



*Company subject to the management and  
coordination of Autostrade per l'Italia S.p.A.*

# *Financial Statements*

## *as at 31 December 2020*

*Headquarters - 00159 Rome, Via Giuseppe Donati n° 174  
Share Capital € 10,116,452.45 fully paid-up  
Registration no. in the Rome Companies Register and Internal Revenue Code 00481670586  
VAT Code 00904791001, E.A.R. no. 526702*

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## **Board of Directors (composition as at 31 December 2020)**

*in office for the triennium 2018 - 2020*

Chairman (1)	Amedeo Gagliardi
Chief Executive Officer (2)	
Board member and General Manager (2)	Alfredo Cullaciati
Board member (3)	Andrea Di Maurizio

## **Board of Auditors**

*in office for the triennium 2019 - 2021*

Chairman	Francesco Mariano Bonifacio
Standing auditor	Pier Giorgio Cempella
Standing auditor	Mario Francesco Anaclerio
Alternate auditor	Sara Antonelli
Alternate auditor	Andrea Balelli

## **Independent Auditing Firm**

*for the period 2012 - 2020* Deloitte & Touche S.p.A.

(1) The Shareholders' Meeting on 27 July 2020 appointed Avv. Amedeo Gagliardi following the resignation from office of Ing. Gennarino Tozzi on 10 July 2020.

(2) On 21 December 2020, the Chief Executive Officer Ing. Franco Tolentino resigned from office. The Board of Directors decided not to appoint another Chief Executive Officer until the next Shareholders' Meeting, but to attribute the powers to the Chairman, Board member and General Manager Ing. Alfredo Cullaciati (Co-opted board member, with powers of ordinary administration)

(3) The Shareholders' Meeting on 27 July 2020 saw the appointment of the new members of the Board of Directors, Avv. Amedeo Gagliardi (Board member and Chairman) and Ing. Andrea Di Maurizio (Board member), given that as a result of the resignation from office of the Board members Ing. Marco Troncone on 11 May 2020 and Mrs. Monica Cacciapuoti on 16 July 2020, the majority of the Directors appointed by the Shareholders' Meeting on 19 March 2018 were no longer in office before the end of their term of office.

# *Management Report*

## **GENERAL CONSIDERATIONS**

Dear Shareholders,

As you are aware, the epidemic caused by the Covid-19 virus began to spread throughout Italy in February 2020. The Government and Regional authorities issued a series of measures aimed at reducing the spread of the epidemic, establishing more stringent regulations for both the mobility of people and certain business activities.

The worsening of the health situation and the government dispositions issued as a result, especially during the initial months of the pandemic, made the supply of materials, goods and services more difficult, limited the presence and operations of subcontractors and made managing the safety of manual work difficult, causing the slowing down or temporary suspension of activities.

The Company took protective action in fulfilment of the Protocol shared by the Government and Social Parties and immediately implemented the measures required by the DPCM, especially:

- stopping production activities and closing the company departments at high risk of COVID-19 infection;
- incentivising the use of remote working methods by the staff employed for all activities that could be carried out from home, and thus remotely;
- use of leave/permits and paid leave by the employees, and also of the other instruments provided by collective contracts. Initially, an urgent procedure was undertaken to begin furloughing staff for a period of 9 weeks, and an extension of this was subsequently obtained in the so-called “Re-launch” Decree Law;
- limiting movements within the operating sites and restricting access to the common areas (reduction to a minimum of the number of meetings with attendance, preferring audio and video-conferences);
- application of the prevention and protection measures to all workers in the Company and their workplaces;
- integration of the measures adopted in the corporate safety documents (updating of the Operational Safety Plans);
- extension of these dispositions to all third parties which, for various reasons, access the company worksites.

From May onwards, production activities started again, except for the work commissioned by Aeroporti di Roma, for which activities started again in October. The works carried out for ASPI

nationally as part of the Framework Agreements for the maintenance of open-air and underground works of art were of particular relevance.

During the period in question, the completion of the works for the refurbishment and extension of runway 23 at Olbia airport (contracted by Geasar S.p.A.) in advance of the contractual deadlines must be highlighted as a high value activity. The activities required an extraordinary use of vehicles, workforce and technology and an excellent work organization, which enabled the works to be completed in 40 days.

On 12 June 2020, the ceremony was held at Barberino di Mugello for the breakthrough of the diaphragm of the Santa Lucia Tunnel, achieved using the TBM. This work is part of the project for the enhancement of the road surface of the A1 highway between Barberino del Mugello and Florence North and is the natural continuation of the Valico variant. The tunnel is the longest three-lane tunnel in Europe and one of the five largest in the world. The excavation works lasted about 3 years and involved about 450 people. At the end of the excavation, the TBM was disassembled and stored in a dedicated area in the Port of Ravenna.

Lastly, it would be opportune to highlight that, despite the current context of general economic contraction, the production completed by the Company as at 31 December is more than during the same period last year. This is also the result of the execution of the maintenance works on open-air and underground works of art (especially in Liguria) envisaged by the Framework Agreements signed with ASPI between September 2019 and January 2021 and formalised during the period with the activation contracts.

It should also be noted that on 18 December 2020, the deed for the conferment in nature of the airport branch of Pavimental S.p.A. to the newly incorporated ADR Infrastrutture S.p.A. was signed and is valid from 1 January 2021. On 29 December 2020, the contract was signed for the transfer of 100% of the controlling share of ADR Infrastrutture S.p.A. to Aeroporti di Roma.

The sale of the holding in ADR Infrastrutture S.p.A. to Aeroporti di Roma was finalised on 21 January 2021.

The financial year 2020 ended with an increase in the volume of works realised by the Company when compared to 2019. The total revenues, amounting to about 495 million Euros (as shown in the Table of Income) increased by about 89 million Euros (+21.96%). This increase concerned the totality of company activities carried out for other companies in the group and external contractors.

Specifically, the increase in business activities mainly concerned other highway works regarding open-air and underground works of art commissioned by ASPI (€ 125,620 thousand). These

increased volumes mitigated the effect of the slow-down in production in infrastructures tenders, and in particular on Lot 2 of Barberino-Florence North, which was affected by the conclusion in June of the excavation of the Santa Lucia tunnel, with production reduced by € 49,052 thousand compared to 2019. Also, the reduced production for the contractor Aeroporti di Roma must also be noted, amounting to € 60,565 thousand, mainly attributable to the suspension of activities during the Covid-19 emergency (activities only started again in October). The increase in production activities for third party contractors was of particular significance. In this regard, the increase in production for the contractor COCIV (Consorzio Collegamenti Integrati Veloci), amounting to € 42,619 thousand, and the increase in production for the contractors GESAC S.p.A., for the expansion of the freight terminal at Naples Capodichino airport, and GEASAR S.p.A. for the construction of the “extension to runway 23 ar Costa Smeralda airport in Olbia”, amounting to € 27,778 thousand, should be highlighted.

During the financial year closed on 31 December 2020, the Company, supported by internal and external legal advisers, ascertained reserves of € 16,450 thousand on the contract for the construction of the Voltri Interconnection and Polcevera completion and Additional Deed n. 1 of the General Contractor COCIV (Consorzio Collegamenti Integrati Veloci) .

As regards the reserves ascertained on the tenders contracted by Autostrade per l’Italia, the following should be noted: € 2,950 thousand on the contract for Highway A14 Lot 6B Porto S. Elpidio, the adjustment of € 447 thousand in the reserves recorded for the Fano compensatory works contract as envisaged by the reserves resolution minutes, € 803 thousand on the Crespellano junction contract. As regards airport works, reserves have been recorded amounting to € 7,000 thousand for the Aeroporti di Roma contracts after a Transactive Deed finalised by the parties.

It must also be noted that the procedure for the reduction of staff for the 209 resources in Maintenance and related Areas (84 white-collar and 125 blue-collar workers) started in March 2019 and settled with the subsequent awarding to Pavimental of the maintenance of the entire highway network, as per ASPI Board of Directors resolution of 6 June 2019 and relative Framework Agreement, was concluded positively through the application of the choice of the “non-opposition to dismissal” criterion. The subsequent signature on 30 July 2019 of the contract for road surface maintenance with ASPI, with a contractual value of 75 million Euros, thus led to an increase in production volumes in the entire maintenance sector, which during the course of 2020 recorded an increase of € 47,322 thousand compared to the 2019 financial year.

The year 2020 closed with losses of 4.9 million Euros. The result was affected by the costs incurred to deal with the COVID-19 emergency and the negative effects of the temporary stoppage of works, especially in the airport sector.

With regard to the acquisition of contracts, we would point out that:

- in January 2020, the Framework Agreement worth 135 million Euros for the execution of maintenance works on open-air and underground works of art for the Area Management Offices of the network of Autostrade per l'Italia was signed, and this was increased during the year to 175.5 million Euros as a result of the finalisation of an Additional Deed. During 2020, implementing contracts for the Framework Agreement were formalised for 157.9 million Euros;
- during the year, Framework Agreements were signed for the refurbishment of the “Bordo Ponte” Catalogo Blu barriers on some highway stretches, totalling 36.5 million Euros and formalised in implementing contracts for 24 million Euros;
- the contract was awarded for the works on the road and highway network of Genoa - Adjustment of the A7-A10-A12 system - Lot 1A - 1st Stretch, for a value of 13.7 million Euros;
- the contract was awarded for the works for the adjustment of the network of San Benigno - Lot 2, part of the refurbishment of the A10-A7-A12 system, for a value of 19.2 million Euros.

It should be noted that the Company Management, supported by the reasoned opinion of an external legal consultant, did not deem it necessary to reflect in the financial statements the effects of the MIT resolution on lowering some soundproofing contracts awarded in previous years and now almost completed.

As regards activities carried out, the details are as follows:

#### Maintenance-Surfacing works

Total production amounted to € 59,595 thousand, entirely carried out for ASPI. This is an increase of € 47,322 thousand compared to 2019 due to the dynamics described above concerning the awarding on 30 July 2019 of the road surface maintenance contract with ASPI for a tender value of 75 million Euros.

#### Other maintenance work for ASPI, Soundproofing – Lateral Side Barriers

The awarding of the Framework maintenance Contracts for open-air and underground works of art determined a production volume for “other maintenance activities” amounting to € 136,292



thousand during 2020, a significant increase compared to the volumes recorded last year ( 10,672 thousand).

The activities concerning Soundproofing recorded a production value of € 1,355 thousand, essentially due to the soundproofing activities carried out in Vittorio Veneto and Conegliano. The activities concerning the Lateral Side Barriers had been completed by 31 December 2020.

#### Other maintenance works for Aeroporti di Roma

The activities concern the works for: the second phase of expansion of the West apron at Fiumicino Airport, constructions to mitigate the hydraulic risk, land side and air side infrastructural completion of the East side terminal sub-system and the requalification of parking slots 100-200 at G.B. Pastine airport in Ciampino, which have been completed.

#### Other activities for other contractors

The total value amounted to € 95,366 thousand, a significant increase compared to last year (€ 39,930 thousand). The increase in production is linked mainly to production for the contractor COCIV (Consorzio Collegamenti Integrati Veloci), amounting to € 66,213 thousand, and the production for the contractors GESAC S.p.A., for the expansion of the freight terminal at Naples Capodichino airport, for € 3,383 thousand, and GEASAR S.p.A. for the construction of the “extension to runway 23 at Costa Smeralda airport in Olbia”, amounting to € 25,739 thousand.

#### Construction of Infrastructures

The total amounted to € 193,765 thousand.

The following are the details of the main contracts:

#### Highway A4 Turin – Trieste enhancement works on the fourth lane for the section between the Viale Certosa intersection and the Sesto San Giovanni intersection from Km 126+450 to km 135+750

Works were awarded for a net contractual amount of € 116,027 thousand, due to the application of a discount of 26.69%.

As at 31 December 2020, production completed amounted to € 114,070 thousand.

A variant appraisal on the work is being defined. This appraisal will determine a new value of the contractual amount, in excess of the initial amount. On the basis of that described above, the percentage of the contract completed is 75.98%.

#### SP 46 Paderno – Rho – Nuovo Polo Fieristico: re-qualification and enhancement works

A contract was signed during April 2014 for re-qualification and enhancement works on SP 46 Paderno – Rho – Nuovo Polo Fieristico for an initial amount of € 76,556 thousand. As at 31 December 2020, production completed amounted to € 75,202 thousand, including € 7,422 thousand for the additional payment to the Contractor for the early opening of the section. 96.70% of the contracted work has been completed.

#### Highway Milan – Naples extension to three lanes of the section Barberino di Mugello – Florence North (Lot 1)

In April 2014, the Company was awarded the works for adding a third lane to the section between Barberino di Mugello and Florence North (Lotto 1) for an amount of € 223,455 thousand, subsequently adjusted to € 190,992 thousand as a result of the application of the discounts defined in the MIT. A variant inspection on the work is being defined which will determine a new value of the contractual amount, in excess of the initial amount.

Production as at 31 December 2020 amounted to € 195,931 thousand Euros and includes part of the additional payments defined in 2017 in the above-mentioned Transaction Deed and an acceleration bonus for the early opening of the Calenzano stretch amounting to € 1,848 thousand. On the basis of that described above, the percentage of the contract completed is 95.96%.

#### Highway Milan – Naples extension to three lanes of the section Barberino di Mugello – Florence North (Lot 2)

The tender contract for the construction of the third lane - Lot 2 - in the section between Barberino di Mugello and Florence North was signed in 2015 by the Company with the Contractor ASPI for an amount of € 373,244 thousand, arising from the application of the 12.36% discount; adjustment to the discount in 2016 defined by the MIT (29.698%) led to the recalculation of the contractual value to € 302,464 thousand.

The predominant activity in the Lot is the Santa Lucia Tunnel, which is being constructed as a natural tunnel excavated mechanically using a TBM-EPB. The excavation was completed in early June 2020.

Production as at 31 December 2020 amounted to € 293,199 thousand, which includes part of the additional payments defined in the Transaction Deed as specified for the previous Lots.

Extension to three lanes of the section Barberino Florence South - Incisa Valdarno, NORTH Lot, from km 300+749 to km 306+986 on the highway A1 Milan - Naples

The works were awarded by the Contractor ASPI in November 2014 for an amount of € 93,372 thousand. A variant inspection on the work is being defined which will determine a new value of the contractual amount, in excess of the initial amount.

Production recorded as at 31 December 2020 amounted to € 105,646 thousand.

Completion works of the section in the Apennines between Sasso Marconi and Barberino di Mugello of highway A1 Milan – Naples in the Badia Nuova - Aiglio – Barberino di Mugello section – Completion project.

The works following the opening in December 2015 of the Valico Variant were awarded for an amount of € 31,011 thousand. Production during the year amounted to € 552 thousand.

Execution of works on the A14 Bologna - Bari - Taranto Extension to the third lane from Rimini North to Porto S. Elpidio section Cattolica - Fano. Compensatory works in the Fano area

The works were awarded by the Contractor ASPI for an amount of € 28,679 thousand.

Production during 2020 amounted to € 3,294 thousand.

Infrastructural works for Aeroporti di Roma

The contract for the Infrastructural Completion of the Land Side and Air Side works for the East side Terminal Subsystem - Lot 1 - Second and Third Phase - Structures, Shell Finishing and Systems for Boarding Area “A”, Forepart T1, Connection Building at Leonardo Da Vinci Airport was signed on 2 August 2017, for an amount of € 127,799 thousand. Production registered as at 31 December 2020 amounted to € 104,090 thousand.

Overseas Activities

The activities in Poland were carried out through the local branch of Pavimental S.p.A. in T.A.E. with Pavimental Polska S.p.z o.o., with production during the year amounting to € 1,091 thousand. The permanent establishment closed on 2020 on almost level terms.

A breakdown by business segments of the 2020 activities is summarized below:

	Production Value											
	Business areas 2020					Business areas 2019						
	Road surfacing maintenance	Non maintenance works	Infrastructures	Other contractors	Other revenues	Total	Road surfacing maintenance	Non maintenance works	Infrastructures	Other contractors	Other revenues	Total
Maintenance - Road surfacing	59,595					59,595	12,273					12,273
Other works		136,292				136,292		10,672				10,672
Other infrastructures			1,025			1,025			128			128
Expansion to 4 lanes A4			26,455			26,455			24,560			24,560
SP 46 Paderno Rho - Nuovo Polo Fieristico stretch			91			91			1,247			1,247
Expansion to 5 lanes A8 Milan Laghi									3,049			3,049
Expansion to 3 lanes Barberino - Florence North Lot 0									277			277
Expansion to 3 lanes Barberino - Florence North Lot 1			8,935			8,935			13,432			13,432
Expansion to 3 lanes Barberino - Florence North Lot 2			64,656			64,656			113,708			113,708
Expansion to 3 lanes Barberino - Florence North Lot 13			77			77						77
Completion of the pass variant			552			552			3,891			3,891
Florence infrastructures			29,264			29,264			46,910			46,910
Borgonuovo Telepass junction									362			362
Gronda di Genova first stretch Lot 1A			2,387			2,387						2,387
Adriatica A14 various lots												
Adriatica A14 Lot 6 B			5,297			5,297			2,551			2,551
Fano compensation works			3,294			3,294			14,910			14,910
Soundproofing			1,355			1,355						1,355
<b>For Autostrade per l'Italia</b>	<b>59,595</b>	<b>136,292</b>	<b>143,387</b>			<b>339,274</b>	<b>12,273</b>	<b>10,672</b>	<b>225,025</b>			<b>247,970</b>
<b>For Others in the Atlantia Group</b>												
Società Autostrade Meridionali												
Tangenziale di Napoli				177		177			64			64
Stalexport Malopolska S.A.		1,091				1,091		1,676				1,676
Pavimental Polska												
Aeroporti di Roma			50,378			50,378			110,943			110,943
Società Autostrada Tirrenica												
<b>Works for Atlantia Group</b>	<b>59,595</b>	<b>137,383</b>	<b>193,765</b>	<b>177</b>		<b>390,920</b>	<b>12,273</b>	<b>12,348</b>	<b>336,032</b>			<b>360,653</b>
<b>For other contractors</b>												
Lambro Scarl									91			91
Consorzio Costruttori Teem									(159)			(159)
Co.Im.A. Scarl									(176)			(176)
Airport works				29,122		29,122			1,344			1,344
Other works												
Todini S.p.A												
COClV				66,213		66,213			23,594			23,594
Nardò Technical Centre S.r.l.		31				31			15,236			15,236
<b>Total works</b>	<b>59,595</b>	<b>137,414</b>	<b>193,765</b>	<b>95,512</b>		<b>486,286</b>	<b>12,273</b>	<b>12,348</b>	<b>336,032</b>	<b>39,930</b>		<b>400,583</b>
Losses on infrastructure works provision									713			713
Pre-operating costs on infrastructure contracts			(1,011)			(1,011)			419			419
<b>Total production</b>	<b>59,595</b>	<b>137,414</b>	<b>192,753</b>	<b>95,512</b>		<b>485,274</b>	<b>12,273</b>	<b>12,348</b>	<b>337,164</b>	<b>39,930</b>		<b>401,715</b>
Revenue from sales					24	24					25	25
Revenue from services					337	337					595	595
<b>Typical value of production*</b>	<b>59,595</b>	<b>137,414</b>	<b>192,753</b>	<b>95,512</b>	<b>361</b>	<b>485,635</b>	<b>12,273</b>	<b>12,348</b>	<b>337,164</b>	<b>39,930</b>	<b>620</b>	<b>402,335</b>

\* Amount net of other costs and revenue

Pursuant to article 2428 of the Civil Code, this report is aimed at providing a truthful, balanced and comprehensive analysis of the situation of the Company and its management performance, both in overall terms and in the distinct sectors in which the Company works, also through its

subsidiary and associate companies, with specific regard to the costs, revenues and investments, and also the principal risks and uncertainties to which it is exposed and which, if existing, are highlighted and described in the main body of the document. In this context, in particular, the analysis is articulated through reference to the principal result indicators relevant to the specific activities of the Company, and also the information given on the environment and human resources.

### *Environmental management*

The company made a major effort in 2020 in order to ensure that its activities were carried out in complete respect of the laws in force on environmental matters.

Specifically:

- All of the facilities authorized to produce bituminous conglomerate with a recycled component retained their registration in the Provincial Register of Companies and/or the National Roll of Environmental Managers;
- The management of “milled” waste continued during the year, in order to ensure the respect of the deadlines and quantitative limits authorized for reserve deposits. This has been done through the partial reuse of the recycled conglomerates and conferments to authorized third parties;
- ISO 14001:2015 Environmental Certification of all activities carried out by the Company was confirmed in 2020;
- punctual and assiduous environmental monitoring was carried out on all operating areas, production facilities and maintenance and construction worksites of the Company. The planned audit schedule was fully implemented, albeit with activities carried out remotely
- as usual, the individuals involved in the management of environmental aspects were all given training during the course of 2020;
- the efficiency of the fire-fighting devices present in the Company’s Operating Units was verified and guaranteed;
- an Energy Manager was appointed to ensure the preservation and rational use of energy.

### *Management of health and safety in the workplace*

In 2020, activities concerning safety were characterised by the need to ensure the fulfilment of the legal obligations, at the same time pursuing the continuous enhancement of the company's health and safety standards.

These had by necessity to consider the Covid-19 emergency and the related precautions and restrictions.

To this end, the following activities were carried out during the course of the year:

- preparation, sharing and application of the shared anti-Covid-19 protocols;
- fulfilment of the obligation to update the training of the RLS and persons responsible (corporate standard) annually, which was done by e-learning, and, where deemed necessary, carrying out additional and updating training, informative and professional training activities for dependent staff. These activities were carried out by the company or through third parties in respect of the government anti-Covid-19 measures.
- periodical monitoring of injuries in the workplace, with consequent disclosure to the top management and those responsible for health and safety;
- maintaining ISO 45001:2018 certification;
- maintaining ISO 39001:2012 certification attesting the application within the company of a Road Safety Management System (SGS), with specific reference to the entire Infrastructures department;
- updating of the operating and/or organizational procedures concerning safety as a result of the organizational changes made. The current procedures system has thus been adjusted to the organization and is consistent with it;
- management of the pre-contractual documents needed for verification of Technical and Professional Suitability (ITP) of the company and third parties involved;
- performance of an Audit for each operating site, mainly done remotely.

## PORTFOLIO OF WORKS

As at 31 December 2020, there are works still to be carried out in the portfolio valued at € 442,190 thousand, made up as follows:

	€ thousands
<u>Autostrade per l'Italia :</u>	
- Ordinary road surfacing maintenance	3,547
- Infrastructure works	181,792
- Other highway works	97,085
	<u>282,424</u>
<u>Other contractors</u>	
- Other works	159,766
	<u>159,766</u>
Total works portfolio	<u><u>442,190</u></u>

## **SUMMARY OF THE RECLASSIFIED INCOME STATEMENT AND RECLASSIFIED BALANCE SHEET**

### **FOREWORD**

This paragraph describes and comments the Reclassified Income Statement and the Reclassified Balance Sheet for 2020, compared to the values for the previous financial year.

It must be noted that the reclassified tables differ somewhat from the official tables described hereafter in the Explanatory Notes.

Specifically:

- the Reclassified Income Statement introduces the “Gross operating profit (EBITDA)” which is not included in the ordinary income statement. This margin is the synthetic indicator of Gross Profit from operations calculated by deducting operating costs with the exception of the amortizations and depreciations, provisions and other valuation adjustments. The result of subtracting these latter costs from the gross operating profit is the “Operating profit (EBIT)”, which is the same as the “Difference between production value and costs” stated in the ordinary income statement. As regards the operating profit, there are no differences in value and intermediate results in the two tables, the sole difference being the briefer nature of the table “Reclassified Income Statement”;
- the Reclassified Balance Sheet differs from the ordinary one, being of a briefer nature and defining the following indicators in particular:
  - “Working capital”: defined as the difference between the inventories, trade receivables, other current assets, trade payables, provisions for risks and charges and short-term costs and the other current liabilities;
  - “Invested capital, less current liabilities and medium and long-term provisions for risks and charges”: determined as the algebraic sum of the fixed assets, operating capital and medium and long-term provisions for risks and charges;
  - “Equity”: matches the net equity in the financial statements;
  - “Net debt”: represents an indicator of the financial structure and is given by the sum of:
    - “Medium and long-term net financial indebtedness”: given by the algebraic sum of the medium and long-term financial payables and the medium and long-term financial assets;
    - “Short-term net financial indebtedness”: given by the algebraic sum of the



short-term financial payables, cash and cash equivalents and short-term financial receivables and net financial income;

## HIGHLIGHTS

Ebitda: difference between the production value and costs, gross of amortizations, allocations and depreciations.

Ebit: difference between production value and costs.

Ebitda Margin: Ebitda/Revenues from sales and services.

Ebit Margin: Ebit/ Revenues from sales and services.

Net Invested capital: algebraic sum of the fixed assets, operating capital and medium and long-term provisions for risks and charges.

Cash Flow: sum of the net result + amortizations + provisions and write-downs.

ROI: Operating result (Ebit) / Net invested capital

ROE: Net result / (Own means – Net result)

€ thousands		2020	2019
Typical production value*		485,634	402,334
EBITDA		13,389	32,352
Ebitda Margin	%	2.8%	5.3%
EBIT		(4,034)	1,285
Ebit Margin	%	-0.8%	-4.1%
Net profits/losses		(4,928)	31
Average paid workforce	no.	1,203.69	912.92
Cost of employment		95,968	70,461
Cost of employment / Revenue	%	19.8%	17.9%
Cash Flow		12,567	31,145
ROE	%	-32.9%	0.2%
ROI	%	-2.2%	0.9%

€ thousands		31 December 2020	31 December 2019
Net Capital Invested		186,229	139,093
Net financial debts		176,164	124,112
Own means		10,065	14,981

\* net of other income and revenue

## **RECLASSIFIED INCOME STATEMENT** (as per table on page 22)

The typical production value for 2020, amounting to € 494,791 thousand (gross of the other income and revenue of € 9,157 thousand), shows an increase of € 89,091 thousand (+ 21.96%).

Specifically, the increase in business activities mainly concerned the new initiatives regarding the Framework Contracts for the maintenance of open-air and underground works of art commissioned by ASPI (€ 125,620 thousand). These increased volumes mitigated the effect of the slow-down in production in infrastructures tenders, and in particular on Lot 2 of Barberino-Florence North, which was affected by the conclusion in June of the excavation of the Santa Lucia tunnel, with production reduced by € 49,052 thousand compared to 2019. Also, the reduced production for the contractor Aeroporti di Roma must also be noted, amounting to € 60,565 thousand, mainly attributable to the suspension of activities during the Covid-19 emergency (activities only started again in October). The increase in production activities for third party contractors was of particular significance. In this regard, the increase in production for the contractor COCIV (Consorzio Collegamenti Integrati Veloci), amounting to € 42,619 thousand, and the increase in production for the contractors GESAC S.p.A., for the expansion of the freight terminal at Naples Capodichino airport, and GEASAR S.p.A. for the construction of the “extension to runway 23 at Costa Smeralda airport in Olbia”, amounting to € 27,778 thousand, should be highlighted.

The external production costs increased by € 81,824 thousand (+ 27.07%) compared to last year. This increase is correlated to the increase in the requirements of goods and services as a result of increased production, which was mainly of an urgent nature.

The cost of work increased by € 25,504 thousand (+ 36.19%). The average paid workforce increased from 912.92 units in 2019 to 1,203.69 units in 2020. This increase was made necessary due to the simultaneous start of activities linked to certain implementing contracts for the Framework Agreement with Autostrade per l’Italia, with a high concentration of works mainly in the Genoa area.

The Gross Operating Profit (EBITDA) amounted to € 13,389 thousand, a decrease of € 18,963 thousand from last year because of the dynamics described above.

Amortisations amounted to € 16,590 thousand, a reduction of € 13,530 thousand compared to 2019, as a result of the reduced incidence of the amortisation of the TBM and other investments for the excavation of the Santa Lucia tunnel (attributed to the income statement of the Company

on the basis of the linear distance excavated), amounting to € 7,509 thousand compared to € 21,994 thousand in 2019. The excavation of the tunnel was completed in June 2020.

In 2020, the Company recorded a provision for risks and charges totalling € 883 thousand, an increase of € 723 thousand compared to 2019. The entire provision is for disputes with suppliers the outcome of which is expected to be unfavourable.

As a result of the movements shown above, the Operating Balance (EBIT) worsened by € thousand 5,319 compared to 2019.

The net financial charges increased by € 231 thousand compared to last year, mainly due to the increased use of the bank account credit lines opened with the banking system, with a consequent increase in interest payable of € 468 thousand (€ 373 thousand in 2019).

The charges accrued on the loan granted by CACIB for the purchase of the TBM, valued at amortised cost, amounted to € 635 thousand, a reduction compared to 2019 as a result of the progressive reduction of the incidence of interest on capital reimbursed. This amount also includes the cost of derivative financial instruments concerning the loan contract.

The interest accrued on the inter-company correspondence bank account with Autostrade per l'Italia reduced and amounted to € 478 thousand (€ 749 thousand in 2019), despite the increased use of the credit line. This reduction is due to the average interest rate (calculated using the formula Euribor rate + 1 bps) being lower in 2020, 0.50 compared to 0.60 in 2019.

The Company closed the financial year with more net financial indebtedness compared to 31 December 2019; in particular, there was more use of the credit lines on the bank accounts held by ASPI.

The value adjustments of the financial assets include costs of € 39 thousand concerning the fair value recording of the floor type derivative incorporated in the above loan and the € 32 thousand cost for the Interest rate swap part considered as not for hedging.

The fiscal income attributable to the financial year amounted to € 955 thousand, due to the combined effect of the allocation for current taxes of € 506 thousand, the recording of income for taxes from previous financial years of € 5 thousand and the net income from deferred taxes of € 1,456 thousand.

The 2020 result is negative for € 4,928 thousand (profits of € 31 thousand in 2019).

**ANALYSIS OF THE INCOME RESULTS**

Thousands of Euros

	2020	2019	Differences	
			Value	%
Revenue from works	428,151	331,722	96,429	29.07
Other revenue from sales and services	362	620	(258)	(41.59)
Other revenue and income	9,157	3,366	5,791	172.04
<b>A. TOTAL REVENUE</b>	<b>437,670</b>	<b>335,708</b>	<b>101,962</b>	<b>30.37</b>
Change in work in progress to order	57,121	69,992	(12,871)	18.39
<b>B. "TYPICAL" PRODUCTION VALUE</b>	<b>494,791</b>	<b>405,700</b>	<b>89,091</b>	<b>21.96</b>
External production costs	(384,081)	(302,257)	(81,824)	27.07
Other costs	(1,353)	(627)	(726)	115.64
<b>C. ADDED VALUE</b>	<b>109,357</b>	<b>102,816</b>	<b>6,541</b>	<b>6.36</b>
Net cost of employment	(95,968)	(70,464)	(25,504)	36.19
<b>D. GROSS OPERATING MARGIN (EBITDA)</b>	<b>13,389</b>	<b>32,352</b>	<b>(18,963)</b>	<b>58.61</b>
Amortizations	(16,590)	(30,120)	13,530	(44.92)
Other allocations for adjustments		(837)	837	(100.00)
Allocations to the provision for risks and charges	(833)	(110)	(723)	654.11
<b>E. OPERATING RESULT (EBIT)</b>	<b>(4,034)</b>	<b>1,285</b>	<b>(5,319)</b>	<b>413.87</b>
Financial income and expenses	(1,621)	(1,499)	(122)	8.13
Profits and losses on exchange rates	(156)	(73)	(83)	113.95
Value adjustments of financial assets	(72)	(46)	(26)	(55.84)
<b>F. PRE-TAX RESULT</b>	<b>(5,883)</b>	<b>(333)</b>	<b>(5,549)</b>	<b>(1,666.00)</b>
Taxes on financial year income, current, deferred and prepaid taxes	955	364	591	162.53
<b>H. FINANCIAL YEAR PROFITS/LOSSES</b>	<b>(4,928)</b>	<b>31</b>	<b>(4,958)</b>	<b>16,163.16</b>

## **RECLASSIFIED BALANCE SHEET** (as per table on page 25)

The “**Invested capital less the financial year liabilities and M/L term provisions for risks and charges**” as at 31/12/2020 amounted to € 186,229 thousand (€ 139,093 thousand as at 31/12/2019). The item is detailed as follows:

“**Fixed assets**” amounting to € 39,343 thousand as at 31/12/2020; this item decreased by € 31,323 thousand compared to 31/12/2019 (€ 70,666 thousand), mainly as a result of the following changes:

- the decrease of € 16,591 thousand in amortizations for the year;
- new investments in tangible fixed assets of € 7,211 thousand and in intangible fixed assets of € 35 thousand;
- adjustments for investments as at 31 December 2019 of € 259 thousand;
- decrease due to the reclassification in the working capital of the TBM and tapes and equipment being conferred to ADR Infrastrutture totalling € 21,458 thousand;
- disposal of tangible fixed assets for € 263 thousand net of the relevant funds.

“**Working capital**” amounting to € 149,830 thousand as at 31/12/2020; with respect to 31/12/2019, this item increased by € 78,052 thousand, mainly consisting of the combined effect of the variations to the following items:

- increase in inventories of € 100,347 thousand, mainly determined by:
  - ✓ the increase in work in progress on order for € 69,658 thousand as a result of the increase in inventories of ASPI for € 56,749 thousand, referring to the new initiatives concerning the Framework Contracts for the maintenance of open-air and underground works of art, to third parties for € 20,019 thousand, mainly due to the “Voltri interconnection and Polcevera completion” contract awarded by COCIV, partially compensated by the decrease in inventories of Aeroporti di Roma, for € 6,029 thousand;
  - ✓ the increase in the assets held for sale due to the reclassification from the fixed assets of the TBM and tapes and the fixed assets conferred, totalling € 21,458 thousand;

- ✓ warehouse inventories for € 9,231 thousand, concerning the increased quantities of raw materials purchased to deal with the increased production volumes during the year;

- the increase in Other assets for € 6,355 thousand, mainly due to the VAT receivables to be recovered.

These changes were partially compensated by:

- the increase in trade payables for € 18,615 thousand, partly correlated to the increase in activities carried out during the year, mainly of an urgent nature;
- the overall decrease in trade receivables for € 10,441 thousand, as a combined result of the reduction of those from ASPI (€ 19,546 thousand) and from Aeroporti di Roma (€ 5,541 thousand) and the increase in receivables from third party contractors (about € 15,004 thousand).

The “**Medium and long-term provisions for risks and charges**” amounted to € 2,944 thousand (€ 3,351 thousand as at 31/12/2019) and decreased by € 407 thousand due to the use of the employee severance fund for personnel leaving the company.

The “**equity**” amounted to € 10,065 thousand, and reduced compared to the value as at 31 December 2019 (€ 14,981 thousand), mainly due to the losses in the current year.

As at 31/12/2020, the Company has a positive “**Net financial position**” (Net financial indebtedness) of € 176,164 thousand (€ 124,112 thousand as at 31/12/2019), an increase of € 52,052 thousand.

The payables to banks for the loans granted by CACIB and UBI Banca for the purchase of the TBM and accessories decreased by € 6,128 thousand as a result of the payback envisaged by the amortization plans.

The short-term financial debts increased by € 58,420 thousand as a result of the greater use of the inter-company bank account for € 35,478 thousand and the increase of € 23,180 thousand in payables to the banking system.



**ANALYSIS OF THE EQUITY STRUCTURE**

Thousands of Euros

	31.12.2020	31.12.2019	Differences	
			Value	%
<b>A. FIXED ASSETS</b>				
Intangible Fixed Assets	76	109	(33)	(30.28)
Tangible Fixed Assets	33,879	65,169	(31,290)	(48.01)
Financial Fixed Assets	5,388	5,388		
	<b>39,343</b>	<b>70,666</b>	<b>(31,323)</b>	<b>(44.33)</b>
<b>B. FINANCIAL YEAR CAPITAL</b>				
Warehouse inventories	270,878	170,531	100,347	58.84
Trade receivables	49,318	59,759	(10,441)	(17.47)
Other assets	38,179	31,824	6,355	19.97
Trade payables	(183,415)	(165,250)	(18,165)	10.99
Provision for risks and charges	(6,820)	(8,051)	1,231	(15.29)
Other liabilities	(18,310)	(17,035)	(1,275)	7.48
	<b>149,830</b>	<b>71,778</b>	<b>78,052</b>	<b>108.74</b>
<b>C. CAPITAL INVESTED</b>				
less financial year liabilities (A + B)	<b>189,173</b>	<b>142,444</b>	<b>46,729</b>	<b>32.81</b>
<b>D. PROVISION FOR MEDIUM AND LONG-TERM RISKS AND CHARGES</b>				
TFR	2,944	3,351	(407)	(12.15)
	<b>2,944</b>	<b>3,351</b>	<b>(407)</b>	<b>(12.15)</b>
<b>E. CAPITAL INVESTED</b>				
less financial year liabilities and provision for medium and long-term risks and charges: (C - D)	<b>186,229</b>	<b>139,093</b>	<b>47,136</b>	<b>33.89</b>
Hedged by:				
<b>F. OWN CAPITAL</b>				
Share capital paid-up	10,116	10,116		
Reserves and profits (losses) brought forward	4,877	4,834	43	0.89
Financial year profits (losses)	(4,928)	31	(4,959)	(15,996.77)
	<b>10,065</b>	<b>14,981</b>	<b>(4,916)</b>	<b>(32.81)</b>
<b>G. NET MEDIUM AND LONG-TERM FINANCIAL DEBTS</b>				
Medium and long-term financial Assets /Liabilities	23,625	29,993	(6,368)	(21.23)
	<b>23,625</b>	<b>29,993</b>	<b>(6,368)</b>	<b>(21.23)</b>
<b>H. NET SHORT-TERM FINANCIAL DEBTS</b>				
(Net cash on hand)				
Short-term financial payables	161,287	122,875	38,412	31.26
Short-term cash and financial receivables	(8,748)	(28,756)	20,008	(69.58)
	<b>152,539</b>	<b>94,119</b>	<b>58,420</b>	<b>62.07</b>
<b>TOTAL (SHORT-TERM CASH) NET FINANCIAL DEBTS (G + H)</b>	<b>176,164</b>	<b>124,112</b>	<b>52,052</b>	<b>41.94</b>
<b>I. TOTAL, AS IN E</b>				
(F + G + H)	<b>186,229</b>	<b>139,093</b>	<b>47,136</b>	<b>33.89</b>

## INVESTMENTS

The investments made during the course of 2020 amounted to € 7,246 thousand.

As regards the intangible assets, new Software investments were made totalling € 35 thousand, mainly relating to the development of web applications for the realisation of a portal for managing the hiring of working machinery.

The new investments in tangible assets are mainly attributable (€ 7,211 thousand) to the turnover of equipment and working machinery.

The following table contains a summary of the investments made during the period, subdivided by category:

€ thousands	Fixed assets Intangible	Fixed assets Tangible	Total
- Improvement of third party assets			
- Application Software	30		30
- Software licences	5		5
- State grants			
- Land and industrial buildings		139	139
- Plant and machinery		3,968	3,968
- Lorries and vehicles in support of operating activities		2,247	2,247
- Other tangible fixed assets		247	247
- Assets under construction and payments on account		610	610
	<u>35</u>	<u>7,211</u>	<u>7,246</u>

## **QUALITY SYSTEM**

Activities concerning Quality were very intense in 2020. Specifically:

- the company’s Quality System was subjected to an overall audit by a third party for the annual surveillance according to regulation ISO 9001. No criticalities were found and the certificates were thus renewed, expiring on 31 October 2023;
- the FPC (Factory Production Control) certificate was awarded in January for the production of bituminous conglomerates at a new facility located near Costa Smeralda airport in Olbia.
- also, in fulfilment of that provided by regulation UNI EN 13108, the internal and external surveillance audits on all of the currently certified Pavimental operating units. The certificate for the operating unit in Rimini has been suspended and the certificates for the Uboldo and Trezzo sull’Adda have been reactivated;
- the FPC certificates for bitumen modified from polymers at the facilities of the Operating Units of Loreto, Magliano Sabina and Zola Predosa (Bologna) were the subject of annual surveillance, as provided by harmonised standard UNI EN 14023;
- the FPC certificate according to the optional scheme for production of Cement Bound Granular Mixtures was renewed;
- training activities for personnel at headquarters and on worksites were planned and carried out, with in hall activities and training on the job. Internal and external audits were conducted on the main infrastructural highway worksites, on suppliers of construction products and on all airport activities. Overall, there were about 70 first and second party audits and about 10 inspections on Company working areas;
- during the course of 2020, the main system documents as regards the corporate operating processes were updated according to the company’s Quality System. The Quality Manual was also monitored and updated;
- as regards the “Make it Sustainable” Sustainability certification, an audit was conducted in May 2020 for the annual maintenance of the certificate awarded to the Operating Unit in Zola Predosa. The audits concerning the certification of the Barberino Infrastrutture Operating Unit for its triennial renewal were conducted in May and November 2020. The certificate is now updated until 30/11/2023.

## HUMAN RESOURCES

From an organisational viewpoint, 2020 was a year of Company reorganisation aimed at optimising and enhancing operations. The new organisational set-up implemented, with the transfer from a skills-based logic determined by the type of contract/work to a logic based on territorial competence, has enabled the Technical Directorates to enhance their supervision of the area assigned.

From this viewpoint, the organisational set-up of the Technical Directorates of the Company is as follows:

- North-West Area, which is responsible for following all of the works/contract carried out in Liguria and the conclusion of the Barberino Infrastrutture works;
- North-East Area, which is responsible for following all of the works carried out by the Area Management Offices DT2 and DT9;
- Centre Area, which is responsible for following all of the works carried out by the Area Management Offices DT3, DT4 and DT5;
- South-East Area, which is responsible for following all of the works carried out by the Area Management Offices DT6, DT7 and DT8;
- Airport Works, which is responsible for following all of the airport works;
- Surfacing Maintenance, which is responsible for following all surfacing maintenance works on the entire highway network.

Simultaneously, the interventions continued for updating the corporate procedures plan, also in order to adjust the procedural set-up of Pavimental to the organizational Management and Control model (provided by Legislative Decree 231/01).

As regards the **informative systems**, 2 important projects must be highlighted, concerning respectively:

- the design, implementation and start-up of a new IT system which, based on the model, processes and integrations of Pavimental itself, has enabled all of the administrative and accounting aspects of the new company created by the split-off of the airport works section of the company to be managed since 1 January 2021.

- adjustment of the company machines and relative software, aimed at enabling all of the Company staff to be able to continue their working activities in smart working without limitations and/or interruptions even during the worst of the health emergency.

Since the first quarter of 2020, Industrial Relations have been aimed at dealing with the problems concerning the emergency caused by the COVID-19 pandemic, from both a health viewpoint, in the worksites, and the worker management aspects - as regards the economic support of same and of the company - and the full implementation of distance working.

In this regard, the following have been stipulated with the national and territorial Trade Unions:

- 13 Health Protocols, aimed at defining the conduct and health prevention and personnel management measures in the workplace;
- 8 agreements aimed at obtaining CIGO-COVID and/or the extension of the easements for the workers and worksites involved;
- 1 smart working agreement for staff at the head office in Rome.

With regard to the special regulations emanated to deal with the national economic crisis caused by the pandemic, discussions have begun with the territorially competent Trade Unions aimed at signing agreements in favour of workers interested in incentivized termination according to Law 104/2020. These discussions have led to one national and two territorial agreements.

In the second half of the year, Industrial Relations activities were dedicated to reaching agreements with the national Trade Unions for the transfer by Pavimental of the airport going concern to the new company ADR Infrastrutture, pursuant to art. 47 of Law 428/1990.

In addition to the above-mentioned secondary activities, the definition with the head office RSU of collective leave for 2020 and the settlement with the various company RSU/A of the conflicts and problems of individual workers or individual production sites were concluded successfully.

From March onwards, all meetings with the national and territorial Trade Unions and company RSU/A were held remotely.

As regards aspects concerning the **selection of human resources**, about 400 selections were opened during 2020. The programmes for the selection and insertion of staff dedicated to a new activity awarded to us by Autostrade per l'Italia, in other words supporting the assessment of the tunnels on the highway networks in Liguria, Tuscany, Abruzzo and Campania, were of particular relevance. These activities, which are still ongoing, also involved awarding contracts for refurbishment activities were necessary.

As regards Training, activities focused mainly on providing training on safety-related matters which, because of the ongoing health emergency, was done through e-learning, and providing training on matters concerning Anti-corruption and Privacy related to Legislative Decree 231/01. The training programme started in collaboration with the Construction Training Centre in Rome aimed at obtaining licences for the operation of complex machinery for the operators of the large and small diameter drillers was of particular relevance. This training has enabled the Company to renew its SOA OS21 certification, which is vital for carrying out special structural works and for participating in tenders for works contracts, and also to obtain the same certification for the new company ADR Infrastrutture.

Overall, 350 training courses were organised during 2020, for a total of about 16,000 training hours.

The following table compares the company workforce as at 31 December 2020 and 2019 respectively, in consideration of the different types of continuing and fixed-term employment contracts:

	31 December 2020			31 December 2019			Delta
	CONT.	FT	TOTAL	CONT.	FT	TOTAL	
Executives	9		9	8		8	1
Managers	22		22	23		23	(1)
Office workers	301	30	331	273	15	288	43
Manual workers	895	299	1194	813	134	947	247
	<u>1,227</u>	<u>329</u>	<u>1,556</u>	<u>1,117</u>	<u>149</u>	<u>1,266</u>	<u>290</u>

As regards the average remunerated workforce, 2020 closed with an average of 1,203.69 units compared to 912.92 in 2019.

The average remunerated workforce is broken down into the following categories:

	2020			2019			Delta
	CONT.	FT	TOTAL	CONT.	FT	TOTAL	
Executives	9.41		9.41	8.08	-	8.08	1.3
Managers	22.84		22.84	24.14	0.33	24.47	(1.6)
Office workers	274.21	23.96	298.17	263.64	4.38	268.02	30.2
Manual worker	644.42	228.85	873.27	529.02	83.33	612.35	260.9
	<u>950.88</u>	<u>252.81</u>	<u>1,203.69</u>	<u>824.88</u>	<u>88.04</u>	<u>912.92</u>	<u>290.77</u>

## **SUBSIDIARIES AND CONSORTIUM COMPANIES**

### *Pavimental Est (in liquidation)*

Headquarters in Moscow  
Share capital 4,200,000 new Roubles  
Holding 100%

The Company has been inactive since 1999. The allocations to cover eventual losses, that are currently expected to be incurred, amount to € 343 thousand. The liquidation procedure of the holding company started in 2014.

### *Pavimental Polska Sp.z o.o*

Head office in Trzebinia  
Share Capital 3,000,000 PLN  
Holding 100%.

Production activities on the following works were carried out in 2020:

- contract ROM48 Renovation of piers on the Bridge M48 on the A4 Katowice-Krakow highway, acquired on 04/07/2017. The contract was originally worth 20,383 thousand PLN, which was changed to 22,175 thousand PLN as a result of the successive variation order, with contractual deadline on 25/11/2019. The work was completed by the contractual deadline and testing was conducted on 16/04/2020;
- contract ROM09-54 Renovation of Bridge structures M09L and M09P and replacement of expansion devices on the M54P bridge on the A4 Katowice-Krakow highway, acquired on 21/11/2018. The contract, in consortium with Pavimental SpA (consortium leader) was originally worth 8,319 thousand PLN (of which 3,661 thousand PLN for Pavimental Polska) and a contractual deadline of 30/11/2020, with a successive variation order changing the value to 11,989 thousand PLN (of which 4,165 thousand PLN for Pavimental Polska). The work was completed on 30/07/2020 and testing was conducted on 17/11/2020;
- contract HM-4-2019 Resurfacing 2019-2020 on the A4 Katowice-Krakow highway. The contract was acquired on 04/02/2019 and was originally worth 47,549 thousand PLN with a contractual deadline of 17/10/2020, which was changed to 62,162 thousand PLN as a result of the successive variation order, with contractual deadline on



17/05/2021. As at 31/12/2020, works had been completed for a progressive production value of 55,219 thousand PLN. 2020 production amounted to 26,180 thousand PLN;

- contract F2b-10-2018 Reconstruction of the drainage for the motorway A4 part III on the A4 Katowice-Krakow highway. The contract was acquired on 09/07/2019 and was originally worth 14,385 thousand PLN with a contractual deadline of 30/04/2021, which was changed to 15,173 thousand PLN as a result of the successive variation order, with contractual deadline on 19/07/2021. As at 31/12/2020, works had been completed for a progressive production value of 13,113 thousand PLN. 2020 production amounted to 11,642 thousand PLN;
- contract MPA12-2019 Modernization of 12 culverts on the A4 Katowice-Krakow highway. The contract acquired on 29/01/2020 is valued at 6,990 thousand PLN and the contractual deadline is 17/12/2021. As at 31/12/2020, works had been completed for a progressive production value of 2,993 thousand PLN;
- contract F2b-12-2020 Reconstruction of the drainage for the motorway A4 part IV on the A4 Katowice-Krakow highway. The contract acquired on 25/06/2020 is valued at 61,942 thousand PLN and the contractual deadline is 05/10/2022. As at 31/12/2020, works had been completed for a progressive production value of 2,012 thousand PLN;
- contract OUA Rudno Maintenance of the road surfacing in the parking spaces and carriageways on the side roads of the Maintenance Centre of the “Rudno” highway and the access road to the OUA “Rudno” located on the A4 Katowice-Krakow highway. The contract acquired on 20/05/2020 is valued at 704 thousand PLN and the contractual deadline is 31/07/2020. The work was completed by the contractual deadline and testing was conducted on 01/09/2020.

As at 31 December, the workforce was constituted by 93 resources, of which 3 managers, 24 employees and 66 labourers, an increase of 33 compared to 31.12.2019 due to the hiring of 7 employees and 22 labourers, the latter mainly involved in the F2b-12-2020 drainage works.

*Elmas S.c.a r.l. (in liquidation)*

Headquarters in Rome  
Share capital € 10,000  
Holding 60%.

The works for the refurbishment of the main runway, the restructuring of runway 14-32 and the enhancement of the AVL systems at Cagliari Elmas airport awarded to the temporary association of enterprises between Pavimental S.p.A. and SAR.CO.BIT. S.r.l., the performance of which was contracted to Elmas S.c.a.r.l., were completed during 2009.

In the framework of the bankruptcy procedure of the shareholder SAR.CO.BIT S.r.l., the Cagliari Law Courts accepted the claim by Pavimental for amounts payable on 4 October 2010, for an amount of € 1,408 thousand.

The Company entered liquidation on 12 June 2013.

*Co.Im.A. S.c. a r.l. (in liquidation)*

Headquarters in Rome  
Share capital € 10,000  
Holding 75%.

On 26 July 2012, a limited liability consortium company was incorporated, named Co.Im.A. S.c.a.r.l., the scope of which is the realization of public works and infrastructures through participation in procedures for awarding contracts through tenders, competitive tenders, concession or through any other system of awarding. The share capital amounts to € 10 thousand and the holdings are divided as follows:

- Pavimental S.p.A. 75%;
- Autostrade Tech S.p.A. 20%;
- Pavimental Polska S.p. z o.o 5%.

In 2012, the Consortium obtained the qualification of Category I General Contractor, and therefore had the possibility of participating in General Contractor tenders for amounts of up to 350 million Euros.

Co.Im.A. possesses 29.7% of the holding quotas in the capital of the consortium SAT LAVORI, a Company incorporated for the realization and completion of the A12 Livorno – Civitavecchia highway stretch. These works have been completed.

The consortium entered liquidation on 14 May 2018.

*Consorzio R.F.C.C. (in liquidation)*

Headquarters in Tortona (AL)  
Share capital € 510,000  
Holding 30%

The lawyer who assisted the Consortium in the settlement of disputes with the contracting station and the Moroccan government, which ended in 2015, in turn summoned the Consortium before the Milan Law Courts to declare the contract signed by the parties terminated due to the fault of the Consortium and obtain compensation.

*Ramonti S.c.a.r.l. (in liquidation)*

Headquarters in Tortona (AL)  
Share capital € 10,000  
Holding 49%

Following the definitive awarding of the works commissioned by Autostrade Centro Padane S.p.A. for the construction of the highway link between the toll booth at Ospitaletto (A4), the new toll booth at Poncarale (A21) and Montichiari airport, a new limited liability consortium company was incorporated on 14 May 2008, with a share capital of € 10 thousand and named Ramonti S.c.a.r.l..

The consortium members, Itinera S.p.A. and Pavimental S.p.A., hold 51% and 49% respectively of the capital quotas. The scope of the company is to operate using the system of overturning costs to individual members on the basis of their respective holdings. Production activities have been completed.

*Società Tangenziale Esterna S.p.A.*

Headquarters in Milan  
Share capital € 464,945,000  
Holding 1%

This is the project concessionary company for the design, construction and management of the External Eastern Bypass in Milan. The entire work became operational on 16 May 2015; the duration of the concession is established as fifty years from the entry into operation of the complete roadway connection.

### *Consorzio Costruttori TEEM*

Headquarters in Milan  
Share capital € 10,000  
Holding 1%

Consorzio Costruttori TEEM is responsible for coordination between the construction companies involved in the TEEM initiative.

As at 31 December 2020, activities were concluded.

### *Consorzio Lambro*

Headquarters in Milan  
Share capital € 200,000  
Holding 2.78%

Again, with reference to the External Eastern Bypass project in Milan, a limited liability consortium company was incorporated on December 19, 2011, called Lambro, with a share capital of € 200 thousand and with the corporate purpose of performing the works awarded to the components of Group A of Consorzio Costruttori TEEM. The percentage holding owned by Pavimental is 2.78%.

As at 31 December 2020, activities were concluded.

### *ADR Infrastrutture S.p.A.*

Headquarters in Rome  
Share capital € 50,000  
Holding 100%

The Company was incorporated on 6 November 2020, with an initial share capital of € 50 thousand, entirely controlled by Pavimental.

In the framework of a wider-ranging reorganisation aimed at separating the going concern regarding airport works, on 18 December 2020, by public deed, Pavimental conferred the aforementioned going concern to the subsidiary ADR Infrastrutture, as of 00:01 on 1 January 2021.

The conferment was made at the value of € 15,100 thousand (€ 5,000 thousand attributed to an increase in the share capital of the subsidiary and € 10,000 thousand to the extraordinary reserve). Following the negotiations between Pavimental and Aeroporti di Roma S.p.A., the contract was signed on 29 December 2020 through which Pavimental sells and transfers to

Aeroporti di Roma the entire share package representing 100% of the share capital of ADR Infrastrutture S.p.A., at the price of € 12,200 thousand. On 21 January 2021, given that the suspensive conditions envisaged in the aforementioned contract had arisen, Pavimental transferred the shares to Aeroporti di Roma.

The following is the economic and financial data concerning these companies:

€ thousands

<b>Economic relations</b>	<b>2020</b>	<b>2019</b>	<b>Difference</b>
<b><u>Ordered works</u></b>			
Consorzio R.F.C.C. in liquidation		(177)	177
Pavimental Polska		-	
Consorzio Costruttori TEEM		(159)	159
Consorzio Lambro		91	(91)
	<u>-</u>	<u>(245)</u>	<u>245</u>
<b><u>Other Services and Income</u></b>			
Consorzio Lambro		16	(16)
Consorzio R.F.C.C. in liquidation		1,258	(1,258)
Pavimental Polska	312	285	27
Consorzio Ramonti in liquidation		3	(3)
Consorzio Elmas in liquidation		3	(3)
Consorzio Costruttori TEEM		36	(36)
	<u>312</u>	<u>1,601</u>	<u>(1,289)</u>
<b><u>Service costs</u></b>			
Consorzio Ramonti in liquidation	10		10
Consorzio Elmas in liquidation	2		2
Consorzio R.F.C.C. in liquidation	40		40
Consorzio Costruttori TEEM			
Consorzio Lambro	1		1
Consorzio CAIE	5		5
Pavimental Polska	388	635	(247)
	<u>446</u>	<u>635</u>	<u>(189)</u>
<b><u>Other costs</u></b>			
Consorzio R.F.C.C. in liquidation			
Consorzio Ramonti in liquidation			
Consorzio Galileo in liquidation			
Consorzio Costruttori TEEM			
Consorzio Lambro			
Consorzio Elmas in liquidation		1	(1)
	<u>-</u>	<u>1</u>	<u>(1)</u>
<b><u>Financial income</u></b>			
TE Tangenziale Esterna di Milano	139	139	
Pavimental Polska		20	(20)
	<u>139</u>	<u>159</u>	<u>(20)</u>

€ thousands

<b>Equity relations</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>Difference</b>
<u>Trade receivables and assets under construction</u>			
Consorzio R.F.C.C. in liquidation	2,859	2,859	
Consorzio Costruttori TEEM	106	106	
Consorzio Lambro	2,327	2,327	
Consorzio Elmas in liquidation	548	548	
Pavimental Polska	230	326	(96)
Consorzio RFCC in liquidation	124	124	
	<u>6,194</u>	<u>6,290</u>	<u>(96)</u>
<u>Financial receivables</u>			
TE Tangenziale Esterna di Milano	1,896	1,757	139
Consorzio Ramonti in liquidation	171	171	
Consorzio Elmas in liquidation	1,030	1,030	
Pavimental Polska	0		
Pavimental Est in liquidation	340	354	(14)
Consorzio RFCC in liquidation	2,291	2,291	
Consorzio R.F.C.C. in liquidation	20	20	
	<u>5,748</u>	<u>5,623</u>	<u>125</u>
<u>Other receivables</u>			
Consorzio R.F.C.C. in liquidation			
Consorzio Elmas in liquidation	2	2	
Consorzio Ramonti in liquidation	145	142	3
	<u>147</u>	<u>144</u>	<u>3</u>
<u>Trade payables</u>			
Consorzio Costruttori TEEM	145	145	
Consorzio Elmas in liquidation	1,440	1,438	2
Consorzio Lambro	501	501	
Consorzio Ramonti in liquidation	10		10
Pavimental Polska	599	698	(99)
Consorzio R.F.C.C. in liquidation	1,903	1,630	273
	<u>4,598</u>	<u>4,412</u>	<u>186</u>

## **REGISTERED ADDRESSES, SECONDARY OFFICES AND LOCAL UNITS**

The following are the registered addresses:

### REGISTERED ADDRESS

ROME - Via Giuseppe Donati no. 174

### SECONDARY OFFICES AND LOCAL UNITS

Worksites:

- Anagni (Frosinone)
- Andria (BAT)
- Arezzo
- Barberino di Mugello (Florence)
- Bologna
- Calenzano (Florence)
- Fiesso Umbertiano (Rovigo)
- Genoa
- Genova Bolzaneto Viadotti e Gallerie-
- Genova Bolzaneto GE Infrastrutture
- Genova COCIV
- Loreto (Ancona)
- Magliano Sabina (Rieti)
- Marcianise (Caserta)
- Ortona (Chieti)
- Ortona (Chieti) – Ortona Gallerie
- Piacenza
- Rimini
- Trezzo sull'Adda (Milan)
- Modena Casello Modena Sud
- Uboldo (Varese)
- Mondolfo (PU)
- Barberino di Mugello (Florence)
- Rimini (RN)
- Napoli Infrastrutture
- Florence
- Barberino di Mugello (Florence)
- Castiglione dei Pepoli
- Castiglione dei Pepoli
- Località Cangiano
- Contrada Lamapaola
- Civitella in Val di Chiana, Via delle Case Rosse n. 12
- Località Bovecchio– Via Frassineta s.n.
- Zola Predosa - Via Prati 10A
- Via Madonna del Facchino snc
- Via Trento s.n.
- A12 East Highway km 2 Dir. Ge-Li
- Via Sardonella snc
- Via Morasso 67
- Via Evandro Ferri 34
- Località Leonessa
- Località Campitelli
- S.S. Sannitica km. 19 +600
- Zona Industriale Località Tamarete no.10
- Zona Industriale Località Tamarete no.10
- Località Borghetto di Roncaglia
- Frazione S.Martino in Riparotta
- S.P. 2 s.n. towards Grezzago
- Highway A1 MI-NA km 168+906
- Via IV Novembre s.n.
- Via Sterpettine s.n.c.
- Località Cornocchio
- Via Flaminia Conca no. 85
- Via Com.te Umberto Maddalena snc
- Via di Ponte a Iozzi Località Cascine del Riccio
- Località Poggiolino
- Località Roncobilaccio
- Località Badia



- Zola Predosa (Opere d'Arte Centro)
- Termoli (Opere d'Arte Sud Est)
- Novate
- Fiumicino Airport
- Avellino (Catalogo Blu)
- Ponte nelle Alpi (BL)
- Olbia (SS)
- Via Prati 10/A
- . Contrada Pantano Basso 10/A
- Via Giacomo Brodolini Snc
- Piazzali ECHO snc
- Via Pasconi snc – Manocalzati (AV)
- Via Lizzona 70
- Via Caduti sul Lavoro 1

## **SIGNIFICANT EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR AND MANAGEMENT OUTLOOK**

It must be noted that, as previously mentioned, on 1 January 2021, the transfer to the subsidiary ADR Infrastrutture of the airport works part of Pavimental became effective, with the recording of a capital gain on the conferment amounting to € 20,121 thousand.

On 21 January 2021, the suspensive conditions envisaged in the contract for the transfer of the entire share package of ADR Infrastrutture S.p.A. to Aeroporti di Roma S.p.A. for € 12,200 thousand arose, and Pavimental thus transferred the shares to Aeroporti di Roma S.p.A. and received the relative payment. This implies the recording of a capital loss of € 2,950 thousand, determined by the difference between the sale price (€12,200 thousand) and the book value of the holding in ADR Infrastrutture (€ 15,150 thousand).

The 2021 financial year will benefit from the economic and financial effects of the above operations.

An increase of value of production is also foreseen during the 2021 financial year, mainly due to:

- the increase in national interventions in the scope of the framework agreements for the maintenance of open-air and underground works of art;

- the infrastructures contracts with ASPI, as a result of the completion of the works for the expansion to three lanes of the A1 between Barberino di Mugello and Florence North, the start of works in the Calenzano-Rioveggio area, the acceleration of activities for the first part of the Gronda di Genova and the San Benigno junction (Lot 2), partially compensated by the substantial completion of the works for the expansion to four lanes of the A4 and the interventions along the A14 route;

- contracts with third parties, especially the completion of the tunnels ongoing for COCIV, which are in the framework of the HV/AC “Terzo Valico dei Giovi” stretch connecting the Genoa railway hub in the Fegino intersection area with the hub in Tortona.

Sales to third parties of bituminous conglomerate are also expected to start, given the saturation of production plants.

## **DISCLOSURE PURSUANT TO ART. 2428, PARAGRAPH 3, SUB. 6-BIS OF THE CIVIL CODE**

The Company operates in the sector of maintenance of the highway network and the construction of infrastructures and airport-related activities, prevalently on behalf of Autostrade per l'Italia S.p.A. and Aeroporti di Roma and, to a lesser extent, third party contractors, and is not exposed to specific market risks in this regard, except for those exclusively due to eventual changes to the strategies decided by the Group or changes to the regulatory framework.

Excluding that mentioned in this Management Report with regard to the discounts on certain soundproofing contracts, the Company is not exposed to significant risks of changes to the prices of the works carried out, as the remuneration for the activities carried out is determined contractually with the contractors.

The Company has not recorded any significant cases of additional payments for infrastructural works not being made in the past.

The Company is not exposed to significant risks in terms of changes in financial flows, except for those exclusively due to the dynamics of the receipt of receivables claimed from its own contractors, principally Autostrade per l'Italia S.p.A. and Aeroporti di Roma S.p.A.

The company is not exposed to significant credit risks and has not encountered significant cases of non-fulfilment by the counterparty, except for that described as regards the receivables from Adriatica S.c.a.r.l. and Sielpa, for which Pavimental has prudentially allocated an amount in the financial statements for the possible failure to recover the credit.

Considering the financial exposure of the Company as at 31 December 2020, also as a result of the increase in net working capital, the Company is exposed to a liquidity risk which it is addressing by undertaking a series of initiatives aimed at containing it.

Specifically, the actions undertaken involve the reduction of the time for ascertaining and billing works, mainly to the contractor ASPI, thus reducing the receipt times, and assessing the possibility of expanding the usable credit lines.

We believe that constant monitoring of the financial situation and the successful outcome of the above actions, together with the cash flows generated by the transfer of the holding in ADR Infrastrutture, will ensure the coverage of the financial needs of the Company for the next 12 months as envisaged in the last industrial plan, unless there is a further significant and unforeseen worsening of the economic scenario.

With regard to the financing at variable interest rate from Credit Agricole Corporate Investment Bank Deutschland (euribor+0.60 bps), the company signed an IRS for an equal amount to hedge the interest rate risk.

The Company is involved in civil and administrative lawsuits and in legal action concerning the ordinary performance of its activities. On the basis of the information currently available, the company believes that these lawsuits and legal actions will not determine significant negative effects on the equity and financial situation and the economic result of the company, other than those reflected in these financial statements.

### **Other information ex art 2428 of the Civil Code**

The Company does not possess treasury shares or shares in Subsidiary Companies, directly or through trust companies and intermediaries. Similarly, no operations were carried out during the financial year involving treasury shares or those of Subsidiary Companies.

### **DISCLOSURE CONCERNING THE APPLICATION OF THE GDPR No. 679/2016**

New and initial works, as of the first quarter of 2020, for the respect of the regulations in GDPR no. 679/2016 manager by Pavimental were the formal and substantial fulfilments to ensure the protection of personal data after the adoption of the staff control measures to deal with the COVID-19 pandemic.

In this context and for these purposes, the following is an example list of some of the main interventions by Pavimental:

- the specific disclosures to be made to the workers first and foremost and all third parties in general (collaborators, suppliers, consultants, etc.) were created;
- all of the necessary new forms to enable the release of self-declarations in compliance with the government dispositions regarding COVID-19 were created;
- the appointment of internal subjects authorised to process personal data acquired during the above activities were implemented, and specifically the subjects on the worksites who are responsible for monitoring the application of the anti-COVID measures;
- the Processing Register was implemented on the basis of the knowledge and visibility of the new activities and subjects in the above points.

As well as the management of Privacy during the pandemic, Pavimental had also at the beginning of the year definitively completed the actions requested of it during the Audit on the proper management of the regulations of GDPR no. 679/2016, conducted by Atlantia for all of the companies in the Group.

Pavimental has also respected all of the deadlines set by the GANTT prepared for 2020 by its own DPO - Società AI Comply, consisting of the following, among others:

- start of the internal monitoring activities, interviewing the corporate bodies and managers, of the management of the Privacy model;
- adjustment according to the latest dispositions of the Guarantor Authority of the signage on the video-surveillance systems in all of the worksites;
- updating the appointments of the Internal and External staff authorised to process personal data and relative documentation, as a result of the corporate organisational changes made, with specific regard to those ongoing since October 2020;
- providing the due disclosure on the activities carried out in the two half-yearly meetings (in June and December) of the Privacy Committee;
- duly advertising the activities in question by notifying the documental updates on the electronic message board.

### **INFORMATION ON THE APPLICATION OF LEGISLATIVE DECREE No. 231/01**

The current composition of the Supervisory Board of Pavimental S.p.A. is in office until the approval of the 2020 financial statements.

The current SB is composed of:

- Prof. Avv. Nicola Selvaggi Coordinator
- Mr. Bruno Ciappina Member
- Judge Mr. Ignazio Patrone Member (took over from General Franco Mottola after his resignation on 27/01/2021).

Among the activities of the SB during 2020, the disclosures made to the company concerning the following activities concerning Legislative Decree 231 are of particular interest:

- Note 03/2020 of 15 June 2020 addressed to the Company in which it was suggested, given the Covid-19 pandemic, to assess the updating of the special part of the Model (“D”), specifically the section on the prevention of deliberate crimes against individuals committed in breach of the

rules on health and safety in the workplace, with express regard to the Covid pandemic and the adoption of the relative organisational procedures and protocols, and also to assess whether to appoint the Steering Committee as the Crisis Committee (referred to by some documents prepared by the Government).

- Note prot. 05/2020 of 20 July 2020; Legislative Decree no. 75 of 14 July 2020, concerning the implementation of the so-called PIF directive (EU directive 2017/1371 concerning the fight against fraud damaging the financial interest of the EU through criminal law).

The note notified the introduction of new presupposition crimes by effect of Legislative Decree no. 75 of 14 July 2020, concerning the implementation of the so-called PIF directive (EU directive 2017/1371 concerning the fight against fraud damaging the financial interest of the EU through criminal law). The Decree significantly expanded the number of presupposition crimes, extending the responsibility of companies to fraud in public supplies, fraud in agriculture and contraband, some crimes against public administration (314 P.C., 316 P.C., 323 P.C.) in cases in which this damaged the financial interests of the European Union, and some tax-related crimes not included in the recent reform (Law 157/2019), in other words untruthful declarations, failure to make declarations and undue remuneration, as long as they are within the scope of application of the directive.

Disclosure was given to the Company to assess the above in the framework of the ongoing process of updating the 231 Model.

- Protocol. 06/2020 of 22/07/2020: “Obligations of employers for protection against the risk of COVID-19 infection”

In the note in question, the SB informed the Company that law no. 40 of 5 June 2020, converting the Liquidity Decree, saw the introduction of art. 29-bis, entitled “Obligations of employers for protection against the risk of COVID-19 infection”

In reminding employers to respect art. 2087 of the Civil Code, this article introduces the express reference to the application of the measures and prescriptions contained in the Protocol signed on 24 April 2020 by the Government and social parties (concerning the regulation of the measures to combat and contain the spread of COVID-19 in the workplace); in the other protocols and guidelines of which in article 1, paragraph 14 of Decree Law no. 33 of 16 May 2020; and in the protocols or sector agreements stipulated by the Trade Unions and employers’ organizations that are more representative nationally. These protocols have thus become an integral part of the basic obligations of employers in terms of ensuring the safety of workers. This shows the importance of the proper application in the specific company context of the safety measures and

prescriptions against the risk of Covid-19 infection envisaged in said protocols and guidelines and also the fundamental nature of supervising over the observance of the specific measures.

- Note 07/2020 of 22 July 2020: the new tax-related crimes envisaged in art. 15-quinquiesdecies of Legislative Decree 231/2001: advice to adjust the Model and adopt a strategy of “Collaborative Fulfilment”.

This communication was aimed at reminding the Company that Decree Law no. 124 of 26 October 2019 (Fiscal Decree) converted into Law no. 157 of 19 December 2019, introduced some changes to the criminal discipline and administrative responsibility of entities on the same matter, introducing art. 25-quinquiesdecies of Legislative Decree 231/2001.

Pursuant to the disposition in question, the tax-related crimes envisaged by Legislative Decree no. 74 of 10 March 2000 implying the administrative responsibility of the Entity are:

- Fraudulent declarations involving the use of invoices or other documents for non-existent transactions;
- Fraudulent declarations by other means;
- Issuing invoices or other documents for non-existent transactions;
- Hiding or destruction of accounts documents;
- Fraudulent evasion of tax payments.

The Board underlined the importance in the framework of updating the 231 Model of considering the aforementioned new dispositions, assessing the adequacy or opportunity of integrating the sections already included in the Model concerning human resource management, in order to enhance the prevention of tax-related crimes. The Board also advised the Company to voluntarily adopt a fiscal strategy, taking into account that formalised by the parent company Atlantia and the associate ASPI, in implementation of articles 5,6 and 8, paragraph 2 of Law no. 23 of 11 March 2014. This fiscal strategy, deliberated by the Board of Directors of the Company, defines the objectives and standards adopted in managing tax payments, with the undertaking to implement an internal auditing system for tax-related risks in the 231/01 Model. The fiscal strategy may be intended as a corporate policy based on the principles stated in the Group Code of Ethics, where the Company undertakes to: i) not carry out risky transactions; ii) always cooperate with the financial administration; iii) put in place apposite corporate structures with specialist skills which will be responsible for controlling “fiscal management”; iv) correctly apply the tax regulation for every non-routine transaction which has fiscal effects beyond a certain threshold or is difficult to interpret in regulatory terms; v) always consult the organizational units responsible for the management of tax fulfilments, with a commitment to

not undertake transactions of doubtful interpretation, and in such cases act only on the basis of proven opinions by consultants expert in the sector or after consulting the Italian Inland Revenue Service.

On 21 September 2020, Pavimental, supported by the external consultancy firm PWC, updated the 231 Model following the introduction of the new presupposition crimes, taking into account the updating needs stated by the Supervisory Board. Briefly, the updating of the Model concerned the following criminal circumstances:

- employment of foreigners who are in the country illegally (art. 25-duodecies of the Decree); xenophobia and racism (art. 25-terdecies of the Decree);
- traffic of illegal influences ex art 346 P.C.;
- tax-related crimes envisaged by Legislative Decree no. 74 of 10 March 2000 which, by force of Law 157/2019, imply the administrative responsibility of the Entity pursuant to Legislative Decree 231/2001, constituted by: fraudulent declarations involving the use of invoices or other documents for non-existent transactions; fraudulent declarations by other means; issuing invoices or other documents for non-existent transactions; hiding or destruction of accounts documents; fraudulent evasion of tax payments.
- fraud in public supplies, fraud in agriculture and contraband, certain crimes against public administration (314 P.C. “False pretences”, 316 P.C. “Embezzlement”, 323 P.C. “Abuse of office”) in cases in which they damage the financial interests of the European Union, as introduced by Legislative Decree no. 75 of 14 July 2020 concerning the implementation of the so-called PIF directive (EU Directive 2017/1371 concerning the fight against fraud damaging the financial interests of the Union through criminal law); and the other tax-related crimes not included in the recent reform (Law 157/2019), in other words untruthful declarations, failure to make declarations and undue remuneration, as long as they are in the scope of application of the PIF directive.

It should also be noted that the section of the Model referring to the prevention of deliberate crimes against individuals committed in breach of the regulations on health and safety in the workplace was updated in relation to the Covid pandemic and the adoption of the relative organizational procedures and protocols.

The aforementioned peculiar activities carried out are part of the wider-ranging annual supervisory plan of the Board regarding the respect of the 231 Model.



### **Certificate of attestation (SOA)**

In 2020, the certification company La Soatech S.p.A. made some variations to the Certificate, described below.

On 24 June 2020, Certificate no. 35007/17/00 was issued, in which the name of Ing. Andrea Longo was inserted.

On 15 September 2020, Certificate no. 35626/17/00 was issued, with the removal of the Technical Director Ing. Arturo Sertori. The same certificate also acknowledged the corporate changes made after the Shareholders' Meeting of Pavimental on 27 July 2020, and this Ing. Gennarino Tozzi was removed as legal representative and replaced by Avv. Amedeo Gagliardi.

On 5 November 2020, Certificate no. 36097/17/00 was issued, removing the Technical Director Mr. Mauro Martinelli and inserting the Technical Directors Ing. Matteo Bellavita and Ing. Claudio Ceccarelli.

Qualification certificate no. 36097/17/00 issued by the certification body LA SOATECH S.p.A. on 5 November 2020 is attached hereto.

Codice Identificativo : 03734500873 ( Autorizzazione n.17 del 14/11/2000 )

**ATTESTAZIONE DI QUALIFICAZIONE ALLA ESECUZIONE DI LAVORI PUBBLICI  
(ai sensi del D.P.R. 207/2010)**

Rilasciato alla impresa: PAVIMENTAL S.P.A.

C. F.:	00481670586	P. IVA:	00904791001
con sede in:	ROMA	CAP:	00159 Provincia: RM
Indirizzo:	VIA GIUSEPPE DONATI N.174		
Iscritta alla CCIAA di:	RM	al n.:	00481670586

Rappresentanti legali		Direttori tecnici	
Nome e Cognome	Codice fiscale	Nome e Cognome	Codice fiscale
FRANCO TOLENTINO	TLNFNC57D22H501W	Ing. GIANLUCA CANGEMI	CNGGLC74E22H501Y
AMEDEO GAGLIARDI	GGLMDA72C15H501Y	Ing. ALBERTO DI BARTOLOMEO	DBRLRT65L25H501J
		Ing. MATTEO BELLAVITA	BLMTT77L15E864K
		Geom. ITALO MENEGOLA	MNGTLI75R10I829D
		Ing. CLAUDIO CECCARELLI	CCCLD76P08H501I
		Ing. ANDREA LONGO	LNGNDR75E02A123K
		Ing. ALFREDO CULLACIATI	CLLLRD61E20L682F

**Categorie e classifiche di qualificazione:**

Categoria	Classifica	C.F. direttore tecnico cui è connessa la qualificazione	Categoria	Classifica	C.F. direttore tecnico cui è connessa la qualificazione
OG 1	VIII		OS 21	VIII	
OG 3	VIII		OS 23	IV	
OG 4	VIII		OS 24	VI	
OG 6	IV-BIS		OS 26	VIII	
OG 7	III-BIS		OS 30	III	
OG 8	VIII		OS 34	VIII	
OG 10	V		OS 12-A	VIII	
OG 11	VI		OS 18-A	VIII	
OG 12	III		OS 20-A	II	
OG 13	IV-BIS				
OS 1	VIII				
OS 9	V				
OS 10	V				
OS 11	V				
OS 19	I				

Qualificazione per prestazione di progettazione e costruzione fino alla VIII classifica.

L'impresa possiede la certificazione (art. 3 comma 1, lettera mm) del D.P.R. 207/2010 valida fino al 31/10/2023 rilasciata da ICMQ S.p.A..

L'impresa partecipa al consorzio stabile CO.IM.A. S.C. A R.L. IN LIQUIDAZIONE, con codice fiscale 12017451001.

Attestazione n.:	36097/17/00	(N.ro prog./ codice SOA)	Sostituisce l'attestazione n.:	35626/17/00	(N.ro prog./ codice SOA)
Data rilascio attestazione originaria	22/01/2019	Data scadenza validità triennale	21/01/2022	Data scadenza intermedia (cons. stab.)	
Data rilascio attestazione in corso	05/11/2020	Data effettuazione verifica triennale		Data scadenza validità quinquennale	21/01/2024

**Firmatari**

Rappresentante Legale	PARASILITI ROSARIO	Direttore Tecnico	FARINELLA FAUSTO
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# *Financial Statements*

*Balance Sheet*

*Income Statement*

*and*

*Statement of Cash Flows*

## BALANCE SHEET

### ASSETS

	31/12/2020		31/12/2019	
A) Receivables from shareholders for amounts unpaid				
<b>B) Fixed Assets:</b>				
<i>I - Intangible Fixed Assets:</i>				
1) Plant and development costs				
3) Industrial patents and intellectual property rights		46,295		60,560
4) Concessions, licenses, trademarks and similar rights		30,105		40,500
7) Others				8,195
		<u>76,401</u>		<u>109,256</u>
<i>II - Tangible Fixed Assets:</i>				
1) Land and buildings		5,810,683		6,749,226
2) Plant and machinery		21,769,648		50,096,190
3) Industrial and commercial equipment		4,784,207		4,580,783
4) Other assets		716,457		847,119
5) Fixed assets under construction and advance payments		<u>797,412</u>		<u>2,896,187</u>
		33,878,406		65,169,504
<i>III - Financial Fixed Assets:</i>	(*)		(*)	
1) Investments in:		5,387,872		5,387,872
a) subsidiaries		726,722		726,722
b) associates		4,900		4,900
d - bis) other companies		4,656,250		4,656,250
2) Receivables:		2,423,233		2,182,432
a) from subsidiaries				
d) from subsidiaries of the parent company		3,792		3,792
d - bis) from others		2,419,441		2,178,640
4) derivative financial instruments				
		<u>7,811,105</u>		<u>7,570,304</u>
<b>TOTAL FIXED ASSETS (B)</b>		<u>41,765,912</u>		<u>72,849,064</u>
<b>C) Operating capital:</b>				
<i>I - Inventories:</i>				
1) Raw and auxiliary materials and consumables		22,757,269		13,526,058
3) Work in progress to order		<u>277,583,351</u>		<u>221,660,706</u>
		300,340,620		235,186,765
<i>I-bis - Assets held for sale</i>		21,458,378		
<i>II - Receivables:</i>	(**)		(**)	
1) from customers		26,423,269		11,418,758
2) from subsidiaries		4,959,729		5,138,657
3) from associates		2,730,989		2,731,035
4) from the parent company		1,307,902		951,842
5) from subsidiaries of the parent company		19,207,237		44,557,088
5 - bis) tax receivables		11,618,047		6,707,730
5 - ter) prepaid taxes		8,811,710		7,364,422
5 - quater) from others		<u>13,321,097</u>		<u>12,389,432</u>
		88,379,979		91,258,963
<i>III - Financial assets not constituting fixed assets:</i>				
1) shareholdings in subsidiaries		50,000		
5) derivative financial instruments				
6) other securities		<u>50,000</u>		
<i>IV - Cash and cash equivalents:</i>				
1) bank and postal deposits		4,890,722		24,817,844
3) cash and cash equivalents		<u>5,020</u>		<u>7,769</u>
		4,895,743		24,825,613
<b>TOTAL OPERATING CAPITAL ( C )</b>		<u>415,124,719</u>		<u>351,271,341</u>
<b>D) Accrued expenses and other prepayments</b>		<u>3,035,902</u>		<u>4,313,473</u>
<b>TOTAL ASSETS</b>		<u>459,926,533</u>		<u>428,433,878</u>

(\*) Due within next financial year

(\*\*) Due after next financial year

## BALANCE SHEET

### LIABILITIES

	31/12/2020		31/12/2019	
<b>A) Net equity:</b>				
I - Capital		10,116,452		10,116,452
II - Share premium reserve		4,622,072		4,622,072
IV - Legal reserve		1,915,002		1,913,444
VI - Other reserves indicated separately:				
Reserve for unrealised gains on exchange rates		29,617		
Conversion reserve		-210,988		-171,769
Payments on account for capital increases				
VII - Reserve for transactions hedging flows for expected financial revenues		-278,048		-329,397
Profits (losses) retained		-1,200,452		-1,200,452
IX - Profits (losses) for the financial year		-4,928,245		31,176
		<u>10,065,410</u>		<u>14,981,526</u>
<b>B) Provisions for risks and charges:</b>				
2) For taxes, including deferred taxes		94,893		94,893
3) derivative financial instruments		724,978		713,699
4) others		5,999,692		7,242,230
		<u>6,819,562</u>		<u>8,050,821</u>
<b>C) Employee severance fund</b>		<u>2,944,098</u>		<u>3,350,987</u>
<b>D) Payables:</b>	(**)		(**)	
4) payables to banks	<u>14,910,088</u>	56,551,501	<u>21,082,418</u>	59,428,268
5) payables to other creditors				
6) advance payments		51,036,969		64,709,371
7) payables to suppliers		178,050,845		160,446,422
9) payables to subsidiaries		3,945,009		3,142,780
10) payables to associates				
11) payables to the parent company		45,393		2,214,624
11 - bis) payables to subsidiaries of the parent company		132,633,028		97,369,686
12) tax payables		1,582,189		1,484,014
13) payables to social security and welfare institutes		2,206,914		966,129
14) other payables		12,919,165		12,165,236
		<u>438,971,013</u>		<u>401,926,528</u>
<b>E) Accrued expenses and other prepayments</b>		<u>1,126,449</u>		<u>124,016</u>
<b>TOTAL LIABILITIES</b>		<u>459,926,533</u>		<u>428,433,878</u>

(\*) Due within next financial year

(\*\*) Due after next financial year

INCOME STATEMENT	2020	2019
<b>A) Production value:</b>		
1) revenue from sales and services	428,512,356	332,342,950
3) changes to work in progress on order	57,123,042	69,991,515
4) increases in fixed assets for internal work		
5) other revenue and income	12,485,082	8,283,622
<b>Total production value</b>	<u>498,120,479</u>	<u>410,618,088</u>
<b>B) Production costs:</b>		
6) for raw and auxiliary materials, consumables and goods	171,660,451	140,996,297
7) for services	223,902,176	157,232,782
8) for use of third party assets	1,243,901	982,101
9) for staff		
a) salaries and wages	61,648,332	47,841,885
b) social security costs	25,303,343	19,331,632
c) employee severance fund	3,757,534	2,869,431
d) pension and similar costs	563,146	479,982
e) other costs	4,439,760	1,228,049
10) amortizations and depreciations:		
a) amortization of intangible fixed assets	68,428	75,227
b) depreciation of tangible fixed assets	16,521,669	30,045,164
d) devaluations of credits included under operating capital and cash assets		
11) changes in inventories of raw and auxiliary materials, consumables and goods	-9,231,211	6,165,888
12) provisions for risks	833,000	110,462
13) other provisions		
14) other operating costs	1,443,768	1,137,656
<b>Total production costs</b>	<u>-502,154,297</u>	<u>-409,333,013</u>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS (A-B)</b>	<u>-4,033,817</u>	<u>1,285,075</u>
<b>C) Financial revenues and expenses:</b>		
15) income from equity investments:		
subsidiaries		
associates		
16) other financial income:		
a) from receivables booked under fixed assets		
other	138,690	138,690
d) other income		
from subsidiaries		20,207
from associates		
from subsidiaries of the parent company		
other	1	444,216
17) interest and other financial charges:		
to subsidiaries		
to associates		
to parent company	3,463	1,507
to subsidiaries of the parent company	477,965	749,036
other	1,278,851	1,351,627
17 - bis) profits and losses on exchange rates	-155,986	-72,413
<b>Total financial income and expenses</b>	<u>-1,777,573</u>	<u>-1,571,469</u>
<b>D) Value adjustments of financial assets and liabilities:</b>		
18) revaluations		
a) of equity investments		
d) of derivative financial instruments	53,533	53,533
19) write-downs		
a) of equity investments		-1,500
d) of derivative financial instruments	-125,207	-44,702
<b>Total value adjustments of financial assets and liabilities</b>	<u>-71,674</u>	<u>-46,202</u>
<b>Pre-tax result</b>	<u>-5,883,065</u>	<u>-332,597</u>
<b>20) taxes due on financial year income, current, deferred and prepaid taxes</b>		
a) Current taxes	-779,808	-2,271,161
b) Taxes concerning previous years	4,770	-107,056
c) Deferred and prepaid taxes	1,456,334	2,741,989
d) Costs/Income from fiscal consolidation	273,523	
<b>Total taxes due on financial year income, current, deferred and prepaid taxes</b>	<u>954,819</u>	<u>363,773</u>
<b>21) Financial year profits (losses)</b>	<u>-4,928,245</u>	<u>31,176</u>

## BALANCE SHEET

### ASSETS

	31/12/2020		31/12/2019	
A) Receivables from shareholders for amounts unpaid				
B) Fixed Assets:				
<i>I - Intangible Fixed Assets:</i>				
1) Plant and development costs				
3) Industrial patents and intellectual property rights		46		61
4) Concessions, licenses, trademarks and similar rights		30		40
7) Others				8
		<u>76</u>		<u>109</u>
<i>II - Tangible Fixed Assets:</i>				
1) Land and buildings		5,811		6,749
2) Plant and machinery		21,770		50,096
3) Industrial and commercial equipment		4,784		4,581
4) Other assets		717		847
5) Fixed assets under construction and advance payments		<u>797</u>	33,879	<u>2,896</u>
				65,169
<i>III - Financial Fixed Assets:</i>	(*)		(*)	
1) Investments in:		5,388		5,388
a) subsidiaries		727		727
b) associates		5		5
d - bis) other companies		4,656		4,656
2) Receivables:		2,423		2,183
a) from subsidiaries				
d) from subsidiaries of the parent company		4		4
d - bis) from others		2,419		2,179
4) derivative financial instruments				
		<u>7,811</u>		<u>7,571</u>
<b>TOTAL FIXED ASSETS (B)</b>		<u>41,766</u>		<u>72,849</u>
C) Operating capital:				
<i>I - Inventories:</i>				
1) Raw and auxiliary materials and consumables		22,757		13,526
3) Work in progress to order		<u>277,584</u>	300,341	<u>221,661</u>
				235,187
<i>I-bis - Assets held for sale</i>			21,458	-
<i>II - Receivables:</i>	(**)		(**)	
1) from customers		26,423		11,419
2) from subsidiaries		4,960		5,139
3) from associates		2,731		2,731
4) from the parent company		1,308		952
5) from subsidiaries of the parent company		19,207		44,557
5 - bis) tax receivables		11,618		6,708
5 - ter) prepaid taxes		8,812		7,364
5 - quater) from others		<u>13,321</u>	88,380	<u>12,389</u>
				91,259
<i>III - Financial Assets not constituting fixed assets:</i>				
1) shareholdings in subsidiaries		50		
5) derivative financial instruments				
6) other securities				
		<u>50</u>		
<i>IV - Cash and cash equivalents:</i>				
1) bank and postal deposits		4,890		24,817
3) cash and cash equivalents		<u>5</u>	4,895	<u>8</u>
				24,825
<b>TOTAL OPERATING CAPITAL (C)</b>		<u>415,124</u>		<u>351,271</u>
D) Accrued expenses and other prepayments		<u>3,036</u>		<u>4,314</u>
<b>TOTAL ASSETS</b>		<u>459,926</u>		<u>428,434</u>

(\*) Due within next financial year

(\*\*) Due after next financial year



## BALANCE SHEET

### LIABILITIES

	31/12/2020	31/12/2019
<b>A) Net equity:</b>		
I - Capital	10,116	10,116
II - Share premium reserve	4,622	4,622
IV - Legal reserve	1,915	1,913
VI - Other reserves indicated separately:		
Reserve for unrealised gains on exchange rates	29	
Conversion reserve	-211	-172
Payments on account for capital increases		
VII - Reserve for transactions hedging flows for expected financial revenues	-278	-329
Profits (losses) retained	-1,200	-1,200
IX - Profits (losses) for the financial year	-4,928	31
	<u>10,065</u>	<u>14,981</u>
<b>B) Provisions for risks and charges:</b>		
2) For taxes, including deferred taxes	95	95
3) derivative financial instruments	725	714
4) others	6,000	7,242
	<u>6,820</u>	<u>8,051</u>
<b>C) Employee severance fund</b>	<u>2,944</u>	<u>3,351</u>
<b>D) Payables:</b>		
	(**)	(**)
4) payables to banks	<u>14,910</u>	<u>21,082</u>
5) payables to other creditors		
6) advance payments	51,037	64,709
7) payables to suppliers	178,051	160,447
9) payables to subsidiaries	3,945	3,143
10) payables to associates		
11) payables to the parent company	45	2,215
11 - bis) payables to subsidiaries of the parent company	132,633	97,370
12) tax payables	1,582	1,484
13) payables to social security and welfare institutes	2,207	966
14) other payables	12,919	12,165
	<u>438,971</u>	<u>401,927</u>
<b>E) Accrued expenses and other prepayments</b>	<u>1,126</u>	<u>124</u>
<b>TOTAL LIABILITIES</b>	<u><u>459,926</u></u>	<u><u>428,434</u></u>

(\*) Due within next financial year

(\*\*) Due after next financial year

INCOME STATEMENT	2020	2019
<b>A) Production value:</b>		
1) revenue from sales and services	428,512	332,343
3) changes to work in progress on order	57,123	69,991
4) increases in fixed assets for internal work		
5) other revenue and income	12,485	8,284
Total production value	<u>498,120</u>	<u>410,618</u>
<b>B) Production costs:</b>		
6) for raw and auxiliary materials, consumables and goods	171,000	140,990
7) for services	223,902	157,233
8) for use of third party assets	1,244	982
9) for staff		
a) salaries and wages	61,648	47,842
b) social security costs	25,308	19,332
c) employee severance fund	3,758	2,869
d) pension and similar costs	563	480
e) other costs	<u>4,440</u>	<u>1,228</u>
10) amortizations and depreciations:		
a) amortization of intangible fixed assets	68	75
b) depreciation of tangible fixed assets	16,522	30,045
d) devaluations of credits included under operating capital and cash assets	16,590	837
11) changes in inventories of raw and auxiliary materials, consumables and goods	-9,231	6,166
12) provisions for risks	833	110
13) other provisions		
14) other operating costs	1,444	1,138
Total production costs	<u>-502,154</u>	<u>-409,333</u>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS (A-B)</b>	<u>-4,034</u>	<u>1,285</u>
<b>C) Financial revenues and expenses:</b>		
15) Income from equity investments:		
subsidiaries		
associates		
16) other financial income:		
a) from receivables booked under fixed assets		
other	139	139
d) other income		
from subsidiaries		20
from associates		
from subsidiaries of the parent company		
other	<u>139</u>	<u>444</u>
17) interest and other financial charges:		
to subsidiaries		
to associates		
to parent company	3	1
to subsidiaries of the parent company	478	749
other	<u>1,279</u>	<u>1,352</u>
17 - bis) profits and losses on exchange rates	-156	-73
Total financial income and expenses	<u>-1,111</u>	<u>-1,574</u>
<b>D) Value adjustments of financial assets and liabilities:</b>		
18) revaluations		
a) of equity investments		
d) of derivative financial instruments	<u>53</u>	<u>53</u>
19) write-downs		
a) of equity investments		-1
d) of derivative financial instruments	<u>-125</u>	<u>-45</u>
Total value adjustments of financial assets and liabilities	<u>-72</u>	<u>-46</u>
<b>Pre-tax result</b>	<u>-5,883</u>	<u>-933</u>
20) taxes due on financial year income, current, deferred and prepaid taxes		
a) Current taxes	-779	-2,271
b) Taxes concerning previous years	5	-107
c) Deferred and prepaid taxes	1,456	2,742
d) Income from fiscal consolidation	273	
Total taxes due on financial year income, current, deferred and prepaid taxes	<u>955</u>	<u>364</u>
21) Financial year profits (losses)	<u><u>-4,928</u></u>	<u><u>31</u></u>

	2020	2019
<b>A. Cash flow arising from management earnings (indirect method)</b>		
<b>Financial year profit (loss)</b>	(4,928,245)	31,176
Income tax	(954,819)	(363,773)
Interest receivable/interest payable	1,777,573	1,571,469
Capital gains/losses arising from sale of assets	(28,515)	(420,912)
<b>1. Financial year profit (loss) before tax, interest, dividends and capital gains/losses from sales of assets</b>	<b>(4,134,007)</b>	<b>817,960</b>
Adjustment for non-cash items or which no counter-entry was made under net operating capital		
Provisions	861,875	812,717
Long term loss write down		
Fixed asset amortization	16,590,097	30,120,391
Other adjustment of non-cash items	38,469	249,677
<i>Total adjustment of non-cash items</i>	<i>17,490,441</i>	<i>31,182,785</i>
<b>2. Cash flow before ccn adjustments</b>	<b>13,356,435</b>	<b>32,000,745</b>
Adjustment to net operating capital		
Inventory increase/decrease	(65,153,855)	(63,826,746)
Receivables from customers decrease/(increase)	10,442,108	(30,819,131)
Payables to suppliers increase/(decrease)	4,486,738	86,871,527
Accrued and deferred assets decrease/(increase)	1,277,571	209,282
Accrued and deferred liabilities increase/(decrease)	1,002,434	10,290
Other adjustments to net operating capital	(8,387,146)	(3,181,136)
<i>Total adjustment of net operating capital</i>	<i>(56,332,151)</i>	<i>(10,735,914)</i>
<b>3. Cash flow after ccn adjustment</b>	<b>(42,975,717)</b>	<b>21,264,831</b>
Other adjustments		
Interest received/(paid)	(1,347,627)	(1,439,931)
(Income tax paid)	1,863,360	8,500,066
Dividends received		
(Use of provisions)	(2,490,580)	(1,949,215)
<i>Total other adjustments</i>	<i>(1,974,847)</i>	<i>5,110,920</i>
<b>Cash flow from income management (A)</b>	<b>(44,950,564)</b>	<b>26,375,751</b>
<b>B. Cash flow from investments</b>		
Tangible fixed assets		
(Investments)	(6,952,353)	(18,818,419)
Realisable price of disposals	291,920	509,441
Intangible Fixed Assets		
(Investments)	(35,573)	(65,000)
Realisable price of disposals		
Financial fixed assets		
(Investments)		
Realisable price of disposals	(240,801)	1,146,995
<b>Cash flow from investments management (B)</b>	<b>(6,936,807)</b>	<b>(17,226,983)</b>
<b>C. Cash flow from financing activities</b>		
Third party means		
Increase/(decrease) in short-term payables to banks and equivalents	38,412,472	(5,516,938)
Loans granted		10,000,000
Loans repaid	(6,454,970)	(8,211,496)
Own means		
Paid increases in capital		
Disposals (purchase of treasury shares)		
Dividends (advances on dividends paid)		
<b>Cash flow from financing activities(C)</b>	<b>31,957,501</b>	<b>(3,728,434)</b>
Increase in cash assets (A+-B+-C)	(19,929,870)	5,420,334
<b>Cash assets as at 1 January</b>	<b>24,825,613</b>	<b>19,405,279</b>
<b>Cash assets as at 31 December</b>	<b>4,895,743</b>	<b>24,825,613</b>

	2020	2019
<b>A. Cash flow arising from management earnings (indirect method)</b>		
<b>Financial year profit (loss)</b>	(4,928)	31
Income tax	(955)	(364)
Interest receivable/interest payable	1,778	1,572
Capital gains/losses arising from sale of assets	(29)	(421)
<b>1. Financial year profit (loss) before tax, interest, dividends and capital gains/losses from sales of assets</b>	<b>(4,134)</b>	<b>818</b>
Adjustment for non-cash items or which no counter-entry was made under net operating capital		
Provisions	862	813
Long term loss write down		
Fixed asset amortization	16,590	30,120
Other adjustment of non-cash items	38	250
<i>Total adjustment of non-cash items</i>	<i>17,490</i>	<i>31,183</i>
<b>2. Cash flow before ccn adjustments</b>	<b>13,356</b>	<b>32,001</b>
Adjustment to net operating capital		
Inventory increase/decrease	(65,154)	(63,827)
Receivables from customers decrease/(increase)	10,442	(30,820)
Payables to suppliers increase/(decrease)	4,487	86,871
Accrued and deferred assets decrease/(increase)	1,278	209
Accrued and deferred liabilities increase/(decrease)	1,002	10
Other adjustments to net operating capital	(8,387)	(3,177)
<i>Total adjustment of net operating capital</i>	<i>(56,332)</i>	<i>(10,734)</i>
<b>3. Cash flow after ccn adjustment</b>	<b>(42,976)</b>	<b>21,267</b>
Other adjustments		
Interest received/(paid)	(1,348)	(1,440)
(Income tax paid)	1,863	8,500
Dividends received		
(Use of provisions)	(2,491)	(1,950)
<i>Total other adjustments</i>	<i>(1,975)</i>	<i>5,110</i>
<b>Net cash flow from income management (A)</b>	<b>(44,951)</b>	<b>26,377</b>
<b>B. Cash flow from investments</b>		
Tangible fixed assets		
(Investments)	(6,952)	(18,817)
Realisable price of disposals	292	507
Intangible Fixed Assets		
(Investments)	(36)	(65)
Realisable price of disposals		
Financial fixed assets		
(Investments)		
Realisable price of disposals	(241)	1,146
<b>Net cash flow from investments management (B)</b>	<b>(6,937)</b>	<b>(17,229)</b>
<b>C. Cash flow from financing activities</b>		
Third party means		
Increase/(decrease) in short-term payables to banks and equivalents	38,412	(5,516)
Loans granted		10,000
Loans repaid	(6,455)	(8,213)
Own means		
Paid increases in capital		
Disposals (purchase of treasury shares)		
Dividends (advances on dividends paid)		
<b>Net cash flow from financing activities(C)</b>	<b>31,958</b>	<b>(3,729)</b>
Increase in cash cash equivalents (A+B+C)	(19,930)	5,419
<b>Cash and cash equivalents as at 1 January</b>	<b>24,826</b>	<b>19,406</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>4,896</b>	<b>24,825</b>

*Explanatory Notes to the  
Financial Statements*

– **Aspects of a General Nature**

As at December 31, 2020, Pavimental S.p.A. (hereinafter also the Company) has a capital of 110,116,452.45 Euros, with a number of shares amounting to 77,818,865 and is owned 59.40% by Atlantia S.p.A., 20% by Autostrade per l'Italia S.p.A., 20% by Aeroporti di Roma S.p.A. and 0.60% by Astaldi S.p.A.

Since 29 January 2021, the ownership set-up of the Company has changed as a result of the purchase by Autostrade per l'Italia S.p.A. of the shareholding of Atlantia S.p.A., and as of then, Autostrade per l'Italia S.p.A. thus owns 79.40% of Pavimental.

The corporate purpose involves the undertaking, in Italy and abroad, and also together with third parties, of initiatives and activities of public and private interest, related to the execution of:

- 1) earthworks and any eventual related current type masonry and reinforced concrete works, demolitions and clearances;
- 2) civil, industrial and monumental works, complete with related and accessory installations and works, masonry works concerning complexes for energy production and distribution;
- 3) special reinforced concrete works;
- 4) road construction and surfacing, airport and railway related works;
- 5) surfacing using special materials;
- 6) hydraulic works, aqueducts, sewerage systems, irrigation systems and hydraulic defence and installation systems;
- 7) maritime works, construction of piers, basins, sidewalks, etc.; drainage works;
- 8) dams;
- 9) tunnels;
- 10) miscellaneous special works, special foundations; land stabilization works; site clearance, handling, collection, transport, storage, processing, recovery and disposal of special waste and special hazardous waste.

The Company has adhered to the Group fiscal taxation regime entitled “Consolidated Fiscal Regime”.

The Company, which owns holdings in subsidiary companies, has not prepared the consolidated financial statements, given that the presuppositions for exemption provided by art. 27, paragraph 3 of Legislative Decree 127/1991 are in place. The Group consolidated financial statements, which the Company and its subsidiaries are part of, will be prepared by Atlantia S.p.A., with headquarters in Via A. Nibby 20, Rome, and will be made public in the terms and methods provided by the laws in force.

The shares representing the share capital of Atlantia S.p.A. are listed on the Electronic Stock Exchange organised and managed by Borsa Italiana S.p.A.. As of the date of these financial statements, Sintonia S.p.A. is the majority shareholder in Atlantia S.p.A. Neither Sintonia S.p.A. nor its parent company Edizione S.r.l. have powers of management and coordination over Atlantia S.p.A.

These financial statements were approved by the Board of Directors of Pavimental S.p.A. in its meeting on 26 February 2021, and have been audited by Deloitte & Touche S.p.A. as part of its duty to legally audit the accounts according to Legislative Decree 39/2010.

During the course of the 2020 financial year, a project was started with the Shareholders in the framework of a wider-ranging reorganisation of the Atlantia Group, aimed at separating the going concern of the Company regarding airport activities and then transferring it to the indirect control of Aeroporti di Roma S.p.A.

To this end, as a result of the in-depth analysis and negotiations carried out, the aforementioned going concern was delimited, including the grouping of assets, liabilities and relative juridical relations regarding the construction, maintenance and modernisation of airport buildings, infrastructures and runways. On 6 November 2020, Pavimental thus incorporated the fully controlled subsidiary company ADR Infrastrutture S.p.A., with an initial share capital of € 50 thousand, and on 18 December 2020, by public deed, Pavimental conferred the aforementioned going concern in favour of the subsidiary ADR Infrastrutture as of 00:01 on 1 January 2021. The conferment was made at the value of € 15,100 thousand (€ 5,000 thousand for the increase in capital of the subsidiary and € 10,100 thousand for the extraordinary reserve), corresponding to the economic value of the going concern determined by the independent firm PricewaterhouseCoopers Advisory

S.p.A. in an appraisal and making recourse to the estimate procedure of which in art. 2343-ter, paragraph 2, subsection b) of the Civil Code, as recalled in art. 2440 of the Civil Code.

In comparison with this economic value, the net book value of the assets and liabilities transferred to ADR Infrastrutture (used as reference in the preparation of the appraisal, referring to 30 June 2020) amounted to € -5,112 thousand (more liabilities than assets transferred). Therefore, on 1 January 2021, the aforementioned going concern was transferred, recording a capital gain from conferment of € 20,121 thousand, which will be reflected in the income statement for the 2021 financial year, with the above amount of € 15,100 thousand being increased by the book value of the holding in ADR Infrastrutture. Furthermore, taking into account that envisaged in the deed of conferment stipulated, given that as a result of normal management, the net book value on the date of effect of the conferment of the assets and liabilities of the going concern transferred amounted to € -2,523 thousand, on 1 January 2021, Pavimental also recorded receivables for adjustment of € 2,589 thousand from ADR Infrastrutture.

The following table (figures expressed in € thousand) shows the items in the balance sheet of the financial statements as at 31 December 2020 which include the assets and liabilities of the going concern which, as stated, were transferred to ADR Infrastrutture on 1 January 2021.

<b>Assets and liabilities conferred</b>	
Financial fixed assets - Receivables	35
Current assets - Inventories	29,438
Current assets - Assets held for disposal	2,158
Current assets - Receivables	12,343
Current assets -. Accrued expenses and other prepayments	585
<b>Total Assets</b>	<b>44,559</b>
<b>Liabilities</b>	
Employee Severance Fund	29
Payables for advances	22,774
Payables to suppliers	23,171
Payables to companies controlled by the parent	34



company	
Payables to others	1,074
<b>Total Liabilities</b>	<b>47,082</b>
<b>Net value of the assets and liabilities conferred</b>	<b>-2,523</b>

After the negotiations between the Company and Aeroporti di Roma S.p.A., on 29 December 2020, the contract was signed through which Pavimental sold and transferred to Aeroporti di Roma the entire share package representing 100% of the share capital of ADR Infrastrutture S.p.A., for the price of € 12,200 thousand. Given that the suspensive conditions envisaged in the aforementioned contract had arisen, on 21 January 2021, Pavimental transferred the shares to Aeroporti di Roma and received the aforementioned amount of € 12,200 thousand, on the same date recording a capital loss of € 2,950 thousand due to the book value of € 15,150 thousand of the holding in ADR Infrastrutture. Lastly, it must be noted that the payment made by Aeroporti di Roma in favour of the Company is not subject to adjustment and that Pavimental provided the guarantees in favour of the transferor (and consequent indemnity obligations) that are commonly guaranteed by the vendor in similar operations regarding any damages, losses, costs or charges that may emerge in the 2 years following the transfer (extended to 6 years for social security and tax-related matters) that may be incurred by ADR Infrastrutture, also regarding the going concern transferred to it by Pavimental, and attributable to the period of management and ownership of the latter.

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– **Structure and contents of the annual financial statements**

The financial statements for the year closed on 31 December 2020 have been prepared according to the dispositions of the Civil Code, as modified by Legislative Decree 139/2015, which acknowledged European Directive no. 34/2014. The financial statements include the balance sheet prepared according to the scheme in art. 2424 of the Civil Code, the income statement prepared according to the scheme in art. 2425 of the Civil Code, the Statement of cash flows prepared according to that required by art. 2425 ter of the Civil Code and these explanatory notes prepared according to the dispositions of art. 2427 of the Civil Code.

The financial statements have been prepared on a going concern basis of respect the criterion of clarity and provide a true and fair view of the asset and financial situation of the company and the economic result of the financial year.

No exceptional cases arose during the course of the financial year making recourse to the derogations of which in art. 2423, paragraph 5 of the Civil Code necessary.

The Balance Sheet, Income Statement and Statement of Cash Flows are in Euros without decimal points, as per art. 2423, paragraph 6 of the Civil Code. Unless otherwise stated, the comments on the items in the balance sheet and income statement in these explanatory notes are expressed to the nearest thousand Euros.

The values in the aforementioned accounts tables include the corresponding values in the financial statements for the previous year closed on 31 December 2019, for comparative purposes pursuant to paragraph 5 of art. 2423 ter.

There is no equity allocated to a specific business transaction or loans allocated.

As regards the information on the business performance of the Company and the main events during the year, see that described in the Report on Management accompanying these financial statements, prepared by the Directors pursuant to art. 2428 of the Civil Code. Details of the main events occurring after the closure of the financial statements are included in a specific paragraph in these notes.

As regards the operations undertaken with related parties, it should be noted that, pursuant to art. 2427, paragraph 22-bis of the Civil Code, no significant operations were undertaken during the course of the financial year which were not concluded under normal market conditions in terms of both price of the operations and of the motivation leading to the decision to undertake them.

It should be pointed out that, in respect of that established by art. 2497 bis, paragraph 4 of the Civil Code, the summary overview of the essential figures from the financial

statements as at 31 December 2019 of Atlantia S.p.A. (last financial statements approved as of the date of preparation of these explanatory notes), a company which as of the date of these financial statements exercises management and coordination activities over Pavimental S.p.A., has been annexed to these explanatory notes.

– **Accounting Principles and criteria for assessment**

The accounting principles used in the preparation of the annual financial statements are those provided by arts. 2423-bis (principles for preparing the financial statements) and 2426 (assessment criteria) of the Civil Code, interpreted and integrated by the accounting principles of the OIC, reviewed in 2016, to take into account the novelties introduced by Legislative Decree 139/2015 and amended in 2017, and accounting principle OIC 11 “Purposes and postulates of the annual financial statements”, published in March 2018.

Specifically, the following principles were observed in preparing the financial statements:

- a) Prudence: the assessment of the items has been made according to prudence, applying reasonable caution in estimates in uncertain conditions. Only the profits realised on closure of the financial year have been stated and the risks and losses concerning the financial year have been taken into account, even if they became known after closure of the financial year. The heterogeneous elements of the single items have been assessed separately;
- b) Prospects of going-concern: the assessment of the items has been made taking into consideration the continuation of activities;
- c) Substantial representation: the recording and presentation of the items took into account the substance of the transaction or contract in question;
- d) Competence: the income and costs concerning the financial year have been taken into account, independently of the date of receipt or payment;
- e) Consistency in the criteria for assessment: the criteria for assessment have not been modified with respect to those used in the previous financial year.
- f) Relevance: the relevance of information has been assessed according to that stated in O.I.C. 11;
- g) Comparability: the amount of the corresponding item in the previous financial year has been given for each item in the balance sheet and income statement.

No items have been compensated.

As regards the most significant items in the financial statements, the criteria for assessment applied by the Company are described below.

### **Fixed assets**

As per art. 2424-bis of the Civil Code, among the fixed assets are recorded the equity elements, which are destined to be used sustainably.

The maintenance and repair costs of an incrementing nature are attributed to the assets they refer to and amortized in relation to the residual possibility of their use.

### **Intangible fixed assets**

With the consent of the Board of Statutory Auditors and when required, the intangible fixed assets have been recorded at the purchase or production cost, including when directly attributable accessory costs are incurred, determined in compliance with art. 2426, no. 1 of the Civil Code and are systematically amortized in relation to the residual possibility of use and their expected economic utility. Amortization varies from a minimum of three financial years to a maximum of twenty financial years, in relation to the circumstances of the costs capitalized.

The costs incurred for both the tender contracts awarded and those currently being awarded are attributed to the income statement for the financial year in which they are incurred, given that they represent costs of a recurring nature required for the performance of ordinary business activities. As regards the costs for the State concessions, the amortization rate is calculated on the basis of the duration of the concession.

The amortizations concerning the capitalization of industrial patents are calculated with reference to the twenty-year duration of the patent.

The intangible fixed assets are depreciated whenever their value is found to be lower than the residual possibility of use. If during subsequent financial years the presuppositions for their depreciation are no longer in place, the original value is restored, adjusted for amortization only.

### **Tangible fixed assets**

The tangible fixed assets are recorded at the cost of purchase, determined in compliance with art. 2426, no. 1 of the Civil Code. Should the conditions be in place, the cost also includes the

increases for any eventual accessory costs directly attributable, in accordance with the provisions of the civil laws and accounting principles recalled previously.

There are no assets in the corporate equity for which monetary reassessments have been carried out in the past.

The tangible fixed assets in foreign currency are accounted at the exchange rate on the day on which the purchase operation was completed.

The cost, determined as above, of the tangible fixed assets the use of which is limited over time is systematically amortized in every financial year on the basis of the technical and economic rates described later on, deemed congruous in relation to the residual possibility of use of the asset in question. As regards the fixed assets that were exercised during the year, the amortization is calculated as of the date of their entry into function.

The ordinary maintenance and repair costs are charged to the income statement for the financial year in which they are incurred, while the enhancement and expansion costs are recorded as an increase in value of the assets, should they imply an increase in the value of the asset or its useful lifetime.

Should the recoverable value, defined as the greater of the value of use or the fair value, of the tangible fixed assets be durably less than their accountable value, it is depreciated correspondingly and attributed to the income statement. The original value is restored when the reasons that led to depreciation are no longer in place.

The amortization of the tangible fixed assets required for the construction of the Santa Lucia Tunnel, the main activity of the tender for the works for the expansion to three lanes - Lot 2 on the Barberino di Mugello - Florence North stretch of the Milan-Naples highway, is recorded in the financial statements on the basis of the linear distance excavated. Taking the specific nature of the activity carried out into account, this method of determining the amortizations is deemed functional to the remaining possibility of use linked to the “economic duration” of such special fixed assets, as disciplined by national accounting principle OIC 16.

### **Financial fixed assets**

The holdings are recorded among the Fixed assets or the current assets according to whether their possession is deemed durable or not.

The holdings recorded under the financial fixed assets are assessed at the cost of purchase or subscription; the holdings in foreign currency are recorded at the exchange rate at the time of their purchase or at the cost they were originally recorded at. The cost is reduced for impairment losses should the holding in question have accrued losses, also of a currency

nature, and there are not expected to be any profits in the immediate future of an entity such as to absorb the losses or if the profit-making prospects of the holding company do not allow the complete recovery of the value recorded. Any losses that exceed the value the holding was recorded at are allocated in a suitable fund in the liabilities. Should the presuppositions for the depreciations made no longer be in place, the original value is restored within the limits of the depreciations made, with effects on the income statement. Furthermore, a fund for excessive holding depreciations is also recorded among the liabilities, to cover the additional costs that may be required for the management of the holdings.

Holdings are not subject to revaluation.

Any eventual dividends are accounted during the financial year in which the credit right arises, even if the date of payment has not yet been defined.

The receivables recorded among the financial fixed assets are included in the financial statements at amortized cost, if applicable.

### **Inventories and work in progress contracts**

On closure of the financial year, the raw and subsidiary materials and consumables are assessed at the lesser of the purchase cost, determined using the “weighted average cost” method, and the net realizable value assumed on the basis of market performance.

The value of any eventual obsolete or slowly rotating assets is depreciated in relation to the expected future use or realization, by inclusion in a suitable adjustment fund in reduction of the value of the inventories themselves. The restoration of the original cost whenever the reasons which made the lowering of the market value necessary are no longer in place is accredited to the income statement.

The Work in progress contracts refer to tenders that were still ongoing at the end of the financial year by force of contracts with the contractors for works not yet certified; they are recorded on the basis of the contractual payments accrued with reasonable certainty, calculated on the basis of the method of completion percentage and determined in relation to the physical progress of the works, gross of the advance payments received and net of the payments definitively charged.

Given the technical complexity, dimension and realisation duration of the works, the additional payments, contract variations, price reviews, the reserves and the incentives represent elements to be assessed even before the agreement with the counterparty is formalised. The requests for additional payments due to modifications to the works provided contractually are considered in the overall amount of the tender revenues when it is

reasonably certain that the contractor will approve the variants and the relevant price. The other requests for payments (claims), due to increased costs incurred for reasons attributable to the contractor, for example, are considered in the overall amount of the revenues when there is a reasonable certainty that they will be recognised, in consideration of the advanced state of negotiation or technical/legal assessments.

The pre-operating costs are considered as tender costs; they are involved in the tender margin on the basis of the progress of the works determined in the methods provided for the application of the criterion of completion percentage.

If it is probable that the total estimated costs for a single tender will exceed the total estimated revenues, the probable loss for the completion of the tender is recorded as a decrease in the work in progress contracts. If this loss exceeds the value of the work in progress, a suitable provision for risks is allocated for the excess losses.

### **Receivables**

The receivables classified in the current assets are recorded in the financial statements at amortized cost, taking the time factor and presumed realization value into account. Should the effects of the application of the amortized cost criterion and/or actualization not be significant, the receivables are recorded in the financial statements at nominal value, taking into account the presumed realization value. The receivables are recorded in the financial statements net of the provision for bad debts, allocated for receivables that are considered foreseeable on the date of the financial statements.

### **Provisions for risks and charges**

The provisions for risks and charges are allocated to cover certain or probable losses or liabilities for which the amount or date of contingency is not determinable on closure of the financial year. The provisions reflect the best possible estimate on the basis of the elements available on the date of preparation of the financial statements. The risks for which the occurrence of a liability is merely possible are indicated, if significant, in the comments on the funds, without the need to allocate provisions for risks and charges.

The cost of the services rendered by directors and employees remunerated on the basis of remuneration plans based on shares and settled in cash is measured at the fair value of the relevant liability and is recognised in the income statement as a counterparty to the provision

for risks and charges during the period of accrual of the rights granted on the basis of the best estimate of those that will become exercisable.

### **Employee Severance Fund for Subordinate Employment**

The employee severance fund for subordinate employment is determined in compliance with art. 2120 of the Civil Code, with regard to the regulatory modifications made in the meantime pursuant to and by effect of the discipline of Legislative Decree no. 252 dated 5 December 2005 and subsequent amendments and integrations. The amount recorded in the financial statements reflects the debt accrued at the end of the year to employees, net of advance payments made and replacement tax. This liability is reassessed by means of indices.

Following the approval of Law no. 296 dated 27 December 2006 (Reform of complementary social security) and subsequent decrees and regulations, the allocations accrued from 1 January 2007 recorded in the income statement as personnel costs, in fulfilment of the reform of complementary social security, are periodically paid to INPS and the complementary pension funds chosen by the dependent employees as of the chosen date; those accrued before this choice is made are charged to the Employee Severance Fund.

OIC 31 has clarified that the economic part of the INPS Treasury Fund and the complementary Social Security Fund must be included in the Employee Severance Fund (B.9.c).

### **Payables**

Payables are recorded in the financial statements at amortized cost, taking the time factor into account.

If the estimate of future cash flows is reviewed after initial recording, the accountable value of the payables is rectified to reflect the reassessed estimated cash flows. The difference between the actual reassessed value of the payables on the date of review of the estimated future cash flows and the previous value on the same date is recorded in the income statement under financial charges and income.

Should the effects due to the application of the amortized cost criterion and/or the effect of the time factor not be significant, the payables are assessed at nominal value.

### **Receivables and Payables in foreign currency**

The receivables and payables originally recorded in foreign currency are converted into Euros at the historical exchange rates on the date of the relevant transactions. The exchange rate



differences that occur on receipt of the receivables and payment of the payables in foreign currency are included in the income statement. The receivables and payables in currency other than the Euro, excluding the fixed assets, are recorded in the financial statements at the exchange rate applied by the Bank of Italy on the date of closure of the financial year.

The net exchange rate differences are attributed in the income statement to item C17 bis - Profits and losses on exchange rates. The eventual net profits on unrealized differences in exchange rates are allocated to a suitable reserve not distributable until realization, on approval of the financial statements.

The accounts of the permanent establishment in Poland are kept in local currency (PLN; Polish Zloty); the balances are converted at the average exchange rate for the period for the income statements and at the exchange rate on the day for the balance sheets and aggregated to those of the parent company.

The exchange rate differences resulting from the recording of the items between the parent company and the Polish branch are included in a net equity reserve.

### **Derivative financial instruments**

The derivative financial instruments are recorded at fair value, even if they are incorporated in other financial instruments. The changes in fair value are attributed to the income statement or, if the instrument hedges the risk of the financial flows expected of another financial instrument or scheduled transaction, directly to a positive or negative net equity reserve. This reserve is attributed to the income statement to the extent and in the times corresponding to the occurrence of changes to the cash flows of the instrument hedged or when the transaction being hedged occurs. The elements being hedged against the risk of changes in interest rate or exchange rate or market prices or against the credit risk are assessed symmetrically with the hedging derivative instrument.

Hedging is deemed to exist in the presence from the start of a close and documented correlation between the characteristics of the instrument or hedged transaction and those of the hedging instrument.

### **Cash and cash equivalents**

The cash and cash equivalents represent the balance of bank accounts and the available cash and the amounts effectively available on closure of the financial statements are recorded.

### **Accrued Income and prepaid expenses**

The accrued income and prepaid expenses are determined according to the criterion of economic and temporal competence, so as to attribute to the financial year the quota of income and costs common to two or more financial years.

### **Taxes**

The income tax for the financial year is determined on the basis of a realistic forecast of the tax costs to be paid, in application of the fiscal laws and regulations in force.

As of the 2009 fiscal year, Pavimental has adhered to the National Consolidated Fiscal system on a non-continuous basis and has done so again for 2018 – 2020, defining all the reciprocal relations and responsibilities (so-called “Regulation”). The Regulation signed by the parties provides for the total recognition of the amount corresponding to the product of the IRES rate and the losses or profits transferred, and the transfer of any eventual tax receivables. Consequently, the equity relations concerning the current IRES fiscal regime are classified in the financial statements under receivables from the parent company or payables to the parent company.

The recording of current and deferred IRAP tax remains unchanged. The payables for IRAP tax are recorded in the balance sheet under the item Tax payables, net of any advance payments made, or under the item Tax receivables, if the balance is positive.

Furthermore, in fulfilment of the dispositions of article 2424 of the Civil Code, as modified by Legislative Decree 6/2003, the advance taxes (net of deferred taxes compensated) have been indicated separately in the financial statements.

The advance and deferred income tax, commensurate to the temporary differences between the ordinary values recorded among the assets and liabilities in the financial statements and the corresponding fiscally significant values, and eventual backdated fiscal losses, are recorded on the basis of the fiscal rates known on the date of the financial statements for the financial years in which they will occur and the Company makes accounting adjustments to the allocations on the basis of the new rates if the circumstances arise.

The deferred taxes deriving from income components for which deferred taxation is applied are recorded if there is a founded probability that the relevant debt will arise; the counterparty to them is the Fund for taxes, including deferred.

The future tax benefits deriving from fiscal losses brought forward or income components for which deferred deduction is applicable are only recorded if their future realization is reasonably certain and are recorded in the Current Assets under Advance taxes.

## **Revenues and Costs**

The revenues from production, other revenues and income and costs and charges have been recorded in application of the principle of economic and temporal competence and prudence.

In particular, the revenues deriving from tenders are accounted on the basis of the contractual payments accruing with reasonable certainty, calculated according to the completion percentage and determined in relation to the physical progress of the works.

## **BALANCE SHEET**

(values as at 31 December 2019 in brackets)

### **Balance Sheet - Assets**

**€ 459,926 thousand (428,434)**

### **Fixed assets**

**€ 41,766 thousand (72,849)**

### **Intangible Assets**

**€ 76 thousand (109)**

This item shows a net decrease of € 33 thousand compared to the previous financial year, in relation to the combined effect of the following factors:

- decrease by effect of the financial year amortization amounting to € 68 thousand;
- increase by effect of new software investments amounting to a total of € 35 thousand.

The intangible fixed assets were not reassessed or depreciated, as the presuppositions for doing so were not in place.

The changes to the item in question are analytically represented in the following table:

€ thousands	31/12/2019			Changes in the current financial year			31/12/2020		
	Cost	Amortizations	Net value	Investments	classification	Amortizations	Cost	Amortizations	Net value
. Concessions, licenses, trademarks and similar rights:									
- Software licences				5		2	5	2	3
- State grants	808	768	40			14	808	782	26
. Patents and property rights and rights of use									
- Software	3,614	3,558	56	30		44	3,644	3,602	42
- patent rights industrial property rights and rights of use	18	13	5			1	18	14	4
. Other:									
- construction sites and offices improvement	624	616	8			8	624	624	
	<u>5,064</u>	<u>4,955</u>	<u>109</u>	<u>35</u>		<u>69</u>	<u>5,099</u>	<u>5,024</u>	<u>75</u>

See that described in the following comment on the tangible fixed assets as regards the test conducted on 31 December 2020 concerning the eventual presence of durable losses in value in the intangible and tangible fixed assets recorded in the financial statements.

### **Tangible Assets**

**€ 33,879 thousand (65,169)**

The decrease in value of the tangible assets, amounting to € 31,290 thousand, derives prevalently from the combined effect of the following factors:

- financial year amortizations amounting to € 16,520 thousand;

- increase deriving from the new investments made by the Company, amounting to € 7,211 thousand, according to that illustrated in the Investments chapter of the Report on Management, which see;
- adjustments for investments recorded as at 31 December 2019, for € 259 thousand;
- decrease of € 263 thousand due to withdrawals from use and disposals net of the relevant amortization funds and exchange rate differences.

The amortization of the TBM and other investments required for the excavation of the Santa Lucia Tunnel, the main activity of the tender for the works for the expansion to three lanes - Lot 2 on the Barberino di Mugello - Florence North stretch of the Milan-Naples highway, is recorded in the income statement of the Company on the basis of the linear distance excavated and amounts to € 7,509 thousand.

It should be noted that the fixed assets included in the conferment of the airport going concern to the subsidiary ADR Infrastrutture (€ 2,158 thousand) and the TBM and relative transporter belts (€ 19,300 thousand), for which the current corporate strategy envisages an option to sell, have been reclassified in the current assets under the item “I - bis - Assets held for sale”.

The following is a summary of the movements that occurred during the financial year:

€ thousands	31/12/2019			Changes in the current financial year											31/12/2020				
				Historical Cost							Accumulated depreciation								
	Cost	Provision	Net value	Investments	Reclassification	Disposals	Reclassification	Diff. Exchang.	Tot.	Depreciated	Disposals	Reclassification	Diff. Exchang.	Tot.	Cost	Provision	Net value		
Land and buildings Industrial	19,313	12,564	6,749	139		(35)		(780)	(5)	(681)	962	(35)		(664)	(5)	258	18,632	12,822	5,811
Plant and Machinery	163,241	113,145	50,096	3,968	2,057	(671)		(24,667)	(4)	(19,317)	13,401	(418)		(3,970)	(4)	9,009	143,924	122,154	21,770
Industrial and trade equipment	34,442	29,861	4,581	2,247	2	(624)		(3,302)		(1,677)	1,819	(616)		(3,085)		(1,882)	32,765	27,979	4,785
Other Assets	6,895	6,048	847	247	2	(29)		(172)	(1)	47	338	(27)		(133)	(1)	177	6,942	6,225	717
Fixed assets in progress and advance	2,896		2,896	610		(2,061)		(648)		(2,099)							797		797
	226,787	161,618	65,168	7,211		(1,359)		(29,569)	(10)	(23,727)	16,520	(1,096)		(10)	7,562		203,059	169,180	33,879

It must be noted that on 4 April 2018, a Deed for the constitution of a special privilege on the TBM in favour of Credit Agricole Corporate Investment Bank was signed, in fulfilment of that required by the loan contract for the purchase of the device.

It should be noted that, in application of accounting principle OIC 9, during the preparation of these financial statements, the presence of an indicator of a potential durable loss of value in the tangible and intangible assets ongoing as at 31 December 2020 was ascertained.

This indicator is linked to the expected economic performance of the Company being worse than that forecast and the simultaneous worsening of the financial situation. An impairment test was thus conducted, on the basis of that required by the aforementioned OIC 9. The test

was conducted by estimating the value of use, through the Unlevered Discounted Cash Flow method using the estimate of the future expected operating cash flows on the basis of the most recent of the Company's multi-annual plans.

Given that since 1 January 2021, Pavimental essentially carries out support services for the concessionary Autostrade per l'Italia (in the framework of the investment and maintenance activities), it was deemed appropriate to use the same timeframe as the plans of the concessionary, in other words until 2038. The estimated cash flows in the multi-annual plan were discounted at a rate of 6.04%, deemed representative of the average weighted cost of the Company capital, taking the specific nature of the activities carried out into account. The result of the test showed that the accountable values recorded in the financial statements are fully recoverable.

**Financial Assets** € **7,811** thousand  
(7,571)

For comments on the performance of the activities of the holding companies during the course of 2020, see that stated in the Report on Management in the paragraph entitled Holding companies and consortiums.

The item in question includes:

*Investments in subsidiary companies* € 727 thousand (727)

€ thousands	Book value	Provision for depreciation	Financial statements value
- Pavimental Est (in liquidation)	1,563	1,563	
- Pavimental Polska	713		713
- Consorzio Elmas (in liquidation)	6		6
- Consorzio Co.Im.A. (in liquidation)	8		8
	<u>2,290</u>	<u>1,563</u>	<u>727</u>

Pavimental Est in liquidation, the book value, € 1,563 thousand, of which amounts to 100% of the Share Capital, had already been completely impaired as of the financial statements closed on 31 December 1998. The excess impairment in the liabilities includes € 343 thousand for the coverage of further estimated losses, also in consideration of the liquidation of the Company.

Pavimental S.p.A. is the sole owner of the shares in Pavimental Polska; the value of the holding amounts to € 713 thousand. The 2019 financial statements, the last approved, closed with net profits of 4.2 million PLN (approximately € 1 million); this result has brought the net equity of the Company to 20.8 million PLN (approximately € 4.9 million).

The limited liability consortium Company Co.Im.A. entered liquidation during the course of 2018.

As stated in the paragraph on Aspects of a General Nature, ADR Infrastrutture S.p.A. was incorporated on 6 November 2020 with a share capital of € 50 thousand, entirely owned by Pavimental. The contract for the sale of 100% of the shareholding to Aeroporti di Roma was

signed on 29 December 2020; the sale was finalised on 21 January 2021. In the light of that described during the preparation of the 2020 financial statements, the shareholding was reclassified under the item “III - Financial assets not constituting fixed assets”.

*Investments in associates*

*€ 5 thousand (5)*

These concern:

€ thousands	Book value	provision for depreciatio	nancial statements valu
- Consorzio Galileo (in liquidation)			
- Consorzio R.F.C.C. (in liquidation)	155	155	
- Consorzio Ramonti (in liquidation)	5		5
	<u>160</u>	<u>155</u>	<u>5</u>

The investment in Consorzio R.F.C.C. in liquidation, recorded for € 155 thousand and entirely depreciated, which is representative of 30% of the consortium fund. The portion of the Company’s competence of the estimated losses of the consortium amounted to € 2,996 thousand.

The allocation takes into account the losses in the financial statements of the Consortium as at 31 December 2020 and other liabilities that may derive from the liquidation proceedings.

The allocations made also prudentially take into account the negative effects that may derive from an unfavourable settlement of the ongoing disputes, for an update on which see the Report on Management.

*Investments in other companies*

*€ 4,656 thousand*

*(4,656)*

The TE, incorporated on 14 January 2009, is the project concessionary company for the design, realization and management of the External Eastern Bypass in Milan. It should be



noted that there is a binding non-usability clause on the shares of the company TE in favour of the financing institutes.

On 11 June 2012, the EPC contract was signed for the awarding of the works on the part of the TE to the general contractor Co.Co.TEEM.

The activities for the realisation of the connected works in the concession contract have been completed.

Lastly, the consortium company Lambro is involved in the execution of the works awarded to the components of Group A of the Co.Co.TEEM.

€ thousands	Book value	Provision for depreciation	Financial statements value
	- Tangenziale Esterna S.p.A.	4,649	
- Consorzio Costruttori TEEM *			
- Consorzio Lambro	6		6
- Consorzio Autostrade Italiane Energia	1		1
	<u>4,656</u>		<u>4,656</u>

\* Book value € 100

The following is an illustration of the movements in all the items representative of the holdings owned in subsidiaries, associates and other companies:

€ thousands	31.12.2019				Changes in the current financial year				31.12.2020			
	Cost	valuation	valuation	value in fin.stat	Revaluation (ex. Art. 2426, no. 4 of the Civil Code)	classification	valuation	Liquidation	Cost	valuation	valuation	value in fin.stat
<b>Equity Investments in Subsidiaries:</b>												
Pavimental Est (in liquidation)	1,563	(1,563)							1,563	(1,563)		
Pavimental Polska Sp. Zo.o.	713		713						713		713	
Consorzio Elmas (in liquidation)	6		6						6		6	
Consorzio Co.Im.A. (in liquidation)	8		8						8		8	
ADR Infrastrutture S.p.A					50	(50)						
	<u>2,290</u>	<u>(1,563)</u>	<u>727</u>		<u>50</u>	<u>(50)</u>			<u>2,290</u>	<u>(1,563)</u>	<u>727</u>	
<b>Equity Investments in Associates:</b>												
Consorzio R.F.C.C. (in liquidation)	155	(155)							155	(155)		
Consorzio Ramonti (in liquidation)	5		5						5		5	
	<u>160</u>	<u>(155)</u>	<u>5</u>						<u>160</u>	<u>(155)</u>	<u>5</u>	
<b>Investments in Other Companies:</b>												
- Tangenziale Esterna S.p.A.	4,649		4,649						4,649		4,649	
- Consorzio Lambro	6		6						6		6	
- Consorzio Costruttori TEEM *												
- Consorzio Autostrade Italiane Energia	1		1						1		1	
	<u>4,656</u>		<u>4,656</u>						<u>4,656</u>		<u>4,656</u>	
<b>Total</b>	<u>7,106</u>	<u>(1,718)</u>	<u>5,388</u>		<u>50</u>	<u>(50)</u>			<u>7,106</u>	<u>(1,718)</u>	<u>5,388</u>	

\* Book value € 100

The following table contains the summary figures concerning the investments in subsidiary, associates and other companies:

Name	Head Office	Capital in foreign currency	Capital in Euros	Loss/profit in foreign currency	Loss/profit in Euros	Net equity in foreign currency	Net equity in Euros	Holding %	Corresp. Financial Statement N.A. (A)	Book value in Euros (B)	Excess (B - A)
<b>Subsidiaries:</b>											
Pavimental Est (in liquidation)	Moscow	Rub. 4,200,000	60,000	Rub. (1,510,000)	(21,600)	Rub. (33,564,000)	(479,800)	100	(479,800)		(479,800) *
Pavimental Polska Sp. Zo.o.	Trzebinia	Pln 3,000,000	713,222	Pln. 4,157,437	967,436	Pln. 20,768,894	4,878,613	100	4,878,613		4,878,613
Consorzio Elmas (in liquidation)	Rome		10,000				10,000	60	6,000	6,000	
Consorzio Co.Im.A. (in liquidation)	Rome		10,000				10,000	75	7,500	7,500	
									4,412,313	13,500	4,398,813
<b>Associates:</b>											
Consorzio R.F.C.C (in liquidation)	Tortona		510,000		(847)		(8,130,117)	30	(2,439,035)		(2,439,035) **
Consorzio Ramonti (in liquidation)	Tortona		10,000					49	4,900	4,900	
									(2,434,135)	4,900	(2,439,035)
<b>Other Holding Companies:</b>											
Tangenziale Esterna	Milan		464,945,000		(18,819,944)		295,416,792	1	2,954,168	4,649,450	(1,695,282) ***
Consorzio Costruttori TEEM	Milan		10,000				10,000	1	100	100	
Consorzio Lambro	Milan		200,000				200,000	2.78	5,560	5,560	
									2,959,828	4,655,110	(1,695,282)
<b>Notes:</b> (*) The excess, adjusted through waiver of Pavimental receivables booked in previous years, was fully covered by the "Investment devaluation surplus fund" under liabilities. (**) The surplus is entirely covered by the "Investments devaluation surplus Fund" under liabilities. (***) Financial statements figures refer to the last approved financial statements. Accumulated losses are considered recoverable.											

*Other receivables*

**€ 2,423 thousand (2,183)**

The increase in this item amounts to approximately € 240 thousand. The item also includes that paid out during 2015 in fulfilment of the dispositions of the Shareholder Loan Contract signed with Tangenziale Esterna S.p.A. and amounting to € 1,150 thousand. The medium/long-term loan is interest bearing, at a rate of 12.06%. The interest due will be reimbursed from 2021 onwards.

**Current Assets**

**€ 415,124 thousand (351,271)**

**Inventories**

**€ 300,341 thousand (235,187)**

*Raw and subsidiary materials and consumables*  
(13,526)

**€ 22,757 thousand**

These are mainly the final inventories of materials, amounting to € 22,081 thousand, constituted by:

€ thousands	31.12.2020	31.12.2019
- Inert substances and cement	1,944	2,369
- Spare parts machinery and equipment	678	263
- Prefabricated and brick	2,093	1,577
- Steel, laminates and profiles	9,510	2,315
- Bitumen, fuels and lubricants	1,411	874
- Other materials	6,445	5,452
	<u>22,081</u>	<u>12,850</u>

The increase in the item in question is a result of the operating requirements for the maintenance of works of art awarded by ASPI and the construction of airport infrastructures.

The assessment of the inventories was made at average weighted purchase cost, and is lower than the market value; the final inventories of materials as at 31 December 2020 are not bound by mortgages, privileges or other real guarantees limiting their availability to the Company.

The item in question also includes land located in Magliana locality and up for sale (€ 676 thousand), as deliberated by the Board of Directors of the Company.

*Work in progress on contracts*

*€ 277,584 thousand (221,661)*

This item expresses the amount of works carried out and not yet certified by progress reports as at 31 December 2020; said amount was determined according to the physical measurement method, on the basis of the agreed payments.

The inventories also include additional payments that are being finalised and formalised with the counterparty (work variants, price reviews, incentives, etc.) recorded in the financial statements in the measure in which their recognition is reasonably certain.

During the course of 2020, the Company settled the reserves for the works contract for the construction of the new Crespellano Junction (€ 802 thousand), the works for the expansion to four lanes Lot 0 of the A4 Highway (€ 96 thousand), works for the reconstruction of the Padova Junction (€ 41 thousand).

On 29 December 2020, Pavimental and Aeroporti di Roma signed a private deed for the recognition of the overall sum of € 7,000 thousand to liquidate, settle and transact the reserves claimed by Pavimental.

The effectiveness of the agreement, which is part of a wider-ranging framework for the finalisation of the Operation for the purchase by ADR of the entire capital of ADR Infrastrutture S.p.A., which was conferred the airport going concern of Pavimental, was subject to a suspensive clause until the conclusion of the aforementioned Operation, which occurred in January 2021. The reserves in question were thus definitively settled.

The Company, supported by the opinion of internal and external technicians and legal advisers, also ascertained reserves of € 16,450 thousand on the contract for the Voltri Interconnection Lot and Polcevera completion, General Contractor COCIV (Consorzio Collegamenti Integrati Veloci), and for € 2,950 thousand on the Works contract for the completion of Lot 6 of the A14 highway. Reserves were recorded for € 194 thousand for the contractor Gesac for the work completed at Capodichino Airport and € 79 thousand for the contract for completion of Lot 13 of the A1 highway.

Lastly, the assessment of the reserves for the Realisation of the complementary Works in Fano was adjusted with the inclusion of another € 447 thousand (a total of € 1,947 thousand). On the basis of that described and that included in the amounts recorded in previous years, the requests for additional payments to the Contractor ASPI amounted to € 10,718 thousand as at 31 December 2020, and the requests for payments from third parties amounted to € 23,644 thousand as at 31 December 2020 (of which € 7,000 thousand received in January 2021).

The breakdown of the inventories for works in progress is contained in the following table:

€ thousands	31.12.2020	31.12.2019
- Maintenance of road surfacing (ASPI)	12,447	13,364
- Infrastructure projects (ASPI)	90,451	109,700
- Other highway works (ASPI)	101,099	30,705
- Airport works (ADR)	24,378	42,657
- Airport works (other contractors)	4,847	1,050
- Other works (other contractors)	41,526	20,337
- Pre-operating costs	2,836	3,848
- Provisions for losses on multi-year projects		
	277,584	221,661

The increase in work in progress on contracts, amounting to € 55,923 thousand, compared to last year is mainly attributable to:

- the increase in third party inventories for € 24,986 thousand mainly due to the start of the Voltri interconnection lot and Polcevera completion awarded by the COCIV during the course of the year;
- the increase in ASPI inventories, amounting to € 50,229 thousand, mainly concerning the other works for the national interventions in the scope of the framework agreements for the maintenance of open-air and underground works of art and catalogo blu (€ 70,394 thousand). These effects are partially compensated by the decrease in the realisation of infrastructures (€ 19,249 thousand);
- the decrease in ADR inventories of € 18,279 thousand determined by the trends in billing and the suspension of works in 2020 requested by the contracting station;

It must be noted that the Company released to the income statement € 1,342 thousand in pre-operating costs concerning ongoing infrastructure tenders suspended in previous years in the value of the inventories and suspended pre-operating costs for new initiatives for € 330 thousand.

### Assets held for sale

**€ 21,458 thousand (-)**

As described for the tangible fixed assets, this item includes the fixed assets included in the scope of the conferment of the airport going concern to the subsidiary ADR Infrastrutture (€ 2,158 thousand) and the TBM and relative transporter belts (€ 19,300 thousand), for which the current corporate strategy envisages a sale option.

### Receivables

**€ 88,380 thousand (91,259)**

The following is the representation by category and by geographical area of the receivables included in the item in question:

€ thousands	31.12.2020			31.12.2019		
	Italy	Abroad	Total	Italy	Abroad	Total
	<b>Receivables:</b>					
- From customers	26,423		26,423	11,419		11,419
- From subsidiaries	4,459	501	4,960	4,459	680	5,139
- From associates	2,731		2,731	2,731		2,731
- From the parent company	1,308		1,308	952		952
- From subsidiaries of the parent company	18,465	742	19,207	43,666	891	44,557
- Tax-related	11,618		11,618	6,708		6,708
- Prepaid taxes	8,812		8,812	7,364		7,364
- From others	13,321		13,321	12,389		12,389
	<u>87,136</u>	<u>1,244</u>	<u>88,380</u>	<u>89,688</u>	<u>1,571</u>	<u>91,259</u>

The movement is attributable to that described hereafter.

*Receivables from Customers*

**€ 26,423 thousand (11,419)**

The breakdown of this item is illustrated in the following table:

€ thousands	31.12.2020	31.12.2019
Receivables from contractors:		
- Payments billed for works awarded	4,398	3,554
- Payments to be billed on completion of works	53	53
Receivables from customers:		
- Payments billed	26,576	14,420
- Payments to be billed	14	220
	<u>31,041</u>	<u>18,247</u>
Bad debt provision	(4,618)	(6,828)
Total Receivables from Customers	<u>26,423</u>	<u>11,419</u>

The increase of € 15,004 thousand in receivables from clients is mainly attributable to the inclusion of receivables from Consorzio COCIV (€ 8,206 thousand) concerning the tender “Voltri Interconnection Lot and Polcevera completion” as a result of the bills issued in the last few months of the year and the inclusion of receivables from Geasar S.p.A. (€ 3,113 thousand) for the works for the refurbishment and extension of runway 23 at Olbia airport started in 2020.

This item includes amounts due from Adriatica S.c.a.r.l. in joint administration for € 3,899 thousand, which the Company is recovering on the basis of the allocation plan. During the financial year, the Company updated the estimate as to the recoverability of the receivables in question. This assessment involved the release to the income statement of the relative provision for bad debts allocated in previous years for € 2,210 thousand, as stated in the relative movement:

€ thousands	31.12.2019	Allocation	Used / Released	31.12.2020
Provision for bad debts from customers	6,828		(2,210)	4,618
	<u>6,828</u>		<u>(2,210)</u>	<u>4,618</u>

In general, the provision for bad debts acknowledges the assessment made by the Company Directors, supported by the opinion of internal and external legal advisers, as to the recoverability of the receivables due on the date of the financial statements, taking into account the unclaimability estimates made.

*Receivables from subsidiaries*

€ 4,690 thousand (5,139)

The details of this item are as follows:

€ thousands	31.12.2020	31.12.2019
Trade Receivables from:		
- Consorzio Co.Im.A. (in liquidation)	3,510	3,510
- Pavimental Polska	230	326
- Consorzio Elmas (in liquidation)	550	550
Financial Receivables from:		
- Pavimental Est (in liquidation)	340	423
- Consorzio Co.Im.A. (in liquidation)	20	20
- Pavimental Polska		
- Consorzio Elmas (in liquidation)	1,030	1,030
	<u>5,680</u>	<u>5,859</u>
Bad debt provision	(720)	(720)
Total Receivables from Subsidiaries	<u>4,960</u>	<u>5,139</u>

There were no significant variations compared to 31 December 2019.

*Receivables from associates*

€ 2,731 thousand (2,731)

There were no movements in this item during the year:



€ thousands	31.12.2020	31.12.2019
Trade Receivables from:		
- Consorzio R.F.C.C. (in liquidation)	124	124
- Consorzio Galileo (in liquidation)		
- Consorzio Ramonti (in liquidation)	145	145
Financial Receivables from:		
- Consorzio R.F.C.C. (in liquidation)	2,291	2,291
- Consorzio Ramonti (in liquidation)	171	171
	<u>2,731</u>	<u>2,731</u>
Bad debt provision		
Total Receivables from Associates	<u>2,731</u>	<u>2,731</u>

*Receivables from the parent company*

*€ 1,308 thousand (952)*

The breakdown of this item is illustrated in the following table:

€ thousands	31.12.2020	31.12.2019
Receivables from Atlantia S.p.A. :		
- Advance payments	1	1
- Receivables for adhesion to consolidated fiscal system	1,307	951
Total Receivables from the Parent Company	<u>1,308</u>	<u>952</u>

The increase highlighted is due to the recording of the tax receivables as at 31 December 2020 and transferred in the Consolidated Fiscal regime.

This item is also constituted by the receivables from Atlantia regarding the request for reimbursement of the amounts deductible for IRAP purposes on the basis of IRES taxes for the years subscribing to the Consolidated Fiscal regime (€ 951 thousand).

*Receivables from subsidiaries of the parent company* € 19,207 thousand (44,557)

This item includes the receivables of a trade nature from other companies in the Group.

The details of this item are illustrated below:

€ thousands	31.12.2020	31.12.2019
Trade Receivables		
- Payments billed for works awarded	15,865	40,482
- Payments to be billed on completion of works	2,000	2,765
Advance payments	2,491	2,459
Sundry Receivables	4	4
	20,360	45,710
Bad debt provision	(1,153)	(1,153)
Total Receivables from Subsidiaries of the Parent Company	19,207	44,557

The decrease in the amount in question, of € 25,350 thousand, is mainly attributable to the reduction in receivables from Autostrade per l'Italia (€ 19,456 thousand) and ADR (€ 5,541 thousand).

*Tax receivables*

*€ 11,618 thousand (6,708)*

The composition of the aforementioned receivables is illustrated in the following table:

€ thousands	31.12.2020	31.12.2019
Receivables from the State for:		
- VAT	10,588	4,509
- Tax paid overseas		
- Ires		
- Irap	238	1,023
- Other	792	1,176
	<u>11,618</u>	<u>6,708</u>
Bad debt provision		
Total Tax Receivables	<u>11,618</u>	<u>6,708</u>

The increase of € 4,910 thousand in tax receivables concerns the increase in VAT receivables compared to 31 December 2019.

*Advance taxes*

€ 8,812 thousand (7,364)

The composition of the aforementioned receivables is illustrated in the following table:

COMPOSITION OF PREPAID TAXES						
Description	31.12.2020			31.12.2019		
	Temporary differences	Rate applied	Prepaid tax	Temporary differences	Rate applied	Prepaid tax
<b>Allocation to taxed funds:</b>						
Tax losses	12,689	24.00%	3,045		24.00%	
- pending lawsuits	2,377	24.00%	570	2,894	24.00%	695
- environmental recovery	225	24.00%	54	225	24.00%	54
- multi-year staff incentives	58	24.00%	14	619	24.00%	149
Fiscal effects of derivative instruments - loss	453	24.00%	109	427	24.00%	102
Board of Directors fees	460	24.00%	110	471	24.00%	113
Cost of exchange rate from evaluation	484	24.00%	116	382	24.00%	92
Provision for bad debts from customers	3,537	24.00%	848	5,747	24.00%	1,379
Amortizations deductible in future years	16,175	24.00%	3,882	19,261	24.00%	4,624
MBO 2018	266	24.00%	64	649	24.00%	156
<b>Balance</b>	<b>36,725</b>		<b>8,812</b>	<b>30,675</b>		<b>7,364</b>

The advance taxes, recorded for the amount for which there is a presupposition for reasonably certain recoverability in the financial years they will be claimable in, concern the temporary differences used for taxation principally concerning amortizations deductible in future years, the recording of the fiscal loss for the year, regarding the portion not in the scope of national Fiscal Consolidation, allocations made to the provision for bad debts and the fund for ongoing legal proceedings deductible in future years.

*From others: from other creditors*

*€ 13,321 thousand (12,389)*

This item is composed of the following:

€ thousands	31.12.2020	31.12.2019
- Receivables from social security and welfare institutes	351	
- Receivables from personnel	152	60
- Advance payments to suppliers and subcontractors	12,061	11,943
- Receivables from insurance companies	626	341
- Receivables from disputes with suppliers	346	346
- Other	296	210
	<u>13,832</u>	<u>12,900</u>
Provision for bad debts from others	(511)	(511)
Total Receivables from Others	<u>13,321</u>	<u>12,389</u>

### **Financial assets not constituting fixed assets      € 50 thousand (-)**

In November 2020, in the framework of the reorganisation of the Atlantia Group, Pavimental incorporated a company, ADR Infrastrutture, with a share capital of € 50 thousand, to which to confer the assets and liabilities concerning airport works carried out. This shareholding was transferred in January 2021 to the associate Aeroporti di Roma S.p.A., as described previously.

### **Cash and cash equivalents      € 4,895 thousand (24,825)**

These are constituted by bank deposits amounting to € 4,890 thousand and cash and values on hand amounting to € 5 thousand. There are no cash funds or bank accounts in Italy or abroad that are bound or subject to restrictions and duration limits.

For information on the financial trends of the Company during the 2020 financial year, see the comments below, in the “Statement of Cash Flows”.

**Accrued expenses and other prepayments**

**€ 3,036 thousand (4,314)**

These include exclusively accrued income for payments made in advance, the details of which are in the table below:

€ thousands	31.12.2020	31.12.2019
- Rent due in subsequent years already paid	37	26
- Insurance premiums for policies taken out during the year valid for the next and subsequent years	2,611	3,952
- Other costs related to the following financial year for rents, CED, road taxes, state concessions etc.	388	336
	3,036	4,314

There are no accrued expenses and other prepayments with a duration in excess of five years.

The tables below describe the receivables on the basis of expiry and nature, and also currency or exchange rate risk.

RECEIVABLES CLASSIFIED BY MATURITY AND TYPE								
Description	31.12.2020				31.12.2019			
	Matured amounts				Matured amounts			
	Within following FY	From 2nd to 5th following FY	Beyond 5th FY	Total	Within following FY	From 2nd to 5th following FY	Beyond 5th FY	Total
<b>Receivables in the Financial Fixed Assets</b>								
Security Deposits:								
To subsidiaries								
To subsidiaries of the parent company		4		4		4		4
To others		2,419		2,419		2,179		2,179
		2,423		2,423		2,183		2,183
<b>Receivables in the Operating Capital</b>								
Financial receivables:								
To subsidiaries	1,390			1,390	1,473			1,473
To associates	2,462			2,462	2,462			2,462
To the parent company								
	3,852			3,852	3,935			3,935
<b>Trade Receivables</b>								
From customers	26,423			26,423	11,419			11,419
To subsidiaries	3,570			3,570	3,666			3,666
To associates	269			269	269			269
From parent company	1			1	1			1
To subsidiaries of the parent company	19,207			19,207	44,557			44,557
	49,470			49,470	59,912			59,912
<b>Receivables from others</b>								
Tax-related	11,618			11,618	6,708			6,708
Prepaid Taxes	8,812	6,095		8,812	1,052	6,312		7,364
From parent company	1,307			1,307	951			951
From others:								
Insurance companies	626			626	341			341
Suppliers	12,061			12,061	11,943			11,943
Other	634			634	105			105
	35,058	6,095		35,058	21,100	6,312		27,412
<b>Total Receivables</b>	<b>88,380</b>	<b>8,518</b>		<b>90,803</b>	<b>84,947</b>	<b>8,495</b>		<b>93,442</b>

RECEIVABLES AND CASH IN FOREIGN CURRENCY OR WITH EXCHANGE RISK						
Description	31.12.2020			31.12.2019		
	In foreign currency or foreign exchange risk	In Euros	Total	In foreign currency or foreign exchange risk	In Euros	Total
<b>Receivables in the Financial Fixed Assets</b>						
Security deposits		2,423	2,423		2,183	2,183
		2,423	2,423		2,183	2,183
<b>Receivables in the Operating Capital</b>						
From customers		26,423	26,423		11,419	11,419
To subsidiaries	501	4,459	4,960	680	4,459	5,139
To associates		2,731	2,731		2,731	2,731
To the parent company		1,308	1,308		952	952
From subsidiaries of the parent company	742	18,465	19,207	891	43,666	44,557
Tax-related		11,618	11,618		6,708	6,708
Prepaid Taxes		8,812	8,812		7,364	7,364
To others		13,321	13,321		12,389	12,389
	1,244	87,136	88,380	1,571	89,688	91,259
<b>Cash and cash equivalents</b>						
Bank and postal deposits	1,125	3,555	4,680	2,580	22,028	24,608
Cash and cash equivalents		5	5		8	8
Prepaid cards		210	210		209	209
	1,125	3,770	4,895	2,580	22,245	24,825
<b>Total Receivables and cash and cash equivalents</b>	<b>2,369</b>	<b>93,329</b>	<b>95,698</b>	<b>4,151</b>	<b>114,116</b>	<b>118,267</b>



**Balance Sheet – Liabilities**

**€ 459,926 thousand (428,434)**

**Net Equity**

**€ 10,065 thousand (14,981)**

The net equity is constituted by the items illustrated below. The movements in the single items of the net equity during the 2020 financial year are also shown.

**Share Capital**

**€ 10,116 thousand (10,116)**

The fully subscribed and paid-up share capital is represented by 77,818,865 ordinary shares with a nominal value of € 0.13 each.

The following are the details of the composition of the corporate set-up as at 31 December 2020:

Shareholders	Number of shares	Amount in Euros	% Ownership
Atlantia S.p.A.	46,223,290	6,009,027.70	59.40%
Autostrade per l'Italia S.p.A.	15,563,773	2,023,290.49	20.00%
Aeroporti di Roma S.p.A.	15,563,773	2,023,290.49	20.00%
Astaldi S.p.A.	468,029	60,843.77	0.60%
As at 31.12.2020	<u>77,818,865</u>	<u>10,116,452.45</u>	<u>100%</u>

There are no categories of shares other than the ordinary ones listed above.

**Share premium reserve**

**€ 4,622 thousand (4,622)**

**Legal Reserve**

**€ 1,915 thousand (1,913)**

**other reserves  
172)**

**€ -182 thousand (-**

Reserve from unrealised profits on exchange rates € 29 thousand (-)

*Reserve from conversion* € -211 thousand (-172)

This amount reflects the exchange rate differences resulting from the neutralization of items between Pavimental and the permanent establishment of the company in Poland.

**Reserve for hedging expected cash flows** € -278 thousand (-329)

This item includes the negative fair value of the Interest Rate Swap (IRS) subscribed to hedge the interest rate risk of the loan granted by Credit Agricole Corporate Investment Bank Deutschland for the purchase of the TBM for the quota considered effective, net of the relevant fiscal effect.

**Retained earnings (losses)** € -1,200 thousand (-1,200)

**Financial year profits (losses)** € -4,928 thousand (31)

The following is the list of movements of the classes comprising the Net Equity and the table of reserves, stating their origin, possibility of use and distribution, and also their usage in previous financial years:

NET EQUITY MOVEMENTS											
Description	31.12.2018	Difference in the financial year				31.12.2019	Difference in the financial year				31.12.2020
		Shareholders' Meeting Resolution of 19.03.2019	Other NE movements	Conversion reserve	Profit (loss=) for the period		Shareholders' Meeting Resolution of 19.03.2019	Other NE movements	Conversion reserve	Profit (loss=) for the period	
<b>Capital</b>	10,116					10,116					10,116
Share premium reserve	4,622					4,622					4,622
<b>Legal Reserve</b>	1,913					1,913	2				1,915
<b>Other reserves:</b>											
<i>Payments for capital increase</i>											
<i>Conversion reserve</i>	(266)			94		(172)			(39)		(211)
							29				29
<b>Reserve covering hedging of expected financial flows</b>	(174)			(155)		(329)		51			(278)
<i>Profits (losses) retained</i>	15,005	(16,205)				(1,200)					(1,200)
<b>Profits (losses) for the financial year</b>	(16,205)	16,205			31	31	(31)			(4,928)	(4,928)
	15,011			(61)	31	14,981		51	(39)	(4,928)	10,065

**COMPOSITION OF NET EQUITY**

Description	Amount	Possibility of use	Amount available	Summary of uses in the three preceding financial years	
				To hedge losses	For other reasons
<b>Capital</b>	10,116	B			
<b>Capital reserves</b>	4,622	A,B,C	4,622		
<b>Legal reserve</b>	1,915	B			
<b>Other reserves:</b>					
- Conversion reserve	(211)	A,B,C			
- Foreign exchange gains from evaluation	29	A,B	29		
- Reserve covering hedging of expected financial fl	(278)				
<b>Profits retained</b>	(1,200)	A,B,C			
<b>Total</b>	14,993		4,651		
<b>Non-distributable amount</b>			29		
<b>Remaining distributable amount</b>			4,622		

Key:

A: for capital increase

B: to cover losses

C: for distribution to shareholders

D: to cover multi-year costs not yet amortized (ex art. 2426, no. 5 of the Civil Code)

**Provisions for risks and charges**

**€ 6,820 thousand (8,051)**

The following are the details of movements in the provisions for risks and charges:

€ thousands	31.12.2019	Allocations	Used / Released	31.12.2020
Provision for risks and charges:				
- for taxes, including deferred	95			95
- derivative financial instruments liabilities	714	37	(27)	725
- other:				
provision for pending lawsuits	2,893	833	(1,350)	2,377
provision for environmental recovery costs	225			225
provision for losses on multi-year contracts				
provision for contractual costs				
provision for multi-year staff incentives	619		(561)	58
provision for share premium excesses	3,505		(165)	3,340
	<u>8,051</u>	<u>870</u>	<u>(2,103)</u>	<u>6,820</u>

**Tax fund, including deferred**

**€ 95 thousand (95)**

This fund includes the deferred fiscal costs, allocated to cover the income from evaluation changes that are expected to be realized in coming financial years, as illustrated in the following table:

COMPOSITION OF DEFERRED TAXES						
Description	31.12.2020			31.12.2019		
	Temporary differences	Rate applied	Deferred tax	Temporary differences	Rate applied	Deferred tax
<b>Allocation to taxed funds:</b>						
Provision for risks and charges:						
- taxes, including deferred (Income from ex. rate from evaluation)	402	24.00%	96	402	24.00%	96
Amortized cost (release)	(6)	24.00%	(1)	(6)	24.00%	(1)
<b>Balance</b>	<u>395</u>		<u>95</u>	<u>395</u>		<u>95</u>

**Passive derivative financial instruments** **€ 725 thousand (714)**

This item shows the negative market value of the derivative contracts ongoing as at 31 December 2020 and includes:

- the negative fair value (€ 453 thousand) of the Interest Rate Swap (IRS) subscribed to hedge the interest rate risk of the loan granted by Credit Agricole Corporate Investment Bank Deutschland for the purchase of the TBM;
- the negative fair value (€ 272 thousand) of a floor type derivative incorporated in the above loan.

It should be noted that the first of the two derivative financial instruments has the characteristics to be qualified as hedging and consequently, the changes in its fair value are attributed as a counterpart in a suitable net equity reserve, as mentioned previously.

**Other Funds** **€ 6,000 thousand (7,242)**

In detail:

*Fund for ongoing lawsuits* **€ 2,377 thousand (2,893)**

This item is an estimate of the probable costs deriving from ongoing litigations as of the closure of the financial statements. The amount allocated represents the best possible estimate on the basis of the available elements, taking into account the opinions of the external legal advisers.

The decrease is attributable to the combined effect of:

- the direct use for settling litigations for € 1,110 thousand;
- the release to the income statement due to excessive allocations made in previous years for € 250 thousand;
- the allocation for litigations during the year for € 833 thousand.

*Fund for environmental recovery costs* € 225 thousand  
(225)

This Fund includes an estimate of the costs that the Company will incur for the restoration of sites and environmental recovery.

*Fund for Multi-annual staff Incentives* € 58 thousand (619)

This fund includes the liabilities for services rendered by directors and employees and remunerated through share-based payments and settled in cash measured at fair value.

The assessment as at 31 December 2020 involved the cancellation of € 561 thousand.

*Fund for Excess Holding Depreciation* € 3,340 thousand (3,505)

This fund has been allocated to cover the equity deficits emerging from the assessment of the probable costs to be incurred in relation to Pavimental Est in liquidation (€ 343 thousand) and Consorzio R.F.C.C. in liquidation (€ 2,997 thousand). The variation during the year is due to the payments requested by the Consortium to deal with cash flow requirements.

The composition and variations of the fund are illustrated in the following table:

€ thousands	31.12.2019	reclassification	Allocations	Uses	31.12.2020
Subsidiaries:					
Pavimental Est (in liquidation)	343				343
Associates:					
Consorzio R.F.C.C. (in liquidation)	3,162			(165)	2,997
	<u>3,505</u>			<u>(165)</u>	<u>3,340</u>

**Employee severance fund for subordinate employment** € 2,994 thousand  
(3,351)

The following table summarizes the movements that occurred during the financial year:

€ thousands	31.12.2019	Allocations	Uses for payments	31.12.2020
Employee severance fund	6,328	29	(681)	5,676
Advance payments	(2,776)	(40)	274	(2,543)
Tax on Employment severance f	(201)	(8)	19	(189)
	<u>3,351</u>	<u>(19)</u>	<u>(388)</u>	<u>2,944</u>

The allocations of the severance fund quotas destined for complementary social security funds do not pass through the employee severance fund but are recorded directly as payables to social security and welfare institutes and paid on a month-by-month basis.



**Payables**

**€ 438,971 thousand (401,927)**

**Payables to Banks**

**€ 56,552 thousand (59,428)**

This item is composed of the following:

€ thousands	31.12.2020	31.12.2019
Short-term payables to banks	30,503	27,252
Payables to banks for loans:		
- CA-CIB	18,541	22,176
- UBI Banca	7,508	10,000
	56,552	59,428

The balance includes the temporary exposure to the banking system as at 31 December 2020, amounting to € 30,503 thousand.

The debt for the loan granted by Credit Agricole Corporate Investment Bank Deutschland underwritten on 2 October 2015 and valued at amortized cost amounted to € 18,541 thousand. This investment is for the purchase of the TBM machine, relevant accessories and any other working machine required for the completion of the works concerning Lot 2 Santa Lucia Tunnel, and the cost of the insurance policy granted by Euler Hermes in favour of the exporter of the TBM and accessory costs. The nominal interest rate on the loan as at 31 December 2019 was 0.6% and the deadline for paying back the loan is September 2025. The loan contract requires that Pavimental maintain orders for works and services from the Companies in the Group amounting to at least treble the amount of the ongoing loan and grants the financing bank the right to withdraw from the contract should the Atlantia Group cede control of the Company (Change of Control clause).

As at 31 December 2020, this item included the residual debt, amounting to € 7,508 thousand, of the loan signed on 26 September 2019 with UBI Banca, loan contract lasting for 18 months for the amount of € 10,000 thousand.

The rate determined is euribor 3m + 1.20 spread. The end rate as at 31 December 2020 was 0.93% annually.

As a result of the pandemic, Pavimental has submitted to the bank a request for a six-month suspension of the payment of the capital portion of the loan instalments, which the bank assessed positively and decided to accept, and the current new expiry date of the loan in 26 September 2021.

### Advances

**€ 51,037 thousand (64,709)**

This item is composed of the following:

€ thousands	31.12.2020	31.12.2019
Deposits from Autostrade per l'Italia S.p.A.	23,356	29,877
Deposits from Aeroporti di Roma S.p.A.	21,609	33,859
Deposits from third party contractors	6,072	973
	51,037	64,709

The Advances received from ASPI have decreased due to the combined effect of the recovery of amounts billed and financial year payments. The Advances received from Aeroporti di Roma S.p.A. have decreased due to the recovery of amounts billed during the year.

The Advances from third party contractors mainly include the advance payment received from COCIV in 2020 and which, net of the recovery of amounts billed in 2020, amounts to € 4,808 thousand, and that received from GEASAR S.p.A. concerning the contract awarded for the refurbishment and resurfacing of runway 23 at Olbia Airport, which net of the recovery of amounts billed in 2020, amounts to € 1,127 thousand.

### Payables to suppliers (160,447)

**€ 178,051 thousand**

The increase of € 17,604 thousand concerns the increased activities during the financial year, especially in the later months of the year, and the supplies of equipment and systems with specific regard to the implementing contracts for the framework agreements with Autostrade per l'Italia, as mentioned in the Report on Management.

The liabilities in foreign currency for invoices received or to be received were adjusted to the exchange rate applicable on 31 December 2020.

### **Payables to subsidiaries**

**€ 3,945 thousand (3,143)**

The details of this item are as follows:

€ thousands	31.12.2020	31.12.2019
Trade Payables to:		
- Consorzio Co.Im.A. (in liquidation)	1,903	1,630
- Pavimental Polska	599	71
- Consorzio Elmas (in liquidation)	1,443	1,442
	<u>3,945</u>	<u>3,143</u>

### **Payables to the parent company**

**€ 45 thousand (2,215)**

These represent that payable to Atlantia S.p.A. for trade relations, for adhesion to the group consolidated fiscal regime and relations of a financial nature.

The composition of this item as at 31 December 2020 was as follows:

€ thousands	31.12.2020	31.12.2019
Trade Payables to Atlantia S.p.A.	24	34
Tax-related Payables to Atlantia S.p.A.		1,819
Other Payables to Atlantia S.p.A.	21	45
Financial Payables to Atlantia S.p.A.		317
	<u>45</u>	<u>2,215</u>

**Payables to companies controlled by the parent company € 132,633 thousand (97,370)**

This item is composed of the following:

€ thousands	31.12.2020	31.12.2019
Trade Payables to subsidiaries of the parent company	1,399	1,636
Financial Payables to subsidiaries of the parent company	130,783	95,306
Other Payables to subsidiaries of the parent company	451	428
	<u>132,633</u>	<u>97,370</u>

The increase of € 35,263 thousand is attributable to the increased usage of the joint bank account held with ASPI (€ 35,477 thousand), the charge for which is remunerated at rates in line with the market (Euribor average 1 month + 100 base points). The increased exposure is correlated to the increase in volume of activities carried out by the Company, which consequently determined increased financial requirements.

**Tax payables** **€ 1,582 thousand (1,484)**

This item is substantially unchanged compared to 31 December 2019. It mainly includes the IRPEF tax payables.

**Payables to pension funds and social security** **€ 2,207 thousand (966)**

These are represented by contributions due from the Company accrued as at 31 December 2020 and payable in the following months. The payments were made according to the terms of the law. The increase is correlated to the increase in workforce compared to last year.

**Other payables** **€ 12,919 thousand (12,165)**

The breakdown of the item in question is as follows:

€ thousands	31.12.2020	31.12.2019
- Payables to personnel	6,531	7,383
- Payables to companies in grouping	55	55
- Payables to insurance companies	4,938	4,458
- Payables for state concessions	11	8
- Payables to others	1,384	261
	<u>12,919</u>	<u>12,165</u>

**ACCRUED EXPENSES AND OTHER PREPAYMENTS**

€ 1,126 thousand (124)

€ Thousand	31.12.2020	31.12.2019
Accrued expenses		
- Interest payable to banks	89	102
Prepayments		
- Rent receivable	1,037	22
	1,126	124

Attached are the details of the payables and income, broken down by expiry date and nature, and also currency or exchange rate risk.

There was a special privilege on the TBM to guarantee the loan contract with CACIB on closure of the financial year; there are no other payables assisted by real guarantees on corporate assets.

PAYABLES CLASSIFIED BY MATURITY AND TYPE								
Description	31.12.2020				31.12.2019			
	Matured amounts				Matured amounts			
	Within following FY	From 2nd to 5th following FY	Beyond 5th FY	Total	Within following FY	From 2nd to 5th following FY	Beyond 5th FY	Total
<b>Payables to banks</b>								
Short-term payables to banks	30,503			30,503	27,252			27,252
Payables to banks for loans	11,138	14,910		26,048	11,094	21,082		32,176
<b>Financial payables</b>								
Payables to the parent company					317			317
Payables to subsidiaries of the parent company	130,784			130,784	95,306			95,306
	172,425	14,910		187,335	133,969	21,082		155,051
<b>Trade payables</b>								
Deposits	51,037			51,037	64,709			64,709
Payables to suppliers				178,051	160,447			160,447
Payables to subsidiaries	3,941			3,941	3,139			3,139
Payables to associates								
Payables to the parent company	24			24	34			34
Payables to subsidiaries of the parent company	1398.5645			1,399	1,636			1,636
	56,401			234,452	229,965			229,965
<b>Other payables</b>								
Payables to subsidiaries	4			4	4			4
Payables to associates								
Payables to the parent company	21			21	1,864			1,864
Payables to subsidiaries of the parent company	451			451	428			428
Tax-related	1,582			1,582	1,484			1,484
To social security and welfare institutes	2,207			2,207	966			966
To others	12,919			12,919	12,165			12,165
	17,184			17,184	16,911			16,911
<b>Total Payables</b>	<b>246,010</b>	<b>14,910</b>		<b>438,971</b>	<b>380,845</b>	<b>21,082</b>		<b>401,927</b>
<b>Deferred and accrued liabilities</b>	<b>1,126</b>			<b>1,126</b>	<b>124</b>			<b>124</b>
<b>Total</b>	<b>247,136</b>	<b>14,910</b>		<b>440,097</b>	<b>380,969</b>	<b>21,082</b>		<b>402,051</b>

PAYABLES IN FOREIGN CURRENCY						
Description	31.12.2020			31.12.2019		
	In foreign currency	In Euros	Total	In foreign currency	In Euros	Total
<b>Financial Payables</b>						
To banks		56,552	56,552		59,428	59,428
To the parent company					317	317
To subsidiaries of the parent company		130,783	130,783		95,306	95,306
		187,335	187,335		155,051	155,051
<b>Trade payables</b>						
Deposits		51,037	51,037	37	64,672	64,709
To suppliers	92	177,959	178,051	746	159,701	160,447
To subsidiaries	598	3,343	3,941	71	3,068	3,139
To associates						
To the parent company		24	24		34	34
To subsidiaries of the parent company		1,399	1,399		1,636	1,636
	690	233,762	234,452	854	229,111	229,965
<b>Other Payables</b>						
Payables to subsidiaries		4	4		4	4
Payables to associates						
Payables to the parent company		21	21		1,864	1,864
Payables to subsidiaries of the parent company		451	451		428	428
Tax-related		1,582	1,582	3	1,481	1,484
To social security and welfare institutes		2,207	2,207		966	966
To others		12,919	12,919		12,165	12,165
		17,184	17,184	3	16,908	16,911
<b>Total Payables</b>	690	438,281	438,971	857	401,070	401,927



## INCOME STATEMENT

<b><u>Production Value</u></b>	<b><u>€ 498,120 thousand (410,618)</u></b>
<b>Revenues from Sales</b>	<b>€ 24 thousand (25)</b>
<b>Revenues from Services</b>	<b>€ 428,488 thousand (332,318)</b>

The analysis of the Revenues from sales and from services is represented in the following table:

REVENUE FROM SALES AND SERVICES				
Description	2020	2019	Difference	Difference %
<b>Revenue from sales</b>				
Sales to others of conglomerates and inert materials	24	25	(1)	
Sales to parent company				
	24	25	(1)	-2.87%
<b>Revenue from services</b>				
<b>Autostrade per l'Italia:</b>				
Maintenance - Road surfacing	60,512	4,206	56,306	
Expansion to 3 lanes Barberino di Mugello - Florence North Lot 0		3,777	(3,777)	
Expansion to 3 lanes Barberino di Mugello - Florence North Lot 1	11,733	23,839	(12,106)	
Expansion to 3 lanes Barberino di Mugello - Florence North Lot 2	75,019	91,724	(16,705)	
Expansion to 3 lanes Barberino di Mugello - Florence North Lot 13				
Soundproofing	663	1,884	(1,221)	
Roadside barriers	43		43	
Other highway works	65,355	8,051	57,304	
Florence infrastructures	37,042	30,906	6,136	
Completion of Lots 9-11-12	2,035	4,114	(2,079)	
Expansion to 4 lanes A4	25,333	28,463	(3,130)	
Expansion to 3 lanes A9 Lainate Como		300	(300)	
Expansion to 5 lanes A8 Milan Laghi		753	(157)	
SP 46 Paderno Rho - Nuovo Polo Fieristico stretch	596			
Adriatica A14 various Lots		2,300	(2,300)	
Adriatica A14 Lot 6 B	2,316	500	1,816	
Foggia Infrastructures		291	(291)	
Crespellano Infrastructures				
Fano compensation works	6,685	14,528	(7,843)	
La Certosa Infrastructures				
San Benigno Lot 1		1,689	(1,689)	
Refurbishment of service stations	523	689	(165)	
Junctions		1,416	(1,416)	
Padova Infrastructures		167	(167)	
Expansion to 4 lanes Modena Bologna				
	287,853	219,594	68,259	31.08%
<b>Road / highway works:</b>				
Nardo' Technical Center Srl	492	14,879	(14,387)	
Co.Im.A. Scarl		3,184	(3,184)	
Stalexport	1,191	1,735	(545)	
Tangenziale di Napoli S.p.A.	143	102	41	
Società Autostrade Meridionali S.p.A.				
Lambro Scarl		141	(141)	
Co.Co.TEEM Scarl				
Pavimental Polska				
Other contractors	912	145	767	
<b>Railway works:</b>				
COCIV	43,580	5,074	38,506	
	46,317	25,260	21,057	83.36%
<b>Airport works:</b>				
Aeroporti di Roma	68,657	86,451	(17,794)	
Aeroporto di Olbia	22,231		22,231	
Aeroporto di Napoli	3,093	419	2,674	
	93,980	86,869	7,111	8.19%
<b>Other services:</b>				
Services to others	11	299	(288)	
Services to subsidiaries	312	285	27	
Services to associates				
Inter-company services	15	11	4	
Services to other holdings				
	338	595	(257)	-43.20%
<b>Total revenue from services</b>	<b>428,488</b>	<b>332,318</b>	<b>96,170</b>	<b>28.94%</b>
<b>Total revenue from sales and services</b>	<b>428,512</b>	<b>332,343</b>	<b>96,169</b>	<b>28.94%</b>

**Variation in work in progress on contracts** **€ 57,123 thousand (69,991)**

This item includes the difference between final inventories for the previous year (€ 221,661 thousand) and the value of the final inventories for 2020 (€ 277,584 thousand), net of that reclassified under Advances (€ 1,196 thousand). The increase in the item is due to the increase in activities for the contractor Autostrade per l'Italia. This item was further adjusted (€ 4 thousand) as a result of the conversion of the items for the permanent establishment in Poland, expressed in local currency.

The change in the pre-operating costs and the fund for multi-annual contract losses, for the part concerning work in progress, is included in the item in question.

**Other revenues and income** **€ 12,485 thousand (8,284)**

This item is composed of the following:

€ thousands	2020	2019	Difference
- Capital gains from disposal of assets	50	467	(417)
- Staff costs recovery	855	1,769	(914)
- Recovery of cost of materials, supply of services and other charges	2,423	2,685	(262)
- Definition of costs and revenue from previous financial years	870	1,349	(479)
- Rounding off and discounts on supplies	388	126	262
- Sale of scrap	290	142	148
- Absorption of risks and charges provision	2,460	804	1,656
- Third party compensation	3,201	516	2,685
- Miscellaneous income	1,873	322	1,551
- Rent receivable	75	104	(29)
	<b><u>12,485</u></b>	<b><u>8,284</u></b>	<b><u>4,201</u></b>

Below is the breakdown of revenues by geographical area:

€ thousands	Italy	Europe	Total
- Revenue from sales	24		24
- Revenue from services			
- Works	426,961	1,191	428,151
- Services	337		337
- Difference in works in progress	57,223	(100)	57,123
- Other revenue and income	12,471	14	12,485
<b>Total Production Value *</b>	<b><u>497,016</u></b>	<b><u>1,105</u></b>	<b><u>498,120</u></b>

## **Production Costs**

**€ 502,154 thousand (409,333)**

This item includes:

€ thousands	2020	2019	Difference
- Raw and subsidiary materials and consumables	171,660	140,996	30,664
- Services	223,902	157,233	66,669
- Use of third party assets	1,244	982	262
- Staff	95,712	71,751	23,961
- Depreciation and write-off	16,590	30,957	(14,367)
- Changes in inventories of raw and accessory materials and consumables	(9,231)	6,166	(15,397)
- Risks and charges provision	833	110	723
- Other provisions			
- Other management costs	1,444	1,138	306
	<b>502,154</b>	<b>409,333</b>	<b>92,821</b>

The overall increase in the production costs, amounting to € 92,821 thousand, is correlated to the increased requirement for goods and services due to more production being completed.

## **Purchase of raw and subsidiary materials and consumables € 171,660 thousand (140,996)**

The cost of materials purchased in the financial year is broken down as follows:

€ thousands	2020	2019	Difference
- Inert substances and cement	8,804	6,890	1,914
- Bitumens, fuel, lubricants and packaged conglomerates	20,996	18,499	2,497
- Steel, laminates, profiles and grids	25,771	19,520	6,251
- Spare parts, plant and machinery	1,139	1,289	(150)
- Works materials	79,851	61,460	18,391
- Other materials	35,098	33,338	1,760
	<b>171,660</b>	<b>140,996</b>	<b>30,664</b>

## **Service costs**

**€ 223,902 thousand (157,233)**

The cost of services procured in the financial year is broken down as follows:

€ thousands	2020	2019	Difference
- Works awarded to third parties	102,997	84,941	18,056
- Surveillance	8,481	3,185	5,296
- Canteen, mission reimbursements and staff-related costs	10,274	5,573	4,701
- Utilities and postal costs	7,476	6,653	823
- Transport and shipping	23,991	9,060	14,931
- Insurance	7,262	7,828	(566)
- Maintenance of fixed assets	5,994	4,345	1,649
- Rent	26,051	14,338	11,713
- CED maintenance fees	414	437	(23)
- Consultancy and auditing of the financial statements	6,495	5,356	1,139
- Legal and notary services	891	895	(4)
- Highway toll fares	621	531	90
- Cleaning	1,000	738	262
- Laboratory tests and analysis	2,548	941	1,607
- Temporary employment/ fixed project employment	108	126	(18)
- Safety and security	2,376	630	1,746
- Technical assistance	88	38	50
- Services from parent company / Intercompany	57	220	(163)
- Waste disposal	11,529	7,501	4,028
- Services for issue of certification	38	94	(56)
- Personnel services	905	576	329
- Common consortium costs	48	5	43
- Directors' fees	439	450	(11)
- Auditors' fees	22	22	0
- Other services	3,797	2,750	1,047
	<b>223,902</b>	<b>157,233</b>	<b>66,669</b>

As highlighted, the increase is correlated to the increased requirements for services due to more production being completed. The remuneration due to the Directors amounted to a total of € 439 thousand.

The remuneration for the Auditors for the financial year amounted to a total of € 22 thousand.

### Use of third party assets

**€ 1,244 thousand (982)**

This item is represented by:

€ thousands	2020	2019	Difference
- Rents payable	1,009	777	232
- Software	153	138	(153)
- State grants	66	56	(66)
- Real rights on third party assets	16	11	(16)
	<b>1,244</b>	<b>982</b>	<b>(3)</b>

## Staff costs

€ 95,712 thousand (71,751)

The breakdown of the components of the staff costs is as follows, compared to the corresponding figures for the 2019 financial year:

€ thousands	2020	2019	Difference
- Salaries and wages	61,649	47,842	13,807
- Social security costs	25,303	19,332	5,971
- Employee severance fund	3,757	2,869	888
- Pension fund	564	480	84
- Other costs	4,439	1,228	3,211
	<u>95,712</u>	<u>71,751</u>	<u>23,961</u>

In fulfilment of that established by OIC 31, the economic part of the INPS Treasury Fund and the Fund for complementary social security and welfare has been included in the Employee Severance Fund (B.9.c.).

The following is the average remunerated workforce of the Company (which increased from 912.92 units in 2019 to 1,203.69 in 2020), subdivided by category:

	2020			2019			Delta
	CONT.	FT	TOTAL	CONT.	FT	TOTAL	
Executives	9.41		9.41	8.08	-	8.08	1.3
Managers	22.84		22.84	24.14	0.33	24.47	(1.6)
Office workers	274.21	23.96	298.17	263.64	4.38	268.02	30.2
Manual workers	644.42	228.85	873.27	529.02	83.33	612.35	260.9
	<u>950.88</u>	<u>252.81</u>	<u>1,203.69</u>	<u>824.88</u>	<u>88.04</u>	<u>912.92</u>	<u>290.77</u>

## Amortizations and depreciations

€ 16,590 thousand (30,957)

This item includes:

*Amortization of intangible fixed assets*

€ 68 thousand (75)

These represent the quota of the multi-annual costs charged to the financial year, calculated according to that described in the criteria for assessment, and are broken down as follows:

€ thousands	Rate	2020	2019	Difference
- Application software	33.33%	44	50	(6)
- Industrial patents	5.00%	1	1	
- Software licences	33.33%	2	3	(1)
- State grants	10.00%	14	13	1
- Cost for improvement Trezzo worksites	10.00%	7	8	(1)
		<b>68</b>	<b>75</b>	<b>(7)</b>

*Amortizations of tangible fixed assets*

€ 16,522 thousand (30,045)

These are illustrated in the following table:

€ thousands	Rate	2020	2019	Difference
- Works and improvements on land	4.00%	57	57	
- Light buildings	10.00%	9	9	
- Light buildings	12.50%	896	1,053	(157)
- Generic plant	10.00%	572	452	120
- Special systems and equipment		7,509	21,994	(14,485)
- Specific plant and machinery	12.50%	37	76	(39)
- Specific plant and machinery	15.00%	5,284	4,187	1,097
- Miscellaneous tools	40.00%	108	65	43
- Motor cars and other vehicles	25.00%	317	339	(22)
- Vehicles, lorries, excavators and mechanical diggers	20.00%	1,394	1,505	(111)
- Electromechanical and electronic machinery	20.00%	285	259	26
- Furniture and fittings	12.00%	54	49	5
		<b>16,522</b>	<b>30,045</b>	<b>(13,523)</b>



The reduction is essentially attributable to the amortization of the TBM and the other fixed assets concerning excavations, which decreased by € 14,485 thousand, as the excavation of the Santa Lucia Tunnel was completed in June 2020.

*Depreciation of the receivables included in the current assets and cash and cash equivalents € - thousand (837)*

The Company did not make any depreciations in 2020, as there were no presuppositions for doing so.

### **Changes in the inventories of raw and subsidiary materials and consumables**

**€ -9,231 thousand (6,166)**

The item in question is represented by the difference between the final inventories at the end of the previous financial year (€ 22,081 thousand) and those at the end of the financial year being examined (€ 12,850 thousand). The variation is essentially due to the operating requirements of the contracts in the Genoa area and the tenders awarded by ADR.

### **Allocations to provisions for risks**

**€ 833 thousand (110)**

Amounts for probable risks due to litigations for € 833 thousand were allocated during the current financial year.

### **Other operating expenses**

**€ 1,444 thousand (1,138)**

This amount is illustrated in the following table:

€ thousands	2020	2019	Difference
- Losses from disposal of fixed assets	21	46	(25)
- Representation costs	14	26	(12)
- Subscription fees and purchase of publications	38	25	13
- Stamp and registration fees, government grants	59	91	(32)
- Vehicle tax	92	59	33
- Property tax	117	126	(9)
- Waste disposal tax	75	111	(36)
- Fines	414	70	344
- Definition of costs and revenue of previous financial years	176	85	91
- Third party damages	92	35	57
- Other	346	464	(118)
	<b>1,444</b>	<b>1,138</b>	<b>306</b>

## Financial Income and Expenses

€ - 1,777 thousand (- 1,572)

This amount is illustrated in the following table:

€ thousands	2020	2019	Difference
<b>Financial income:</b>			
- Income from non-current receivables	139	139	
- Income from subsidiaries		20	(20)
- Miscellaneous income		444	(444)
	<b>139</b>	<b>603</b>	<b>(464)</b>
<b>Financial expenses:</b>			
- Financial payables to Autostrade per l'Italia	478	749	(271)
- Financial payables to Atlantia	3	2	1
- Short-term financial payables to banks	469	373	96
- Interest on loans	517	694	(177)
- Interest on derivative financial instruments	196	185	11
- Other financial costs			
- Bank commissions and charges	76	83	(7)
- Interest for late payment to suppliers	21	16	5
	<b>1,760</b>	<b>2,102</b>	<b>(342)</b>
<b>Profits and losses on exchange rates:</b>			
Profits from exchange rates realised			
Profits from exchange rates from evaluation		40	(40)
Losses from exchange rates realised	74	113	(39)
losses from exchange rates from evaluation	82		(82)
	<b>(156)</b>	<b>(73)</b>	<b>(83)</b>
<b>Total Financial Income and (Expenses)</b>	<b>(1,777)</b>	<b>(1,572)</b>	<b>(205)</b>

In 2019, financial income linked to the effect of the variation in the nominal debt for the loan granted by Credit Agricole Corporate Investment Bank Deutschland.

**Value adjustments to Financial Assets****€ -125 thousand (-46)**

This item includes the effects of recording the ongoing derivative financial instruments, specifically:

- a) the recording of the ineffective portion, amounting to € 87 thousand, of the Interest Rate Swap (IRS) underwritten to hedge the interest rate risk of the loan granted by Credit Agricole Corporate Investment Bank Deutschland for the purchase of the TBM;
- b) the recording of the negative change in fair value of € 38 thousand of the floor type derivative incorporated in the above-mentioned loan.

**Income tax****€ 955 thousand (364)**

In the 2020 financial year, the Company recorded advance taxes, dependently on the temporary differences prevalently concerning the amortizations deductible in future financial years, allocations made to the fund for risk and charges and the provision for bad debts and the emoluments to be paid to the Chief Executive Officer and the Board of Directors. This item, which was recorded in observance of the taxation laws in force, was dealt with in respect of the principle of prudence. Therefore, the advance taxes have been recorded to the extent to which there is a reasonable certainty of the existence for these amounts of sufficient levels of taxable income in future fiscal years to enable their recovery.

Specifically, advance taxes of € 3,456 thousand were allocated in the financial year, and advance taxes of € 1,999 thousand were released, as shown in the following table.

<b>PREPAID TAX MOVEMENTS</b>	
<b>Balance 31/12/2019</b>	7,364
<b><u>Releases</u></b>	
Losses on multi-year contracts	(6)
Board of Directors fees	(108)
Provision for pending lawsuits	(324)
Bad debt provision	(530)
Amortizations deductible in future years	(740)
Provision for multi-year staff incentives	(135)
MBO 2018	(156)
<b><u>Allocations</u></b>	
Amortizations deductible in future years	
Losses from exchange rates from evaluation	20
Provision for pending lawsuits	200
Board of Directors fees	106
Tax losses	3,045
Provision for contractual costs	64
Bad debt provision	
Provision for multi-year staff incentives	
Fiscal effects of derivative instruments	21
<b>Effect on the Income Statement</b>	<b>1,457</b>
<b>Effect on the net equity (derivative instruments)</b>	<b>6</b>
<b>Effect of financial year adjustments (derivative instruments)</b>	<b>-15</b>
<b>Balance 31/12/2020</b>	<b>8,812</b>

<b>DEFERRED TAX MOVEMENTS</b>	
<b>Balance 31/12/2019</b>	95
<b><u>Releases</u></b>	
Earnings from exchange rate transactions	
Write down cost	
<b><u>Allocations</u></b>	
Earnings from exchange rate transactions	
<b>Effect on the Income Statement</b>	
<b>Balance 31/12/2020</b>	95

This effect is partially compensated by the allocation for IRAP made during the financial year (€ 751 thousand).

The following table represents the summary overview of the links between fiscal costs in the financial statements and theoretical fiscal costs.

## RECONCILIATION BETWEEN ACTUAL TAX CHARGE AND THEORETICAL TAX CHARGE

(Amounts in thousands of Euros)

IRES (INCOME TAX)			
Description	Total differences	Tax effect	
		Amounts	Incidence
Pre-tax result	(5,883)		
<b>Theoretical tax Charge/Gain</b>		(1,412)	24.0%
<b>Temporary taxable differences in future years:</b>			
Other temporary differences			
<b>Total</b>			
<b>Temporary deductible differences in future years:</b>			
Allocation provision for pending law suits	833		
Ires deduction from Irap	63		
Other temporary differences	458		
<b>Total</b>	1,354		
<b>Reversal of temporary differences from previous years</b>			
Uses provision for pending law suits	(1,350)		
Uses provision for multi-year staff incentives	(561)		
Uses Bad debt provision	(2,210)		
Amortizations	(3,085)		
Other recovery of temporary differences	(1,099)		
<b>Total</b>	(8,305)		
<b>Permanent differences</b>			
Deduction cars	563		
Ace	(130)		
Excess depreciation	(5,021)		
Balance other permanent differences	3,594		
<b>Total</b>	(994)		
<b>IRES taxable base</b>	(13,828)		
<b>Effective tax Charge/Gain</b>		(3,319)	56.41%
<b>Reimbursement by the parent company for tax consolidation</b>		(273)	

<b>IRAP</b>			
Description	Total differences	Tax effect	
		Amounts	Incidence
Difference between production value and costs	(4,034)		
Values not relevant for IRAP purposes	96,545		
<b>Total</b>	<b>92,511</b>		
<i>Theoretical tax charge</i>		3,858	4.17%
<b>Temporary taxable differences in future years:</b>			
-			
<b>Total</b>			
<b>Temporary deductible differences in future years:</b>			
<b>Total</b>			
<b>Temporary deductible differences in future years:</b>			
<b>Total</b>			
<b>Reversal of temporary differences from previous years</b>			
<b>Total</b>			
<b>Permanent differences</b>			
Balance of permanent differences	(74,510)		
<b>Total</b>	<b>(74,510)</b>		
IRAP taxable base (average rate 4.3%)	18,001		
<i>Effective tax charge</i>		751	0.81%

## Financial year result

€ -4,928 thousand (31)

## STATEMENT OF CASH FLOWS

### INTRODUCTION

In fulfilment of that established by OIC 10, the Statement of cash flows represents all the outgoing and incoming financial flows of the cash and cash equivalents during the financial year.

In the Statement of cash flows, illustrated and commented on hereafter, the individual financial flows are separated into one of the following categories:

1. income management;
2. investment management;
3. financing activities.

The financial flows from income management are determined using the indirect method.

The algebraic sum of the financial flows in each of the categories listed above represents the net variation (increase/decrease) in the cash and cash equivalents during the course of the financial year.

The variation in the cash and cash equivalents amounts to € -19,930 thousand.

The cash flow from income management is negative and amounts to € 44,951 thousand. It represents the cash flow generated by the operating activities by effect of the non-monetary income elements (amortizations and allocations), partially compensated by the changes in current assets.

The cash flow from investments is negative and amounts to € 6,937 thousand.

The cash flow from loans is negative and amounts to € 31,598 thousand, necessary for the repayment of the instalments of the loans granted by CACIB and UBI according to the respective amortization plans and for the payment of suppliers, which is covered using the inter-company account with Autostrade per l'Italia and abiding by the available guidelines on the banking system.



## Commitments, guarantees and risks

Pursuant to art. 2427, paragraph 22 ter of the Civil Code, there are no ongoing agreements not resulting from the Balance Sheet the risks and/or benefits of which are significant in terms of the equity and financial assessment and economic result of the Company.

### **Real guarantees granted**

**€ 6,013 thousand (6,013)**

Includes the sureties granted to third parties in the interest of the consortium company R.F.C.C. in liquidation (€ 1,364 thousand) and the pledge on the shares of Tangeziale Esterna granted by Pavimental to guarantee a loan contract (€ 4,649 thousand).

<b>REAL GUARANTEES GRANTED</b>		
€ thousands	31.12.2020	31.12.2019
R.F.C.C. in liquidation and TE Milan:		
Performance bond	81	81
Guarantee withholdings	490	490
Financial liabilities	793	793
Pledge on purchase of TE shares	4,649	4,649
<b>Total to associates</b>	<b>6,013</b>	<b>6,013</b>

### **Sales commitments**

**€ 442,190 thousand (729,335)**

These represent the works and services still to be carried out for the contracts awarded, illustrated as follows:

<b>SALES COMMITMENTS</b>		
€ thousands		
	31.12.2020	31.12.2019
Autostrade per l'Italia:		
Road surfacing maintenance	3,547	62,728
Infrastructures	181,792	195,736
Other highway works	97,085	74,436
Soundproofing and roadside barriers		191
Other Companies in the Altantia Group :		
Airport works		136,217
Other works		
Other Contractors:		
Other works	159,766	260,027
<b>Total sales commitments</b>	<b>442,190</b>	<b>729,335</b>

**Other guarantees**  
(320,555)

**€ 312,471 thousand**

The breakdown of the other guarantees is illustrated in the following table:

<b>OTHER MEMORANDUM ACCOUNTS</b>		
€ thousands		
	31.12.2020	31.12.2019
Real and Personal Guarantees received	56,519	58,289
Third party liabilities Guarantees for company:		
Performance bond	183,612	175,904
Contractual advances	49,213	61,786
Other	23,126	24,576
<b>Total Other Guarantees</b>	<b>312,471</b>	<b>320,555</b>

## **RELATIONS WITH RELATED PARTIES**

With regard to that provided by art. 2427, paragraph 22 bis of the Civil Code on information with related parties, it should be noted that the following trade and/or financial relations are ongoing with the Companies listed below. These relations are under normal market conditions or on the basis of the quota of the joint costs incurred, in the interest of expanding the Company's activities.

### **Parent company**

- **Atlantia:** the direct parent company of Pavimental, as it owns 46,223,290 shares representing 59.4% of the share capital of the Company, Atlantia exercises management and coordination activities for the 2020 financial year. In 2018, the Company renewed the consolidated fiscal option, in which Atlantia is the consolidating company. There is a rent contract ongoing between the parent company and Pavimental for the offices of the Company in Villa Fassini in Rome. Lastly, in 2018 the parent company granted to the Company a credit line (regulated at market rates) generating interest receivable and payable within the Group, through which insurance charges, managers' salaries, items concerning participation in the consolidated fiscal regime and also lesser items are managed in the framework of the Centralized Treasury. This line was revoked during the course of 2020.

The following tables summarise the economic relations ongoing in 2020 and the equity relations ongoing as at 31 December 2020:

€ thousands

**Relations with the Parent Company (Trade, financial and others)**

	Atlantia S.p.A.	Atlantia S.p.A.
	<b>31 December 2020</b>	<b>31 December 2019</b>
<i>Receivables</i>		
Advance payments	1	1
Tax Receivables	1307	951
Financial receivables:		
<i>Total Receivables</i>	<i>1,308</i>	<i>952</i>
<i>Payables</i>		
Trade payables	24	34
Tax payables		1,819
Other payables	21	45
Financial payables		317
<i>Total Payables</i>	<i>45</i>	<i>2,215</i>
<i>Memorandum accounts</i>		
Guarantees - Sureties		22
	<b>2020</b>	<b>2019</b>
<i>Income</i>		
Other income		
<i>Total income</i>		
<i>Costs</i>		
<i>Production costs:</i>		
Services	26	65
Use of third party assets	480	448
Other costs		
Financial costs	3	1
<i>Total Costs</i>	<i>510</i>	<i>514</i>

## Companies in the Atlantia Group

- **Autostrade per l'Italia (ASPI):** an associate, with which there are significant ongoing trade and financial relations which, from an active viewpoint, involve both the ordinary and extraordinary maintenance of the highways granted under concession to ASPI and the construction of infrastructures. The performance of the works awarded by ASPI represented approximately 70% of the entire production of the Company. The outgoings concerned the recharging of highway toll fares, fees for the directors, outsourcing, staff on secondment, work-related fines and sundry costs.

The financial relations with ASPI are constituted by a credit line (regulated at market rates) generating interest receivable and payable within the Group, through which only financing operations to cover the overdrawn bank accounts are managed in the framework of the Centralised Treasury. It can be evinced from the above that the relations generated refer to operations of an everyday nature.

There are “sales commitments” to ASPI which represent work still to be carried out as part of the works awarded and “sureties” concerning insurance and bank guarantees for the proper execution of works. As at 31 December 2020, the Company owns 15,563,773 shares, amounting to 20% of the share capital of Pavimental.

As a result of the purchase of the shareholdings in Pavimental owned by Atlantia S.p.A., since 29 January 2021, ASPI owns 79.40% of the shares of Pavimental and thus exercises management and coordination activities over the Company.

The following tables summarise the economic relations ongoing in 2020 and the equity relations ongoing as at 31 December 2020 with ASPI:

€ thousands

**Relations with ASPI (Trade, financial and others)**

	Autostrade per l'Italia	Autostrade per l'Italia
	<b>31 December 2020</b>	<b>31 December 2019</b>
<i><u>Receivables</u></i>		
Works in progress	205,043	154,947
Trade receivables	10,779	30,266
-Depreciation funds	(1,153)	(1,153)
Sundry Receivables		
Advance payments to suppliers	2,490	2,459
Other receivables		
<i>Total Receivables</i>	<i>217,159</i>	<i>186,519</i>
Financial fixed assets	4	4
Tangible fixed assets		
<i>Total Fixed Assets</i>	<i>4</i>	<i>4</i>
<i><u>Payables</u></i>		
Trade payables	1,074	1,050
Advances on SAL/advance payments	23,355	29,878
Tax payables		
Other payables	442	419
Financial payables	130,784	95,306
Deferred liabilities		
<i>Total Payables</i>	<i>155,655</i>	<i>126,653</i>
<i><u>Memorandum accounts</u></i>		
Sales commitments	282,424	333,091
Guarantees - Sureties	148,621	123,869
	<b>2020</b>	<b>2019</b>
<i><u>Income</u></i>		
<i>Production value:</i>		
Works	339,274	246,516
Services-Sales	15	11
Other income	486	1,087
Financial income		
<i>Total income</i>	<i>339,775</i>	<i>247,614</i>
<i><u>Costs</u></i>		
<i>Production costs:</i>		
Services	1,192	1,140
Use of third party assets	56	60
Staff	18	
Other costs	496	
Financial costs	478	749
<i>Total Costs</i>	<i>2,240</i>	<i>1,949</i>

- **ADR GROUP:** an associate; there were active trade relations ongoing with this company in the framework of maintenance activities and the construction of airport infrastructures.

ADR owns 15,563,773 shares, amounting to 20% of the share capital of Pavimental.

€ thousands

**Relations with ADR Group companies (Trade, financial and others)**

	Aeroporti di Roma Group	Aeroporti di Roma Group
	31 December 2020	31 December 2019
<i>Receivables</i>		
Works in progress	24,693	43,500
Trade receivables	5,530	11,070
<i>Total Receivables</i>	<i>30,222</i>	<i>54,570</i>
<i>Payables</i>		
Trade payables	318	586
Advances on SAL/advance payments	21,609	33,822
Other payables	9	9
<i>Total Payables</i>	<i>21,936</i>	<i>34,417</i>
Sales commitments	0	136,217
Guarantees - Sureties	45,273	78,887
	<b>2020</b>	<b>2019</b>
<i>Income</i>		
<i>Production value:</i>		
Works	50,312	110,988
Services-Sales		
Other income	181	320
<i>Total income</i>	<i>50,493</i>	<i>111,308</i>
<i>Costs</i>		
<i>Production costs:</i>		
Service costs	155	141
Staff		
Other costs	41	85
<i>Total Costs</i>	<i>196</i>	<i>226</i>

- **Telepass:** an associate; there are relations of a trade nature ongoing with the company concerning highway usage by Company vehicles;
- **Società Autostrade Meridionali:** an associate; finalisations of productions recorded in previous years were recorded in the accounts in 2019. There are also relations ongoing with this company for recharging the cost of seconded staff;
- **Tangenziale di Napoli:** an associate; Pavimental has receivables from this company for invoices issued and ongoing works for activities carried out in previous years;
- **Spea:** an associate; there were relations ongoing with the company concerning the recharging of the cost of seconded staff;
- **Stalexport Autostrada Malopolska S.A.:** an associate, there were active relations of a trade nature concerning production carried out in Poland by the Pavimental branch in temporary association with the subsidiary Pavimental Polska.

€ thousands

Equity relations	31 December 2020	31 December 2019	Difference
<u>Trade receivables and assets under construction</u>			
Società Autostrade Meridionali S.p.A.	215	215	
Stalexport Autostrada Malopolska S.A.	742	995	(253)
Tangenziale di Napoli S.p.A.	521	655	-134
Essediesse S.p.A.	-	25	(25)
Spea S.p.A.	293	406	(113)
	<u>1,772</u>	<u>2,296</u>	<u>(524)</u>
<u>Trade payables</u>			
Telepass S.p.A.	1	2	(1)
	<u>1</u>	<u>2</u>	<u>(1)</u>
<u>Memorandum accounts</u>			
<u>Sales commitments</u>			
Tangenziale di Napoli S.p.A.	-	52	(52)
	<u>-</u>	<u>52</u>	<u>(52)</u>



€ thousands

<b>Economic relations</b>	<b>2020</b>	<b>2019</b>	<b>Difference</b>
<u>Ordered works</u>			
Società Autostrade Meridionali S.p.A.	-	-	
Stalexport Autostrada Malopolska S.A.	1,091	1,676	(585)
Tangenziale di Napoli S.p.A.	177	64	113
	<u>1,268</u>	<u>1,740</u>	<u>(472)</u>
<u>Other income</u>			
Essediesse S.p.A.	-	86	(86)
Società Autostrade Meridionali S.p.A.	-	27	(27)
Giove Clear S.p.A.	-	12	(12)
Spea S.p.A.	180	336	(156)
	<u>180</u>	<u>461</u>	<u>(281)</u>
<u>Costs for services and use of third party assets</u>			
Essediesse S.p.A.	-	43	(43)
Società Autostrade Meridionali S.p.A.	-	-	
Spea S.p.A.	85	-	85
Telepass S.p.A.	12	12	
	<u>97</u>	<u>55</u>	<u>42</u>

## OPERATIONS WITH THE OBLIGATION OF WITHDRAWAL ON TERMINATION

The Company has no payables and/or receivables deriving from operations with the obligation for the purchaser to withdraw on termination.

## FINANCIAL LEASING OPERATIONS

The Company had the following assets under financial leasing as at 31 December 2020.

€ thousands

Contract no.	Description of asset	Book value of the asset	Amortization fund	Current value of the leasing instalments not expired	2020 amortization	Implicit interest payable
7407130155	DS 7 vehicle	28	12	16	6	1
7407128365	DS 7 vehicle	28	12	16	6	1
7408398861	Peugeot vehicle	31	1	30	1	0

## **SIGNIFICANT EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR**

With regard to the conferment of the airport going concern and the transfer of the newly incorporated ADR Infrastrutture S.p.A. on 21 January 2021, the sale of the shareholding to Aeroporti di Roma was completed.

On 29 January 2021, as part of a reorganisation of the group shareholdings, Atlantia S.p.A. transferred to Autostrade per l'Italia S.p.A. a number of shares representing 59.40% of the share capital of Pavimental.

As a result of this operation, as of the same date, Pavimental is thus subject to the management and coordination of Autostrade per l'Italia S.p.A., pursuant to arts. 2497 and following of the Civil Code.

All of the advertising fulfilments required by the laws in force are currently being carried out.

**SUMMARY OF KEY FIGURES OF THE LATEST FINANCIAL STATEMENTS OF THE  
COMPANY EXERCISING MANAGEMENT AND COORDINATION PURSUANT TO ART. 2497  
BIS CC**

<b>ATLANTIA S.p.A.</b>	
<b>KEY FIGURES FROM 2019 FINANCIAL STATEMENTS</b>	
<b>(Thousands of Euros)</b>	
<b>EQUITY-FINANCIAL SITUATION</b>	
Non-current assets	16,287,520
Current assets	732,276
<b>Total Assets</b>	<b>17,019,796</b>
Net Equity	10,808,916
<i>of which share capital</i>	<i>825,784</i>
Non-current liabilities	5,989,636
Current liabilities	221,244
<b>Total Net Equity and Liabilities</b>	<b>17,019,796</b>
<b>INCOME STATEMENT</b>	
Operating revenues	2,566
Operating costs	-92,987
<b>Operating result</b>	<b>-90,421</b>
<b>Financial year result</b>	<b>426,613</b>

## **PROPOSALS TO THE SHAREHOLDERS' MEETING**

Dear Shareholders,

the draft Financial Statements that we are submitting for approval show financial year losses of 4,928,245 Euros.

We would therefore ask that you approve the text we have submitted as the Financial Statements for the 2020 financial year, and this Report on Management, proposing that:

- the financial year losses, amounting to 4,928,245 Euros, be brought forward.

Rome, 26 February 2021

**Report by the Board of Auditors to the Financial Statements as at  
31 December 2020  
of PAVIMENTAL S.p.A.  
Company under the management and coordination of Atlantia S.p.A.  
pursuant to article 2429, second paragraph of the Civil Code**

Dear Shareholders,

During the course of the financial year closed on 31 December 2020, we performed the supervisory activities required of the Board of Auditors pursuant to art. 2403 of the Civil Code and – as applicable – art. 149 of Legislative Decree 28/98 and subsequent amendments or integrations.

This report has been prepared pursuant to art. 2429, second paragraph of the Civil Code and art. 153, paragraph 1 of Legislative Decree 58/98 and subsequent amendments or integrations, according to the principles of conduct for the Board of Auditors of companies that are subsidiaries of companies with shares traded on regulated stock markets, emanated by the National Order of Chartered Accountants and Bookkeepers.

Furthermore, we have also taken into account, as applicable, Consob Communication no. DEM/1025564 dated 6 April 2001 and subsequent amendments or integrations.

With regard to the activities carried out during the course of the 2020 financial year, we would bring the following to your attention:

- we attended the Shareholders' Meetings and the meetings of the Board of Directors, supervising over the respect of the regulations in the company statutes and the laws and regulations in force disciplining the functioning of the company and we are able to attest that no significant resolutions were passed that were in potential conflict of interest or such as to compromise the integrity of the corporate equity without giving prior and suitable notification to the Directors and the Auditors;
- attending the meetings of the Board of Directors and also the meetings held with the directors and top management of the company – on at least a quarterly basis – has enabled us to obtain information on the activities carried out in overall terms by the company and on its transactions deemed to be of the most significance in economic, financial and equity terms, thereby ascertaining that the action deliberated and undertaken was in compliance with the laws and Company Statutes and were not blatantly imprudent or risky, in potential conflict of interest or in contrast with the resolutions passed by the corporate bodies or such as to compromise the integrity of the corporate equity;

- we conducted the analysis, for the matters of our competence, concerning the adequacy of the organizational structure of the company, by obtaining information and also examining the documentation that was sent to us by the managers of the corporate departments and by the representatives of the independent auditing firm during the meetings scheduled for the reciprocal exchange of data and information;
- we supervised over the adequacy of the internal auditing system which is structured at a Group level and is constantly updated by both the parent company and the subsidiary companies;
- we acquired knowledge and supervised over the adequacy of the administration and accounting system and on its reliability in terms of properly representing the management events, by obtaining information from the managers of the corporate departments, examining the documents and obtaining information from the independent auditing firm and through meetings with the Supervisory Board;
- we verified the punctuality with which both the data required for the preparation of the Financial Statements and the interim reports and the news of which in arts. 114, 115 and 150 of Legislative Decree 58/98 and subsequent amendments or integrations was given to the parent company.

Furthermore, with regard to the verification activities carried out, we hereby confirm that:

- the Company did not carry out any atypical or unusual operations, including those within the group and with related parties. As regards the operations within the Group and with related parties of an ordinary nature, the Board of Directors has provided detailed information in its own report. In this regard, we believe that such operations as carried out were congruous with and responding to the interests of the Company. Furthermore, on 18 December 2020, together with the Shareholders and following up a wider-ranging reorganisation of the Atlantia Group, the deed of conferment in nature of the airport going concern of Pavimental S.p.A. to the newly-incorporated subsidiary ADR Infrastrutture S.p.A. as of 1 January 2021. The conferment of the going concern was carried out at a value corresponding to the economic value of the going concern, determined by the independent expert PricewaterhouseCoopers Advisory S.p.A. in an appropriate estimate report and making use of the estimation procedure in article 2343-ter, paragraph 2, subsection b) of the Civil Code, as recalled in article 2440 of the Civil Code. The effects, including economic, of said conferment will be reflected in the financial statements for the year closing on 31/12/2021.

As a result of the negotiations with the shareholder Aeroporti di Roma S.p.A., the contract was signed for the transfer of 100% of the controlling shareholding of ADR Infrastrutture S.p.A. to Aeroporti di Roma S.p.A. on 29 December 2020;

- no reports ex art. 2408 of the Civil Code were received and we received no claims from third parties;
- during the course of the activities carried out, no omissions, irregularities or censurable facts, or in any case significant events, emerged such as to require reporting to the corporate bodies or mention in this report;
- there were no cases during the financial year in which it was necessary to obtain the opinion of the Board of Auditors pursuant to the law;
- as of the closing date of the financial statements, the company is subject to the management and coordination of the parent company Atlantia S.p.A., and all of the advertising obligations provided by art. 2497 bis of the Civil Code were fulfilled;
- the company has subscribed to the national consolidated fiscal system, pursuant to art. 117 and following of the T.U.I.R., with Atlantia S.p.A. as the consolidating company.

The auditing of the financial statements was performed by Deloitte & Touche S.p.A., which also audits the financial statements of the parent company. During the course of the financial year, regular meetings were held with the independent auditing firm, in the form of both formal meetings which were also attended by the administrative managers of the company and informal contacts.

As regards the annual financial statements, we would report the following:

- given that the analytical auditing as regards the content of the financial statements is not our responsibility, we supervised over their general layout and that of the Report on Management, their general compliance with the law, as regards their layout and structure, and we have no specific observations to make in this regard;
- the Company has prepared the annual financial statements according to civil law and the Italian accounting standards, at the same time preparing the periodical reports containing the economic and equity situation to be sent for the preparation of the interim reports and the Consolidated Financial Statements of Atlantia S.p.A., according to the international accounting standards (IAS/IFRS);
- we have verified the response of the financial statements to the facts and information that we have become aware of during the completion of the duties assigned to us;

- as far as we are aware, the Directors did not derogate any matters to the law pursuant to art. 2423, fourth paragraph of the Civil Code;
- in their report, the Directors provided information on the actions undertaken in fulfilment of the Protocol shared by the Government and the social Parties on the measures immediately adopted in compliance with the various DPCM for the management of the health emergency caused by the Covid-19 pandemic;
- in their report, the Directors indicated the following among the significant events after the closure of the financial year:
  - on 21 January 2021, the sale of the shareholding of the Company in the newly-incorporated ADR Infrastrutture S.p.A. to Aeroporti di Roma S.p.A. was finalised;
  - on 29 January 2021, as part of a reorganisation of the group shareholdings, Atlantia S.p.A. transferred to Autostrade per l'Italia S.p.A. a number of shares representing 59.40% of the share capital of Pavimental S.p.A. As a result of this operation, the Company is subject to the management and coordination of Autostrade per l'Italia S.p.A., pursuant to arts. 2497 and following of the Civil Code.

In its Report issued on 11 March 2021, pursuant to art. 14 of Legislative Decree 39 of 27.1.2010, the independent auditing firm declared the following:

- *“In our opinion, the annual financial statements truthfully and accurately represent the equity and financial situation of the Company as at 31 December 2020, the economic result and the cash flows for the financial year closed on said date, in compliance with the Italian laws governing the criteria for preparation”;*
- *“In our opinion, the report on management is consistent with the annual financial statements of Pavimental S.p.A. as at 31 December 2020 and has been prepared in compliance with the law”.*

It should be noted that in its Report, the independent auditing firm made the following disclosure:

- *“without modifying our opinion, we would recall your attention to that described in detail in the paragraph “disclosure pursuant to art. 2428 of the Civil Code, paragraph 3, subsection 6-bis” of the Report on Management regarding the exposure of the Company to the liquidity risk and consequent action aimed at mitigating said risk. In particular, with the net financial debts as at 31 December 2020 amounting to*

*approximately 176 million Euros, an increase of approximately 52 million compared to last year, the Directors have and will continue to act in order to ascertain the process of recognition of the works carried out mainly for the contractor Autostrade per l'Italia Spa in order to obtain a significant reduction in the times for receipt of the ongoing works to order, which amounted to approximately 277 million Euros at the close of the year. The Directors believe that monitoring the financial situation and the successful outcome of the action described above may ensure the coverage of the financial requirements for the next 12 months, unless there is a further significant and unforeseeable worsening of the economic scenario”.*

The above disclosure is intended as being shared with the Board of Auditors and fully reported. As regards the contents of this report, also taking into account the opinion of the independent auditing firm, the Board of Auditors hereby gives its favourable opinion as regards the approval of the annual financial statements as at 31 December 2020 as prepared by the Directors and acknowledges and agrees with their proposal for the allocation of the financial year losses.

Rome, 11 March 2021

THE BOARD OF AUDITORS

Chairman: Francesco Mariano Bonifacio (Signed)

Standing auditor: Mario Anaclerio (Signed)

Standing auditor: Pier Giorgio Cempella (Signed)



## INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
Pavimental S.p.A.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Pavimental S.p.A. (the Company), which comprise the balance sheet as at December 31, 2020, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

#### 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 our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw your attention to what has been described in detail by the Directors in the section, "Disclosure pursuant to art. 2428, paragraph 3(6-bis) of the Civil Code", in the management report included in the financial statements, regarding the Company's exposure to liquidity risk and the steps taken in order to address such risk. In particular, considering that net debt of approximately EUR 176 million as at 31 December 2020 represents an increase of approximately EUR 52 million compared with the previous year, the Directors have taken, and will continue to take, action designed to speed up the assessment and billing of works performed, mainly relating to the contractor, Autostrade per l'Italia S.p.A. This will significantly reduce collection times for contract work in progress, amounting to approximately EUR 277 million as at 31 December 2020.

The Directors believe that continuous monitoring of the financial position, and the successful outcome of the above actions, will enable the Company to meet its funding requirements over the next 12 months, unless there is a further significant and unforeseen worsening of the economic scenario.

Our opinion is not qualified in respect of this matter.

## 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 the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established 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 these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management'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 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.
- Evaluate 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 communicate 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 identify during our audit.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10**

The Directors of Pavimental S.p.A. are responsible for the preparation of the report on operations of Pavimental S.p.A. as at December 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Pavimental S.p.A. as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Pavimental S.p.A. as at December 31, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Claudio Martino**  
Director

Rome, Italy  
March 11, 2021

*This report has been translated into the English language solely for the convenience of international readers.*