code of Conduct and Consob's recommendations on the matter and, more generally, with international best practice.
In January 2020, the Corporate Governance Committee approved the new edition of the Code - the "Corporate Governance Code" -, which shall apply from 1 January 2021 and which Astaldi will start observing within the end of the current financial year.

After the submission of an application for a composition with creditors "with reservation" on 28 September 2018, in accordance with Articles 161, paragraph 6, and 186-*bis* of Royal Decree 267 of 16 March 1942, as amended and supplemented, bankruptcy law (hereinafter the "Bankruptcy Law"), preparatory to filing a composition with creditors proposal on a going concern basis in accordance with Articles 160 and 186-*bis* et seq. of Bankruptcy Law, the Company made a voluntary request to Borsa Italiana S.p.A. to exclude its ordinary shares from the STAR segment and to move them to the principal MTA segment, which is organised and managed by Borsa Italiana S.p.A.. The latter consequently made provision for exclusion with effect from 5 October 2018.

In implementing the Consob's resolution no. 20621 of 10 October 2018, Astaldi S.p.A. has informed the Supervisory Authority referred to above that it falls under the definition of SMEs referred to in Article 1, paragraph 1.w-*quater*.1), of the Consolidated Finance Act, making it known that during the period of its voluntary exclusion it will, in any case, continue to comply with best practices and governance principles laid down in the Code of Conduct.

The corporate governance system of Astaldi S.p.A. at 31 December 2020 is described below in the light of the information provided above.

It should be recalled that:
- on 28 September 2018, the Company filed an application for admission to the composition with creditors procedure on a going concern basis.
- On 15 November 2018, a notice was received from Webuild S.p.A. (then Salini-Impregilo S.p.A., hereinafter also referred to as "Webuild"), which, summarising briefly, expressed its interest in acquiring a business unit devoted to creating infrastructures.

- On 13 February 2019, Webuild sent a binding offer (the “Offer”), as supplemented on 28 March, 20 May and 18 June 2019 (the “New Salini Offer), in which it outlined its proposal to enter Astaldi’s share capital within the related reorganisation process.

- On 14 February 2019, the Company filed the composition with creditors proposal, prepared on the basis of the Offer received from Webuild, together with the prescribed documentation.
- Finally, on 19 June 2019, the Company lodged a memorandum in response to the Court of Rome’s request for further information, at the same time filing an updated version of the composition with creditors proposal, the composition with creditors plan (hereinafter also referred to as the “Plan”) and the related report certifying them; it also filed supplementary information on 16 July, 20 July and 2 August 2019.
- By an order issued on 5 August 2019, the Court of Rome ruled the Composition with Creditors procedure proposed by the Company open and ordered the creditors to convene before the Bankruptcy Judge on 6 February 2020. By a subsequent order issued on 27 November 2019, the Court authorised the creditors’ meeting to be deferred to 26 March 2020; it was afterwards finally postponed to 9 April 2020 in a further order dated 23 March 2020.
- After having read the minutes of the creditors’ meeting of 9 April 2020 and the Court-appointed Receivers’ report regarding the final results of voting issued on 30 April 2020, which showed that Astaldi’s composition with creditors proposal was approved by a vote in favour of 69.40% of the claims with voting rights, the Court, by an order of 4 May 2020, set the date of 23 June 2020 for the appearance of the parties and the Court-appointed Receivers in collective session in chambers and for the approval judgment.
- On 17 July 2020, after verifying that the composition with creditors procedure and the results of creditors’ voting were in order, the Court of Rome published the order approving Astaldi’s Composition with creditors on a going concern basis. The approval order, handed down unopposed as provided for in Article180, paragraph 3, of Bankruptcy Law is not subject to appeal and is thus to be considered irrevocable and with immediate effect. The execution of the Composition with Creditors Plan, therefore, is entrusted to the Company while the Court-appointed Receivers will oversee the proper implementation of the procedure.
- On 5 November 2020, the Company carried out the capital increases reserved for Webuild S.p.A. and the Company's unsecured creditors, respectively, envisaged by the composition with creditors proposal approved by the Court of Rome, as stated above, by decree published on 17 July 2020 and resolved upon by the Company's Extraordinary Shareholders' Meeting held on 31 July 2020.
Specifically, the Company has carried out: (i) the capital increase, excluding the right of option in accordance with Article 2441, paragraph 5, of the Civil Code, reserved for subscription by Webuild, through the issue of 978,260,870 new shares (the ’“Webuild Capital Increase” and the “New Shares”); and (ii) the capital increase, excluding the right of option in accordance with Article 2441, paragraph 5, of the Civil Code, reserved for Astaldi’s unsecured creditors, to convert their claims from Astaldi, through the issue of 399,782,755 new shares (the “Capital Increase by Conversion” and the “New Conversion Shares”). The New Shares and the New Conversion Shares were subscribed for and paid up in full as at the date referred to above and were automatically admitted to trading on the MTA segment organised and managed by the Italian Stock Exchange in accordance with Article 2.4.1 of the Stock Exchange Regulation, in the same manner as those that are currently outstanding.
- On 5 November 2020, 3,199,975,846 participating financial instruments were issued again to Astaldi’s unsecured creditors in accordance with Article 2447-*ter*, paragraph 1.e), of the Civil Code and in implementing the resolution passed by the Board of Directors’ meeting held on 24 May 2020. These

instruments give their holders the right to share in the net proceeds of the sale of the assets transferred to the separate unit established by virtue of the aforesaid resolution (the "PFIs").

- Finally, on 5 November 2020, again in implementing the related resolutions passed by the Extraordinary Shareholders' meeting of 31 July 2020, the Company also

(i) issued and assigned to Webuild, free of charge, 80,738,448 warrants (the "Anti-Dilutive Warrants"), which give Webuild the right to be assigned, free of charge, at most 80,738,448 ordinary Astaldi shares with no par value ("bonus shares") in the ratio of 1 newly-issued share for every 1 Anti-Dilutive Warrant exercised. Webuild may exercise Anti-Dilutive Warrants as from the date of the entry of the abovementioned shareholders' meeting resolution in the Register of Companies and until the day on which the tenth subsequent year after that date falls. To service the exercise of the Anti-Dilutive Warrants, the Extraordinary Shareholders' Meeting held on 31 July 2020 passed a resolution approving the issue of at most 80,738,448 Shares, with no par value (bonus shares) and without any change in the share capital, in the ratio of 1 Share for every 1 Anti-Dilutive Warrant subscribed;

(ii) issued and assigned, free of charge, 79,213,774 warrants (the "Lender Warrants") to the following banks: Unicredit S.p.A., Intesa Sanpaolo S.p.A., SACE S.p.A., BNP Paribas S.A., Banca Monte dei Paschi di Siena S.p.A. and Banco BPM S.p.A. (the "Lending Banks"); these warrants give the right to subscribe newly-issued shares in the ratio of 1 share for every 1 Lender Warrant exercised. The Lending Banks may exercise Lender Warrants up to and not beyond three years after the date of the entry of the abovementioned shareholders' meeting resolution in the Register of Companies, subscribing the related shares at any time up to the expiry of the aforesaid ultimate time limit. To service the exercise of the Lender Warrants, the Extraordinary Shareholders' Meeting held on 31 July 2020 passed a resolution approving a capital increase, against payment and in a divisible form, excluding the right of option in accordance with Article 2441, paragraphs 5 and 6, of the Civil Code, for a total amount of at most Euro 18,219,168, including share premium, to be carried out through the issue of at most 79,213,774 conversion shares, with no par value, at a price of Euro 0.23 each.

- The PFIs, Anti-Dilutive Warrants and Lender Warrants are not and will not be listed on any regulated market or any other multilateral trading facility.

2. INFORMATION on the OWNERSHIP STRUCTURE (Article 123-*bis*, TUF) at (31/12/2019)

a) Share capital structure (Article 123-*bis*, paragraph 1.a) of TUF)

- Amount in Euros of the subscribed and paid-up share capital: **Euro 340,431,460.27**.
- Categories of shares making up the share capital: **ordinary shares with voting rights**.

The aforesaid share capital is divided into 1,480,136.785 **ordinary shares** with no par value.

SHARE CAPITAL STRUCTURE			
	No. of shares	% compared to the share capital	Listing market
Ordinary shares	**1,480,136,785**	**100%**	**Italy - MTA**

No share-based incentive plans that would entail increases in share capital, even free of charge, have been introduced.

b) Restrictions on the transfer of securities (Article 123-*bis*, paragraph 1.b) of TUF)
There are no restrictions on the transfer of securities.

c) Significant investments in share capital (Article 123-*bis*, paragraph 1.c) of TUF)
As at 31 December 2020 the shareholders that hold shares amounting to more than 3% of the share capital - this being the threshold set out by Legislative Decree 25 of 2016 implementing Directive no. 2013/50/EU (Transparency Directive) - as resulting from the Register of Shareholders, the notices received in accordance with Article 120 of the Consolidated Finance Act and any other available information were as follows:

DECLARANT	DIRECT SHAREHOLDER	% OF TOTAL NUMBER OF ORDINARY SHARES (*)	% OF VOTING ORDINARY SHARE CAPITAL (**)
WEBUILD S.p.A.	*Webuild S.p.A..*	66.10%	63.86%
FIN.AST S.r.l.	*FIN.AST. S.r.l.*	3.57%	6.84%
TOTAL		**69.67%**	**70.70%**

(*) No. of total ordinary shares: 1,480,136,785.
(**) Share capital expressed in voting rights in accordance with Article 120, paragraph 1, of Legislative Decree 58 of 24 February 1998 ("TUF"): 1,532,180,773 at 31 December 2020.

d) Securities conferring special rights (Article 123-*bis*, paragraph 1.d) of TUF)

The shareholders' meeting held on 29 January 2015 amended Article 12 of the Company's Articles of Association, in compliance with the Article 127-*quinquies* of Legislative Decree 58 of 24 February 1998 (T.U.F.) and made provision for an "increased voting" right mechanism. Consequently, shareholders (or any other holder of voting rights) who submit express requests are allowed to register in a "List" kept by the Company for the assignment of two votes for each share owned, provided that it has been held by the same person for a period of at least 24 (twenty-four) months.

The Company's Articles of Association, therefore, provide that two votes for each share be assigned to all shareholders that have requested to be entered into this List – as kept and updated by the Company –, provided that they continue to hold the share for not fewer than 24 (twenty-four) months after they have been registered in the above List.

For organisational reasons, under the Articles of Association entries in and updates to the List are made on a quarterly basis – on 1 March, 1 June, 1 September, 1 December – or at any other intervals prescribed in the regulations for the sector.

Special detailed procedures are set out in the Rules that were approved by the Board of Directors' meeting held on 10 March 2015 and that are available on the Company's website, in the section of http://www.astaldi.com/it/governance/voto-maggiorato.

The first entries in the register were made during 2015. In accordance with Article 143-*quater*, paragraph 5, of Consob Issuers' Regulation, the Company has also published the shareholders holding an investment of more than 3% that requested to be registered in the above list in the section referred to above.

The persons or entities entered as at 31 December 2020 are as shown in the table.

Other persons or entities with investments of less than 3% have been also registered.

<table>
<tr><th>DECLARANT</th><th>DATE OF ENTRY</th><th>INVESTMENT FOR WHICH INCREASED VOTING RIGHT HAS BEEN REQUESTED</th><th>TOTAL INVESTMENT</th></tr>
<tr><td rowspan="2">FIN.AST S.r.l.</td><td>1 MARCH 2015</td><td>51,827,967</td><td rowspan="2">51,933,462
(3.57%)*
(6.84%)**</td></tr>
<tr><td>1 JUNE 2018</td><td>105,495</td></tr>
</table>

** percentage calculated on the number of ordinary shares making up the share capital*
** percentage calculated on the number of voting rights

e) Employee share ownership: mechanism for the exercise of voting rights (Article 123-*bis*, paragraph 1.e) of TUF)
No employee share ownership system has been set up.

f) Restrictions on voting rights (Article 123-*bis*, paragraph 1.f) of TUF)
There is no restriction on voting rights.

g) Shareholder agreements (Article 123-*bis*, paragraph 1.g) of TUF)
As at the date of this Report, no agreements were in place between relevant Shareholders in accordance with Article 123-*bis*, paragraph 1.g) of the Consolidated Finance Act. The previous shareholders' agreements were terminated upon completion of the transaction with Webuild S.p.A. on 5 November 2020, as reported in Paragraph 1.

h) Change of control clauses (Article 123-*bis*, paragraph 1.h) of TUF) and provisions of articles of associations governing Takeover Bids (Articles 104, paragraph 1-*ter*, and 104-*bis*, paragraph 1)
On 19 October 2020, Astaldi entered into an unsecured loan agreement with a pool of banks for an amount of Euro 200 million (the "RCF Loan Agreement"), according to which the lenders committed themselves, subject to satisfaction of certain conditions precedent for disbursement, to provide the Company with a revolving credit facility in cash totalling Euro 200 million (the "RCF 200"), which is pre-preferential pursuant

to Article 182-*quater*, paragraph 1, and Article 111 of the Bankruptcy Law, and usable, after the date of the approval and the execution of the Webuild Capital Increase, *to finance the ordinary business activities of Astaldi and allow repayment of the portion of the pre-preferential bond that has not yet been repaid at that date.*

In this regard, it should be noted that the contract documentation governing the loan agreement provides for an early repayment clause in the event of a change of control at both Webuild S.p.A. and Astaldi S.p.A. level.

i) Delegated powers regarding share capital increases and authorisation for the purchase of treasury shares (Article 123-*bis*, paragraph 1.m) of TUF)

The board of directors of Astaldi has not been granted delegated powers regarding share capital increases in accordance with Article 2443 of the Civil Code. The shareholders' meeting held on 31 July 2020 granted the Board of Directors delegated powers to issue participating financial instruments in compliance with the provisions laid down in the Company's composition with creditors plan. However, these instruments do not entail any related capital increase.

Resolutions to increase share capital that were passed by the shareholders' meeting of 31 July 2020 and that have not been carried out, as stated in paragraph 1 above, are revoked subject to approval by the shareholders' meeting to be held on 29 April 2021.

It should be noted that on 31 July 2020 the Shareholders' Meeting of Astaldi also passed a resolution, among others, approving the cancellation of the treasury shares held at that date. The cancellation of the treasury shares held in Astaldi's portfolio - (equal to 553,834 ordinary shares) without any reduction in the share capital – was then completed on 23 September 2020. As at 31 December 2020 the Company did not therefore hold any treasury share and there was not, therefore, any currently valid authorisation for the purchase of treasury shares.

l) Management and coordination (Article 2497 et seq. of the Civil Code and Article 16, paragraph 4, of Consob Market Regulation)

Following the capital increase carried out on 5 November 2020, Webuild S.p.A. became the controlling shareholder of Astaldi S.p.A.. As from that date, the Company is therefore subject to "management and coordination" by Webuild S.p.A. in accordance with Article 2497 et seq. of the Civil Code.

* * * * *

Finally, it should be noted that:

- the information required by Article 123-*bis*, paragraph 1.i) (*"agreements between the company and its directors ... that provide for compensation in the event of resignation or dismissal without just cause or if their employment contract terminates as a result of a takeover bid*") is provided in the Report on Remuneration published in accordance with Article 123-*ter* of the Consolidated Finance Act;
- the information required by Article 123-*bis*, paragraph 1.l) (*"the rules applicable to the appointment and replacement of directors ... and amendments to the Articles of Association if they differ from those provided for by law and regulations applicable on a substitute basis"*) is provided in the Report section dedicated to board of directors (Section 4.1).

3. COMPLIANCE (Article 123-bis, paragraph 2.a) of TUF)

As noted above, Astaldi S.p.A. complies with the Code of Conduct that was prepared by Borsa Italiana S.p.A. in 1999, as subsequently amended by the Corporate Governance Committee.

The Company's governance structure substantially complies with the recommendations in the Code of Conduct and has been regularly adjusted to take account of these recommendations. The present Company's governance is in line with the edition published by the Corporate Governance Committee in July 2018, according to the terms and conditions laid down hereinbelow.

Consistently with the approach taken in 2018 and in order to apply the comply or explain principle in a more effective manner, the Report mentions the recommendations in the Code of Conduct that the Company has decided not to follow, giving reasons for the decision and setting out any alternative behaviour to adopt if applicable. In fact, in adopting the European Recommendation no. 208/2014, the 2014 edition of the Code already suggested that issuers should clearly specify the recommendations in the Code that they have not taken up and set out the reasons for this clearly and exhaustively, state whether they are following alternative criteria and add whether the recommendations are only to be departed from for a limited period of time.

In January 2020, as already reported in Paragraph 1, the Corporate Governance Committee approved the new edition of the Code, which is now the "Corporate Governance Code" and has therefore replaced the Code of Conduct. The Corporate Governance Code comes into effect from the 2021 financial year and Astaldi, therefore, will conform to the new rules and amendments brought in by the Code within the end of the current financial year. At the meeting held on 14 January 2021, the Board examined the main subject areas to be dwelt on during this financial year, which can be summarised as follows: Sustainability; pre-meeting information; application of independence criteria; Board of Directors Self-evaluation; appointment and succession of directors and remuneration policy.

The Code in question is available to the public on the Corporate Governance Committee's website at http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm.

Astaldi S.p.A., in the same manner as its subsidiaries, is not subject to non-Italian provisions of law that affect the Company's corporate governance structure.

4. BOARD OF DIRECTORS

4.1 Appointment and Replacement (Article 123-*bis*, paragraph 1.l) of TUF)

In accordance with the provisions laid down in the relevant legislation, the Articles of Association of Astaldi S.p.A. envisage the "**list voting**" system for the appointment of the members of the board of directors.
Specifically, the Articles of Association state that shareholders are entitled to present a list that, alone or together with other shareholders that **present** the same list, hold total shares that represent at least **2.5%** of the share capital (or a lower amount if prescribed by applicable provisions of law or regulations) with voting rights at ordinary shareholders' meetings.

According to the provisions of the articles of association, the lists, signed by those that present them and providing the information required by law, must be **deposited** at the Company's registered office according to the methods and within the time limits set out by applicable regulations.

The procedure for the **election** of Directors is as follows:

1) a number of directors corresponding to the total number of members of the board as set by the shareholders' meeting less one is taken from the list that has obtained the greatest number of votes cast by the shareholders in the same order as that in which they are ranked. If no list has obtained a higher number of votes than the others, a shareholders' meeting must be called for another vote, to be held as laid down in the Articles of Association;

2) one director is taken from the list that has obtained the second highest number of votes provided that it is not connected, on the basis of the criteria in the current regulations regarding the election of minority statutory auditors, with the shareholders that have presented or voted for the list that has obtained the highest number of votes. The candidate taken will be the person in first place on the list itself. If more than one minority list has obtained the same number of votes, the candidate elected as a director will be the eldest of those in first place in the lists that have obtained the same number of votes.

If a **single list** is presented, or if no list is presented, the shareholders' meeting reaches its decision by the statutory majority without observing the procedure described above.

For the purposes of the **allocation** of the directors to be elected, lists that have not obtained at least half of the voting rights required for the presentation of a list are not considered.

The Articles of Association require lists to be accompanied, among other documents, by declarations in which the candidates, on their own responsibility, certify whether they meet the **independence requirements** prescribed by law.

Furthermore, in order to ensure that the **minimum number of independent directors** are elected, as required by Article 147-*ter*, paragraph 4, of the Consolidated Finance Act, the Articles of Association expressly stipulate that, "*all lists must contain candidates that meet statutory independence requirements and must contain at least the same number of candidates as the number of independent directors legally required on the board of directors.*"

In order to assure gender balance, Article 16 of the Company's Articles of Association provides that, in implementing the provisions of Article 147-*ter*, paragraph 1-*ter*, of the Consolidated Finance Act, each list with three or more candidates must contain a number of candidates that meets the requirements laid down by law and in the Articles of Association themselves and that must be an expression of the less represented gender in the board of directors. The number must correspond to **one-fifth** of candidates to the board of directors appointed on the occasion of the first renewal of the governing body after 12 August 2012, and **one-third** of the candidates to the board of directors to be appointed for the following two terms of office.

As regards **directors leaving office**, under the Articles of Association, furthermore, the procedure set out in Article 2386 of the Civil Code is followed if, during the financial period, one or more directors leave office that were elected from the **list that obtained the highest number of votes**, provided that the majority is still composed of directors appointed by the shareholders' meeting.

The Articles of Association, on the other hand, require the following procedure to be followed for the replacement of a director elected from the **list that obtained the second highest number of votes** leaves office:

a) the board of directors appoints a replacement from the candidates belonging to the same list as that of the former director provided that the shareholders that presented this list have retained the proportion of shares required for its presentation and providing that the following shareholders' meeting passes resolutions by the statutory majority, observing the same criterion. If the director in question leaves office after the first renewal of the governing body after 12 August 2012, or during the following two terms of office, and this has led to an alteration in the gender balance in the board of directors, the replacement is made by scanning the list until the candidate that is an expression of the less represented gender is found;
b) if it is not possible to appoint a replacement from the list that obtained the second highest number of votes, as set out in (a) above – observing the gender balance if the director concerned has left office after the first renewal of the governing body after 12 August 2012 or during the following two terms of office – the board of directors appoints a replacement from one of the lists lower than the list that obtained the second highest number of votes in progressive order, provided that the shareholders that presented the list from which the replacement is taken have retained the proportion of shares required for its presentation and provided that the subsequent shareholders' meeting passes resolutions by the statutory majority, observing the same criteria;
c) if there are no candidates that were not elected before, or in any event should it not be possible, for any reason, to comply with the provisions of (a) and (b) above, the board of directors makes the replacement, and the following shareholders' meeting acts accordingly, by the statutory majority without list voting but observing the provisions of law and of the articles of association in the matter of the minimum number of independent directors and the gender balance represented if the former director has left office after the first renewal of the governing body after 12 August 2012 or during the following two terms of office.

The Articles of Association also provide for the whole board of directors to cease to hold office if the majority of directors leave office for any reason; the directors still serving must call a shareholders' meeting urgently in order to appoint a new board of directors. The board of directors, however, will continue to serve until the shareholders' meeting has decided on the renewal of the body and more than half of the new directors have accepted the appointment; until then, the board of directors may only handle day-to-day management.

Succession plans
Given also the composition of the Company's shareholder base, the board of directors has not deemed appropriate to adopt a succession plan for executive directors.

4.2 COMPOSITION (Article 123-*bis*, paragraph 2, letters d) and d-*bis*) of, TUF)
The board of directors of Astaldi S.p.A. was appointed by the shareholders' meeting on 31 July 2020. The Shareholders' Meeting has set the number of members of the governing body at nine (9) and has established the term of office for the financial years from 2020 to 2022.
The aforesaid appointment was carried out in compliance with the provisions of the Articles of Association and Article 147-*ter* of the Consolidated Finance Act.

In accordance with the time limits prescribed by law for presenting lists of candidates for the members of the board of directors, the former majority shareholder FIN.AST. S.r.l., which at 31 July 2020 held 51,933,462 shares, equal to 69.03% of the share capital, submitted the following list:

LIST OF CANDIDATES
1. Paolo Astaldi
2. Alessandro De Rosa
3. Filippo Stinellis
4. Michele Valensise
5. Andrea Gemma
6. Teresa Naddeo
7. Nicoletta Mincato
8. Maria Raffaella Leone
9. Flavia Insom

No other lists were presented.

The list presented by shareholder FIN. AST. S.r.l. obtained the favourable vote from 100% of the share capital represented at the meeting, electing the nine (9) board members mentioned above (all from the only list presented).

Situation at 31 December 2020

The competencies and professionalism of the directors is more than satisfactorily diversified. A group of directors with a managerial and cultural background such as to ensure that discussions in the board are constructive and fruitful work side by side with other directors with a high degree of special competency in the Company's sector, in the interests of the Company and its shareholders.

At the same time, the procedure for appointing directors Maria Raffaella Leone, Teresa Naddeo, Flavia Insom, and Nicoletta Mincato enabled the gender balance to be fully observed as required by Article 147-*ter* of the Consolidated Finance Act and by the Articles of Association (Article 16).

After being appointed by the Shareholders' Meeting, on 31 July 2020 the newly-elected board of directors - in compliance with Article 18 of the Articles of Association– appointed Paolo Astaldi as the Chairman of the Company, thus confirming him in his position, and Filippo Stinellis as chief executive officer, and then appointed Alessandro De Rosa as Deputy Chairman.

At the aforesaid meeting held after it was appointed, the board then went on to consider whether independence requirements were met for directors Andrea Gemma, Teresa Naddeo, Maria Raffaella

Leone, Flavia Insom and Nicoletta Mincato in accordance with Article 3 of the Code of Conduct, also considering the powers delegated on that occasion. These directors were considered to be independent by the board, including in accordance with Article 147-*ter* of the Consolidated Finance Act.

The above requirements are still met, except for Flavia Insom, as stated in the paragraph below.
For more information on the personal and professional background of each director, reference should be made to the information published on the Company's website (www.astaldi.com) in the "Governance" Section - "*Board of Directors*".

<u>The Company informs that the following changes have occurred from 31 July 2020 to date:</u>
- on 5 November 2020, following the capital increase subscribed by Webuild S.p.A., director Flavia Insom no longer satisfied the independence requirements as prescribed by the regulations in force (Article 147-*ter*, last paragraph, of the Consolidated Finance Act), and thus lost her position as board member automatically.
- On 21 January 2021 Alessandro De Rosa resigned from his position as director and Deputy Chairman of Astaldi S.p.A. for personal supervening reasons.
- On 10 February 2021, the board of directors, at the proposal of the Appointments and Remuneration Committee, which considered the suitability of the candidates to take up the role of director of the Company, appointed David Morganti and Daniela Montemerlo as non-executive and independent Directors in accordance with Article 147-*ter*, paragraph 4, of the Consolidated Finance Act and Article 2 of the Corporate Governance Code, by co-option in accordance with Article 2386 of the Italian Civil Code and Article 17 of the Articles of Association by a resolution approved by the Board of Statutory Auditors.
- On 29 March 2021 Teresa Naddeo Rosa resigned from her position as director of Astaldi S.p.A. for personal reasons.
- On 2 April 2021 Ambassador Michele Valensise resigned from his position as director of Astaldi S.p.A. for personal reasons.
For more information on the composition and characteristics of the current Board of Directors, reference should be made to Table 2 in the appendix below.

The term of office of the current Board of Directors will expire at the date of the meeting called to approve the financial statements at 31 December 2022.

Diversity criteria and policy
Legislative Decree 254 of 30 December 2016 has transposed Directive 2014/95/EU as regards disclosure of non-financial and diversity information into our legal system.
This provision of law makes it obligatory to provide transparent information regarding the diversity policy adopted by listed issuers, the intention being to enhance diversity aspects for the members of governing and control bodies. To this end, Article 10 of Legislative Decree 254 of 2016 amended Article 123-*bis* of the Consolidated Finance Act – “Report on corporate governance and ownership structure” – by adding letter *d-bis*).
The provisions of Legislative Decree 254 of 2016 apply with reference to the financial years commencing from 1 January 2017. Specifically, with effect from the “Report on corporate governance and ownership structure” for the 2017 financial year, the provision requires the Company to present:
(i) the diversity policy, applied in relation to the composition of governing, management and control bodies, as regards aspects such as age, gender composition and educational and professional background;

(ii) the objectives of the policy;

(iii) the way it is implemented;

(iv) the results of the policy.

The disclosure of the Diversity policy applied required it to be firstly set out and adopted by the board of directors of Astaldi S.p.A..
The Company, therefore, commenced a process of analysis to consider the aspects and parameters to consider.

As specified above, Article 123-*bis*, paragraph 2.d-bis) of the Consolidated Finance Act, as supplemented by Article 10 of Legislative Decree 254 of 2016, requires the Companies to adopt policies regarding aspects such as age, gender composition and educational and professional background. These aspects are examples and not exhaustive: in its organisational autonomy, the Company may well bring in other parameters to consider in framing and setting out its Policy.
The Company set out its Policy against the background of Italian law, taking the rules and the provisions of the self-regulation code regarding the matter into account, as well as according to the articles of association adopted by Astaldi S.p.A. in compliance with the provisions governing its organisational autonomy.
The process consisted in examining the rules and the self-regulation code principles in the matter on one hand and the clauses in Astaldi S.p.A.'s Articles of Association on the other in order to establish whether current organisational practices are consistent with the requirements of the rules; for this purpose, further consideration was given to indicators such as type of business, international vocation and operations in certain markets.

It should be noted that Law 160 of 27 December 2019 partially amended Article 147-*ter* of the Consolidated Finance Act as regards gender composition: a ratio of at least 2 out of 5 for the less represented gender is now required in management and control bodies.

Astaldi's Articles of Association have incorporated this provision and are therefore in line with these regulations.
As regards professionalism requirements, Article 16, paragraph 12, of Astaldi S.p.A.'s Articles of Association provides, with specific reference to the members of the Board of Directors, that: "*in accordance with Article 2387 of the Italian Civil Code, only persons that have acquired certain professional competencies may stand as candidates for positions as Directors*".

The composition of the governing bodies of the main Italian and foreign competitors was studied in order to have an overall reference framework. In the Italian market, it was seen that although the average size of the Board of Directors of companies that operate in the same sector is greater than that of Astaldi S.p.A., their characteristics are similar both in terms of average age and experience. The same considerations were made for the members of the board of statutory auditors.

It was seen from the study of the foreign competitors that even if the size of their boards was greater, gender diversity was balanced and different nationalities were also represented in these bodies.

The board, therefore, deemed that applying the provisions of law and regulations on one hand and clauses in the Articles of Association on the other already ensure a sufficiently high level of diversity in the

governing and control bodies for each of the elements set out in the new Article 123-*bis*, paragraph 2.*d-bis*) of the Consolidated Finance Act (age, gender, educational and professional background).
On the other hand, the board did not deemed it was appropriate to introduce requirements in its Policies related to the age of members of the governing and control bodies, as it was not an essential aspect for the purposes of heedful participation in the work of these bodies.

The Policies do not provide for additional requirements with respect to those set out in Article 10 of Legislative Decree 254 of 30 December 2016 for the same reasons.

As regards the related procedure, the Diversity Policy document was firstly reviewed by the Appointments and Remuneration Committee in the presence of the members of the Board of Statutory Auditors and was then approved by the board of directors at the meeting held on 14 November 2017.

The Company will consider whether to review the document regularly in order to enhance dialogue between the organisation and its shareholders and help them to identify candidates that best match the requirements in its Diversity Policies, even in consideration of the results of the board evaluation activities and in view of the renewal of the governing and control bodies.
As already pointed out, the current composition of the Board and of the Board of Statutory Auditors is entirely in line with the provisions of law and articles of association which the Policies adopted by Astaldi S.p.A. refer to in full.
The document is available on the Company's website ("Governance/Corporate documents" section).

Cross-directorship

In 2006, the Company's board of directors laid down, in a specific resolution, the general cross-directorship criteria it had adopted with regard to the maximum number of positions as directors or statutory auditors held by its directors in other companies listed in regulated markets (including foreign markets), in financial, banking, insurance companies and in large-sized companies in general, as provided for in the rules governing self-regulation.

On that occasion, the board of directors specifically resolved to determine that:

- the maximum (cumulative) number of positions as director or statutory auditor is **6** for *"non-executive"* and *"independent"* directors;
- the maximum (cumulative) number of positions as director or statutory auditor is **4** for *"executive"* directors;

However, the positions as director or statutory auditor held by Astaldi S.p.A. directors within the Group companies are not taken into account for the purposes of the above calculation.
The current composition of the board of directors complies with the limits reported above.

Induction Programme
Developments in laws and regulations require everyone serving on the governing and control bodies of listed companies to keep in step regularly and across the board with the application of corporate governance rules. In view of this and with the intention of stimulating suitably qualified professionals to join corporate bodies, the Code of Conduct suggests that Company chairmen encourage directors and statutory auditors to take part in projects that provide them with a good knowledge of the sector in which

the issuer operates and of its business dynamics and their evolution, as well as of the principles of proper risk management and of the relevant legislative and self-regulatory framework. The Code also recommends that the report on corporate governance should include the type and organisational methods of the projects that took place during the reporting financial period (*application criterion* 2.C.2).

In implementing the recommendations laid down in the Code, meetings were held with directors, statutory auditors and certain company executives in 2020, which were aimed at describing the development of the Company' business and the performance of the Company's financial position and cash flows in the necessary degree of detail, including in view of the composition with creditors insolvency procedure on a going concern basis that has already been referred to above.

Nevertheless, it was not possible to carry out an Induction Programme in relation to all the issues suggested by the aforesaid Article 2.C.2. of the Code of Conduct due to the complexity of the task of managing the Company's financial position and cash flows.

4.3 ROLE AND FUNCTIONING OF THE BOARD OF DIRECTORS (Article 123-*bis*, paragraph 2.d) of TUF)

The board of directors plays an essential part in the organisation of the Company: it is in fact responsible for steering the Company's strategy and organisation and for verifying the existence of the controls necessary for monitoring the performance of the Company and the Group. The board is vested with the broadest powers for the management of the Company in accordance with Article 22 of the Articles of Association.

Number and duration of meetings

In accordance with the provisions of the Articles of Association, 20 (twenty) board meetings were held during the 2020 financial year - the Company's board of directors met on 15 and 30 January, 4 and 19 February, 9 March, 16 and 23 April, 24 May, 11 and 16 June, 10, 27 and 31 July, 6 August, 9 and 15 September, 11 and 27 October, 26 November and 15 December –, with an average duration of about 1 hour 30 minutes per meeting, with a small number of absences on the part of directors and statutory auditors, which were, moreover, all excused.

The Company, however, did not approve the "2020 Corporate Calendar" in the light of the commencement of the corporate reorganisation of the Group that it controls, based on an integrated operation to be carried out on a going concern basis; as stated above, this operation commenced after filing an appeal in accordance with Article 161, paragraph 6, of Bankruptcy Law with the Court of Rome on 28 September 2018, i.e. the application for admission to the composition with creditors procedure. In any case the Company has held regular board of directors' meetings regarding all the most important issues arising from its operations, promptly informing the market by means of specific press releases when necessary.

During 2021, the Company's board of directors met on 14 January, 3, 10, 18 and 23 February, as well as on 9, 12 and 14 March.

Board of directors' meeting proceedings

Application criterion 1.C.1 of the Code of Conduct sets out a number of responsibilities reserved to the board of directors, which is called upon to manage the Company in an efficient manner. In order to show as clearly as possible how the comply or explain mechanism has been applied, some information regarding the application of the recommendations of the Code of Conduct has been grouped in this paragraph of the report, following a homogeneous approach.

As is the case in all complex industrial organisations, it is the Company's practice to consider and approve strategy, business and financial plans of the Company and of the Group. The business plan is examined on an annual basis and the Company monitors its implementation on an ongoing basis.

As explained in detail in paragraph 10 below, the board of directors plays a key role among the bodies involved in the operation of the "Internal Control and Risk Management System".
The board is called upon to set out the guidelines of the internal control and risk management system in implementing the recommendations laid down in the *application criterion* 7.C.1.a) of the Code of Conduct. In accordance with the *application criterion* 1.C.1.b) of the Code of Conduct, the board of directors should set down the nature and level of risk that is compatible with the issuer's strategic objectives, also including all the risks in its assessment that may be material from the point of view of the sustainability of its activities in the medium to long term.
The Board of Directors, with the constant help of the control and risks committee's advice and proposals, has laid down the guidelines for the risk control and management system and has satisfied itself that the main risks to Astaldi S.p.A. and its subsidiaries have been correctly identified, as well as adequately measured, managed and monitored.

As at the date of approval of this Report, the Board had re-examined and newly established the nature and level of risk that is compatible with the Company's strategic objectives; the Board still considers the current levels of appetite for the main risk categories consistent with the corporate business targets. The main aim is still to strengthen risk management awareness on the part of all the corporate functions, with the objective of improving the Company's expected performance and the sustainability of its business.
During 2020 the function continued, and is still continuing, the process to identify and monitor the main business risks through the Risk Management and Sustainability Service.

Risk categories seen as the main sources of difficulty in attaining the objectives in the Business Plan that are regulated in the Group's "Risk Appetite Statement" are: Financial function, Partnership, Context, Human Resources and Sustainability.

In order to ensure the efficient management of these risk categories, the Group has set up an Enterprise Risk Management (ERM) system that it continues to develop in accordance with best practice techniques.

Specifically, with reference to the Sustainability issue, the overall objective is to move towards a Sustainable Enterprise Risk Management (SERM) process that, compared to the traditional ERM process, also includes the analysis of non-financial risks with an integrated approach that aims to understand and manage these risks, also identifying business opportunities and improving corporate resilience for the creation of sustainable corporate value over time for the benefit of all stakeholders.

In view of the primary role played by risk profile in an efficient and efficacious governance system, the Company, with the assistance of all the functions and persons involved in the risk management process, will continue to monitor and review the system on an ongoing basis in order to include in its assessments all the risks that may be material to the creation of medium- to long-term sustainable corporate value in the issuer's business, in accordance with the recommendations laid down in the most recent edition of the Code of Conduct.

In compliance with the provisions of the Civil Code, the Company has assessed the adequacy of the organisational, administrative and accounting structure of the Company and its subsidiaries with strategic importance, while also paying particular attention to the Internal Control and Risk Management System, in accordance with the provisions laid down in the *application criterion* 1.C.1..c) of the Code of Conduct.

Under the Company's Articles of Association, the chief executive officer reports to the board every quarter on the work performed in exercising the powers that are vested in him/her, although the submission of the application for a composition with creditors on a going concern basis and the subsequent post-approval procedure has required more frequent disclosures with information regarding the main events in the Company's affairs, including by means of reports submitted to the Receivers appointed by the Court of Rome.

During the meetings held in 2020, the Board of Directors regularly appraised the general performance of operations, periodically comparing the results obtained against those planned, including on the basis of the information received from the delegated bodies, in accordance with the *application criterion* 1.C.1.e of the Code of Conduct.

According to the *application criterion* 1.C.1.f) of the Code of Conduct, the examination and prior approval of the transactions of the Company and its subsidiaries are reserved by law and by the articles of association to the board of directors when such transactions are of significant material importance to the Company's strategy, results of operations, financial position and cash flows.
The board, however, has not laid down general criteria for the definition of transactions of such importance to the Issuer's strategy, results of operations, financial position or cash flows. This is because, given the particular nature of the company core business, it is more appropriate to assess the materiality of the transactions to be carried out on a case-by-case basis within the scope of the delegated bodies' interim disclosures submitted to the board of directors.

Pre-meeting information

In order for the items on the agenda submitted to the directors to be considered fully and correctly, the chairman arranges for the secretary to the board of directors to place **pre-meeting documents** (where possible in digital format through the use of a portal that can be accessed through internet) at the disposal of the board members, the statutory auditors and the Chief Transformation Officer (as defined below), before each meeting.
It has not been considered appropriate to set a specific time limit for sending these documents, since the manner in which and the usual time within which they are provided are sufficient to ensure adequate information is provided.

In any case, the Chairman is careful to see that the time devoted to the items on the agenda during the board meetings is sufficient for them to be properly taken into consideration in accordance with the recommendations laid down in the *Comment* on Article 1 of the Code of Conduct.

Furthermore, on some occasions the good practice has been adopted of accompanying voluminous and complex documentation with an executive summary that sets out the most worthwhile and important points in brief, again in accordance with the suggestions provided in the *Comment* on Article 1.

Finally, in order to make good use of board meetings as occasions that help those attending to obtain adequate information regarding the Company's operations, on the Chairman's initiative, some Company executives have been allowed to attend meetings, as also third-party consultants if necessary, according to the matters to be discussed, also so that the items on the agenda can be suitably pursued, as required by the *application criterion* 1.C.6 of the Code of Conduct. All board meetings held during 2020, therefore, were attended by the executives particularly concerned with the matters for discussion.

* * * *

Board Evaluation

In compliance with the recommendations of the Code of Conduct (*application criterion* 1.C.1.*g),* the board of directors is asked to appraise the functioning, size and composition of the board itself and its committees (Board evaluation) at least once a year.

However, the Board of Directors deemed it advisable to postpone its self-appraisal because not all the elements required in order to carry out a full, exhaustive and meaningful evaluation were available for 2020 for the reasons stated below and taking account of the matters that were also considered at the Appointments and Remuneration Committee's meeting, shared with the Board of Statutory Auditors. The circumstance was considered that more than 40% of the directors had only been appointed at the end of July 2020; furthermore, during the 2020 financial year, the Company operated in a situation that was very much out of the ordinary, since, as is known, it has been put under a composition with creditors scheme and consequently the board of directors' normal activities were not conducted in 2020: of course these activities are generally the basis for the self-appraisal criteria.

In addition, after directors Insom and De Rosa left the Board, as noted in paragraph 4.2 above, only seven remained in their positions out of the nine directors originally appointed by the Company's Shareholders' Meeting held on 31 July 2020.

In light of the above, the Board therefore decided not to carry out the self-appraisal of the BoD required by the provisions of the self-regulation for the 2020 financial year.

4.4. Delegated Bodies

CHAIRMAN

The board of directors' work is coordinated by the Chairman.

The Chairman calls board meetings and directs the proceedings, ensuring that the documents and information necessary for directors to be able to express themselves on the matters submitted for their consideration in full awareness are provided reasonably in advance of the meeting, except in cases of necessity and urgency. The chairman of the board of directors has no delegated powers that enable him/her to be described as the "principal person responsible for the management of the company" as stated in the *application criterion* 2.C.4, nor does he/she "controls" it.

In any case the presence of a substantial number of independent directors ensures that positions on the governing body are fairly balanced.

CHIEF EXECUTIVE OFFICER

At the meeting held on 31 July 2020, the Company's board of directors confirmed Filippo Stinellis in his position as the Company's Chief Executive Officer, with the duties of establishing, in agreement with the

Chairman, the Company's growth strategies, submitting them to the board of directors and seeing that they are implemented in compliance with the guidelines and resolutions of the board itself.
The Company's board of directors has set the following limits to the CEO's exercise of the most important powers vested in this position: (*i*) signing offers to take on works contracts and/or concessions, including those in project financing up to an amount of Euro 600 million and, in the event of an award, entering into the contracts involved and signing any other legal document necessary for the purpose; and (*ii*) entering into, amending and terminating contracts of purchase or sale of properties up to the maximum amount of Euro 2,600,000.00 per transaction.

Filippo Stinellis holds the position of Chief Executive Officer as the principal person responsible for the management of Astaldi S.p.A. and, at present, he has not taken on any position of director in any other issuer company that does not belong to the Group, of which a director of Astaldi S.p.A is Chief Executive Officer. There is no interlocking directorate situation, therefore, as provided for in the *application criterion* 2.C.6. of the Code of Conduct.

INFORMATION TO THE BOARD

The chief executive officer reports to the board of directors and board of statutory auditors on the main activities performed in the fulfilment of his/her responsibilities regularly and in any event **at least quarterly**.

4.5 OTHER EXECUTIVE DIRECTORS

The Chairman, Paolo Astaldi, and the Chief Executive Officer, Filippo Stinellis, are the executive component of the board of directors and fill management positions in the Company as reported in Table 2 in the appendix below.

4.6 INDEPENDENT DIRECTORS

As in previous mandates, a substantial number of independent directors serve on the governing body.

As specified above, the board of directors' meeting of 31 July 2020 considered board members Andrea Gemma, Maria Raffaella Leone, Teresa Naddeo, Flavia Insom and Nicoletta Mincato as independent directors –in accordance with both Article 3 of the Code of Conduct and Article 147-*ter* of the Consolidated Finance Act - the on the occasion of the assessment of the independence of the directors.

Following the changes that have occurred, as reported in paragraph 4.2, the board members Andrea Gemma, Maria Raffaella Leone, Nicoletta Mincato, Daniela Montemerlo and David Morganti were considered to be independent directors as at the date of this Report –in accordance with both Article 2 of the Corporate Governance Code of Conduct and Article 147-*ter* of the Consolidated Finance Act.

The independent directors did not consider it to be appropriate for them to meet in the absence of the other directors during 2020.

4.7 LEAD INDEPENDENT DIRECTOR

The Board has not deemed appropriate to appoint any Lead Independent Director.
At Astaldi the positions of Chairman and CEO (Chief Executive Officer) are not concentrated, either formally or substantially, in the same person; furthermore, the position of chairman is not held by the person that controls the issuer.

4.8 General Managers

On 27 July 2020, the board of directors appointed Filippo Stinellis as General Manager for Turkey. The board of directors' meeting held on 31 July 2020 then substantially confirmed the organisational structure of the Company's staff of General Managers, as changed during the board of directors' meeting held on 14 January 2019.

Subsequently, on 15 February 2021, the Company terminated, by mutual agreement, the employment relationship with Francesco Maria Rotundi, General Manager of the Astaldi Group. His delegated powers were vested in Cesare Bernardini, former General Manager of the Astaldi Group, whom the Company appointed as Chief Operating Officer.

As present, therefore, Astaldi S.p.A. has the following General Managers:

- Paolo Citterio: Administration and Finance General Manager and Manager in charge of Financial Reporting;
- Cesare Bernardini: Chief Operating Officer;
- Filippo Stinellis: General Manager for Turkey.

Finally, it should be noted that for a particular organisational reason, general managers are described as "key executives" of the Company.

Chief Transformation Officer

By board resolution of 26 November 2020, the Company appointed Paolo Amato as Chief Transformation Officer ("CTO"), with effect from 1 January 2021, with the aim of helping to combine the Company with the Webuild Group. Paolo Amato – former Chief Restructuring Officer from 2019 to the completion of the capital increase subscribed by Webuild S.p.A. – was appointed in the framework of the composition with creditors procedure carried out by Astaldi in order to support the Astaldi Group in the project for reviewing corporate processes as part of an integration plan that is consistent with the guidelines provided by the new Parent Company Webuild.

The CTO attended all meetings of the board of directors, as well as of the board committees that were held in 2020.

5. PROCESSING OF CORPORATE INFORMATION

The *application criterion* 1.C.1.*j*) of the Code of Conduct recommends that the Companies should put a procedure in place for the internal management of documents and information regarding the issuer and their disclosure to the outside world, particularly inside information, in order to ensure that it is correctly handled and that all significant events that occur in the spheres of operation of the Company and its subsidiaries are promptly disclosed.
In implementing the recommendation of the Code of Conduct and the relevant regulations on market abuse, the Company has had a procedure in place for handling corporate information since 12 November 2002.

Regulation (EU) No. 596/ on Market Abuse came into force in July 2016.

The new rules, in continuity with the previous system, describe inside information as (*i*) being precise (*ii*) not having been made public (*iii*) regarding the issuer and (*iv*) if made public, possibly having a material effect on the prices of the issuer's securities.

In the event of a prolonged process whose aim is to realise, or which determines, a particular circumstance or event, this future circumstance or event may be considered to be information of a precise nature.

Once it is described as "Inside" information, it must be published as soon as possible; otherwise, the Company may segregate the information adopting the "delay" procedure if certain conditions are satisfied.

Consob published the Guidelines on the Management of Inside Information in October 2017.

In order to map information that could become inside information accurately, together with the process involved, the Consob document requires a corporate function to be established under the name of "Inside Information Management Function" (*Funzione Gestione Informazioni Privilegiate,* FGIP), which is called upon not only to qualify and manage "Inside" information but also to monitor the phases leading up to the publication of the necessary press release. Accordingly, the Consob document also suggests that companies form "Organisational Functions Competent for Inside Information" (*Funzioni Organizzative Competenti Informazioni Privilegiate,* FOCIPs), each of which identifies "Relevant Information", i.e., information that may come to light within the sphere of the particular activities for which they are responsible and which could become "inside" information at a subsequent point even if the information concerned does not yet have the nature of "Inside Information" as regards its object or other characteristics.

At the board of directors' meeting held on 5 February 2018, Astaldi S.p.A. approved a new continuous information procedure, now referred to as the "Procedure for the management of the Inside Information" in line with the provisions of EU legislation and the recommendations laid down in the Consob document referred to above, which is available on the Company's website ("Governance/corporate documents" section).

The procedure entrusts the FGIP with the task of correctly identifying and managing "Inside Information".

The procedure envisages that this function is made up of the chairman, the chief executive officer and the Corporate Affairs, Corporate Governance and Office of the Chairman Service (SASP, *Servizio Affari Societari, Corporate Governance e Ufficio di Presidenza*) in line with the recommendations of the Supervisory Authority.

Again, in the performance of its duties, the FGIP appoints and establishes specific FOCIPs, identifying the "Relevant Information" in relation to each of them. Therefore, once an FOCIP has identified an item of "Relevant Information", including with the help of the SASP, a "Relevant Information List" (RIL) is opened, in which all those persons who are aware of the "Relevant Information" concerned are included. Should the "Relevant Information" acquire the nature of Inside Information, its subsequent definition as such will be the exclusive responsibility of the FGIP.

If, on the other hand, the FGIP describes an item of information as "Inside" information directly, without its having been previously assessed as "Relevant" information within an FOCIP, the function promptly opens a list of persons who are aware of the item of “inside information” (an “Insider list”). Since “inside information” has to be disclosed to the market without delay once it has been identified, the procedure states that its disclosure to the market may be delayed if the usual requirements are satisfied. If not, the information is disclosed to the market as soon as possible.

6. BOARD COMMITTEES
(Article 123-*bis*, paragraph 2.d) of TUF)

To expedite the work of the board of directors, a remuneration committee and an internal control committee – then named as control and risks committee - within the Board itself were formed in 2002, the years Astaldi shares started to be traded, in order to name it as suggested in the revised Code of Conduct of 2011.

The Company then established the appointments committee in 2013.
In addition to the committees recommended by the Code of Conduct, a specific committee for related-party transactions has also been established in compliance with the provisions of Consob regulation no. 17221 of 2010.

During 2015, also in view of the changes in the composition of the Company’s board of directors at the time, the needs emerged to reorganise the board committees and to consider the desirability of reducing their number: it was thought that this organisational solution would serve to enhance the efficiency of the board itself in line with the market best practices. As it is known, under the Code of Conduct, the functions assigned to different committees may be distributed and entrusted to a smaller number of committees than those given in the Code provided that the rules of their composition are observed, as recommended by the Code from time to time, and the attainment of the objectives recommended is ensured. On the basis of this and in order to streamline its structure, the governing body resolved to unify the remuneration committee and the appointments committee at the meeting held on 14 May 2015, thus consequently redetermining their composition.

Subsequently, at the shareholders' meeting held on 20 April 2016 that renewed the board of directors, the newly-elected governing body appointed board committees from among its members, keeping the appointments committee and the remuneration committee unified.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

The board of directors’ meeting held on 20 April 2016 designated the appointments and remuneration committee from among its members.

Composition and functioning of the Appointments and Remuneration Committee (Article 123-*bis*, paragraph 2.d) of TUF)

From 1 January 2020 to 31 July 2020, the Appointments and Remuneration Committee was composed of three (3) non-executive directors, the majority of whom were independent, as follows:

Piero Gnudi (Chairman)	Non-executive/Independent
Ernesto Monti	Non-executive/Non-independent
Paolo Cuccia	Non-executive/Independent

On 31 July 2020, the newly-appointed Board of Directors designated the new Appointments and Remuneration Committee, composed of three (3) non-executive directors, the majority of whom are independent, as follows:

Teresa Naddeo (Chairman)	Non-executive/Independent
Alessandro De Rosa	Non-executive/Non-independent
Nicoletta Mincato	Non-executive/Independent

On 10 February 2021, the Board of Directors appointed David Morganti to replace Alessandro De Rosa, who had resigned on 21 January 2021 for personal supervening reasons.

Consequently, as from 10 February 2021, the Appointments and Remuneration Committee was composed of three (3) non-executive directors, all independent, as follows:

Teresa Naddeo (Chairman)	Non-executive/Independent
Nicoletta Mincato	Non-executive/Independent
David Morganti	Non-executive/Independent

Subsequently, as stated in paragraph 4.2, on 29 March 2021 Teresa Naddeo resigned, for personal reasons, from her position as director of the Company and, consequently, as member of the Appointments and Remuneration Committee.

In 2020 the Committee's composition was in line with the recommendations of the *principle* 6.P.3 of the Code of Conduct and all its members have competencies that ensure a sufficient level of knowledge of and experience in financial matters or pay policies.
For more information on the composition and characteristics of the appointments and remuneration committee, reference should be made to Table 2 in the appendix below.

Appointments and Remuneration Committee's functions
The adoption of an organisational solution whereby the competencies of the appointments and of the remuneration committees are combined in one committee entails the centralisation of all the relative functions in this committee.

As regards the responsibilities that the Code of Conduct reserves to the appointments committee, in implementing the recommendations laid down in the *application criterion* 5.C.1., it assumed the duties of (*i*) expressing opinions to the board regarding its size and composition; (*ii*) making recommendations regarding the professionals whose presence in the board it deems to be desirable; and (*iii*) proposing candidates as directors in cases of co-option in which independent directors have to be replaced.

As regards the responsibilities reserved to the remuneration committee, in implementing the recommendations laid down in Article 6 of the Code of Conduct, it assumed the duties of *(i)* assessing, on a periodical basis, the adequacy, overall consistency and actual application of the remuneration policy concerning directors and key executives, making use of the information provided by the chief executive officer with regard to the latter officers; *(ii)* making proposals to the board of directors regarding the general remuneration policy for these persons; (*iii*) submitting proposals or expressing opinions to the board of directors on the remuneration of executive directors and other directors who hold certain positions, as well as setting the performance objectives linked to the variable component of this remuneration; and (*iv*) monitoring the application of the decisions taken by the board of directors, paying particular attention to verifying the actual attainment of performance objectives.

Appointments and Remuneration Committee's meetings
During 2020, the Appointments and Remuneration Committee met on 7 February, 16 and 23 June, 4 August, 21 September and 25 November.

During 2021, the Committee met on 9 February and 15 March.

8. REMUNERATION OF DIRECTORS

General Remuneration Policy
With regard to the issue of remuneration and the *principles and recommendations* provided for by Article 5 of the Corporate Governance Code, reference should be made to the report that will be published, in accordance with Article 123-*ter* of the Consolidated Finance Act, in accordance with the law and that will be submitted to the attention of the next shareholders' meeting called to approve the financial statements, in which the general remuneration policy is designed with reference to the 2021 financial year.

Indemnities due to directors in the event of resignation, dismissal or termination of contract following a takeover bid (Article 123-*bis*, paragraph 1.i) of TUF)

The Company has not entered into any prior arrangements which provide for indemnities in the event of the early termination of an employment contract.

The document also reports information on the fees paid to directors, statutory auditors and other key management personnel in 2020.

Incentive schemes for the head of the Internal Audit function and the manager in charge of financial reporting

No provision has been made for specific incentive schemes for the head of the Internal Audit function and the "manager in charge of financial reporting" with reference to the 2020 financial year.

9. CONTROL AND RISKS COMMITTEE

Since February 2002, the Company has set up an internal control committee, the name of which was changed to control and risks committee during the board's meeting held on 1 August 2012, following the amendments that were made to the Code of Conduct in December 2011 and that had an impact on the corporate organisation.

From 1 January 2020 to 31 July 2020, the Control and Risks Committee was composed of three (3) non-executive directors, the majority of whom were independent, as follows:

Nicoletta Mincato	(Chairman)	Non-executive/Independent
Ernesto Monti		Non-executive/Non-independent
Paolo Cuccia		Non-executive/Independent

The Board of Directors, appointed on 31 July 2020, designated the new Control and Risks Committee composed of three (3) non-executive directors, the majority of whom are independent, in the persons of:

Nicoletta Mincato (Chairman)	Non-executive/Independent
Alessandro De Rosa	Non-executive/Non-Independent
Teresa Naddeo	Non-executive/Independent, expert in accounting and finance

Alessandro De Rosa and Teresa Naddeo were appointed to replace the directors and members of the Control and Risks Committee, Ernesto Monti and Paolo Cuccia.

On 10 February 2021, the Board of Directors appointed Daniela Montemerlo to replace Alessandro De Rosa, who resigned on 21 January 2021 for personal supervening reasons.

Consequently, as from 10 February 2021, the committee was composed of three (3) non-executive directors, all independent, as follows:

Nicoletta Mincato (Chairman)	Non-executive/Independent
Daniela Montemerlo	Non-executive/Independent
Teresa Naddeo	Non-executive/Independent, expert in accounting and finance

Subsequently, as stated in paragraph 4.2, on 29 March 2021 Teresa Naddeo resigned, for personal reasons, from her position as director of the Company and consequently as member of the Control and Risks Committee.

During 2020 the composition of the control and risks committee was in line with Principle 7.P.4 of the Code of Conduct that, as an alternative option to a committee composed entirely of independent directors, recommends one in which there are non-executive directors, the majority of whom independent, with the chairman of the committee being chosen from among the latter. The personal characteristics of the members should be such as to ensure sufficient experience in accounting and financial matters.
The control and risks committee's work is coordinated by the chairman in compliance with the organisational methods that govern its functioning, formally set out in the committee's Rules, which were revised in 2015 in order to adopt the methods of functioning that governed this committee in its previous compositions and to which some governance aspects have been added, in compliance with the relevant provisions laid down in the Code of Conduct in the edition of July 2015.

Although the activities performed by the control and risks committee during 2020 cannot be divorced from the Company's present situation, both for the effects on the corporate governance and organisation and the impact on the business, financial performance and cash flows of Astaldi S.p.A., it should be noted that "*the Company's state of crisis and emergency cannot deflect the directors and the control and supervisory bodies from carrying out their duties or from their responsibilities; in these circumstances, indeed, the risks that they run and the supervisory responsibilities that they are subject to are all the greater (Court, Official Receivers, Consob, etc.).*"

In view of the above, the control and risks committee held 7 meetings in 2020, with an average duration of approximately two and a half hours, on 11 March, 4 June, 22 July, 8 September, 14 September, 16 November and 14 December, respectively, with the chairman of the board of statutory auditors or a statutory auditor attending almost all the meetings.

The meetings of the control and risks committee were always attended by the Chief Restructuring Officer, Paolo Amato, who was appointed by the board of directors and ceased to hold office following the approval of the Composition with Creditors Plan on 5 November 2020. The position of Chief Transformation Officer was created on 26 November 2020, held by Paolo Astaldi himself, who always attended the committee meetings.

Minutes were taken of all control and risks committee meetings and were entered in the specific committee meeting book.

In view of the present situation, the committee met more frequently than at the usual quarterly intervals during the financial year.

During 2021, 7 (seven) meetings were already held, with respect to the date of preparation of this report, on 12 January, 19 and 26 February, and 3, 10, 12 and 17 March, respectively.
As already mentioned above with regard to the functioning of the committee, the following persons attend the meetings: the chairman of the board of statutory auditors or a statutory auditor he/she has designated, in compliance with the application criterion 7.C.3. of the Code of Conduct, and the Internal Audit Service

staff, since the Head of the Service staff is the permanent secretary of the control and risks committee (as per the Rules of the committee itself).
On the invitation of the committee itself - with reference to the various issues addressed in the items on the agenda in connection with the provisions of application criterion 7.C.2., the meetings held in 2020 were also attended by other persons, other than the committee members, in relation to the various issues dealt with from time to time. More specifically: the chief executive officer, the administration and finance general manager, as well as the manager in charge of financial reporting, the head of corporate risk management, the head of sustainability and QHSE management, the chief financial officer, the human resources manager, the head of strategic planning, management control and risk management, the head of corporate affairs, corporate governance and chairman's office, the manager of industrial services and project management, the project control, the internal audit manager and service staff, the head of the financial statements and administrative compliance department, the independent auditors.
Sustainability issues aspects have been included in the corporate risk management function since 1 July 2020. The function has been renamed risk management and sustainability, while QHSE management is now a part of the project management service after the resignation of the previous manager, who handled both processes in a single unit.
The committee assists the board of directors in steering and evaluating the internal control and risk management system, as detailed in application criterion 7.C.1. of the Code of Conduct, after first expressing an opinion on the system as a part of its functions of evaluation, proposals and information (7.C.2.).

More specifically, it performs the following duties:
a) considers whether accounting standards are correctly used and that they are applied homogeneously in the consolidated financial statements, together with the manager in charge of financial reporting and after having heard the independent auditors and the board of statutory auditors;
(b) expresses opinions on specific aspects regarding the identification of the main business risks;
(c) examines periodic reports regarding the evaluation of the internal control and risk management system. More specifically, it conducts a preliminary examination of the internal control system evaluation work plan and the periodic reports on the system drawn up by the Head of the Internal Audit Service staff;

(d) monitors the autonomy, adequacy, efficacy and efficiency of the Internal Audit Service;
(e) may ask the Internal Audit Service, if necessary, to investigate specific areas of operations informing the chairman of the board of statutory auditors at the same time;

(f) reports on its work to the board of directors, at least on a six-monthly basis, on the activity carried out and the adequacy of the internal control and risk management system upon the preparation of the annual and half-year financial reports;

(g) expresses its opinion on the appointment, removal and remuneration of the Head of the Internal Audit Service staff and on the adequacy of the resources available to him/her.

During the 7 (seven) meetings held in 2020, the control and risks committee conducted investigations and controls into different issues of interest such as:

- *proposing Guidelines for the 2020 Audit Plan for the approval of the board. The proposal, drawn up by the Internal Audit Service staff (hereinafter "IAS"), is based on a structured process of risk analysis that took into account the Company's present situation in relation to the Covid-19 health emergency and provided for the audit to be conducted remotely;*

- *considering the findings of the audits scheduled and carried out in accordance with the 2019 work plan for internal control purposes with reference to the second half of 2019;*
- *considering the findings of the audits scheduled and carried out in accordance with the 2020 work plan for internal control purposes with reference to the first half of 2020;*
- *considering the impairment test procedure for the 2018-2019 financial years;*
  - *assessing the correct use of the accounting standards and their consistency for the purposes of preparing the consolidated financial statements for the 2018-2019 financial years;*
  - *stage of progress of the testing activities for the purposes of Law 262 of 2005 relating to the 2018-2019 financial years;*
  - *results of the statutory audit of accounts and observations submitted by the board of statutory auditors on the financial statements at 31 December 2018 and 31 December 2019;*
  - *considering the financial report at 30 June 2020;*
  - *describing the business organisation;*
  - *considering the stage of progress of the activities to update the Group's Risk Appetite Statement under the responsibility of the Head of Corporate Risk Management;*
  - *providing updates on risk management activities relating to projects in the portfolio and/or newly-acquired projects;*
  - *considering the stage of progress of activities concerning the preparation of the Non-Financial Statement (NFS) for the 2018-2019 financial years, under the responsibility of the Head of Sustainability and QHSE Management (Legislative Decree 254 of 30 December 2016);*
  - *describing the main projects in the portfolio, including with reference to the impact of the Covid-19 pandemic on the results of operations and the net financial position;*
  - *describing the main information systems supporting the economic and financial planning and treasury process;*
  - *providing updates on the stage of progress of privacy project activities for the purposes of the new Regulation (EU) 2016/679 (General Data Protection Regulation).*

During the aforesaid meetings, as noted above, the control and risks committee considered and assessed the main business risks. In this regard, the Head of the Risk Management and Sustainability Service (formerly the Corporate Risk Management service) informed the control and risks committee of the progress of the ERM activities aimed at preparing a new group risk appetite statement during the said committee's meeting held on 4 June 2020.

In the context of the vetting function that the control and risks committee is called upon to perform in relation to the provisions of *application criterion* 1.C.1..b) of the Code of Conduct, the work that led to the preparation of the group risk appetite statement was followed; this document was conceived on the basis of a risk category driven approach, i.e., through the determination of the accepted risk level in each over the top risk category.
The revision of the Risk Appetite Statement approved at the board meeting held on 15 March 2018 began in 2020 at the same time as the revision of the 2020-2023 Business Plan, which is still in the process of being prepared.

In going about its work and in order to perform its functions, the control and risks committee may have access to all information and, as already mentioned in the introduction, may ask all the necessary corporate functions to attend meetings and may call on third-party consultants as laid down in the rules in the work plan governing activities and contributions in man/days, which is prepared by the head of IAS and is considered by the control and risks committee and approved by the board of directors on an annual basis.

The control and risks committee does not have a budget of its own but provision is made for the resources necessary to carry out internal control, including those for the implementation of the audit plan, in the Internal Audit Service budget, in which these resources are quantified.

With reference to the meetings of the Control and Risks Committee held after the 2020 financial year, the topics discussed during the meetings held during 2021 up to the date of approval of this 2020 corporate governance report are explained below. More specifically:

At the meeting held on 12 January 2021, in the presence of the Chairman of the Board of Statutory Auditors, the following topics were considered:

- *latest information on the degree of implementation of the composition with creditors plan;*
- *latest information on the Independent Auditors' Additional Reports referred to in Article 11 of Regulation (EU) 537/2014 and the observations submitted by the Board of Statutory Auditors, in accordance with Article 19 of Legislative Decree 39 of 2010, in relation to the financial statements at 31 December 2018 and 31 December 2019;*
- *overview on the Code of Conduct and the new Corporate Governance Code for listed companies;*
- *latest information on the privacy project.*

At the meeting held on 19 February 2021, in the presence of the Chairman of the Board of Statutory Auditors, the following topics were considered:

- *new composition of the Control and Risks Committee;*
- *the findings of the audit work for Internal Control purposes relating to the second half of 2020;*
- *details regarding the process of integration with Webuild, focusing on the main risks to be monitored;*
- *description of the inside information management procedure, particularly as regards the management of delayed disclosure;*
- *latest information on the privacy project: examination of the draft procedure for the management of data subjects' rights, data breach management and latest information on the appointment of the DPO (Data Protection Officer);*
- *consideration of the matters for which the Control and Risks Committee is responsible according to the letter from the Chairman of the Corporate Governance Committee.*

At the meeting held on 26 February 2021, in the presence of the Chairman of the Board of Statutory Auditors, the following topics were considered:

- *the Business Plan to be submitted for approval by the BoD;*

- *meeting with the legal and financial advisors to the Company for details on the risks associated with the integration with Webuild.*

At the meeting held on 3 March 2021, in the presence of the Chairman of the Board of Statutory Auditors, the following topics were considered:
- *the reporting package to be submitted for approval by the BoD;*
- *meeting with the independent auditors on the reporting package;*
- *latest information on the materiality analysis and stakeholder mapping under the responsibility of the Risk Management function, as well as the stage of progress in preparing the NFS.*

At the meeting held on 10 March 2021, in the presence of the Statutory Auditors, the following topics were considered:
- *meeting with the separate unit proxy.*

At the meeting held on 12 March 2021, in the presence of the Chairman of the Board of Statutory Auditors, the following topics were considered:
- *the reporting package to be submitted for approval by the BoD;*
- *meeting with the independent auditors on the reporting package.*

At the meeting held on 17 March 2021, in the presence of the Statutory Auditors, the following topics were considered:
- *the draft financial statements at 31 December 2020;*
- *meeting with the independent auditors on the draft financial statements at 31 December 2020;*
- *the draft NFS;*
- *presentation by the Head of the Internal Audit Service of the 2021 Guidelines for the planning of the Internal Audit Service work of Astaldi, for internal control purposes and in support of the supervisory board.*

At the board meeting held on 27 October 2020, the control and risks committee reported to the board of directors on the work it had performed for the purposes of the internal control system during the first half of 2020, while at the meeting held on 9 March 2021 it reported to the board of directors on the work it had performed for the purposes of the internal control system during the second half of 2020.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM OF FINANCIAL REPORTING

The Company considers that the maintenance of an effective internal control and risk management system is of fundamental importance for the growth and management of its business and is necessary in order to attain its objectives.

The aim of a strong internal control and risk management system, in line with national and international best practices, must be to allow an enterprise to be conducted soundly, correctly and consistently with the objectives it has set, by means of a suitable process of identification, measurement and management of risks and safeguards, all in order not only to satisfy its own internal needs but also the external needs of its shareholders and corporate control bodies, as well as required by the relevant laws and regulations.

In this regard, the Company has set up its internal control and risk management system using a set of rules, procedures and organisational arrangements that enable:

(a) individual business activities to conform to the object that the company sets itself out to attain and to instructions from top management while complying with internal and external rules;

(b) corporate processes to be efficacious and efficient;

(c) accounting records, information and economic and financial reporting to be reliable and correct;

(d) corporate assets to be safeguarded by detecting behaviour that is detrimental to the company's interests and/or frauds.

The main and present methodological reference used by the company is the Report that is produced and regularly updated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which, suitably adapted to the particular characteristics of the company, is an effective instrument of analysis for the conduct of audits, for the evaluation of the Company's Internal Control System in its various components and for providing the top management with a clear view of the aspects of the internal control and risk management system that can be improved in terms of efficacy and efficiency.

In 2010, with the formation of the Corporate Risk Management Service, afterwards changed into the Risk Management and Sustainability Service, the company started a process of evolution towards the "CoSO ERM - Enterprise Risk Management Integrated Framework" model in order to codify a structured and integrated risk management system. This model is becoming increasingly important in the work of evaluation of the Internal Control System. For more details, reference should be made to paragraph 9 on the control and risks committee.

The persons and functions involved in the Company's control and risk management system are: the board of directors, the control and risks committee, the director responsible for the internal control and risk management system, the board of statutory auditors, the independent auditors, the supervisory body, the head of the Internal Audit Service, the manager in charge of financial reporting, the head of the Risk Management and Sustainability Service, the second-level functions, the management and all operational personnel within the spheres of their roles and responsibilities.

As already noted in paragraph 4.3, the board of directors – in accordance with the guidelines of the internal control and risk management system it has set out and with constant assistance from advice and proposals from the control and risks committee - ascertains that the main risks that Astaldi and its subsidiaries face are correctly identified, as well as adequately measured, managed and monitored, while also verifying to what extent they are compatible with sound and correct business management that is also consistent with the strategic, industrial and financial objectives that have been set.

During the financial year, the board of directors was requested to evaluate corporate governance issues in relation to an assessment of the main risks concerning the company and the internal control system, also making use of the reports on the work of the Control and Risks Committee.

With a view to the continuous improvement and increase in efficiency of the system as a whole, the board asked the competent company functions to implement its recommendations for improvement in the specific areas referred to.

For more information on the specific evaluations concerning the adequacy, operation and functioning of the internal control and risk management system, reference should be made to sections 10.1 and 10.2.

10.1 A) MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS RELATING TO FINANCIAL REPORTING PROCESSES

Financial reporting, which is an integral part of the internal control system, is handled by a special operational corporate function that supports the Manager in charge of Financial Reporting in preparing the Company's accounting documents.

The system for the management of risks associated with financial reporting is also an integral part of the Company's internal control system, being an essential component of the corporate processes that ensure the credibility, accuracy, reliability and promptness of financial information regarding its performance and financial position.

The Company's approach, based on the relevant best practices and in particular on the CoSO Framework, stems from a corporate control environment that pays particular attention to the creation of the main corporate governance tools. The risk management system, and that of internal control in general, in fact, contains formal administrative and accounting procedures and defines roles with the attached responsibilities, based on an organisation chart and authorised duties, regulations, internal codes of conduct and the separation of functions.

In particular, the determination of processes with their controls springs from the regular identification and analysis of the internal and external factors that could imperil the attainment of the Company's objectives in order to establish how these risks can be managed (identification, measurement and monitoring), and ensure the production of correct financial reports.
Accordingly, after the completion of a project in the 2016 financial year whose aim was to review administrative and accounting processes, the Group carried out an overall modernisation of administrative and accounting procedures and published and circulated the documents concerned during the first quarter of 2017.

The efficacy of the system of controls of the financial reporting process is also tested at the times of both the annual and the interim closure of the accounts by means of a top-down testing approach whose aim is to identify the companies, processes and particular activities that could give rise to risks of unintentional errors or fraud that could have material effects on the financial statements.

In particular, the Entities that fall within the scope of the system for the control of financial reporting are identified both on the basis of the contributions of the different entities to certain values in the consolidated financial statements (total assets, total non-current financial debt, net revenues) and by considering the existence of processes that present specific risks associated with aspects that could compromise the reliability and accuracy of these reports. Among these material Entities, the processes that contribute to all the items in the financial statements that exceed a certain materiality threshold are afterwards pinpointed; this threshold is calculated as the ratio between the value of the items and total revenues as shown in the consolidated financial statements. When these material processes have been found, they are associated with the administrative and accounting procedures that are to be verified as to their adequacy and actual application.

Testing is conducted by a dedicated operational team, which reports to the Manager in charge of Financial Reporting. The team is supported by third-party advisors of suitable standing and works in combination with the Internal Audit Service staff to update the ELC matrices of Astaldi and the investees to be tested for the purposes of Law 262 of 2005.

The testing findings are provided in periodic information flows on the state of the financial reporting control system so that information regarding the functioning of the controls is traceable. The Manager in charge of Financial Reporting evaluates the findings at the end of the tests and considers any corrective action suggested by his/her supporting Function.

On the basis of this analysis, the Manager in charge of Financial Reporting draws up a report on the adequacy and actual application of the financial reporting control system. The report, which is shared with the Chief Executive Officer, is sent to the Board of Directors after being examined by the Control and Risks Committee upon the approval of the draft annual financial statements and the half-year financial report. In order to complete the main contents of this report, since Law 262 of 2005 was enacted, the Parent Company has required accounting records prepared on the occasion of the approval of the draft annual financial statements and the half-year financial report of branches and subsidiaries, to be accompanied by a certification written and signed by the legal representatives and chief administrative officers of the entities indicated. The certification form is as provided for in the Consob regulation that implements Law 262 of 2005.
The system adopted is monitored and revised on an ongoing basis.

10.1 Director responsible for the Internal Control and Risk Management System

At the meeting held on 31 July 2020, the Company's board of directors confirmed, in accordance with the provisions of principle 7.P.3.a), (i), of the Code of Conduct, the role of the chief executive officer, Filippo Stinellis, as "director responsible for the internal control and risk management system": the director must perform the duties referred to in principle 7.C.4 of the Code, in compliance with the company's risk control and management model and the guidelines set out by the board of directors.
More specifically, the chief executive officer:

• attends to the identification of the main business risks taking into account the characteristics of the activities carried out by the issuer and its subsidiaries and submits them periodically to the board of directors for consideration;
• implements the guidelines laid down by the board of directors, seeing to the design, realisation and management of the internal control and risk management system and verifying its adequacy and efficacy on an ongoing basis;
• sees that the system adapts to developments in operational conditions and in the legislative and regulatory framework;
• may ask the Internal Audit function to investigate specific areas of operations and the observance of internal rules and procedures in carrying out business transactions, while also informing the Chairman of the Board of Directors, the chairman of the control and risks committee and the chairman of the board of statutory auditors;
• promptly reports to the control and risks committee (or to the board of directors) any problems and critical issues that emerge during the performance of his/her work or that come to his/her attention so that the committee (or the board) can take any appropriate action.

With reference to *application criterion* 7.C.4.a), the Risk Management and Sustainability Service (hereinafter also referred to as "RMS") supports the management in the decision-making process in order to reduce risk to a minimum during the entire business cycle in the different types of contracts (traditional

contracts, general contracting, concessions and project finance) and at the different levels of the organisation (corporate, country, job orders).
The logical risk management model used in the company is three-dimensional, divided by nature of risk (operational, strategic, financial and compliance), by level (enterprise, area, job order) and by project phase (development, implementation and management).
The role of the Risk Management and Sustainability Service has evolved to the point that it has enabled a risk culture and common language to spread, also by means of a risk assessment methodology that is new but now established within the group, set out formally in guidelines for the quantification and management of the main risk and opportunity factors.
In this regard, reference should be made to the information already provided in the sections concerning the work performed by the control and risks committee (section 9), the Internal Control and Risk Management System (section 10), the composition and functioning of the board of statutory auditors (section 13).

Through the competent corporate functions, the chief executive officer follows all the developments in legislation that may have an impact on the Company's business and thus on risk management and the internal control system, paying particular attention to the periodic verification of Astaldi's compliance with the main guidelines in the Code of Conduct from a corporate, organisational and business point of view, through the competent corporate functions and making use of the preliminary investigation work performed by the Control and Supervisory Bodies.

With reference to the latest update of the Code of Conduct (July 2018), the IAS:
a) put an integrated compliance tool in place some time ago – internal control and Legislative Decree 231 – in accordance with the provisions of the aforesaid Code ("a control system has to be integrated in order to be effective");
(b) has completed a procedure for anti-fraud and anti-corruption that provides for an internal whistleblowing system, which was implemented during the 2018 financial year, by selecting a supporting IT solution to incorporate the impacts of Law 197 of 2017.

In 2020, the chief executive officer, Filippo Stinellis, also received the latest information from the head of the Internal Audit Service regarding the audit plan, the progress of work on the internal control system and the adequacy of the control safeguards to cope with or reduce the level of risk conveyed to and accepted by the Top Management, including at the control and risks committee and the board of statutory auditors' meetings of which minutes were taken, and Executive Summaries of reports of audits conducted according to plan. The same reports were also provided for the purposes of compliance with Legislative Decree 231 of 2001.

10.2 HEAD OF THE INTERNAL AUDIT FUNCTION

The board of directors appoints the "Head of the Internal Audit function" (hereinafter the "HIA") in accordance with the provisions of the Code of Conduct (Principle 7.P.3.*b*).
The Head of Astaldi S.p.A.'s Internal Audit Service (hereinafter the "IAS") is Fabio Accardi, formerly responsible for internal control from 13 May 2009, who was appointed by the board of directors, at the proposal of the director responsible for the Internal Control and Risk Management System, subject to the favourable opinion of the control and risks committee.

Annually, at the time of the approval of the audit plan, the board of directors verifies that the IAS has adequate resources (in-house and/or external specialist) to cover the needs of the Plan itself.

In this regard, the HIA determines the resources necessary for the performance of his/her duties, in relation to the work to be performed during the financial year.

Therefore, audits were conducted giving priority to cases in which action was considered necessary in agreement with the Control and Supervisory Bodies.

Where possible for other special projects audits were conducted by in-house resources working in combination with second-level functions.

The head of the IAS reports to the board of directors and in line with the abovementioned *application criterion*:

• assesses, both on a regular basis and in response to specific needs and in compliance with international standards, the functioning and adequacy of the internal control and risk management system by means of an integrated audit plan (internal control and Legislative Decree 231), approved by the board of directors and based on a structured process of analyses and prioritisation of the main risks;

• is not responsible for any area of operations;

• has direct access to the all the information needed for the performance of the task;

• prepares periodic reports with the appropriate amount of information on his/her work, concerning the adequacy of the controls insofar as they are capable of coping with and mitigating the degree of risk shared and accepted by the Top Management. The periodic reports provide an assessment of the suitability of the internal control and risk management system;

• promptly reports particularly important events;

• sends the reports referred to in the paragraphs above to the chairmen of the board of statutory auditors, the control and risks committee and the board of directors, as well as to the director responsible for the internal control and risk management system;
• in carrying out the audit plan, assesses the reliability of the IT systems, including the computerised bookkeeping system, except as stated in paragraph 10.1A. above.

Furthermore, he/she:
• collaborates with the supervisory body of the parent company Astaldi in updating the Organisational, Management and Control Model under Legislative Decree 231 of 2001 and is of assistance in monitoring and checking the compliance with the model itself;
• carries out audits for the purposes of Legislative Decree 231 of 2001 upon instructions of the supervisory body of Astaldi;
• holds the position of Ethic Officer at the parent company, for the purposes of compliance with the Group's Code of Ethics;
• coordinates the activities of the Ethical committee of Astaldi;
• carries out preliminary examinations into complaints regarding breaches of the Group's Code of Ethics, reporting to the Supervisory Body when they constitute a breach, or a suspected breach, of the Organisational Model under Legislative Decree 231 of 2001;

• holds the position of Ethic Officer at the main subsidiaries and on some relevant associates, for the purposes of compliance with the Group's Code of Ethics;
• coordinates system updates and changes in legislation for subsidiaries' Ethics Offices;
• supports the Companies' governing and supervisory bodies in preparing and updating the Organisational Models under Legislative Decree 231 of 2001;
• conducts audits for the purposes of Legislative Decree 231 of 2001 on behalf of the supervisory bodies of group companies.

The operating methods that the IAS employs in carrying out its responsibilities are set out in the "Internal Audit Manual", which has become an operational procedure in the corporate Integrated Management System (IMS), after examination by the control and risks committee and the board of statutory auditors and subsequent approval by the board of directors at the meeting of 10 November 2014. In particular, the Internal Audit Manual is applied within the Group as regards the activities relating to the Internal Control and Risk Management System, in compliance with international standards.

During the 2015 financial year, the control and risks committee approved an update to the aforesaid Manual with regard to Fraud and IT Audit activities (the revised document was published on the company intranet on 22 February 2016).

A review of this manual started in 2017 in order to take into account: a) the use of the MEGA Tool to support audits, also with a view to integrating the requirements of internal control and Legislative Decree 231 of 2001 in the work; b) the version of the "CoSO ERM - Enterprise Risk Management Integrated Framework"; c) the revision of operating methods for IT controls in accordance with the Code of Conduct's provisions governing the audits on the reliability of the IT systems, including the computerised bookkeeping system, and d) the updating of the operating methods for carrying out Fraud-IT audits, in accordance with the regulatory amendments provided for in Legislative Decree 254 of 30 December 2016 on non-financial information.

As a part of the work on carrying out the IT controls referred to in (c) above, the updating of IT Risk Assessments and Audits of IT risks resumed, also with the assistance of a leading consulting firm, during the first half of 2020.

The analysis was conducted by means of a Control Self-Risk Assessment process on the part of the Management staff of the Head Office and the main foreign branches and the Information Systems Department.

In 2020 the Company stopped using external professionals that had helped the IAS with fraud risk prevention referred to in (d) above until 2018, in line with the actions taken in 2019.

Nevertheless, the Internal Audit Service itself has now acquired the know-how regarding this issue and has continued to audit corporate processes as per the Plan. The audits also involved the verification of the adequacy and effectiveness of the systems that the company has put in place to reduce the risk of fraud.

As already noted, the head of the Internal Audit Service can obtain access to all the information needed for the performance of his/her duties, as detailed in the IMS's operating procedure in the IAS' Mandate, which was approved by the Board of Directors on 10 November 2014.

The funds necessary for internal control activities, including the performance of the Audit Plan, are provided for and quantified in the Internal Audit Service budget, as already noted in paragraph 9 of this report with reference to the work of the control and risks committee.

10.3 ORGANISATIONAL MODEL UNDER LEGISLATIVE DECREE 231 OF 2001

Since 2003 the Company has adopted a Code of Ethics and an Organisational, Management and Control Model in accordance with Legislative Decree 231 of 2001 (Model 231) for the prevention of the crimes referred to in the aforesaid Decree and has appointed a Supervisory Body endowed with autonomous powers of initiative and oversight as required by law.

The Model 231 consists of an organic set of standards, rules and provisions that regard, among other aspects, the management and control of business processes. Its aim is to protect the Company against any forms of conduct that can entail its administrative liability for certain crimes.

The Code of Ethics and the Organisational, Management and Control Model under Legislative Decree 231 of 2001 (hereinafter the "OMM") have been reviewed by the board of directors on occasion in order to take into account new legislation, changes in the company's organisation and best practices that become established between one review and the next.

The Group's Guidelines require subsidiaries to comply with Legislative Decree 231 of 2001 by appointing their own Supervisory Body and their own Ethics Officer, if applicable.

On 1 April 2016, the Supervisory Body approved a Compliance Manual regarding Legislative Decree 231 of 2001, which describes the role, responsibilities and operating procedures adopted by Astaldi S.p.A.'s Body within the sphere of the activities for which it is responsible. The Manual is part of the corporate integrated management system and is published on the company's intranet and was subject to review in the 2019 financial year.

At the board meeting held on 15 December 2020, there was the approval of the revision of the company's General and Special Parts of the Model 231 in order to include new tax crimes in the list, the work on which had already been started during the 2019 financial year.

The types of crime that the Model intends to prevent are:

• possible associable crimes under Articles 24, 25 and 25-*octies* (Crimes committed in relations with Public Authorities and receiving, recycling and using money, goods or benefits of illicit origin, as well as self-money laundering) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 25-*ter* and 25-*sexies* (Corporate crimes and market abuse offences) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 25-*ter*(s)bis (Corruption between private individuals) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 25-*septies* (Manslaughter or serious or very serious bodily harm committed in breach of occupational health and safety legislation) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 24-*bis* and 25-*novies* (Cybercrimes and illicit processing of data and infringement of copyright) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 24-*ter* and 25-*decies* (Organised crime offences, transnational crimes and inducing persons not to make statements or make false statements to Judicial Authorities) of Legislative Decree 231 of 2001 and Articles 3 and 10 of Law 146 of 2006;
• possible associable crimes under Articles 25-*undecies* (Environmental crimes) of Legislative Decree 231 of 2001;

• possible associable crimes under Article 25-*duodecies* (Employment of irregularly-staying third-country nationals) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 25-*quater* (Crimes with a view to terrorism or the overthrow of democracy) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 25-*bis* and 25-*bis* 1 (Counterfeiting money, legal tender notes, revenue stamps and means or signs of identification and crimes against industry and trade) of Legislative Decree 231 of 2001;

• possible associable crimes under Articles 25-*quinquies* (Crimes against the individual) of Legislative Decree 231 of 2001;

• possible associable crimes under Article 25-*quinquiesdecies* (Tax crimes) of Legislative Decree 231 of 2001.

Further additions were made after the introduction of new predicate crimes within the scope of Legislative Decree 231 of 2001, and on 21 September 2017, the Board of Directors finally approved a revised version of the Organisational Model that includes the new crimes under the following laws in the Legislative Decree 231 list:

• Law 199 of 18 October 2016, containing “Provisions in the matter of countering the phenomena of unregistered labour, the exploitation of agricultural labourers and the realignment of pay rates in the agricultural sector”, which has also included the crime of “Illegal intermediation and exploitation of labour” (Article 603-*bis* of the Italian Criminal Code) within the scope of Article 25-*quinquies* of the Decree (“Crimes against individuals”);

• Law 236 of 11 December 2016 containing “Amendments to the Italian Criminal Code and Law 91 of 1 April 1999, regarding trafficking in organs for transplants, as well as to Law 458 of 26 June 1967, regarding transplants of kidneys between living persons”, which inserted a new Article 601-*bis* (“Trafficking in organs taken from living persons”) in the Italian Criminal Code and included it among the crimes that could constitute the purpose of the crime provided for therein (“Criminal association”) in accordance with Article 416, paragraph 6, of the Italian Criminal Code, thereby including it in the provision referred to in the scope of Article 24-*ter* of the Decree (“Organised crime offences”);
• Legislative Decree 38 of 2017, which reformed Article 2635 of the Italian Civil Code, “Corruption between private individuals”, which provided for the crime of “Instigation to corruption between private individuals” (Article 2635-*bis* of the Italian Civil Code) within the scope of Article 25-*ter* of the Decree (“Corporate crimes”).

During 2019 there was the approval of the regulatory amendments made to Legislative Decree 231 of 2001 with reference to the crimes of racism and xenophobia and, with reference to the so-called “Sweep away corruption” Law 3 of 9 January 2019, as well as to the CONSOB 2017 Guidelines concerning the management of inside information, in implementing Regulation (EU) No. 596/2014 on market abuse

(MAR, Market Abuse Regulation). Furthermore, a new alternative whistleblowing channel has been opened, which is provided for in Law 179 of 2017, together with the operating procedure that explains how it functions.
The Group's Code of Ethics and the OMM (General Part) in the latest version approved by the Board of Directors on 15 December 2020 have been circulated at all levels of the company organisation and have been published on the institutional website at the following address:

www.astaldi.com/governance/archivio_documenti

In addition to the Code of Ethics and the OMM, General Part, the Special Part of the OMM itself is also published on the company intranet at Share Point.

The General and Special Parts of the Model have also been translated into English.

The Supervisory Body, which is currently in office, composed of Pierumberto Spanò, acting as chairman, Nicoletta Mincato, a non-executive and independent member of Astaldi's board of directors, and Giorgio Luceri, was renewed by the board of directors' meeting held on 31 July 2020 and was still in office at the date of preparation of this Report.
In accordance with Legislative Decree 231 of 2001, the Supervisory Body has been made responsible for the following functions:
• overseeing the effectiveness of the Model, which consists in appraising the degree to which actual behaviour is consistent with the Model; and

• evaluating the adequacy and suitability of the Model with respect to the type of business the enterprise conducts and its characteristics, in order to avoid the risk of the commission of crimes. This entails a revision of the Model on the occasion of any organisational changes and amendments to the Law concerned.

Revisions may be proposed by the Supervisory Body but must be approved by the governing body.

The Supervisory Body does not have any operational duties or decision-making powers, even prohibitory powers, with regard to the conduct of the company business.

So that it can perform these functions effectively, the Supervisory Body has its own expenditure budget for its exclusive use. This is also necessary owing to the growing complexity of the areas of interest and the effect of the new legislation in the body of the Decree: these require funding or specialist expertise. The amount of the expenditure budget is proposed by the Supervisory Body itself and subject to approval by the Board of Directors. The Body decides the expenses it needs to incur autonomously and independently, submitting undertakings to pay to be signed by those concerned in Astaldi with powers of signature. The Supervisory Body can also obtain access to all corporate documents in the performance of its duties and all company functions are obliged to provide any information that the Body requests promptly. The Model 231 makes provision for flows of information to the Supervisory Body, both periodic and to meet specific requirements.

The Body normally meets once a month to ensure the continuity of action required by the reference legislation. It may be convened by the Chairman at any time or at the request of at least two of its members, and it may also be called upon to report to the Chief Executive Officer.

The Board of Statutory Auditors meets the Supervisory Body periodically to obtain the latest information on the activities it has performed during the reporting period in order to oversee compliance with provisions of Law (including Legislative Decree 231 of 2001).

Furthermore, as required by the OMM, the Supervisory Body meets:

- the Manager in charge of Financial Reporting, on the occasion of the approval of the annual financial statements, in relation to the impact of the testing activities for the purposes of Law 262 of 2005 on corporate crimes;

- the Head of Risk Management and Sustainability and the Head of QHSE Management in relation to sustainability, health, safety and environment issues at the level of business management system and with reference to operational projects;

- the Administrative Management (AM) and the Tax and Compliance Office (TCO) particularly, when events take place that are material for tax purposes.

The Supervisory Body met 10 (ten) times in 2020.

The Supervisory Body prepares an annual Supervisory Plan accompanied by a summary. This document sets out the activities scheduled by the Supervisory Body for the year following the current year, together with the correlated expenditure budget, to be submitted to the Board of Directors.

With reference to 2020, the Supervisory Plan Guidelines, together with the expenditure budget, were drawn up considering the situation in the Company arising from the composition with creditors procedure on a going concern basis and were examined and approved by the board of directors during the meeting held on 16 April 2020.

The flows of information sent to the Supervisory Body in accordance with the Organisational Model are periodic and/or occasional and are framed in such a way as to enable it to obtain the necessary information for assessing and auditing the efficacy of the model and its actual application.

Furthermore, in 2020, in connection with the health emergency arising from the Covid-19 pandemic, systematic flows of information were sent to the supervisory body through the company emergency and crisis committee, coordinated by the Human Resources Department, regarding the pandemic itself, particular situations and the measures taken by the company at the Head Office and as regards areas and job orders in Italy and abroad.

Again, as regards flows of information, the Supervisory Body prepares a brief report for the Board of Directors and the Board of Statutory Auditors through their respective Chairmen and the Chief Executive Officer on the activities it has performed in the first and second half-year of the reporting period as required by the supervisory plan approved at the beginning of each financial year.

The Supervisory Body also reports any critical issues that come to its notice to the Board of Directors and to the Board of Statutory Auditors without delay.

Training sessions are arranged by the Supervisory Body with the support of the Internal Audit Service and are given in person at the corporate functions, area departments and for members of operational projects.

In 2020 the Supervisory Body circulated information throughout the head office and branch units abroad, producing different brochures at corporate level, by country and operational projects both in Italy and abroad (including tax crimes). This activity covers all the countries falling within the scope of the Supervisory Plan.

The aforesaid brochures were published on the company's Share Point intranet and were also translated into English.

10.4 MANAGEMENT AND CONTROL SYSTEM OF NON-FINANCIAL REPORTING PROCESSES

Over the past few years the Astaldi Group has embarked on a voluntary path of enhancing “Sustainability Management”. This involves processes, initiatives and activities whose aim is to help the Group to create value in relation to:

• Health, safety and well-being of workers and the Communities in which the Group operates;
• Protection of Rights;
• Local development;
• Responsible and sustainable use of available resources;
• Integrity, transparency and innovation;
• Energy sustainability and Climate Change.

In the pursuit of enhancing sustainability, non-financial performance measuring processes have been increasingly integrated in corporate processes, the main purpose being to also enable the Company to communicate how it manages sustainability in an effective manner from a business point of view, as required by international best practices, as well as in compliance with Legislative Decree 254 of 2016. This work has always been entrusted to a managerial committee (now the “Sustainability Committee”) responsible for governing the review of the business management system at corporate level, in terms of both the confirmation of which issues are material to non-financial information and of the analysis and development of sustainability projects that aim at seizing and managing the sustainability risks and opportunities that the market offers.

The Sustainability Committee was formed with the role of governing the review of the business management system at corporate level. It does this in the framework of planning the processes of control and oversight of sustainability performance.

The Committee, which was restructured in early 2019 in order to streamline decision-making processes, consists of the Chief Executive Officer, the General Managers, the Head of QHSE Management, the Head of Strategic Planning and Management Control and the Head of Risk Management and Sustainability and steers sustainability matters and is responsible for analysing and monitoring the Group’s non-financial performance, assessing its adequacy to the integrated strategy and comparing objectives and targets against the guidelines laid down by the Board of Directors.

The Control and Risks Committee was duly informed of the stage of progress of the work performed, including in support of the preparation of the “Non-financial Statement” in accordance with Legislative Decree 254 of 30 December 2016, in order to also allow effective and prompt oversight of the processes followed (reporting methods, collection of data and information, method of determining scope and material information) so that the Committee, in its turn, can report to the board of directors that has approved this Report.

10.5 INDEPENDENT AUDITORS

The statutory audit of Astaldi S.p.A.'s accounts is carried out by the audit firm PricewaterhouseCoopers S.p.A., which has been engaged for the financial years from 2020 to 2022. The Company granted the aforesaid engagement at the Shareholders' Meeting held on 31 July 2020.

10.6 MANAGER IN CHARGE OF FINANCIAL REPORTING

In accordance with Article 23-*bis* of the Articles of Association, the Manager in charge of Financial Reporting is appointed by the board of directors, subject to the opinion of the board of statutory auditors. Furthermore, again in accordance with the Articles of Association, the Manager in charge of Financial Reporting must meet the requirements of good repute and professional competence laid down for company directors, must have had a management role for at least three years in the administrative, accounting, financial or control area of a company whose financial instruments are listed in a regulated market, in a company that conducts financial, insurance or banking activities or in a company with a share capital of not lower than Euro 2 million or must have served as an auditor for three years in an audit firm enrolled in the special list kept by Consob.
The Company also has internal rules in place that lay down in detail the functions, means and powers of the Manager in charge of Financial Reporting, as well as his/her relations with the other bodies and boards of the Company.

As from 2007, Paolo Citterio, the Company's Administration and Finance General Manager, holds the position of "manager in charge of financial reporting" in accordance with Article 154-*bis* of the Consolidated Finance Act.
On the occasion of the latest renewal of the board on 31 July 2020, the newly-elected board of directors confirmed Paolo Citterio in this position.

10.7 COORDINATION BETWEEN PERSONS AND BOARDS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

A control system must be integrated in order to be effective: its components must be coordinated with each other and inter-dependent and the system as a whole must be integrated in a company's general organisational structure.
The regulations and the Code of Conduct form an organic whole in the internal control and risk management system, in which risk is the common thread.
Again, the components of a control system must be integrated with each other in order to be effective, which is to say that the system must use methods and flows that coordinate all the various persons and boards involved in the system in different ways (board of directors, director responsible for the internal control and risk management system, control and risks committee, board of statutory auditors, supervisory body, head of Internal Audit, the manager in charge of financial reporting, Head of Risk Management and Sustainability Service, Head of QHSE Management and any other corporate function with specific tasks concerning internal control and risk management).
In this regard, Astaldi operates in accordance with the provisions of the Code of Conduct, as noted in the previous sections of this Corporate Governance Report.
Particularly noteworthy are:

• the coordination between the work of the Internal Audit Service and the Risk Management and Sustainability Service: the modern concept of controls hinges on the notions of business risks and their identification, assessment and monitoring;

• with specific reference to financial reporting, the synergy between the Internal Audit Service and the operational structure that works in support of the manager in charge of financial reporting, in relation to periodic updates of ELC matrices for Astaldi and Group companies;
• the coordination between the work of the IAS and second-level functions with regard to the specific risks they monitor (e.g. safety and environment).

As regards inflows of information particularly, the Internal Audit Manual – operating procedure of the IAS - lays down rules for:
a) planning assurance activities, making the most of possible synergies and sharing working programmes;
b) the reporting process with second-level Functions in order to foster integration among the main participants in the control system.

For more general information on the coordination between all the persons and boards involved in the internal control and risk management system: control and risks committee, board of statutory auditors, supervisory body, director responsible for the internal control and risk management system, head of the Internal Audit Function, reference should be made to the respective sections.

11. INTERESTS OF DIRECTORS AND RELATED-PARTY TRANSACTIONS

At the meeting held on 10 November 2010, the board of directors approved, in line with the provisions of Consob regulation 17221 of 12 March 2010 (as amended by resolution of 23 June 2010) on "***related-party transactions***" and with the favourable opinion of the ad hoc committee of independent directors, the new internal procedures for the identification, approval and execution of related-party transactions carried out by Astaldi S.p.A., either directly or through its subsidiaries.
The procedure was subsequently amended by the board of directors' meeting held on 11 November 2015.

These procedures, in brief, are:
1) identifying transactions of "greater" or "lesser" importance.
The following is necessary for transactions of "lesser" importance:
(i) that adequate prior information is promptly provided to the decision-making body and to the committee that is to hand down an opinion;
(ii) that the said committee can call in independent experts of its choice;
(iii) a reasoned, non-binding opinion of the related parties committee;
(iv) that either the board of directors or the Chief Executive Officer, within the sphere of the powers vested in him/her, is competent to decide on the matter.
The procedures for transactions of "greater" importance, on the other hand, require, in addition to the above:
(i) the binding opinion of the related parties committee;
(ii) that the decision on the matter is reserved to the board of directors.

(2) Determining the methods for considering and approving transactions and the composition and rules for the functioning of the aforesaid related parties committee which, as prescribed by Consob, is composed solely of independent directors for transactions of both "greater and "lesser" importance.
(3) Setting down the methods for providing information on transactions to the said committee and to the governing and control bodies before the decision and during and after transactions have been executed.

(4) Establishing rules for cases in which the Company considers or approves transactions on the part of Italian or foreign subsidiaries.
(5) Distinguishing cases of "default and optional exemption" from the rules.

In any case it is understood that the Company must mention all these transactions in the report on operations.

The board of directors' meeting held on 11 November 2015, following a favourable opinion of the related parties committee and after consulting the board of statutory auditors, approved the revision of the procedures in order to implement the Consob recommendations provided in communication no. DEM/10078683 of 24 September 2010, which require issuer Companies to consider reviewing the related parties procedure at least every three years.

The revision of the document was preceded, also with the assistance of the Corporate Affairs and Corporate Governance Department and the Office of Chairman Service, by a survey of the procedures followed by leading listed companies in order to have a benchmark and consider whether to harmonise the regulatory solutions adopted by Astaldi with best market practices. The following, in brief, are the main changes made:
(i) the procedural process has been simplified and there is more flexibility in the timing for calling a meeting of the related parties committee and for the committee to draw up the opinion requested of it;
(ii) a specific procedure has been adopted for transactions through subsidiaries;
(iii) the categories of key executives have been redefined, members of the board of directors, the standing statutory auditors and the general managers of Astaldi (see Article 2, definitions) having been identified as such;
(iv) a more rigorous triviality threshold has been adopted: a transaction value of Euro 250,000.00 or less;
(v) there is now an explicit provision for considering the need to make amendments and additions to the Procedure at least every three years (see Article 8).

The revised procedures ensure greater coordination with the head office Operating Instructions that the Company started to follow in 2010 in order to make a preliminary identification and assessment of related-party transactions carried out by Astaldi, including those carried out by its subsidiaries with their own related parties, so that exemption transactions could be submitted to a rigorous internal appraisal process. Finally, the Extraordinary Shareholders' Meeting held on 20 April 2016 amended the Articles of Association by introducing a new Article 22-*ter*, which enables the Company to conduct the required appraisals of related parties transactions in urgent cases, either directly or through subsidiaries, notwithstanding the provisions of the procedure itself. This option is permitted under the abovementioned Consob Regulation no. 17221 of 12 March 2010, as amended; it allows transactions to be approved more quickly than through the normal procedural steps required otherwise, provided the appropriate guarantees of transparent disclosure are ensured and that a special clause in the Articles of Association so permits. The new Article 22-*ter* of Astaldi's Articles of Association provides all the guarantee safeguards prescribed by the applicable regulations, as does the corresponding Article 6.8 of the Company's Procedure for regulating transactions with related parties, as appropriately supplemented.

From 1 January 2020 to 31 July 2020, the Related Parties Committee was composed of three (3) non-executive directors, all of whom are independent, according to the following composition:

- Chiara Mancini (Chairman) Non-executive/Independent director

- Paolo Cuccia Non-executive/ Independent director

- Nicoletta Mincato Non-executive/Independent director

Subsequently, the new Board of Directors, which was appointed on 31 July 2020, designated the new Related Parties Committee, composed of three (3) non-executive directors, all of whom are independent, according to the following composition:

Andrea Gemma (Chairman) Non-executive/Independent director

Maria Raffaella Leone Non-executive/Independent director

Flavia Insom Non-executive/Independent director

Following the capital increase carried out on 5 November 2020, with which Webuild S.p.A. became the controlling shareholder of Astaldi S.p.A., as stated in paragraph 4.2, Flavia Insom no longer meets the independence requirements, as prescribed by the regulations in force (Article 147-*ter*, last paragraph, of the Consolidated Finance Act), and has therefore automatically ceased to hold the position of director and, consequently, that of member of the Related Parties Committee.

On 26 November 2020, the Board of Directors appointed Teresa Naddeo as a member of the Related Parties Committee, replacing Flavia Insom.

Subsequently, on 10 February 2021, the Board of Directors appointed Daniela Montemerlo as a member of the Related Parties Committee after she was co-opted to the Board as a replacement for Teresa Naddeo, who resigned from her position on the same date in that she was already a member of the Appointments and Remuneration Committee, in order to avoid overboarding (as also suggested by the Corporate Governance Code).

Accordingly, as from 10 February 2021, the Related Parties Committee was composed of three (3) non-executive directors, all of whom are independent, according to the following composition:

- Andrea Gemma (Chairman) Non-executive/Independent director

- Maria Raffaella Leone Non-executive/Independent director

- Daniela Montemerlo Non-executive/Independent director

The Related Parties Committee met on 10 July, 6 August and 2 October during 2020.

The Related Parties Committee met on 14 January, 10 and 18 February, and 2, 5, 12 and 14 March during 2021.
As noted above, in order to ease the work of the bodies responsible for identifying and appraising the transactions that Astaldi intends to execute with its "related parties" (either directly or through its

subsidiaries), the Company has adopted Operating Instructions for the application of the Procedures for regulating these transactions.
According to these Instructions, all Astaldi S.p.A.'s Departments and Organisational Units intending to sign contracts with third parties (Natural Person or Legal Person outside the Group) must first ask these parties to issue a "Declaration" stating whether or not they are related parties.
If there is a relationship, as also if the related party is a legal person within the Group, Astaldi's Department or Organisational Unit concerned must inform the Management's Assessment Committee (composed of the Administration and Finance General Manager, Administrative Management and Corporate Affairs and Corporate Governance Department and the Office of the Chairman), which first establishes whether the transaction can be considered as being of greater or lesser importance and whether there is a possibility of it being an exempt transaction. The management's committee informs the delegated bodies which transactions are to be submitted to the related parties committee for consideration and in any case regularly maps all transactions, even if they are exempt: this is also necessary for the purposes of the financial statements.

For more details, reference should be made to the "Procedures for regulating transactions with related parties" published on the Company's website ("Governance/Archive" section).

* * * * *

Should **a Director be a stakeholder** on his/her own account or on behalf of third parties, the Company's board of directors acts in the manner it considers most appropriate case by case (for example it may forbid the director to take part in voting or ask the director to leave the meeting temporarily while the matter is discussed) in compliance with the regulations in force.

12. APPOINTMENT OF STATUTORY AUDITORS

The Articles of Association provide for the "list voting" mechanism in order to ensure the presence of the minority shareholders in the board of statutory auditors.

As expressly provided for in the articles of association, the **lists**, accompanied by the documentation required by law and by the Articles of Association, must be deposited at the Company's registered office according to the methods and within the time limits set out by applicable regulations.
Shareholders are entitled to present a list that, alone or together with other shareholders, hold total shares that represent at least **1% of the share capital** (or a lower amount if prescribed by applicable provisions of law or regulations) with voting rights at ordinary shareholders' meetings.

The procedure for the **election** of the members of the board of statutory auditors is as follows:

- two standing members and two alternate members are taken from the list that has obtained the greatest number of votes cast by the shareholders in attendance, on the basis of the progressive order in which they have been ranked in the corresponding sections of the list.
- the remaining standing member of the board of statutory auditors, who will also be appointed as Chairman, and the other alternate auditor are taken from the list placed second by number of votes among the lists presented and voted for by shareholders not connected with the majority shareholders, under the current rules, on the basis of the progressive order in which they have been ranked in the corresponding sections of the list.

If more than one minority list obtains the same number of votes, the eldest of the candidates ranked as number one in the corresponding sections of the lists that have obtained the same number of votes are elected as standing auditor and alternate auditor.
If only one list is presented, all the standing and alternate auditors are taken from this list and elected in the order in which they are ranked. In this case the person ranked in the first place in the list becomes chairman of the board of statutory auditors.

In order to assure gender balance, Article 25 of the Company's Articles of Association provides that each list with three or more candidates must contain a number of candidates that meets the requirements laid down by law and in the Articles of Association themselves and that must be an expression of the less represented gender in the board of statutory auditors. The number must correspond to **one-fifth** of candidates to the board of statutory auditors appointed on the occasion of the first renewal of the control body after 12 August 2012, and **one-third** of the candidates to the board of statutory auditors to be appointed for the following two terms of office.
In order to ensure a substantial degree of equality and gender balance in access to positions in the Company, one-third of the standing members of the board of statutory auditors, appointed at the Shareholders' Meeting called to renew the control body that took place on 27 April 2018, must be the expression of the less represented gender in the board of statutory auditors.

If a Standing Auditor **leaves office** for any reason, his/her place is taken by the first of the alternate auditors elected from the same list, after it has been verified that the substitute still meets the requirements prescribed by law and the Articles of Association. If, however, a Standing Auditor leaves office for any reason after the first renewal of the control body after 12 August 2012, or during the following two terms of office, the gender balance in the board of statutory auditors must be observed in carrying out the replacement as required in Article 25 of the Company's Articles of Association.
If a standing auditor taken from the list placed second by number of votes leaves office for any reason, should it not be possible, for any cause, for the alternate auditor elected from the same list to take his/her place, the candidate ranked below in the same list will do so, after it has been verified that this person still meets the requirements prescribed by law and the Articles of Association; failing this too, the first candidate in the list placed second by number of votes among the minority lists will take the place of the Standing Auditor that has left office. If, however, a standing auditor taken from the list placed second by number of votes leaves office for any reason after the first renewal of the control body after 12 August 2012, or during the following two terms of office, the gender balance in the board of statutory auditors must be observed in carrying out the replacement as required in Article 25 of the Company's Articles of Association.

For more details on the appointment and replacement of the members of the board of statutory auditors, reference should be made to Article 25 of Astaldi S.p.A.'s Articles of Association published on the Company's website ("Governance/Corporate Documents" section).

13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (Article 123-*bis*, paragraph 2.d) and d-*bis*), of TUF)

The board of statutory auditors currently in office for the financial years from 2018 to 2020, for the composition of which reference should be made to Table 4 attached hereto in the appendix below, was appointed during the shareholders' meeting held on 27 April 2018. In implementation of the relevant regulations and the provisions of Article 25 of the Articles of Association, only one list was submitted by the majority shareholder FIN.AST. S.r.l. (holding a total of 39,605,495 shares, equal to 40.239% of the share capital), reporting the names of candidates for the appointment of the new board of statutory auditors, composed of three standing auditors and three alternate auditors.

The list has been accompanied by the personal particulars of the presenting shareholder showing the percentage of shares held and a certificate issued by an authorised broker stating title to the shareholding, a description of the personal and professional characteristics of the persons named and declarations to the effect that the various candidates have agreed to stand and have affirmed, on their own responsibility, that no causes of ineligibility or incompatibility exist, and that they meet the requirements that are prescribed by law and the articles of association for their positions, while also reporting the list of the governing and control positions held in other companies.

This proposal was filed by the aforesaid Shareholder at the Company's registered office within the time limits prescribed by law. As only one list was deposited, in accordance with Article 144-*sexies*, paragraph 5, of Consob Regulation no. 11971 of 14 May 1999, the Company extended by three days the deadline for the deposit of other lists and reduced the minimum percentage of Astaldi S.p.A. share capital required for the submission of lists from 1% to 0.5%. No new list was submitted at the expiry of the new deadline. After having fulfilled these obligations, the Company made available to the public the list deposited by shareholder Fin.Ast. S.r.l. at the registered office, on its website and on the authorised storage mechanism twenty-one days prior to the date set for the Shareholders' Meeting to be held on first call.

The list submitted by shareholder FIN.AST. S.r.l. proposed the following names for the position of Standing Auditors:
1. Giovanni FIORI
2. Anna Rosa ADIUTORI
3. Lelio FORNABAIO
and the following names for Alternate Auditors:
1. Giulia DE MARTINO
2. Francesco FOLLINA
3. Gregorio Antonio GRECO.

The curricula of all candidates, with all the information stated above, were made available to Shareholders.

As a result of the election process, the Shareholders' Meeting, held on 27 April 2018 then resolved to appoint, for the financial years from 2018 to 2020, the following persons as members of the board of statutory auditors:

- Giovanni FIORI (Chairman);
- Anna Rosa ADIUTORI (Standing Auditor);
- Lelio FORNABAIO (Standing Auditor);
- Giulia DE MARTINO (Alternate Auditor);
- Francesco FOLLINA (Alternate Auditor);

- Gregorio Antonio GRECO (Alternate Auditor)

The list of the shareholder FIN.AST. S.r.l. obtained the favourable vote from 100% of the voting rights present at the meeting.

The shareholders' meeting also determined the remuneration of the members of the board of statutory auditors, setting it according to the importance of their roles.

In referring to what is stated in paragraph 4.2, Astaldi has adopted "Diversity policies" for the appointment of governing, management and control bodies.
The document was approved by the board of directors on 14 November 2017, subject to the opinion of the appointments and remuneration committee.
These Policies fully incorporate the provisions of law and regulations in force, as well as the provisions of Astaldi S.p.A.'s Articles of Association; the current composition of the board of statutory auditors is therefore fully in line with the provisions of the aforesaid Policies.
The document is available on the Company's website ("Governance/Corporate documents" section).

* * * * *

At the meeting held on 4 March 2021, the board of statutory auditors verified, in accordance with the *application criterion* 8.C.1. of the Code of Conduct and with reference to the 2020 financial year, whether its members continued to meet the independence requirements, applying, for the relating evaluation, all the criteria provided for by the Code with reference to the independence of directors.

For the composition of the board of statutory auditors in office, reference should be made to Table 4. All statutory auditors meet the personal and professional requirements, as prescribed by Article 144-*decies* of the Issuers' Regulation and in Astaldi S.p.A.'s articles of association (Article 25).

The composition with creditors on a going concern basis procedure has been continuously screened by the Board of Statutory Auditors for its impacts not only on the Company's business but also on its corporate governance; the Board assisted the company up to the point at which the composition plan was approved on 17 July 2020.

Again acting on the recommendation in the Code of Conduct that asks directors and statutory auditors to attend training and refresher courses (*application criterion* 2.C.2), during 2020 the various persons concerned in the Company kept the board of statutory auditors up to date with and informed, during the meetings, about the completion and publication of management and operational procedures through their respective company contact persons.
More specifically, the issues concerned:

- updating the procedure for privacy purposes with specific reference to Data Breach and Data Subjects' Rights;
- updating the Compliance Manual in line with Legislative Decree 231.

.

The Chairman also called meetings for discussions among directors, statutory auditors, the control and risks committee, the management, some company executives, independent auditors and company consultants whose purposes were to consider the growth of the Company's business and to make those attending better acquainted with its Business Plan, also in relation to developments in the insolvency procedure.

The board of statutory auditors also supervises the audit of accounts in compliance with Article 19 of Legislative Decree 39 of 2010 and in line with the Stock Exchange's Notice no. 18916 of 21 December 2010.
The board of statutory auditors also assures itself of the independence of the audit firm, verifying both observance of the law in the matter and the nature and extent of non-audit services provided for the Company and its subsidiaries on the part of the audit firm itself and the entities in its network.

* * * * *

In performing its work, the board of statutory auditors is assisted by the head of the Internal Audit Service on the basis of scheduled meetings, complying with statutory and internal time limits, during the reporting financial period.

In 2020, the board of statutory auditors met 9 (nine) times, on 20 February 2020, 22 May 2020, 6 July 2020, 8 July 2020, 10 July 2020, 28 July 2020, 14 September 2020, 8 October 2020, 22 December 2020, respectively.

The board of statutory auditors' meetings are coordinated by the chairman and were attended by the majority of the statutory auditors. The average duration of the meetings is about two hours. The board of statutory auditors normally meets according to the deadlines prescribed by law.

With regard to the 2021 financial year, the board of statutory auditors met 2 (two) times, on 4 March and 17 March 2021 respectively, until the completion of this report.

The board has also coordinated its work with the control and risks committee, with which it has kept up a constant exchange of information, also thanks to its regular attendance by the Chairman or the Statutory Auditors at the meetings that were held during in 2020 and to the subsequent meetings held in 2021.

Furthermore, in 2020 the Board of Statutory Auditors attended the board of directors' meetings on 15 and 30 January, 4 and 19 February, 9 March, 16 and 23 April, 24 May, 11 and 16 June, 10, 27, 31 July, 6 August, 9 and 15 September, 11 and 27 October, 26 November and 15 December, respectively.

* * * * *

14. INVESTOR RELATIONS

In 2002, the Company appointed Alessandra Onorati, who is responsible for the related corporate function, as **Head of Investor Relations**.
The Company regularly places all the information regarding its accounts and of interest to its shareholders in general on its website in order to encourage dialogue with its shareholders and the market and in the

implementation of the applicable relevant regulations (such as, for example, press releases, the company Code of ethics, the Organisational and Control Model under Legislative Decree 231 of 2001, and the directors' Reports on the items on the agenda of the meetings).

15. SHAREHOLDERS' MEETINGS (Article 123-*bis*, paragraph 2.c) of TUF)

In accordance with Article 10 of the Articles of Association that are currently in force, the shareholders' meeting is convened by the board of directors by a notice of call to be published according to the procedures and the time limits prescribed by law.
Under the Articles of Association, the same notice may give another date for the meeting on second call if the quorum at that on first call is not met; for extraordinary shareholders' meetings, the same notice may also give another date for a meeting on third call.
The shareholders' meeting is responsible for performing the duties prescribed in Article 2364 of the Italian Civil Code; furthermore, as permitted under Article 2365, paragraph 2, of the Italian Civil Code, Article 22 of the Articles of Association expressly make the board of directors responsible for passing resolutions regarding:

(i) the merger and demerger, in the cases provided for in Articles 2505 and 2505-*bis*, of the Italian Civil Code, according to the procedures and the terms and conditions laid down therein;
(ii) opening and closing sub-offices, including those abroad;
(iii) naming which directors have the power to represent the Company;
(iv) reducing the share capital in the case of shareholders' withdrawal;
(v) amending the Articles of Association in compliance with regulatory provisions;
(vi) transferring the registered office throughout the country.

Furthermore, in accordance with Article 135-*novies*, paragraph 5, of the Consolidated Finance Act and Article 12 of the Articles of Association, the Company places a special section for shareholders on its website on which voting proxies can be notified online to the Company by using the proxy form provided (*"*Governance/Shareholders' Meeting*"* section).

At the moment there is no provision in the Company's Articles of Association for voting at shareholders' meetings by post, online or through audio visual connections.

* * * * *

As required by Article 13 of the Articles of Association – according to which *"Shareholders' Meeting proceedings, both ordinary and extraordinary, are governed by regulations approved by the Ordinary Shareholders' Meeting and valid for all subsequent meetings until they are amended or replaced*" – the ordinary Shareholders' Meeting held on 11 March 2002 approved the "***Shareholders' Meeting Rules*"**, as updated by resolution of 5 November 2010, which set down clear and unambiguous rules for the orderly and practical conduct of meetings without, however, impairing all shareholders' rights to express their opinion and ask for specific information and clarifications as to the items under discussion.
As regards this point, in fact, under the Shareholders' Meeting Rules, all those entitled to exercise voting rights may ask to be heard on the items on the agenda until the chairman of the shareholders' meeting declares the discussion of the matter closed, in order to submit observations and proposals or requests for information. The chairman of the shareholders' meeting or those who assist him/her provide the

required answers and the shareholders' meeting rules allow those who have asked to be heard to make a brief rejoinder.

* * * * *

As already noted in paragraph 2.*d*), the shareholders' meeting held on 29 January 2015 adopted the increased voting mechanism by a specific provision of the articles of association. Under Article 12 of the Articles of Association, two votes are assigned to each share belonging to shareholders that have asked to be registered in a special List – kept and updated by the Company - and that have retained their holding for a continuous period of at least 24 months from the date on which they were registered in the List itself. In addition to presenting the organisational solution that has been adopted, Article 12 of the Articles of Association sets out the method for the application of this provision that the Company and its shareholders must follow in order to exercise the increased voting right. Additional operational issues are dealt with in a regulation adopted by the board of directors on 10 March 2015. In fact, the Company deliberately chooses, in its articles of association, to devolve the determination of detailed rules on operational and procedural aspects to the board of directors.

In the implementation of the Articles of Association and the regulation, shareholders' requests may regard all or only a part of their shares. Shareholders' requests to be registered in the list must reach the Company in the form of a notice as prescribed in the relevant legislation through an authorised broker or such other equivalent document as prescribed by the Rules.
To this end, under Article 4 of the rules, a person or entity that is entitled and intends to be entered in the List in order to obtain increased voting rights in accordance with Article 127-*quinquies* of the Consolidated Finance Act and Article 12 of the Articles of Association, must submit a request through the authorised broker, in accordance with Article 23-*bis* of the Consob/Bank of Italy Joint Measure of 22 February 2008, as amended.
Entitled persons must (*i*) state the broker with whom they have an open securities account in which their Astaldi shares are recorded and the number of shares they intend to enter in the List; and (*ii*) ask the said broker to send Astaldi S.p.A. – through Certified Email, to the address: astaldi.mt@pec.actalis.it – the "notice" that, in accordance with the abovementioned Article 23-*bis*, paragraph 2, confirms title to the shares for which the request for entry in the List is made together with a declaration from the entitled shareholder in which a commitment is made to inform the Company and the broker promptly if title to the shares or the voting right alone is lost for any reason.
An entitled legal person or any other entity, including unincorporated entities, must also declare whether it is or is not subject to direct or indirect control, giving the particulars of the controlling entity if it is subject to control and engaging to inform the Company promptly of any change in control.

In order to facilitate the operations for registering in the list and informing the market concerning those entitled to increased voting rights, under the Company's Articles of Association entries in the List and updates to it are made on a quarterly basis – on 1 March, 1 June, 1 September, 1 December - provided that, as stated in Article 3 of the rules, the requests concerned are received at least within the twenty-fifth day of the preceding month. In any case, even if a request is received before this time limit, it is only effective when the Company has updated the List, which it will arrange to do as soon as possible according to the intervals set out according to the methods stated above (1 March, 1 June, 1 September, 1 December).

In order to exercise increased voting rights, shareholders are requested by the Articles of Association to send or produce the notice prescribed by law, or such any other equivalent document as required by the Rules, to the Company. The notice must also confirm the duration of uninterrupted possession of the shares that entitle the shareholder to increase voting rights.
The Articles of Association also provide that shareholders entitled to increased voting rights may waive these rights for all or only some of their shares and that the automatic consequence of the waiver is that the shares for which the increased voting rights have been waived will be cancelled from the List. Shareholders who have waived increased voting rights, however, may submit another request to register in the List the shares for which their increased voting rights have been waived in order to start another period of continuous ownership.

The increased voting right is retained in the event of succession by reason of death, as well as in any case of merger and demerger of the holder of the shares. The increased voting right is extended proportionally to newly-issued shares in the event of both a capital increase under Article 2442 of the Italian Civil Code and a capital increase by means of new contributions.
Increased voting rights are counted to determine the quorum for holding meetings and pass resolutions that make reference to rates of the share capital or of the share capital with voting rights both in the law and in the Articles of Association.

The Company has opened a specific section on its website (“Governance/Increased votes” section) to assist shareholders in finding all the necessary information regarding increased voting rights.

* * * * *

16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (Article 123-*bis*, paragraph 2.a) of TUF)

No corporate governance practices are envisaged in addition to those already described in the paragraphs above.

17. CHANGES AFTER THE REPORTING DATE

As already noted in paragraph 4.8, it should be noted that, as from 15 February 2021, the Company terminated its employment contract with Francesco Rotundi, General Manager of the Astaldi Group, by mutual consent. His delegated powers have been assigned to Cesare Bernardini, former General Manager of the Astaldi Group, to whom the Company has assigned the role of Chief Operating Officer. Therefore, at present the positions of General Managers of Astaldi S.p.A. are held as follows:

- Paolo Citterio: Administration and Finance General Manager and Manager in charge of Financial Reporting;
- Cesare Bernardini: Chief Operating Officer;
- Filippo Stinellis: General Manager for Turkey.

18. CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In January 2020, as already reported in Paragraph 1, the Corporate Governance Committee approved the new edition of the Code, which is now the "Corporate Governance Code" and which has therefore replaced the Code of Conduct. The Corporate Governance Code is applicable from the 2021 financial year, and Astaldi will therefore adapt to the changes and amendments it has brought in by the end of the current financial year. At the meeting held on 14 January 2021, the Board examined the main areas of interest to be addressed during the current financial year, which can be summarised as follows: Sustainability; Pre-meeting information; application of independence criteria; Board of Directors Self-evaluation; appointment and succession of directors and remuneration policy.

Rome, 17 March 2021

Chairman of the Board of Directors
Paolo Astaldi

SUMMARY TABLES

Table 1: Information on Ownership Structure

SHARE CAPITAL STRUCTURE at 31 December 2020				
	No. of shares	% of share capital	Listed (indicate markets) / not listed	Rights and obligations
Ordinary shares	1,480,136,785 (*)	100%	MTA	-
Shares with multiple vote	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

(*) Share capital
expressed in no. of voting rights in accordance with Article 120, paragraph 1, of Legislative Decree 58 of 24 February 1998 ("Consolidated Finance Act"): 1,532,180,773.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES AT 31 DECEMBER 2020

Board of Directors													Control and Risks Committee		Appointments and Remuneration Committee		Related Parties Committee	
Office	**Members**	**Year of birth**	**Date of first appointment ***	**In office since**	**In office until**	**Slate ****	**Exec.**	**Non-exec.**	**Indep., Code**	**Indep., TUF**	**No. of other offices *****	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Paolo Astaldi	1960	7/07/1994	31/07/2020	(a)	M	x				1	20/20						
Deputy Chairman	Alessandro De Rosa	1958	31/07/2020	31/07/2020	(a)	M		x			_	8/20	4/7	M	3/6	M		
Director	Michele Valensise	1952	20/04/2016	31/07/2020	(a)	M		x			1	20/20						
CEO	Filippo Stinellis	1963	29/01/2015	31/07/2020	(a)	M	x				_	20/20						
Director	Andrea Gemma	1973	31/07/2020	31/07/2020	(a)	M		x	x	x	6	8/20					2/3	C
Director	Maria Raffaella Leone	1962	31/07/2020	31/07/2020	(a)	M		x	x	x	_	8/20					2/3	M
Director	Teresa Naddeo	1958	7/09/1999	31/07/2020	(a)	M		x	x	x	1	8/20	4/7	M	3/6	P	0/3	M****
Director	Flavia Insom****	1984	23/04/2013	31/07/2020	(a)	M		x	x	x	_	6/20						
Director	Nicoletta Mincato	1971	3/10/2000	31/07/2020	(a)	M		x	x	x	_	19/20	7/7	C	3/6	M		
------------------------------- BOARD MEMBER WHO LEFT OFFICE DURING FINANCIAL YEAR OF REFERENCE - FLAVIA INSOM -------------------------------																		
No. of meetings held during the financial year of reference: 20						**Control and Risks Committee: 7**					**Appointments and Remuneration Committee: 66**							
						Related Parties Committee:3												
Quorum required to submit slates: 2.5% (***)																		

NOTES

The symbols indicated below must be inserted in the "Office" column:
• This symbol indicates the director in charge of the internal control and risk management system.
◊ This symbol indicates the main party responsible for the management of the Issuer (Chief Executive Officer or CEO).
** The date of first appointment of each director is to be understood as the date when the director was appointed absolutely for the first time to the issuer's Board of Directors.*
*** This column indicates the slate from which each director was drawn ("M": majority slate; "m": minority slate; "BoD": slate submitted by the Board of Directors).*
**** This column indicates the number of offices as director or statutory auditor held by the interested party in other companies listed on regulated markets, including foreign ones, in financial, banking, or insurance companies, or companies of significant size. In the Report on corporate governance, the offices are indicated in full. Table 3 indicates these offices in detail. The offices of directors leaving office are not reported, since their term expired upon the approval of the financial statements for the 2015 financial year.*
(*) This column indicates attendance by directors at the meetings respectively of the Board of Directors and of the committees (indicate the number of meetings attended, as against the total number of meetings he or she could have attended; e.g. 6/8; 8/8 etc.).
(**). This column indicates the board member's qualification within the Committee: "C": chairman; "M": member.
(a) Board member in office until the Shareholders' Meeting approving the 2022 financial statements.
(***) Consob resolution no. 20273 of 24 January 2018.
(****) As noted in paragraph 11, Flavia Insom held the position of member of the Related Parties Committee from 31 July 2020 to 5 November 2020 and attended two of the three Committee meetings that were held in 2020. Teresa Naddeo was appointed by the Board as member of the Related Parties Committee on 26 November 2020.

TABLE 3: OFFICES AS DIRECTOR OR STATUTORY AUDITOR HELD BY EACH BOARD MEMBER IN OTHER COMPANIES LISTED ON REGULATED MARKETS, INCLUDING FOREIGN ONES, IN FINANCIAL, BANKING OR INSURANCE COMPANIES, OR COMPANIES OF SIGNIFICANT SIZE AT 31 DECEMBER 2020:

Name and surname	Other activities performed pursuant to art. 1.3 of the Code of Conduct
Paolo Astaldi	CEO of Fin.Ast S.r.l.
Filippo Stinellis	None
Alessandro De Rosa	None
Michele Valensise	TIM S.p.A.
Andrea Gemma	Chairman of the Board of Statutory Auditors of Sirti S.p.A. and of PS Reti S.p.A; expert member of the Supervisory Body of Blue Panorama Airlines in A.S.; Official Receiver of Valtur S.p.A. in A.S.; Court-appointed Receiver of Novit Assicurazioni S.p.A. in Ica and Sequoia Partecipazioni S.p.A. in Ica
Maria Raffaella Leone	None
Teresa Naddeo	Banca Creval S.p.A.
Flavia Insom	None
Nicoletta Mincato	None

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT 31 DECEMBER 2020

Board of statutory auditors									
Office	**Members**	**Year of birth**	**Date of first appointment ***	**In office since**	**In office until**	**Slate** **	**Indep., Code**	**Attendance at Board Meetings** ***	**No. of other offices** ****
Chairman	*Giovanni Fiori*	1961	27/04/2018	27/04/2018	(a)	M	x	8/8	6
Standing Auditor	*Lelio Fornabaio*	1970	24/04/2012	23/04/2015	(a)	M	x	7/8	16
Standing Auditor	*Anna Rosa Adiutori*	1958	23/04/2015	23/04/2015	(a)	M	x	8/8	11
Alternate Auditor	*Giulia De Martino*	1978	24/04/2012	23/04/2015	(a)	M	x	-	14
Alternate Auditor	*Francesco Follina*	1959	24/04/2012	23/04/2015	(a)	M	x	-	18
Alternate Auditor	*Gregorio Antonio Greco*	1970	27/04/2018	27/04/2018	(a)	M	x	–	9
No. of meetings held during the financial year of reference: 8									
Indicate the quorum required for submitting slates by minorities for the election of one or more members (pursuant to art. 148 TUF): *pursuant to the Company's Bylaws, only shareholders that on their own or with other shareholders represent at least 1% of the share capital are entitled to submit slates.*									

NOTES

* The date of first appointment of each statutory auditor is to be understood as the date when the statutory auditor was appointed absolutely for the first time to the issuer's Board of Statutory Auditors.

** This column indicates the slate from which each statutory auditor was drawn ("M": majority slate; "m": minority slate).

*** This column indicates attendance by statutory auditors at the meetings of the Board of Statutory Auditors (indicate the number of meetings attended, as against the total number of meetings he or she could have attended; e.g. 6/8; 8/8 etc.).

**** This column indicates the number of offices as director or statutory auditor held by the interested party pursuant to art. 148-bis TUF and the provisions for implementing them contained in the CONSOB Issuers' Regulations. The complete list of offices is published by CONSOB on its website pursuant to art. 144-quinquiesdecies of the CONSOB Issuers' Regulations.

(a) Statutory Auditor in office until the Shareholders' Meeting approving the 2020 financial statements.

Note: This English translation is for reference purposes only. In the event of any discrepancy between the Italian original and this English translation, the Italian original shall prevail. We assume no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation

ASTALDI Società per Azioni

Company offices: Via Giulio Vincenzo Bona, 65, Rome

Share capital: EUR 340,431,460.27 subscribed and paid-in

Entered in the Companies Register of Rome

under TIN: 00398970582

Administrative Economic Register (REA) No.: 152353

VAT No.: 00880281001

Financial Statements at 31 December 2020

Board of Statutory Auditors' Report to Shareholders' Meeting

*****

Dear Shareholders,

in compliance with current legislation applicable to corporations with shares listed in regulated stock markets and in accordance with the Company's By-laws, we performed auditing during the financial year ending 31 December 2020 as provided for in legislation (and, specifically, Article 149 of Legislative Decree No. 58/1998 "Consolidated Finance Act"), in accordance with provisions concerning conduct of the Board of Statutory Auditors of companies listed in regulated markets, recommended by the Italian National Board of Chartered Accountants, and provisions set forth in Article 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016.

This report was also drawn up by taking into account the instructions given by CONSOB in its notifications concerning corporate checks and activities of the Board of Statutory Auditors and the recommendations set forth in the Self-Governance Code of the Corporate Governance Committee of companies listed on Borsa Italiana S.p.A., which the Company approved and continues to comply with.

As from 5 October 2018, the Company requested and obtained from Borsa Italiana the exclusion of its ordinary shares from listing in the STAR segment and inclusion of the shares in the MTA segment, thus notifying CONSOB of fulfilment of the conditions to be qualified as a small- and medium-sized enterprise as per Article 1, subsection 1, letter w-quater.1) of the Consolidated Finance Act.

The Board of Statutory Auditors acquired the information needed to fulfil its assigned auditing tasks by: attending meetings of Shareholders, the Board of Directors, the Appointments and Remuneration Committee, the Related Parties Committee and the Control and Risks Committee, by interviewing the Company's and Group's management, by meeting with the Independent Auditors, by meeting periodically with the Company’s Supervisory Body and by analysing information flows provided by the relevant corporate structures for ensuring compliance with supervisory activities provided for by reference legislation, as well as by means of additional audit activities.

Appointment of Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting held on 27 April 2018, and will hold office for the three-year period 2018-2020, and comprises Giovanni Fiori (Chairman), Anna Rosa Adiutori (Standing Auditor), Lelio Fornabaio (Standing Auditor).

Giulia De Martino, Francesco Follina and Gregorio Antonio Greco are the alternate auditors.

It should be noted that the term of office of the current Board of Statutory Auditors will expire upon approval of the financial statements at 31 December 2020. Therefore, the Board of Statutory Auditors for the 2021-2023 period will have to be appointed during the next Shareholders’ Meeting called to approve the annual financial statements and relative resolutions, complying with all the necessary requirements set forth in reference legislation.

During its meeting held on 4 March 2021, the Board of Statutory Auditors verified and expressed its favourable opinion on fulfilment of the independence requisite. Verification was carried out in accordance with criteria provided for in the Consolidated Finance Act, provisions of the Code of Conduct for the Boards of Statutory Auditors of listed companies issued by the Italian National Board of Chartered Accountants, and the Self-Governance Code established by Borsa Italiana S.p.A.

The Board of Directors was informed of the outcome of verification in order for the latter to comply with necessary obligations, in accordance with Implementation Criterion 8., subsection 1 of the Self-Governance Code and, specifically, to enable the board to disclose

– in its corporate governance report – compliance of members of the Board of Statutory Auditors with the independence requisites provided for in Article 148 of the Consolidated Finance Act.

1. Developments regarding the Company's composition with creditors as per Articles 160 and 186-bis et seq. of the Insolvency Law

In the Board of Statutory Auditors' Report to the Financial Statements at 31 December 2019, we acknowledged that the Court of Rome had admitted the Company to composition with creditors on 5 August 2019 and authorised it to negotiate new pre-deductible financing for business needs and credit lines for sureties and guarantees.

Following the company's admittance to the composition procedure, the Court of Rome ordered the creditors to appear in front of the Insolvency Judge on 9 April 2020, with the final order issued on 23 March 2020.

After acknowledging the outcome of voting by creditors, from which it could be inferred that 69.40% of creditors with voting rights had approved the composition proposal, the Court of Rome set the date for the council chamber hearing to approve the composition. This took place on 17 July 2020 with publication of the approval decree which made it possible to overcome the main doubts voiced by company directors regarding business continuity in the reports to the 2018 and 2019 Financial Statements, approved by the Board of Directors on 17 June 2020.

The Board of Statutory Auditors constantly monitored progress of the composition procedure throughout the whole year, meeting periodically with top management, the company divisions concerned and the independent auditors, and attending meetings of the Company's Board of Directors.

The Board of Statutory Auditors also performed monitoring based on regular overviews of the financial position and forecasts, the company's liquidity trend and the company's ability to meet its undertakings regarding business continuity.

The most important facts and circumstances which the Board of Statutory Auditors focused on are listed below.

During the Board of Statutory Auditors' meeting on 20 February 2020, we received an update from top management on the Company's composition procedure and financial situation which showed a considerable improvement of liquidity compared to the figures provided during the Board of Statutory Auditors' meeting held on 2/12/2019.

During the Board of Statutory Auditors' meeting on 22 May 2020, the Company's top management informed the Board regarding implementation of the Composition Plan in relation to the various company deadlines and related obligations. These included the setting-up and purposes of the Liquidation Perimeter, which concessions singled out as non-core would be moved to following the Astaldi Concessioni S.p.A. demerger, resolved upon on 22 January 2020 following approval of the composition plan. A review of the basic aims of the Composition Proposal (corporate equity and financial strengthening, focus on operations included in the business continuity area, closure of non-strategic areas) was performed on this occasion, along with illustration of the Company's financial situation with cash flow forecasts through to Q1 2021.

During the Board of Director's Meeting of 25 May 2020, while implementing the Composition Plan and Proposal submitted to the Court of Rome and positively assessed by creditors, the Board of Statutory Auditors acknowledged that the Company had resolved upon establishment of a Liquidation Perimeter, pursuant to Articles 2447-bis et seq. of the Italian Civil Code, to be used exclusively to satisfy the Company's unsecured creditors. This is to be performed through liquidation of all assets, rights and legal transactions included in the Liquidation Perimeter itself and distribution of the net income from liquidation to the holders of equity financial instruments (*strumenti finanziari partecipativi* or *SFP*).

In the Board of Directors' meeting of 27 July 2020, we acknowledged the decree approving the Composition Plan (17.07.2020) issued by the Court of Rome which ratified the Company's return to performing status. It also represented an important step towards performance of Progetto Italia which provides for the new partner Webuild (formerly Salini Impregilo S.p.A.) to enter Astaldi S.p.A.

During the Board of Directors' meeting of 16 September 2020 we acknowledged that the Board had performed necessary assessment of business continuity, as provided for in legislation, accounting standards and Banca d'Italia/Consob/ISVAP Document No. 2 dated 6 February 2009, and in compliance with the provisions set forth in ESMA's Public Statement "*European common enforcement priorities for 2020 IFRS annual financial reports*" and CONSOB's Reminder No. 1 dated 16 February 2021 ("COVID-19 - Economy support measures").

On this occasion, the Board of Directors noted that actual achievement of the economic, financial and equity targets, which will demonstrate the Group's definitive recovery in accordance with Plan forecasts, also depends on future variables that are uncertain and uncontrollable. These include variables that may affect (i) the amount and timeframes for acquisition of new contracts, (ii) timeframes for collection of additional sums for work changes, price reviews, incentives and claims compared to those contractually agreed, and (iii) the amount and timeframes for collection of financial advances from customers, taking into account the Company's implementation of the benefits provided for in emergency measures for contractor liquidity contained in the "Relaunch Decree" (Law Decree No. 34 of 19 May 2020), issued further to the COVID emergency.

During the Board of Statutory Auditors' meeting of 22 December 2020, we received an update from the relevant corporate divisions regarding management and coordination by the new shareholder Webuild that, following the share capital increase on 5 November 2020, became the majority shareholder of Astaldi S.p.A. as from that date, pursuant to Articles 2497 et seq. of the Italian Civil Code (please refer to point 2 herein in this regard).

2. Supervision of Board of Statutory Auditors on important and non-recurring transactions

On 5 November 2020, the Company performed the share capital increases reserved to Webuild S.p.A. and the Company's unsecured creditors, as provided for in the composition proposal and as resolved upon by the Company's Extraordinary Shareholders' Meeting of 31 July 2020.

Specifically, the Company performed: the share capital increase, with exclusion of the pre-emption right as per Article 2441, subsection 5 of the Italian Civil Code, reserved for subscription by Webuild, through the issue of 978,260,870 new shares ("Webuild Share Capital Increase" and "New Shares"); the share capital increase, with exclusion of the pre-emption right as per Article 2441, subsection 5 of the Italian Civil Code, reserved for subscription by Astaldi's unsecured creditors in conversion of amounts due from Astaldi, through the issue of 399,782,755 new shares ("Share Capital Increase for Conversion" and "New Conversion Shares").

The New Shares and New Conversion Shares were fully subscribed and released on the aforementioned date and were automatically admitted for trading on the MTA segment organised and managed by Borsa Italiana pursuant to Article 2.4.1 of Borsa Regulations, on par with those currently in circulation.

Still on 5 November 2020, 3,199,975,846 equity financial instruments pursuant to Article 2447-ter, subsection 1, letter e) of the Italian Civil Code were issued to Astaldi's unsecured creditors in order to perform the resolution passed by the Board of Directors on 24 May 2020. The instruments ("SFP") give each holder the right to participate in the net income from liquidation of assets included in the Liquidation Perimeter established under the aforementioned resolution.

2.1 Establishment of the Liquidation Perimeter

We acknowledged that under the Board of Directors' resolution dated 24 May 2020, passed in order to implement the composition plan and proposal, subsequently approved by the Court of Rome in Decree No. 2900 dated 17.7.2020, Astaldi S.p.A. established a perimeter ("Liquidation Perimeter") pursuant to Article 2447 bis of the Italian Civil Code, for the exclusive purpose of satisfying the Company's unsecured creditors, prior by title or cause to 29.09.2018 ("Creditors").

The composition proposal, as approved by the Court, provides for the continuity of Astaldi S.p.A.'s business activities, with the sole exception of assets included in the Liquidation Perimeter and specifically identified in the relative resolution, the liquidation of which is envisaged.

The composition proposal also provides for Creditors to be satisfied through assignment to the latter of equity financial instruments (“SFP”) which give each creditor (“SFP Holder”) the right to participate in the net income from liquidation of assets included in the Liquidation Perimeter.

Indeed, the sole purpose of the Liquidation Perimeter is the liquidation of assets and rights forming said perimeter and attribution of the relative net income to the aforementioned SFP Holders in accordance with the procedures and timeframes set forth in the SFP Regulations and economic and financial plan (the “EFP”) – which envisages completion of the liquidation process by 2023 –, both of which are attached to the resolution establishing the Liquidation Perimeter.

As set forth in the resolution, no asset or liabilities to be assigned to Astaldi S.p.A.’s main equity can remain upon termination of liquidation of the Liquidation Perimeter. Hence, operation of the Perimeter is destined to yield a neutral result.

As regards undertakings entered into in relation to the specific purpose the Liquidation Perimeter has been established for, the latter will be solely liable for these, without prejudice to the fact that, by law, Astaldi S.p.A. will be solely liable for undertakings arising from unlawful acts and without prejudice to chargeback to the Liquidation Perimeter whenever said unlawful act is performed within the perimeter.

Indeed, the Liquidation Perimeter is to be considered a place of assignment of interests that is completely separate from Astaldi S.p.A.

In the Board of Directors’ meeting of 25 May 2020, Mr. Claudio Sforza was appointed as representative for the management and liquidation of Liquidation Perimeter assets, in line with the composition proposal.

Mr. Sforza was granted special powers of representation, pursuant to and for the effects and purposes of Article 1704 et seq. of the Italian Civil Code, irrevocable pursuant to Article 1723 of the Italian Civil Code insofar as granted in the interest of unsecured creditors holding SFPs, without prejudice to the sole cases of revocation for just cause as provided for by law, listed in the representation agreement.

More specifically, the purpose of said agreement concerns performance in the name and on behalf of Astaldi, but also in the interests of unsecured creditors holding SFPs, of all actions, legal transactions, contracts and any type of activities considered necessary, useful and/or appropriate in order to achieve the specific purpose the Liquidation Perimeter was established for, and for the management and sale of all the Perimeter's assets, rights and legal transactions, in accordance with performance of the Composition Plan.

During the meetings of the Board of Directors, Board of Statutory Auditors and Control and Risks Committee, attended by the representative, top management and independent auditors, we received updates on activities and were informed of the Liquidation Perimeter's Corporate Governance.

In order to be able to perform the task correctly and achieve the specific purpose as a whole, the powers and obligations assigned to the Representative include the faculty to avail himself of external consultants or advisors (legal, tax, accounting, technical, etc.) and to make use of outsourced services (through the drawing up of specific service contracts) in relation to specific operating activities for which the Liquidation Perimeter does not have a support service (e.g. Personnel Administration or Procurement activities).

We were informed that, at the present time, the Liquidation Perimeter avails itself of outsourced services provided by Astaldi Concessions regulated by specific service contracts.

We examined Astaldi's organisation chart at 15/10/2020 in which the Liquidation Perimeter is shown in a specific section that schematically identifies the relations and information flows to Astaldi's Board of Directors (in the capacity of Principal), the contractual relationship with Astaldi Concessions to support the operating structure, and reporting and necessary information provided to creditors holding SFPs insofar as the sole beneficiaries of the Perimeter's specific purpose.

As regards general regulation of its activities, the Liquidation Perimeter has a set of rules and corporate procedures describing the principles, roles, responsibilities and operating methods implemented in core operations related to management and liquidation of the Liquidation Perimeter while, as regards support activities, it avails itself of Astaldi S.p.A.'s corporate integrated management system.

We were informed that, during 2020, work started on formulating the Liquidation Perimeter's Organisation, Management and Control Model as per Legislative Decree No.

231/01 through drafting of the General Part and Special Part of the Model, including with the professional assistance of Ernst & Young.

2.2 Financial Statement of Liquidation Perimeter.

During the Board of Statutory Auditors' meeting of 22 December 2020, we received an update from the top management, administration department and the newly-appointed independent auditors, PricewaterhouseCoopers S.p.A. (hereinafter "PwC") regarding the process of formulating and approving the Liquidation Perimeter's financial statement and the need for said statement to be included in a specific separate document from Astaldi S.p.A.'s Financial Statements.

In the Board of Statutory Auditors' meeting of 4 March 2021, we requested the issue of the following opinion: *whether the resolution approving the financial statements at 31.12.2020 must also include approval of the Liquidation Perimeter's financial statement or, whether the Board of Directors had to limit itself to simply acknowledging the document given that it is formulated by the Representative, vested with full powers in this regard*. In the meeting of the Control and Risks Committee of 10 March 2021, Mr. Claudio Sforza updated us on the governance, procedural and organisational system of the Liquidation Perimeter, as well as on the process of activities concerning liquidation of the assets included in the Liquidation Perimeter with regard to the figures and timeframes set forth in the Composition Plan.

On 15 March 2021, the opinion requested by the Company, addressed to the Board of Directors, was issued by a leading law firm, which highlights the need to: "*organise specific periodic information flows between the Liquidation Perimeter and the Board of Directors of Astaldi S.p.A. ..... As regards the process of formulating and approving the financial statements, Astaldi's Board of Directors and Board of Statutory Auditors will supervise the process of drafting of the Liquidation Perimeter's separate financial statement, each with regard to their area of responsibility.*

Astaldi's Board of Directors will resolve upon its draft financial statements – which will include the Liquidation Perimeter's separate financial statement – already subjected to auditing - among the annexes and Astaldi's consolidated financial statements together with *other documents to complete the latter.*

Article 2447-septies of the Italian Civil Code entitled "Financial Statements", does not provide for a specific and separate approval of the Liquidation Perimeter's separate financial statement".

In the joint meeting of the Board of Statutory Auditors and the Control and Risks Committee of 17 March 2021, we supervised the process of formulation of the Liquidation Perimeter's financial statement and correct implementation of the obligations specifically referring to the Representative. We examined the Liquidation Perimeter's financial statement which comprises both separate and consolidated financial statements insofar as the Liquidation Perimeter controls Astaldi Concessioni.

On this occasion we were informed that, even given the differences compared to asset forecasts, the activities as a whole were in line with the composition proposal.

2.3 Liquidation Perimeter Audit Report

In its audit report, issued on 7 April 2021, PwC highlighted as follows:

"It must be noted that the Company, also supported by the opinion of an external expert, classified the Liquidation Perimeter as "accounting silo" not controlled by Astaldi pursuant to IFRS 10, hence it excluded the assets and legal transactions transferred to the Liquidation Perimeter from the annual separate and consolidated financial statements.

This approach arises from the fact that following approval of the Composition, the Company lost control of the assets "transferred" to the Liquidation Perimeter: (i) in fact Astaldi's directors do not have any power to influence the Liquidation Perimeter's activities and results, which are independently managed by the Representative who operates in the interests of SFP holders (and not Astaldi S.p.A.'s shareholders) insofar as it is not subject to any influence by Astaldi's directors; (ii) the income from liquidation of the Liquidation Perimeter will be assigned to SFP holders (and not to Company shareholders) who are the only ones subjected to the Liquidation Perimeter's risks and benefits and cash flow differences.

The company's proposed accounting treatment was analysed, including with the assistance of legal experts from PwC's network, and in this regard the independent auditors agree with Astaldi's methods in light of the aforementioned observations and references to IFRS 10 (B76-78).

The legal opinions issued by the company's consultants regarding the Liquidation Perimeter's legal framework were also analysed.

In its conclusions on auditing carried out, PwC stated that: *"the consolidation scope and exclusion criteria applied comply with the provisions of the legislative framework concerning financial information and had been applied consistently"*.

As regards the effects in the consolidated and separate financial statements at 31 December 2020 resulting from performance of the Astaldi S.p.A.'s composition, please refer to point 15 herein with regard to the key elements identified by the independent auditors PwC.

3. Observations on the most significant economic, financial and equity operations performed by the company and on their compliance with legislation and the deed of incorporation

The Board of Statutory Auditors obtained from the directors, also pursuant to Article 150, subsection 1 of the Consolidated Finance Act, periodic information on activities carried out and foreseeable developments. Said information also concerned the most significant transactions performed or in the process of being performed during the financial year by the Company or in the Company's interest and, due to their size and characteristics, also through subsidiary companies, in reference to which company directors have also provided information concerning their specific characteristics and effects during board meetings, to boards of auditors, supervisory bodies, public authorities and the market.

We learnt that on 19 October 2020, Astaldi entered into a 200 million Euro unsecured financing agreement with a syndicate of banks ("RCF financing agreement"). Under said agreement the banks undertook, subject to the fulfilment of some conditions precedent to disbursement, to provide the Company with a revolving credit facility of a total of 200 million Euro ("RCF200"). Said facility is pre-deductible pursuant to Articles 182–quater, subsection 1 and 111 of the Insolvency Law and can be used to finance Astaldi's routine business activities and allow for repayment of the part of the bonded loan still due to date, subsequent to the composition approval date and performance of the share capital increase reserved to Webuild S.p.A. In this regard, it must be noted that the contractual documentation regulating the agreement contains an advance refund clause in the event of a change of control, both in relation to Webuild S.p.A. and Astaldi S.p.A.

On 12 November 2020, the Company announced that it had fully repaid in advance the bonded loan known as “Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022”, further to and as a result of disbursement – on the same date – of 200 million Euro to Astaldi pursuant to the RCF agreement entered into by Astaldi and a syndicate of lending banks on 19 October 2020.

Pre-deductible payables related to legal expenses and a first part of preferential debts were repaid, with the remaining amount to be paid within 12 months of approval of composition.

In this regard, we can reasonably assure that the actions resolved upon and carried out comply with legislation and the Company’s By-laws, as well as with the principles of correct management and are not considered imprudent, reckless, in potential conflict of interest or in contrast with the resolutions passed by the Board of Directors, or such as to breach the obligations regarding the safeguard of company assets.

With the company’s admittance to the composition procedure and subsequent approval of the composition procedure by the Court of Rome, the Company’s Board of Directors continued to perform routine management activities, while the Judicial Commissioners supervised the Company’s activities and voiced their opinions regarding extraordinary management actions.

The transactions and events of greatest significance that classified the Group’s activities during 2020 are listed in the Management Report, which should be referred for examination as from the Company’s admittance to the composition procedure through to approval by the Court of Rome.

The Board of Statutory Auditors checked that the resolutions were backed up by suitable documentation and by any expert opinions where fitting, with regard to the economic, financial and equity consistency of operations performed and that prompt and transparent information regarding these was provided to the market, especially where the Composition Plan could have jeopardised business continuity with regard to existing contractual relations, as well as the interests of the company’s creditors including stakeholders.

The Board of Statutory Auditors supervised compliance with obligations regarding laws governing market abuse, savings protection regarding corporate disclosures and internal dealing, with specific reference to the processing of inside information, the procedure for disclosing press releases and information to the public and operations involving company financial instruments performed by significant parties.

The Board of Statutory Auditors also monitored compliance with the provisions contained in Article 115-bis of the Consolidated Finance Act and the Issuers’ Regulations concerning updating of the Inside Information Register.

3.1. Information requests as per Article 114 of Legislative Decree No. 58/1998

During 2020 the company received some information requests from CONSOB pursuant to Article 114 of Legislative Decree No. 58/1998.

More specifically, in its releases dated 30 April 2020, 15 May 2020, 12 October 2020, 18 November 2020 and 17 March 2021, Astaldi provided, including at a Group level, information as at 31.12.2019, 31.03.2020, 30.06.2020, 30.09.2020 and 31.12.2020 concerning: a) Net Financial Position, highlighting the short-term items compared to medium and long-term items; b) overdue debts, split according to type and with any related creditor reactions; c) main changes during the year in related party transactions compared to the last approved annual financial report; d) compliance with covenants, negative pledges and all other Astaldi Group indebtedness clauses entailing limits on the use of financial resources with listing of the level of compliance with said clauses; e) state of implementation of any business and financial plans with listing of the differences in final figures compared to forecasts.

4. Atypical and/or unusual transactions, including intragroup transactions and transactions with related parties; suitability of relative information contained in

directors' reports

We did not receive any indications from the Board of Directors, independent auditors, KPMG, for activities related to HY1 2020 and from the newly-appointed independent auditors PwC for auditing of the financial statements at 31.12.2020, the Administration Department, Head of Corporate Governance and Corporate Affairs and Chairman's Office, Head of the Internal Audit Department, Control Boards of "significant" investee companies or shareholders themselves with regard to atypical and/or unusual transactions performed with third parties, related parties or Group companies during the year.

Likewise we did not note the performance of these transactions while performing auditing.

The information provided to CONSOB during 2020, as well as the information contained in the Directors' Report and Notes to the Annual Financial Statements was suitable to describe the transactions with related parties and intragroup transactions performed during 2020, which were shown to be appropriate, in the company's interests and regulated at market conditions.

We were informed in this regard that the Company adopted a specific operating model as regards transfer pricing in order to value transactions with foreign subsidiaries.

In compliance with provisions contained in International Accounting Standards - IAS 24 – and CONSOB Notification No. 6064293 dated 28 July 2006, concerning identification of the notion of related parties, we would like to note that the Notes to the Company's Separate Financial Statements and Consolidated Financial Statements list the amounts of transactions and current balances arising from financial and commercial transactions with related parties, as well as the fees due to Directors, Statutory Auditors and General Managers.

In this regard, there were no atypical or unusual transactions compared to the routine ones.

We also learnt that in order to implement the Composition Proposal and Plan submitted to the Court of Rome and positively assessed by creditors, the Company established Astaldi Concessions S.p.A. on 28 May 2020, created from the partial demerger of Astaldi Concessioni S.p.A., resolved upon on 22 January 2020. The planned demerger was performed by Astaldi Concessioni S.p.A. also to allow its parent company Astaldi S.p.A. to establish the Liquidation Perimeter as per Article 2447-bis of the Italian Civil Code, resolved upon by the Board of Directors of Astaldi S.p.A.

Lastly, we learnt that the Court of Rome admitted N.B.I. S.p.A., an Astaldi subsidiary, to the composition procedure in the decree dated 26 February 2020, calling the meeting of creditors for 24 June 2020. In addition, on 9 May 2020, the Report pursuant to Article 172 of the Insolvency Law, drafted by the relevant judicial commissioners, was issued with positive findings.

As far as Partenopea Finanza di Progetto (hereinafter "PFP") is concerned, to date it must be noted that (i) in the decree issued on 15 January 2020, the Court of Naples admitted PFP to the composition procedure, (ii) in the Report pursuant to Article 172 of the Insolvency Law, dated 16 March 2020, the relevant judicial commissioner voiced a "positive opinion on the plan, both as regards its legal feasibility and its economic feasibility", stating that the "plan proposed by PFP is substantially logical and reasonable and is to be considered feasible and advantageous compared to the actually viable alternatives (bankruptcy)" and (iii) in the measure dated 27 April 2020, the meeting of creditors originally scheduled for 30 April 2020 was postponed to 17 June 2020.

We were informed that, as regards Afragola FS S.c.r.l. (which Astaldi holds an 82.54% interest in and the remaining 17.46% is held by NBI), that had started up a composition procedure with reservation, pursuant to Article 161, subsection 6 of the Insolvency Law, at the Court of Rome on 3 June 2019, prior to submission of a composition proposal and additional documentation provided for by law, the composition proposal and plan submitted by Afragola (and subsequent updates) are still being examined by the Court of Rome to date.

We were also informed that other investee companies, owned in full by NBI, had requested to join the composition procedure, with approval by the Court of Bologna.

In this regard, we met with corporate divisions in charge of monitoring activities during the year, respectively the CEO, General Manager – Administration & Finance and the Administration Department.

5. Notifications as per Article 2408 of the Italian civil code, omissions or misstatements, other opinions expressed, actions taken

The Board of Statutory Auditors acknowledges that:

- no reports were filed pursuant to Article 2408 of the Italian Civil Code, just as no claims of any kind were filed by third parties;
- it expressed opinions pursuant to Article 2389, subsection 3 of the Italian Civil Code during the year.

In this regard, please refer to point 7.2 herein concerning “Remuneration Policies”.

6. Compliance with the principles of good management

The Board of Statutory Auditors checked – including through meetings with corporate department managers and with the independent auditors KPMG as regards HY1 2020 and with the newly-engaged independent auditors PwC for the financial statements activities as at 31.12.2020 – compliance with the principles of correct management, as well as with the law and Company By-laws. It noted the existence of a suitable corporate organization which allows for compliance with laws and fulfilment of obligations provided for therein, in spite of the departure of personnel that has characterised the last 3 years.

The Board of Statutory Auditors feels that governance instruments and prescriptions adopted by the Company properly assure compliance with the principles of good management in operating procedures.

During the year, we checked the correct application of verification criteria and procedures adopted by the Board of Directors to assess the independence of its own members based on the criteria set by Law and the Self-Governance Code, which the company adopted and continues to comply with, despite what is stated in the introduction hereto**.**

7.1 Board of Directors and Diversity Policies

Auditing focusing on Diversity Policies took into account the provisions of Legislative Decree No. 254 of 2016, imposing information transparency obligations in relation to “diversity policies” adopted by listed issuers. The intent was to make the most of the diversity profiles of the members of management boards of directors and auditors, through the finalisation and approval by the Board of Directors, on 14 November 2017, of a corporate document regarding such aspect, following prior examination thereof by the Appointments and Remuneration Committee.

This document is constantly updated, without prejudice to the fact that the current composition of the Board of Directors, just like the Board of Statutory Auditors, is fully in keeping with law and by-law provisions which Astaldi S.p.A.'s policies recall in full.

The aforementioned reference document concerning "Diversity Policies of the Boards of Directors and Auditors of Astaldi S.p.A.". is available on the company website ("Governance/corporate documents" section).

Without prejudice to what has been stated with regard to Diversity Policies, for the purpose of providing complete information, with renewal of the Board of Directors on 31 July 2020 whose term of office lasts until 2022, it must be noted that during 2020, taking into account what had been observed during meeting of the Appointments and Remuneration Committee and with approval of the Board of Statutory Auditors, the Board resolved to defer its self-assessment in relation to the lack of some key elements for performing a complete, thorough and significant assessment of 2020.

The fact that 40% of the directors were only appointed at the end of July 2020 was taken into account. Moreover, the Company operated during 2020 in a rather different situation from the normal one insofar as, given that the Company was involved in a composition procedure, the routine board activities, which generally form the basis of the self-assessment criteria, were not performed during 2020.

In addition to this, following the stepping down of two directors from the Board, only seven directors remained in office compared to the nine originally appointed by the Company's Shareholders' Meeting of 31 July 2020.

We also acknowledged that the Company's Bylaws are compliant with the provisions of Law No. 120/2011, which introduced the principle of gender balance in Boards of Directors and Boards of Statutory Auditors into the Italian legal system.

The 2020 Report on Corporate Governance and Ownership Structure lists the provisions contained in Legislative Decree No. 254/2016.

7.2 Remuneration policy

All information on the nature and scope of the remuneration policy is set forth in the 2020 Report on Remuneration (pursuant to Article 123-ter of Legislative Decree No. 58/98), presented at the Board of Directors' meeting of 29 March 2021, and we made no observations in connection therewith.

Indeed, with reference thereto, the Directors illustrated the principles adopted to calculate remuneration of the members of management bodies and key management personnel.

Moreover, said Report includes the table showing the amounts paid to the members of boards of directors and auditors and to key management personnel, as well as the table showing information on the equity investments held by the same in the Company's capital.

Specifically, we would like to point out that, during the Board of Statutory Auditors' meeting of 8 October 2020, acknowledging what has been proposed at the Board of Directors' meeting of 6 August 2020, we examined the Company CEO's incentive plan for 2020, approving the payment of variable salary incentives in relation to achievement of specific corporate business and performance targets.

On this occasion, the Board of Statutory Auditors took into account the positive opinion of the Appointments and Remuneration Committee as well as confirmation, via the Human Resources and Organisation Department, that the aforementioned proposal was in line with the incentive schemes disclosed by Webuild in its report on remuneration.

In the board meeting of 6 August 2020, the Board of Statutory Auditors also voiced its opinion in favour of remuneration of the Company's Chairman and Deputy Chairman with reference to the proposal formulated by the Appointments and Remuneration Committee.

In the Board of Statutory Auditors' Meeting of 25 March 2021 which the Chairman of the Appointments and Remuneration Committee was invited to attend, we acknowledged the exceptional circumstances (COVID emergency) that made it necessary to take into account some adjustments to corporate results with specific reference to the CEO's 2020 incentive plan for the achievement of targets set by the company in the recovery phase.

On this occasion, having noted the information and documentation received and further to consultation with the majority shareholder, Webuild, that confirmed the use of a similar procedure to offset effects arising from the pandemic, the Board of Statutory Auditors requested the issue of a specific statement signed by the company confirming that the method used to calculate the COVID effect was the same used for financial statement figures.

The Board of Statutory Auditors stated that the expression of its opinion in favour of an increase of the CEO's remuneration was subject to issue of the aforementioned statement by the Company, in accordance with indications provided by the Board of Statutory Auditors and with the approval of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee met 6 times during 2020, on 7 February, 16 and 23 June, 4 August, 21 September and 25 November.

In relation to the aforementioned Committee, please refer to the content of the Report on Corporate Governance and Ownership Structure for 2020.

As regards the question of remuneration and the principles and recommendations provided for in Article 5 of the Code of Corporate Governance, reference should be made to the report that will be published, pursuant to Article 123-ter of the Consolidated Finance Act, within the terms of law. It will be brought to the attention of the next Shareholders' Meeting to approve the financial statements during which the general remuneration policy will be formulated, also with regard to 2021.

8. Suitability of the organisational structure

We acknowledged and verified, to the extent of our responsibility, the suitability of the Company's organisational structure also in relation to the contingent situation the Company is experiencing.

In this regard, it must be noted that the company's return to performing status during 2020 resulted in suspension of ordinary wage support funds from COVID 19 on 4 July 2020, with the company's resources returning to full operation, even given a heavily reduced presence in company offices insomuch as alternated with working from home.

The above, combined with the departure of personnel over the last three years, has resulted in the reorganisation of various company departments aimed at limiting the number and costs of offices.

In this regard we were informed during Board of Statutory Auditors' meetings of the main organisational changes made during 2020, together with specific organisational notices disclosed to all personnel and published on the company's intranet.

Lastly, it must be noted that, due to the company's crisis and consequent composition procedure, a comparison of figures at 31.12.2020 with figures at 31.12.2019 showed that 2649 units had left the Group, of which 23 managers, 436 junior managers and office workers and 2190 manual workers.

We acknowledged the existence of a corporate organisation chart, updated at 15 October 2020, which identifies departments, roles and lines of responsibility, together with a clear and defined system of powers and authorisation.

Decision-making activities are performed in accordance with conferred powers, with appropriate separation and balance of responsibilities between the various tasks and departments.

We learnt that the Chief Restructuring Officer, appointed during the board meeting of 31 May 2019, stepped down from office upon approval of the Composition Plan on 5 November 2020. The figure of Chief Transformation Officer (CTO), held by Paolo Amato, was created on 26 November 2020, with the task of helping the corporate structure to define and implement the Business Plan's strategic goals and achieve the transformation targets.

While performing checks, we were also informed that dialogue and interfacing between Astaldi and Webuild structures are already underway. This proved necessary in order to share respective operating methods and start alignment with the majority shareholder's internal auditing and risk control system. Webuild's structures have formulated guidelines in complete respect of Astaldi's autonomy.

9. Suitability of the administrative and accounting system and its reliability in correctly representing operations

With reference to checking of the suitability of the administrative and accounting system and its reliability, as well as for the purposes as per Article 19, subsection 1, letter a) of

Legislative Decree No. 39/2010, we received updates from the structure which assists the Manager in charge of financial reporting. These updates regarded scheduled activities and testing of checks made during HY1 2020 and were provided at the Control and Risks Committee meeting of 14 September 2020, and for HY2 2020 activities, respectively at the Board of Statutory Auditors' meeting of 4 March 2021 and the Control and Risks Committee meeting of 17 March 2021.

Thus, we have formulated a judgement of substantial suitability of the administrative and accounting system and of its reliability in correctly representing operations in compliance with law provisions concerning the layout and formulation of Separate Financial Statements, Consolidated Financial Statements and Management Report. This was reached by obtaining information from the heads of the respective departments, examining corporate documentation and analysing the work performed by the independent auditors.

We also verified the efficiency of procedures concerning the formulation, filing and publication of financial statements, the inclusion of obligatory content in the directors' report pursuant to the law, and procedures used to collect, draft and transmit press releases containing price-sensitive information, the latter also in relation to the period prior to approval of the 2020 Financial Statements.

There were no specific problems or impediments to the issue of certification by the Manager in charge of financial reporting and by the Chief Executive Officer on the effectiveness and efficiency of administrative and accounting procedures to draw up the Separate Financial Statements of Astaldi S.p.A. and the Consolidated Financial Statements as at 31 December 2020.

In this regard, we acknowledged that the Company assigned KPMG for testing related to HY1 2020 and HY2 2020, the task of establishing the suitability of the statements included in certification issued by the Chief Executive Officer, Filippo Stinellis, and by the Manager in charge of financial reporting, Paolo Citterio, pursuant to Art. 154 bis, subsection 5, of Legislative Decree No. 58/98.

On 16 September 2020, upon approval of 2020 Interim Financial Report by the Board of Directors, the Chief Executive Officer and the Manager in charge of financial reporting issued certification to the consolidated and separate financial statements as at 30 June 2020, pursuant to Article 81-ter of CONSOB Regulations of 14 May 1999, as subsequently amended and supplemented.

On 17 March 2021 the draft financial statements were approved by the Company's Board of Directors, and the Chief Executive Officer and the Manager in charge of financial reporting issued the certification to the consolidated and separate financial statements as at 31 December 2020, pursuant to Article 81-ter of CONSOB Regulations of 14 May 1999, as subsequently amended and supplemented.

10. Supervisory activities pursuant to Legislative Decree No. 39/2010

Pursuant to Art. 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, the Committee for Internal Auditing and Auditing of Accounts, which is represented by the Board of Statutory Auditors in public bodies (including listed companies) adopting the traditional governance system, is responsible for:

a) informing the board of directors of the entity undergoing auditing about the outcome of the auditing of accounts and to provide the board with the additional report as per Article 11 of Regulation (EU) No. 537/2014, together with relevant observations, if any;
b) monitoring the process of financial disclosure and submitting recommendations or proposals aimed at ensuring completeness;
c) checking the efficiency of internal systems focusing on quality assurance and corporate risk management and, if applicable, internal auditing, with regard to financial disclosure of the entity undergoing auditing, without violating its independence;
d) monitoring auditing of the separate and consolidated financial statements, also taking into account any findings and conclusions of quality checks carried out by CONSOB in compliance with Article 26, subsection 6 of EU Regulations, where available;
e) checking and monitoring the independence of statutory auditors or independent

auditors in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of this decree and with Article 6 of EU Regulations, with particular reference to the appropriateness of services other than auditing of accounts provided to the entity undergoing auditing, in accordance with Article 5 of said Regulations;

f) the procedure intended to select statutory auditors or independent auditors and to recommend statutory auditors or independent auditors to be designated pursuant to Article 16 of EU Regulations.

The Board of Statutory Auditors interacted with the Control and Risks Committee set up within the Board of Directors in order to coordinate respective responsibilities and implement information exchange and ongoing dialogue.

With specific reference to the activities provided for in Legislative Decree No. 39/2010, it must be noted that the following paragraphs of this report will detail scheduled and performed supervisory activities.

11. Supervision of the financial disclosure process and significant aspects which emerged during meetings with independent auditors pursuant to Article 151, subsection 2 of Legislative Decree No. 58/1998

The Board of Statutory Auditors checked the existence of rules and procedures governing the formulation and disclosure of financial information.

Actual application of administrative and accounting procedures was checked by the Manager in charge of financial reporting, availing himself of relevant internal departments (including the Internal Audit Department), as well as leading consulting firms, reporting the outcome checks to the Board of Statutory Auditors itself when attending meetings of the Controls and Risks Committee.

We also checked the suitability of instructions given by the Company to its most important subsidiaries in accordance with Article 114, subsection 2, of Legislative Decree No. 58/1998, by gathering information from company department managers, meetings with independent auditors and the top management of Astaldi S.p.A. in order to mutually exchange data and information which are also significant because of their impact on the

Consolidated Financial Statements at 31 December 2020.

In this regard, we feel we received suitable information during meetings called by the Board of Statutory Auditors, on the most important aspects of some “significant” subsidiaries of Astaldi such as Astaldi Concessions S.p.A., NBI S.p.A., Partenopea Finanza di Progetto (“PFP”), Afragola S.c.r.l, and on Astaldi Concessioni S.p.A, in liquidation.

To this end, please refer to what has already said in relation to the aforementioned subsidiaries under point 4 herein.

As regards the investee Astaldi Concessions S.p.A., the latter, stripped of assets transferred to the Liquidation Perimeter, is to be taken as the perimeter of activities and assets to be used to support business continuity, as outlined in the Composition Plan.

12.1 Supervision of reporting package

On 5 November 2020, the share capital increase of Astaldi S.p.A. was completed following which Webuild S.p.A. acquired control of Astaldi S.p.A. Astaldi was included in Webuild’s consolidated financial statements as from said date.

Consolidation within the Webuild Group is regulated by (i) the Group Reporting Manual (attached hereto) and (ii) instructions received in the note dated 1 December 2020 regarding composition of the consolidation scope and the account statements to be prepared for Webuild’s consolidated financial statements.

During the year we supervised auditing, as well as the process of preparing the reporting package’s Income Statement and Statement of Financial Position, including for the purpose of checking conformity with the instructions contained in the Group Reporting Manual.

During the meetings held with top management, the administration department and the independent auditors, the Board of Statutory Auditors’ meetings of 22 December 2020 and 4 March 2021 and the Control and Risks Committee meeting of 12 March 2021, which the Board was invited to attend, we acknowledged the requests made by the Majority Shareholder which resulted in the finalisation of a reporting package containing the Statement of Financial Position and Income Statement at 31.10.2020 and Statement of Financial Position and Income Statement with the last two months of 2020.

During the aforementioned meetings, we were shown the differences between Webuild's financial statement models that differ in terms of the classification of some income statement and financial position items from those usually adopted by Astaldi Group to draw up its own consolidated financial statements, with both of them clearly being compliant with the provisions set forth in International Accounting Standards.
Finalisation of the reporting package meant completion of the "purchase price allocation" process which determined share value and, hence, the exchange value (assignment to Astaldi shareholders of 203 Webuild ordinary shares for every 1000 Astaldi ordinary shares held) for the Astaldi S.p.A. demerger.
On this occasion we checked that the aforementioned value had been identified by the Boards of Directors of Astaldi and Webuild, and that the Board of Directors of Webuild had constantly updated the Committee for Transactions with Related Parties, with the support of Equita as an independent financial advisor.
We also verified the procedures used to calculate this ratio, checking that the latter had been identified taking into account the income, equity and financial trends of the two groups during 2020 and basing itself on the widely-applied valuation methods with specific reference to the so-called fundamental methods based on the two group's economic and financial plans.
With regard to this operation, Astaldi and Webuild were assisted respectively by Ernest & Young, in the capacity of financial advisors for the boards of directors and by Equita & Lazard, in the capacity of independent financial advisors for the committees for transactions with related parties.

12.2 Supervision of statutory audit of separate and consolidated financial statements

We further supervised statutory audit, including examining, with the Manager in charge of financial reporting, the independent auditors' work schedule at the Board of Statutory Auditors' meeting of 22 December 2020, the relevant areas as set forth in the financial statements and the potential effect of significant risks which may be highlighted in the financial statements. We supervised the effectiveness of auditing by holding periodical

meetings and exchanging information with the independent auditors, also in relation to accounting principles and practices to be adopted, and further verifying that data and information specifically requested by the independent auditors had been duly provided.
The previous independent auditors KPMG - with regard to all HY1 2020 activities – and the newly-appointed independent auditors PwC – with regard to auditing of the financial statements at 31.12.2020 - were frequently invited to attend Board of Statutory Auditors' meeting for the purpose of monitoring the suitability of auditing, regardless of the deadlines connected with the interim report and the draft annual financial statements. This was also advisable in relation to the contents stated by KPMG in its Additional Report to the financial statements as at 31 December 2019 pursuant to Article 11 of Regulation (EU) No. 537/14, and in relation to monitoring of the Composition Plan by the Company.
Approval of the composition plan, the resulting share capital increase and the establishment of a Liquidation Perimeter represented an effective response to the principle of continuity challenged by the company's economic, financial and equity figures for the previous year. This was due to the fact that continuity is strongly related to equity strengthening action and the process of non-core asset divestment which were only carried out following approval of the Composition Plan.
In this regard, during the first half of 2020, the previous independent auditors (KPMG) and, subsequently, the newly-appointed independent auditors (PwC) had already reported to the Board of Statutory Auditors on fundamental issues that had come to light during statutory audit at the various meetings held prior to approval of the draft financial statements at 31.12.2020 by the Board of Directors.
The Board of Statutory Auditors was likewise kept informed by the independent auditors about the checks performed concerning correct book-keeping and correct recognition of operations in accounts.
In this regard, we held meetings with the representatives of KPMG and the newly-appointed independent auditors PwC during 2020, respectively on 14 September 2020 and 22 December 2020, as well as at the joint meeting with the Control and Risks Committee on 17 March 2021 during which we were duly updated with regard to auditing activities, pursuant

to Article 150 of Legislative Decree No. 58/1998.

13.1 Appointment of new Independent Auditors

It must be noted in this regard, as already stated in our report, that during 2020 the independent auditors KPMG worked with the Company up to approval of the interim report at 30.06.2020. Even if the latter's term of office expired upon approval of the financial statements at 31.12.2019, the extended terms for approval of the 2018 and 2019 financial statements by the Shareholders' Meeting of 31 July 2020 would not have allowed for a new independent auditor to take over in time to perform the activities related to the first half of 2020.

As regards the annual financial statements at 31.12.2020 and the reporting package subsequently requested by the majority shareholder for the purpose of consolidating Astaldi S.p.A. within the group, the independent auditors, PwC, took over the task, with the Board of Directors taking part in the selection process insofar as *responsible for the procedure aimed at selecting independent auditors or independent auditing firms.*

According to current legislation regarding statutory audit, amended by European Regulation No. 537/2014 and by Legislative Decree No. 39/2010, supplemented by Legislative Decree No. 135/2016, the task could not be assigned another time to KPMG S.p.A., if a four-year period had not lapsed between the end of its current assignment. The new task of statutory audit had to be assigned through a specific selection procedure. Therefore, we repeated the selection procedure adopted by the Company when previously assigning tasks, updating it in relation to recent changes of legislation.

The whole selection process, offer, assessment and assignment of the task was tracked and set down in writing at the Board of Statutory Auditors' meetings of 22 May 2020 and 6 July 2020. At the end of this process, the task was assigned by the Shareholders' Meeting of 31 July 2020 to PricewaterhouseCoopers S.p.A. for the 2020-2028 period.

On that occasion, we submitted to the Board of Directors, and in last instance to the Shareholders' Meeting, the recommendation of Astaldi S.p.A.'s Board of Statutory Auditors to assign the task of statutory audit for the 2020-2028 period, pursuant to Articles 13, subsection 1, and 17, subsection 1, of Legislative Decree No. 39 of 27 January 2010 as amended, respectively, by Articles 16 and 18 of Legislative Decree No. 135 of 17 July 2016 and Article 16 of European Regulation No. 537/2014 of the European Parliament and Council of 16 April 2014, listing a preference for PwC, resulting from the final score assigned at the end of the selection procedure.

It must be noted, as stated in the introduction, that the auditing services required by Astaldi and its subsidiaries and/or other companies forming part of the group depending on their significance as recognised by the Offering Companies for the 2020-2028 period, did not include the reporting package. This was subsequently requested by the majority shareholder and hence was not quoted in the initial offers submitted by the independent auditing firms called upon by Astaldi to submit their offers.

The aforementioned activity was the subject of a separate proposal by PwC, which was disclosed in advance to the Board of Statutory Auditors during the meeting of 22 December 2020 and examined and approved by the Board, following in-depth discussion of the assignment proposal received through the Company's administration department.

13.2 Independence of the independent auditors, with specific reference to non-audit services rendered

We supervised the independence of the independent auditors, checking both compliance with relative legislation and the nature and the scope of services differing from auditing of accounts, rendered to Issuers and its Subsidiaries by said independent auditors and entities belonging to its network.

In this regard, it must be noted that the independent auditors provided us with a list of tasks assigned to it during 2020, which we always examined prior to assignment and for which we have no observations to make.

Given the content of point 13.1 above, during the Board of Statutory Auditors' meeting of 22 December 2020, the procedures for assigning tasks differing from auditing, adopted by the Company and updated on the basis of recent legislation, were recalled together with the newly-appointed independent auditors, PwC.

Please find below tables listing the fees paid to the newly-appointed independent auditors, PwC, during 2020.

Specifically, the fees paid by Astaldi Group to PwC and to companies belonging to the PwC network were as follows:

	EUR/000	*EUR/000*
Services	**Consolidated**	**Separate**
Audit	674	486
Optional auditing or certification services		
Other services differing from auditing	406	406
Total	**1080**	**892**

The aforementioned amounts, as already detailed herein, include: (i) audit of the separate and consolidated financial statements, as per the proposal subsequently submitted for approval by the Shareholders' Meeting, and (ii) drafting of Reporting Packages at 5 November and 31 December 2020, requested by the majority shareholder Webuild.

The incidence of "Other services" compared to "Audit" and "Certification services (connected with auditing)" was monitored and equalled 41.18%.

Lastly, it must be noted that the Notes to Astaldi's Financial Statements showed a sum for auditing referring to HY1 2020 report, performed by KPMG, that was in line with what was stated in the Board of Statutory Auditors' Report, equal to EUR 242,000.00 (including out-of-pocket costs of EUR 42,00.00).

Moreover, the Financial Report to the Financial Statements provided complete information on the fees paid to the independent auditors, pursuant to Article 149-*duodecies* of the Issuers' Regulation.

Taking into account the "Annual Report on Transparency" drawn up by PwC S.p.A., published on its website and notified to the Board of Statutory Auditors, as well as formal confirmation of its independence issued by said company and notification of the assigned tasks, including through entities belonging to its network, by Astaldi S.p.A. and its

Consolidated Companies, we checked that no tasks were assigned for services that may jeopardise the independent auditors' independence.
Pursuant to Article 6, subsection 2, letter a) of Regulation (EU) No. 537/204 and in accordance with paragraph 17 of the International Standard on Auditing No. 260 (ISA Italia), the Board of Statutory Auditors deems there are no situations or evidence showing the existence of any critical aspect regarding the independence of PwC S.p.A.

14. Supervision of the Structure of Separate and Consolidated Financial Statements

Astaldi's Financial Statements were drafted in accordance with IAS/IFRS issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as in accordance with the regulations issued by CONSOB in order to implement Article 9, subsection 3 of Legislative Decree No. 38/2005.
The Directors' Report summarises the main risks and uncertainties and sets forth the forecast development of operations.
The Company's financial statements were prepared in accordance with the law and include the documents required by the Italian Civil Code and Consolidated Finance Act.
During the Board meeting of 17 March 2021 that approved the draft Separate Financial Statements of Astaldi S.p.A. and the Consolidated Financial Statements of Astaldi Group at 31.12.2020, the Company showed that during 2020 it had duly followed the content of the composition proposal forming part of the composition procedure. The composition was successfully concluded with approval granted on 17 July 2020 that allowed the Company to return to performing status and consequent solving of the uncertainties regarding business continuity expressed by Directors in the notes to the separate and consolidated financial statements at 31.12.2019.
The consolidated economic results at 31.12.2020 were expressed net of non-recurring effects linked to segregation of the Liquidation Perimeter and to some items related to the composition proposal (management view).
As regards the consolidated financial and equity results at 31.12.2020, these took into account the effect of debt restructuring following approval of Astaldi's Composition on 17

July 2020.
As regards the separate financial statements, the Board of Statutory Auditors checked, through direct checks and information obtained from the independent auditors, compliance with legislation regulating formulation, layout of the financial statements and management report, the financial statement models adopted and accounting standards, described in the Notes to the Financial Statements and Management Report.
As stated previously, the effects of transactions with related parties are expressly shown in the financial statements, in accordance with CONSOB Resolution No. 15519/2006.
The Notes to the Separate Financial Statements contain the information provided for in international accounting standards regarding asset impairment.
Compliance of impairment testing with the provisions of IAS 36, and of Document No. 4 of 3 March 2010 jointly drawn up by the Bank of Italy/Consob/Isvap, was officially approved by the Board of Directors during its meeting held on 15 March 2021, prior to approval of the 2020 financial statements. This was further to a preliminary examination carried out by the Control and Risks Committee, after consultation with the independent auditors, at the meeting of 12 March 2021, attended by the General Manager Administration and Finance, the Company's Administration Department, the Manager of the Administrative Compliance and Financial Statements Department and the Internal Audit Department. Said examination included analysis and discussion of the document, drawn up in relation to the 2020 annual financial statements and with reference to the reporting package which listed the examinations carried out and findings of impairment activities.
The Board of Statutory Auditors acknowledges that the Control and Risks Committee specifically checked suitability of impairment testing from a methodological viewpoint.
The Chief Executive Officer and the Manager in charge of financial reporting issued certification, pursuant to Article 81-ter of CONSOB Regulation No. 11971/1999, as subsequently amended and supplemented, and to Article 154-bis of Legislative Decree No. 58/1998 (Consolidated Finance Act).
Lastly, as regards diffusion of the COVID 19 pandemic, in keeping with ESMA and CONSOB guidelines regarding the impact of COID 19 on the financial disclosures of listed

companies, Astaldi's directors reported on the quality and quantity-related impact of COVID 19 with regard to significant risks and forecast development of operations, based on the company's specific characteristics and available information. The Financial Statements correspond to facts and information which the Board of Statutory Auditors became aware of while performing its supervisory activities and in relation to its powers of control and inspection.

The Board of Statutory Auditors also assessed the suitability of information provided in the directors' report concerning the non-existence of atypical and/or unusual significant operations, including intragroup operations and operations with related intragroup and non-intragroup parties.

The Management Report complies with legal requisites and is in keeping with financial statement figures and results. It provides extensive information concerning the most significant activities and operations, as well as the main risks of the Company and its subsidiaries, intragroup operations and transactions with related parties and the process of aligning corporate organisation with corporate governance principles, in compliance with the Code of Self-Governance for Listed Companies.

The Report on Remuneration, examined by the Remuneration Committee and by the Control and Risks Committee is submitted to the Shareholders' Meeting pursuant to the provisions set forth in Article 123-ter of Legislative Decree No. 58/1998 (Consolidated Finance Act).

15. Observations and proposals concerning the comments and emphasis of matter paragraphs set forth in the Independent Auditors' report.

On 7 April 2021, the Independent Auditors issued their report on auditing of the separate financial statements and their report on auditing of the consolidated financial statements of Astaldi and its subsidiaries at 31 December 2020, drafted in accordance with International Financial Reporting Standards adopted by the European Union, as well as in compliance with international auditing standards (ISA Italia) formulated pursuant to Article 11 of Legislative Decree No. 39/10.

Independent Auditors carried out auditing in compliance with international auditing

standards (ISA Italia) formulated pursuant to Article 11 of Legislative Decree No. 39/10.
PwC also performed auditing of the management report and of some specific information contained in the corporate governance report as per Article 123-bis of Legislative Decree No. 58/98.

In this regard, it must be noted that

- both reports contain: - (i) a description of the key aspects of auditing and audit procedures in response to key aspects; (ii) confirmation that the opinion expressed on the separate financial statements and the opinion expressed on the consolidated financial statements in the respective reports is in line with the content of the additional report addressed to the Board of Statutory Auditors, in its capacity as the committee for internal auditing and auditing of accounts, drawn up pursuant to Article 11 of the European Regulations which also include the statement concerning independence as per Article 6, subsection 2, letter a) of said Regulations.
- in its report on auditing of the consolidated financial statements, the independent auditors acknowledge that they checked approval, by the Directors, of the non-financial statement pursuant to Article 3, subsection 10 of Legislative Decree No. 254/16, such statement is the subject-matter of a separate conformity statement.

PwC's auditing procedures considered, with reference to the annual financial statements at 31 December 2019, the "*statement of the impossibility to express an opinion on these financial statements due to the numerous and significant uncertainties concerning the going concern basis used by the directors when drafting the financial statements",* formulated by the previous independent auditors, KPMG.

This entailed examination by PwC of all the elements of significant uncertainty noted by the previous independent auditors, which were promptly analysed and checked by the newly-appointed independent auditors.

The auditing procedures which involved the auditor included:

— understanding of the company and the situation it operates in so as to identify the risks of significant errors;

— understanding of the internal audit system through interviewing of company personnel and testing of checks implemented by the company to monitor identified risks and checking of the effectiveness of the internal audit system;

— definition of the type and scope of validity procedures, performed on the basis of results obtained from testing of the internal audit system, so as to obtain sufficient and appropriate proof;
— constant interfacing with the management and internal audit committee or with other corporate governance managers throughout all the auditing process based on the communications plan;
— focus of activities on highest areas of risk and on other accounting and auditing aspects we considered more significant, describing the significant risks tackled while auditing separate and consolidated financial statements together with the auditing strategy used;
— calculation of the limits for significance, including significance for the separate and consolidated financial statements as a whole.

With regard to the COVID 19 pandemic, the impacts on Astaldi Group's activities were discussed with the management and in this regard, specific information can be found in the section "Covid-19 statement" included in the notes to the separate and consolidated financial statements.

Upon completion of analysis, the independent auditors PwC issued its audit reports on the Company's and Group's financial statements on 7 April 2021, pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014 without any observations.

The independent auditors confirmed their independence from Astaldi S.p.A. in accordance with the Italian legal system's provisions and principles concerning ethics and independence that apply to auditing of financial statements

Lastly, in their report to the financial statements, the independent auditors noted some key aspects of auditing. The key aspects of auditing are those which, according to the independent auditors' professional opinion, were most significant while auditing the financial statements in question.

Such aspects have been dealt with while auditing and while formulating the opinion on the financial statements as a whole, and were illustrated to us during the Board of Statutory Auditors' meeting of 4 March 2021, the Control and Risks Committee meeting of 12 March 2021 the joint meeting of the Board of Statutory Auditors and Control and Risks Committee of 17 March 2021 and the Board of Statutory Auditors meeting of 7 April 2021.

Therefore, the aspects described below as key aspects of auditing of the separate and consolidated financial statements at 31.12.2020 were identified and reported to the Board of Statutory Auditors:

- effects of implementation of Astaldi S.p.A.'s composition;
- measurement of revenue, assets and liabilities resulting from contracts with customers.

As regards the issue of business continuity, the Directors reasonably expect the Company and the Group to continuing operations in the foreseeable future and have drawn up the separate and consolidated financial statements on going concern basis. Therefore, the Directors considered use of the going concern basis to be appropriate insofar as they concluded that there were not the conditions to wind up the parent company Astaldi S.p.A. or to suspend business activities and, hence, no statement of this type was included in the notes to the separate and consolidated financial statements.

With regard to auditing of the separate and consolidated financial statements, based on evidence acquired, the independent auditors PwC concluded that use of the going concern basis was appropriate for drawing up of the statements.

16. Company's adoption of the Self-Governance Code of the Corporate Governance Committee of listed companies

As already stated in the premise to the Board of Statutory Auditors' Report, the Company has adopted the Corporate Governance Code for listed companies, established by Borsa Italiana S.p.A. and the internal organisation is consistent with the guidelines of said Code, as set forth in the Report on Corporate Governance and Ownership Structure.

The Company's current governance complies with the recommendations set forth in the latest edition of the Self-Governance Code published in July 2018 by the Corporate Governance Committee.

In keeping with the approach adopted in order to better represent application of the "comply or explain" principle, the Report stated the recommendations of the Self-Governance Code chosen not to adopt, proving the relevant reasons and describing the alternative behaviour adopted, if any.

Astaldi S.p.A., just like its strategic subsidiaries, is not subject to any provision of foreign legislation affecting the Company's corporate governance structure**.**

The Board of Statutory Auditors has verified the adoption of said Code, as suitably set forth in the Report on Corporate Governance and Ownership Structure for 2020, in compliance with Article 124-ter of the Consolidated Finance Act and Article 89-bis of CONSOB Regulation.

In order to provide complete information, it must be noted that in January 2020, the Corporate Governance Committee approved the new edition of the Code, now called "Corporate Governance Code" which therefore replaced the Self-Governance Code. This new code will be applied during 2021 and Astaldi will make relevant adjustments in order to comply with changes introduced by said code.

In this regard, it must be noted that during the Control and Risks Committee meeting of 19 February 2021, attended by the Board of Statutory Auditors, the main changes introduced by the Corporate Governance Code, which the Company must comply with, were reviewed together with the relevant corporate department.

This occasion also proved useful for reviewing the recommendations of the current Self-Governance Code that resulted in the need to give more space to the recommendations not implemented by the Company in the Report on Corporate Governance Report for 2020 in light of the changes in the company's situation.

17. Suitability of the internal audit and risk management system, in particular with reference to activities performed by the Head of the Internal Audit Department and by the Manager of the Risk Management and Sustainability Department

We verified that the Company has an internal audit and risk management system, also with reference to the Group, which is able to allow for the identification, measurement, management and monitoring of the main corporate risks. We also assessed and supervised functioning of the internal audit and risk management system by obtaining information from the managers of the relevant corporate departments, such as the Head of the Internal Audit Department and the Manager of the Risk Management and Sustainability Department.

Therefore, supervision was carried out by examining the reference documents and analysing the findings of activities performed by the independent auditors as regards certification by the latter of the absence of significant deficiencies in the internal audit system in relation to financial disclosure. This also involved participation in the activities of the Control and Risks Committee, in this case through the Board of Statutory Auditors' attendance of the meetings of said Committee held on 11 March 2020 to examine the guidelines for planning 2020 auditing, on 22 July 2020 to examine the finding of auditing of the first half of 2020 and on 19 February 2021 to examine the findings of auditing of the second half of 2020.

Cooperation with the Control and Risks Committee made it possible to coordinate the respective activities, promoting joint assessment of the control and risk management system.

Specifically, as mentioned, we supervised the Internal Audit Department's scheduling of activities, which took into account the Company's current situation, by drawing up Guidelines to the 2020 Audit Schedule so as to ensure a certain flexibility where needed.

On this occasion, the Board of Statutory Auditors and Supervisory Body stressed that continuity of audit activities needed to check the internal audit and risk management system had to be guaranteed, even given the current emergency and corporate crisis. The above, also taking into account projects identified as strategic, in keeping with the composition with creditors as a going concern and in accordance with CONSOB's recommendations to the Company's Board of Statutory Auditors and top management.

With reference to auditing concerning the second half of 2020, we noted that the Report by the Internal Audit Department Manager was drafted on the basis of a model similar to the one adopted by Webuild's Internal Audit department, given that comparison with and discussion of the majority shareholder's reporting methods and standards is already underway.

The Board of Statutory Auditors examined the audit reports summarizing activities performed during the year, mainly aimed at checking compliance suitability of the Group's internal audit and risk management system.

More specifically, checking focused on verifying compliance with current legislation, Group guidelines and corporate procedures, as well as observance of assignment of powers and correct conduct, and proposing corrective action or solutions to improve the procedural and audit system, also for the purpose of improving the corporate organization's effectiveness and efficiency and protecting company assets.

We were also informed and received up-to-date information on the significant projects relating to the internal audit and risk management system whose activities resumed during 2020. In this regard, during 2020, we updated IT Risk Assessment, also availing ourselves of the professional services of Macfin consulting firm. Said assessment involved an analysis of the risks within the corporate IT system and the suitability of the internal audit system to monitor these risks.

The assessment was carried out with reference to the IT system at the company's head offices and in the main international areas such as Canada, Romania, Poland and Chile, using a Control Risk Self-Assessment. The findings of these activities showed that Astaldi S.p.A.'s IT system is suitable on the whole and able to monitor IT risks.

However, the findings highlighted some limited risk profiles that were brought to the attention of the IT Systems Department and top management.

We ascertained that the Company's internal audit and risk management system does not appear to have any deficiencies, and worked out recommendations or suggestions to improve some areas of the processes undergoing auditing.

We also verified that the company implemented the improvement actions proposed during the previous period (2019 follow-up), wherever applicable, taking into account the significant impacts resulting from composition.

Jointly with the Control and Risks Committee, we met the Manager of the Risk Management and Sustainability Department during the meeting of 14 September 2020 and 14 December 2020 about the risk management system for an update on activities carried out with regard to the latest information given during the previous year.

More specifically, during the meeting of 14 September 2020, we were informed by the Risk Management and Sustainability Manager that, together with corporate management that is especially aware of the issue, activities were started in May 2020 to increase awareness of and consolidate the risk culture within the corporate organisation at all levels. The aim is to make management and operating personnel more responsible in this regard in terms of risk exposure, by planning individual workshops with the head office's departments/division and also with operating areas.

Therefore the aim of these activities are to allow the generation of risk assessments per corporate process and to contribute to updating of Risk Appetite Statement and relative Risk Appetite Framework. At the same time, the RM department performs ongoing monitoring of project risks and, specifically, updating is being performed of the risk registers of backlog contracts because they are connected with updating of project budgets and hence of the Business Plan.

On the above occasion we also received an update from the Risk Management and Sustainability Manager concerning the major integration between the ERM Model and business sustainability, in line with the recommendations set forth in the new Corporate Governance Code which will come into effect from 2021 with the aim of creating long-term value to benefit shareholders and stakeholders. Application of the sustainability process can currently be found in the corporate integrated management system "Integrated Management of Corporate Responsibility" (PG-AST-029) which is currently being updated by the RM department in order to align it with recent changes of the law and of internal organisation.

With reference to non-financial reporting pursuant to Legislative Decree No. 254/2016, this was drafted for the first time by Astaldi in 2017.

In this regard, reference should be made to point 20 "Non-Financial Consolidated Statement" herein.

Still as regards the internal audit and risk management system, it must be noted that during 2020, the corporate Integrated Management System ("IMS") was amended to implement the findings of auditing for the purposes of Internal audit and Legislative Decree No. 231/01 and the specific requests of the Board of Statutory Auditors and Supervisory Body, as well as the organisational changes set forth in corporate communications (in this regard please refer to point 8, “Suitability of Organisational Structure” herein).

We received an update on the recommencement of privacy-related activities, which had experienced a slowdown in the last two years as a result of different priorities arising from the composition. Said update was provided at the meetings of the Control and Risks Committee of 14 September, 16 November and 14 December 2020.

The above activities focused on updating of the operating procedure “Personal Data Processing and Circulation (PO-AST-SASP-006)” in order to bring it into line with the new wording of the European General Data Protection Regulation EU No. 2016/679 (so-called GDPR) with specific reference to the management of data breaches and the Right of Data Subjects, together with the main reference forms of the corporate integrated management system.

On this occasion, the corporate departments involved interfaced with the majority shareholder’s compliance department in order to identify areas of improvement from the organisational model implemented by the majority shareholder.

Therefore, given the supervisory activities performed and considering the assessments of suitability, efficiency and effectiveness formulated by the Control and Risks Committee, we reached an opinion of substantial suitability of the company’s internal audit and risk management system as a whole, including in terms of efficiency in implementing requested improvements.

18. Supervisory Body's activities

With reference to organisational activities and procedures performed pursuant to Legislative Decree No. 231/01 on the administrative liabilities of organisations for the offences provided for in the decree, we obtained information from periodical reports drawn up on the activities carried out by the Supervisory Body set up by the Company.

We also acknowledged the Board of Directors’ approval during the meeting of 15 December 2020, of review of the system for compliance with Legislative Decree No. 231/01 adopted by the Company: Organisation Management and Control Model as per Legislative Decree

No. 231/01 of Astaldi S.p.A., General Part and Special Part, following the introduction of new predicate offences under Legislative Decree No. 231/01. These concerned the macro-category of tax offences (Article 25-*quinquiesdecies*), introduced under Law Decree No. 124 of 26 October 2019, coordinated with Conversion Law No. 157 of 19 December 2019, and extended by Legislative Decree No. 75 of 14 July 2020, the so-called PIF Directive. During the second half of 2020, extensive training and communications activities were carried out by the Supervisory Body in line with the approved Supervision Plan which saw the scheduling and performance of numerous training sessions with the main international areas and a training activity which involved both Head Office departments and Operations departments – Italy.

The issues examined were: the founding principles of the administrative liability of organisations; offences committed abroad; international corruption; information flows to the Supervisory Body; whistleblowing; the latest update of the Organisational Model for tax offences.

The total resources involved were 274, 150 of which at head office and the remaining at the main international branches/areas.

We also received updates from the Internal Audit Department Manager and from the Supervisory Body while performing our supervisory activities and in relation to the Supervisory Body's half-yearly reports that were also forwarded to the Board of Statutory Auditors in compliance with the information flows to corporate bodies and top management. The updates regarded the findings of audit activities performed by the Internal Audit Department on behalf of the Supervisory Body.

The Supervisory Body also reported to the Board of Directors on activities carried out during 2020, in accordance with the content of the Annual Report on Corporate Governance and Ownership Structure at your disposal, and with its own half-yearly report on activities carried out in compliance with Guidelines to the Supervision Plan approved for 2020.

Supervisory activities did not bring to light any significant problems for the purposes of efficiency and effectiveness of the Company's Organisational, Management and Control Model pursuant to Legislative Decree No. 231/01, but recommendations and suggestions for compliance with, and in some cases, improvement of control procedures aimed at preventing conduct that could result in the commission of potential predicate offences.

19. Health, Safety, Environment

With reference to supervisory activities concerning health, safety and the environment, we acknowledged that the Company is pursuing implementation and maintenance of certifications by relevant field of application, in accordance with recognized standards (ISO 14001 "Environment", OHSAS 18001 "Health and Safety", as replaced by ISO 45001, ISO 26000 Guidelines on "Social Responsibility") of efficient management systems to mitigate specific risks.

In this regard, during the year, following organisational changes made to the corporate structure in relation to supervision of health, safety and the environment on operating projects, we received confirmation of the activities carried out from the findings of audit activities performed for the purpose of Internal Auditing and compliance with Legislative Decree No. 231/01, as well as through monitoring of reference laws, procedural and contractual measures and reports received during the year in this regard.

As far as updating of the Health, Safety and Environment (HSE) component is concerned, within the corporate Integrated Management System, also in relation to maintenance of the certifications referred to above, this is entrusted to the Head of the QHSE Department following internal reassignment of responsibilities.

In this regard, with reference to the provisions set forth in Legislative Decree No. 254/2016, we were updated on the approach, aims and results regarding the aforementioned issues, as reported in the Sustainability Profile Document drawn up by the Company for 2020.

20. 2020 Consolidated Non-financial Statement - Sustainability Profile Document

On 17 March 2021, the Board of Directors of Astaldi approved the 2020 consolidated non-financial document - Sustainability Profile Document, drawn up in accordance with Legislative Decree No. 254/2016.

On 7 April 2021, the independent auditors issued its report on the compliance of information provided in the consolidated non-financial statement with applicable laws and reporting standards adopted.

The Board of Statutory Auditors supervised compliance with the provisions of Legislative Decree No. 254/2016 and has no observations to make in this regard herein.

The vision attributed to the Non-Financial Statement and to sustainability subjects in 2020 echoed that of the previous Non-Financial Statements for 2018 and 2019, preferring to focus on a compliance-based approach and, therefore, on the fulfilment of obligations resulting from legislation.

Drafting of the Non-Financial Statement focused on collecting data and analysing the consistency of information received from the corporate departments involved.

As regards its content, mapping of stakeholders and the related materiality analysis recently completed by the Risk Management and Sustainability Department were included. Specifically, new material issues, including "COVID 19 emergency management" and "ethics and compliance" were highlighted in the Non-Financial Statement using the Materiality Matrix rather than no longer material issues.

The Non-Financial Statement also contains a reconciliation table of material issues for Astaldi, the material aspects of GRI Standards and the 17 goals of the UN's 2030 Agenda (Sustainable Development Goals).

Lastly, the 2020 Non-Financial Statement is in keeping with the reference standard (i.e. GRI 205 Anti-corruption) which provides for the mention of confirmed incidents of corruption meaning "incidents of corruption that have been found to be substantiated".

From the information in our possession at the draft date of this Report, we are not aware of any confirmed incidents of corruption.

21. Final considerations on the findings of supervisory activities performed

The Board of Statutory Auditors' supervisory activity described above was carried out at 9 meetings of the Board of Statutory Auditors held during 2020, whose resolutions are officially set forth in the ledger of minutes of the Board of Statutory Auditors. It also attended 20 meetings of the Board of Directors held in 2020, and 6 meetings of the Control and Risks Committee held in 2020.

During 2020, the Board of Statutory Auditors attended the Shareholders' Meeting of 31 July 2020 which awarded the task of independent auditing to PricewaterhouseCoopers S.p.A. for the 2020-2028 period.

The Board of Statutory Auditors also attended meetings of the Appointments and Remuneration Committee and took note of the minutes of meetings of the Related Parties Committee held during 2020.

In this regard, the activities carried out by the Control and Risks Committee were illustrated by the Committee to the Board of Directors and reported in the Annual Report on Corporate Governance and Ownership Structure.

As regards the activities carried out by the Supervisory Body, these were illustrated to the Board of Directors and detailed in the Annual Report on Corporate Governance and Ownership Structure.

While carrying out supervisory activities, and according to information obtained from the independent auditors, no omissions and/or reprehensible facts and/or irregularities were found nor any important facts worth being reported to control bodies or mentioned herein.

22. COVID 19 health emergency

The Board of Statutory Auditors points out that the health emergency arising from the spread of the COVID 19 virus continued during 2020 and the first months of 2021. In this regard, the Italian authorities have issued law provisions, reserving the right to increase as needed the restrictions contained therein, which set limits on the movement of individuals and bans on gatherings, as well as strict health protocols to protect individuals specifically in the workplace and which limited the possibility of performing production activities for some sectors.

Astaldi's activities experienced restrictions, both with regard to the continuation of site activities which were suspended, and to the starting up of new sites.

Given the health emergency, as from 9 March 2020 and continuing in 2021, Astaldi proactively extended the possibility of working from home (WFH) to all workers,

guaranteeing in any case the rotation of personnel in offices in order to allow for a presence at the Company's registered offices.
This possibility was extended to all employees of all the Group's Italian and international offices where this work mode is compatible with the actual performance of assigned tasks, ensuring maximum focus on guaranteeing business continuity and the safety of its production sites.
The CEO and management constantly updated the Board of Statutory Auditors, illustrating all the measures taken both with regard to Italian and international business activities and to personnel, highlighting a stable situation but one that have impacts from a financial viewpoint (lower earnings of slow moving items) and economic viewpoint (reduced revenue and lower margins).
As regards the Company's initiatives, we were shown and noted a prompt response on the part of the top management and corporate organisational structures to the health emergency in terms of measures taken.
As regards projects in Italy, the company benefitted from the concessions arising from the Relaunch Decree and Simplification Decree, as well as using social buffers (wage support fund).
Moreover, as concerns international and Italian projects, the company quantified the greater costs, arising from site closure and the atypical trend, submitting reserves to the various customers.
Planning figures were drawn up taking into account the estimated impact of the health emergency in terms of costs incurred and possible recovery from claims.
The Company is confident with regard to the positive outcome of requests that should offset the losses incurred, taking into account the fact that the Business Plan forecasts envisage a worsening of results in order to take into consideration the health emergency that should gradually be made up on the outstanding production activities of backlog projects.
As regards the annual Shareholders' Meeting, held in a single call on 29 April 2021, the Board of Statutory Auditors notes that the Board of Directors' meeting of 20 March 2021

called the Ordinary and Extraordinary Shareholders' Meetings in compliance with the aforementioned restrictions set by authorities. This meant representation and participation in the Shareholder's Meeting was possible exclusively via an appointed representative and the possibility for the Company's Board of Directors and Board of Statutory Auditors, where allowed, as well as the appointed representative to take part using means of telecommunications.
The supplement is in line with the extraordinary measures introduced under Article 106 of Law Decree No. 18 of 17 March 2020, as amended by Legislative Decree No. 183/2020, converted in Law No. 20/2021.
The Board of Statutory Auditors, in close cooperation with the Board of Directors ensures the maximum attention on monitoring the economic and financial impact that the COVID-19 pandemic will have on the market, and hence also on the Company, for the purpose of carrying out the composition, and on differences compared to forecasts.

23. Events after the reporting period

Approval of the Composition Plan by the Court of Rome on 17 July 2020 represented the positive conclusion of a complex and lengthy procedure that had lasted almost two years. As well as marking the Company's return to performing status, the operation made possible, as a necessary condition, the share capital increase and consequent debt discharge, together with all the significant events that have been widely illustrated herein and the significant events subsequent to year-end described in this paragraph.
During 2021, up to the approval date of this report, the demerger transaction was approved by the company's board of directors on 20 March 2021. This sees the separation between the activities falling into Astaldi S.p.A.'s business continuity area, in favour of the beneficiary Webuild, and the Liquidation Perimeter which will remain under the control of the demerging company.
We were informed of the terms and conditions of the demerger in relation to our job of supervising compliance with legislation and the company bylaws. More specifically, as a

result of the demerger, it should be noted that: (i) any unsecured creditors of Astaldi that are acknowledged as such after the date the demerger comes into effect, will be entitled to receive Webuild ordinary shares and will maintain the right to receive from Astaldi equity financial instruments which will apply to the Liquidation Perimeter; (ii) Webuild will be the assignee of all assets, liabilities and legal transactions of Astaldi following debt discharge under the composition, that are not included in the Liquidation Perimeter; (iii) the assets, rights and obligations related to the Liquidation Perimeter will remain under the control of the demerging company, without prejudice to the restriction on use of the Liquidation Perimeter; (iv) Astaldi's share capital following the demerger will be eliminated and re-established at the same time with subscription of new capital by a foundation being set up ("*Fondazione*") that, in the capacity of sole shareholder of the demerging company, will be responsible for management and sale of the Liquidation Perimeter in accordance with the composition proposal.

The Demerger Plan will be submitted for approval at the extraordinary shareholders' meeting of Astaldi scheduled for 29 April 2021.

Subject to approval by the shareholders' meeting and additional law conditions, the efficacy of the demerger will be subject to issue of the measure by the Court of Rome confirming performance of the composition, expected by July 2021, to issue of the necessary consent by Webuild and Astaldi's lending banks pursuant to the respective financing agreements and to subscription by the *Fondazione* of the aforementioned Astaldi share capital increase reserved to it.

24. Proposals to the Shareholders' Meeting pursuant to art. 153, subsection 2 of Legislative Decree No. 58/1998

Taking into account the above, the Board of Statutory Auditors, with regard to its area of responsibility, has found no grounds for objecting approval of the financial statements at 31 December 2020, as drawn up and approved by the Board of Directors' meeting of 17 March 2021, and the proposed resolutions made by the Board of Directors itself.

We would like to thank the Company for the trust it has shown with regard to the powers granted by the Shareholders’ Meeting for the 2018-2020 period.

Rome, 8 April 2021

On behalf of the BOARD OF STATUTORY AUDITORS

The Chairman

(Giovanni Fiori)