SITAF

Consolidated Financial Statements

2020

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PREFACE

Reporting criteria

The Consolidated Financial Statements are prepared according to the International Reporting Standards (IFRS) issued by the International Accounting Standards Board (ISAB) and adopted by the European Commission pursuant to the procedure under Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the Council of the European Union of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.

The international reporting standards include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretative documents in force issued by the IFRS Interpretation Committee (IFRS IC), including those issued previously by the International Financial Reporting Interpretations Committee (IFRIC) and, prior to that, by the Standing Interpretations Committee (SIC). For simplicity, the above standards and interpretations are hereafter referred to as "IFRS" or "International Reporting Standards".

The Consolidated Financial Statements are produced on a going-concern basis applying the historical cost method, considering, where appropriate value adjustments, with the exception of balance sheet items that, under the IFRS, must be reported at fair value.

Please note that the IAS/IFRS International Accounting Standards were first applied on 01 January 2004 (first-time adoption).

The currency used is the Euro. The tables of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity and the Cash Flow Statement are presented in thousands of Euro.

GENERAL INFORMATION

Società Italiana Traforo Autostradale del Frejus S.p.A. (S.I.T.A.F. S.p.A.) is a legal entity organised according to the laws of the Italian Republic.

S.I.T.A.F. S.p.A. operates in Italy in the construction and management of motorway networks under concession.

The registered office of the Company is at Via San Giuliano no. 2, Susa, Italy.

The Consolidated Financial Statements of the Sitaf S.p.A. Group as at 31 December 2020 include the statements of the Parent Company Sitaf S.p.A. and the statements of its subsidiaries.

MANAGEMENT REPORT

The Consolidated Financial Statements include the financial statements of the parent company Sitaf S.p.A. and those of the subsidiary companies Musinet Engineering S.p.A., RO.S.S. S.r.l. (formerly Ok-Gol S.r.l.) which controls the consortium companies Sicurstrada Scarl and Seranti Scarl included within the scope of consolidation as at 31.12.2020, Sitalfa S.p.A. and Tecnositaf S.p.A. which controls Tecnositaf Russia LLC and, therefore, prepared the sub-consolidated financial statements used as the foundation for the consolidation into Sitaf. For more details on the technical methods and principles adopted for the preparation of the consolidated financial statements (content, scope of consolidation and composition of financial position), refer to the paragraph "Principles of consolidation, valuation criteria and explanatory notes".

The Group's profit/loss for the year 2020, determined on the results of the Income Statement and after deductions for depreciation and amortisation on tangible and intangible assets (including non-compensated revertible assets) for € 36.2 million, was positive by approximately € 28.3 million (€ 33.1 million as at 31 December 2019).

AREAS OF OPERATION, GROUP COMPOSITION AS AT 31 DECEMBER 2020 AND CURRENT COMPOSITION

The specific area of operation of the Group is the management under concession of A32 Turin-Bardonecchia motorway and the Fréjus Tunnel (T4).

As at 31 December, the Sitaf S.p.A. Group controls the following companies:

- MUSINET Engineering S.p.A. with 100% of the share capital;
- TECNOSITAF S.p.A. with 100% of the share capital, in turn controlling Tecnositaf Russia LLC with 99.9% of the share capital;
- RO.S.S. S.r.l. (formerly OK-GOL S.r.l.) with 100% of the share capital, in turn controlling Seranti Scarl and Sicurstrada with 95% of the share capital;
- SITALFA S.p.A. with 100% of the share capital.

Furthermore, Sitaf holds a 50% investment in GEIE-GEF for the management of the Frejus Tunnel; the other 50% is held by SFTRF Sa. This equity investment is not consolidated as it is recorded as profit/(loss) for the period through the reversal of the costs and revenues of each shareholder.

GROUP ECONOMIC DATA

The main revenue and expenditure items for 2020 (compared with those from 2019) can be summarised as follows:

(amounts in thousands of EUR)

	2020	**2019**	**Changes**
Revenues from motorway management	134,705	154,239	(19,534)
Motorway management revenues – planning and construction activities	45,702	55,817	(10,115)
Construction sector revenues	6,434	6,761	(327)
Services sector revenues	82	70	12
Technology sector revenues	10,012	14,358	(4,346)
Other revenues	67,241	45,567	21,674
Operating costs	(135,825)	(151,922)	16,097
Gross operating margin (EBITDA)	**128,351**	**124,890**	**3,461**
Net amortisation/depreciation and provisions	(36,610)	(43,495)	6,885
Operating income	**91,741**	**81,395**	**10,346**
Financial income	139	410	(271)
Financial expenses	(69,248)	(45,095)	(24,153)
Capitalised financial expenses	10,893	11,422	(529)
Writedowns on equity investments			
Value adjustments of financial assets	4,071	(25)	4,096
Net financial income (expense)	**(54,145)**	**(33,288)**	**(20,857)**
Pre-tax profit (loss)	**37,596**	**48,107**	**(10,511)**
Income taxes (current and deferred)	(9,247)	(15,000)	5,733
Profit (loss) for the year including minority interests	**28,349**	**33,107**	**(4,578)**
Profit attributable to minority interests			
Group profit	**28,349**	**33,107**	**(4,578)**

The breakdown of motorway management revenues attributable to the Parent Company is as follows:

(€ '000s)	**31/12/2020**	**31/12/2019**	**Changes in 2020/2019**
Net toll revenue (1)	125,077	146,707	(21,630)
Other accessory revenues	535	566	(31)
Total motorway sector revenue	**125,612**	**142,273**	**(21,662)**

(1) net of the fee/additional fee payable to ANAS (€ 2.471 million, compared to € 3.012 million in the previous year).

The sharp decrease in net toll revenue in 2020 compared to 2019, which was down by € 21,630,000 (approximately -14.74%) was essentially due to the travel restrictions introduced in 2020 to contain the spread of the Covid-19 pandemic. Specifically:

- for the tunnel: the effect of the drop in traffic (-10% heavy traffic and -46% light traffic), partly offset by the 1.54% tariff increase introduced from 1 January 2020.

- for the motorway: the effect of the drop in traffic (heavy down by 13% and light by 25%) at the Avigliana barrier and the Salbertrand barrier, having not received any tariff increase in 2020 pending the definition of the Economic and Financial Plan which is still in the preliminary phase.

It should be noted that the variations in heavy traffic between the T4 and A32 are mainly due to local traffic and the different classification of vehicles. In the A32, vans (class B) are counted as heavy vehicles, while in the T4 they are counted as light vehicles.

GROUP FINANCIAL INDEBTEDNESS

The main components relating to financial indebtedness at 31 December 2020, compared with those at 31 December 2019, can be summarised as follows:

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**	**Changes**
Cash and cash equivalents	**30,272**	**28,176**	**2,096**
Short-term bank debt	(13,055)	(13,099)	94
Current portion of medium/long-term borrowings	(10,267)	(11,813)	1,546
Other current financial liabilities	(354)	(211)	(143)
Current financial debt	**(23,626)**	**(25,123)**	**1,497**
Net current financial cash (debt)	**6,646**	**3,053**	**3,593**
Bank long-term borrowings	(246,251)	(254,732)	8,481
Hedging derivatives	(32,939)	(31,608)	(1,331)
Other long-term payables	(952)	(399)	(553)
Non-current financial debt	**(280,142)**	**(286,739)**	**6,597**
Net financial cash (debt)	**(273,946)**	**(283,686)**	**10,190**

The "net financial position" as at 31 December 2020 showed debt equal to EUR 273.4 million (debt equal to EUR 283.6 million as at 31 December 2019). This amount does not include the value of the "payable to ANAS (former Central Insurance Fund)" equal to EUR 858 million (EUR 858 million as at 31 December 2019).

The above loans are analysed in the table below:

Loan	Short-term portion	Long-term portion	Total
CDP loan	6,622	159,595	166,216
BEI loan	3,646	87,867	91,522
Total	10,267	247,462	257,729

Details on loan contracts are provided in Note 16.

Reconciliation statement of the IFRS Shareholders' equity and the profit/loss for the period of Sitaf S.p.A. and the corresponding values of the Sitaf Group

(€ '000s)	**Shareholders' equity**	**Profit/(loss)**
Sitaf S.p.A. as at 31 December 2019	**371,123**	**31,247**
Shareholders' equity and profit of consolidated companies	(6,823)	
Book value of consolidated companies	30,368	1,860
Reversal of dividends collected from subsidiary companies		
Other changes		
Total as at 31 December 2019	**394,668**	**33,107**
Attributable to minority interests		
Total including minority interests	**394,668**	**33,107**

(€ '000s)	**Shareholders' equity**	**Profit/(loss)**
Sitaf S.p.A. as at 31 December 2020	**395,430**	**26,303**
Shareholders' equity and profit of consolidated companies	(6,842)	
Book value of consolidated companies	31,544	2,047
Reversal of dividends collected from subsidiary companies		
Other changes		
Total as at 31 December 2020	**420,132**	**28,350**
Attributable to minority interests	**2**	
Total including minority interests	**420,134**	**28,350**

BUSINESS PERFORMANCE OF THE MAIN SUBSIDIARY COMPANIES

The main operating data for the Group's subsidiaries are as follows:

SITALFA S.p.A.

Percentage held: 100%

The main revenue and expenditure items of the Company may be summarised as follows:

ECONOMIC POSITION

(amounts in thousands of EUR)	**2020**	**2019**	**Changes**
Revenue	39,174	49,563	(10,389)
Operating costs	(35,081)	(45,319)	10,238
Gross operating margin (EBITDA)	**4,093**	**4,244**	**(151)**
Net amortisation/depreciation and provisions	(834)	(1,170)	336
Operating income	**3,259**	**3,074**	185
Net financial income (expenses)	(209)	(240)	(31
Value adjustments of financial assets			
Net financial income (expense)	**(209)**	**(240)**	**(31)**
Non-recurring income (expenses)			
Pre-tax profit (loss)	**3,050**	**2,834**	**216**
Income taxes	(865)	(852)	(13)
Profit (loss) for the year	**2,185**	**1,982**	**203**

FINANCIAL POSITION

The main components relating to financial indebtedness at 31 December 2020, compared with those at 31 December 2019, can be summarised as follows:

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**	**Changes**
Cash and cash equivalents	**2,847**	**4,535**	**(1,688)**
Short-term bank debt	(10,000)	(8,510)	(1,490)
Current portion of medium/long-term borrowings	(169)	(13)	(156)
Other current financial liabilities			
Current financial debt	**(10,169)**	**(8,523)**	**(1,646)**
Net current financial cash (debt)	**(7,322)**	**(3,988)**	**(3,334)**
Bank long-term borrowings	**(836)**		**(836)**
Other long-term payables	(22)		(22)
Non-current financial debt	(858)		(858)
Net financial cash (debt)	**(8,180)**	**(3,988)**	**(4,192)**

TECNOSITAF S.p.A.

Percentage held: 100%

The main revenue and expenditure items of the Company may be summarised as follows:

ECONOMIC POSITION

(amounts in thousands of EUR)	**2020**	**2019**	**Changes**
Revenue	21,575	23,513	(1,938)
Operating costs	(20,644)	(22,599)	1,955
Gross operating margin (EBITDA)	**931**	**914**	**17**
Net amortisation/depreciation and provisions	(358)	(497)	139
Operating income	**573**	**417**	**156**
Net financial income (expenses)	(153)	(111)	(42)
Value adjustments of financial assets	(299)	78	(377)
Net financial income (expense)	**(452)**	**(33)**	**(419)**
Non-recurring income (expenses)			
Pre-tax profit (loss)	**121**	**384**	**(263)**
Income taxes	(570)	(89)	(481)
Profit/(loss) for the year	**(449)**	**295**	**(744)**

FINANCIAL POSITION

The main components relating to financial indebtedness at 31 December 2020, compared with those at 31 December 2019, can be summarised as follows:

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**	**Changes**
Cash and cash equivalents	**1,919**	**501**	**1,418**
Short-term bank debt	(972)	(3,099)	2,127
Current portion of medium/long-term borrowings	(412)	(247)	(165)
Other current financial liabilities	(500)	(500)	
Current financial debt	**(1,884)**	**(3,846)**	**1,962**
Net current financial cash (debt)	**35**	**(3,345)**	**3,380**
Bank long-term borrowings	(1,069)	(481)	(588)
Other long-term payables	(458)	(875)	417
Non-current financial debt	**(1,527)**	**(1,356)**	**(171)**
Non-current financial receivables	1,105	1,222	(117)
Net financial cash (debt)	**(387)**	**(3,479)**	**3,092**

TECNOSITAF RUSSIA LLC

The table below shows the economic and financial position of the 99.9% controlled subsidiary Tecnositaf LCC, founded in 2017 by Tecnositaf Spa and operational since the second half of 2018.

The main revenue and expenditure items of the Company may be summarised as follows:

ECONOMIC POSITION

(amounts in thousands of EUR)	**2020**	**2019**	**Changes**
Revenue	1,080	3,573	(2,493)
Operating costs	(3,540)	(3,540)	8,119
Gross operating margin (EBITDA)	**(211)**	**33**	**(244)**
Net amortisation/depreciation and provisions	(5)	(11)	6
Operating income	**216**	**22**	**(238)**
Net financial income (expenses)	(91)	48	(139)
Value adjustments of financial assets			
Net financial income (expense)	**(91)**	**48**	**(139)**
Non-recurring income (expenses)			
Pre-tax profit (loss)	**(307)**	**70**	**(377)**
Income taxes	43	(6)	49
Profit (loss) for the year including minority interests	**(264)**	**64**	**(328)**
Attributable to minority interests			
Group profit	**(264)**	**64**	**(328)**

FINANCIAL POSITION

The main components relating to financial indebtedness at 31 December 2020, compared with those at 31 December 2019, can be summarised as follows:

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**	**Changes**
Cash and cash equivalents	**16**	**527**	**(511)**
Short-term bank debt			
Current portion of medium/long-term borrowings			
Other current financial liabilities	(798)	(979)	181
Current financial debt	**(798)**	**(979)**	**181**
Net current financial cash (debt)	**(782)**	**(452)**	**(330)**
Bank long-term borrowings			
Other long-term payables			
Non-current financial debt	**0**	**0**	**0**
Non-current financial receivables			
Net financial cash (debt)	**(782)**	**(452)**	**(330)**

MUSINET ENGINEERING S.p.A.

Percentage held: 100%

The main revenue and expenditure items of the Company may be summarised as follows:

ECONOMIC POSITION

(amounts in thousands of EUR)	**2020**	**2019**	**Changes**
Revenue	7,083	8,161	(1,078)
Operating costs	(6,617)	(6,855)	238
Gross operating margin (EBITDA)	**466**	**1,306**	**(840)**
Net amortisation/depreciation and provisions	(182)	(108)	(74)
Operating income	**284**	**1,198**	**(914)**
Net financial income (expenses)	(47)	(26)	(21)
Value adjustments of financial assets			
Net financial income (expense)	**(47)**	**(26)**	**(21)**
Non-recurring income (expenses)			
Pre-tax profit (loss)	**237**	**1,172**	**(935)**
Income taxes	(101)	(370)	269
Profit/(loss) for the year	**136**	**802**	**(666)**

FINANCIAL POSITION

The main components relating to financial indebtedness at 31 December 2020, compared with those at 31 December 2019, can be summarised as follows:

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**	**Changes**
Cash and cash equivalents	**85**	**186**	**(101)**
Short-term bank debt			
Current portion of medium/long-term borrowings	(81)	(80)	(1)
Other current financial liabilities			
Current financial debt	**(81)**	**(80)**	**(1)**
Net current financial cash (debt)	**4**	**106**	**(102)**
Bank long-term borrowings			
Other long-term payables	(112)	(160)	48
Non-current financial debt	**(112)**	**(160)**	**48**
Net financial cash (debt)	**(108)**	**(54)**	**(54)**

ROAD SAFETY SERVICES S.r.l. (formerly OK-GOL S.r.l.)

Percentage held: 100%

Pursuant to the minutes of the Shareholders' Meeting of 10 December 2020, the name of the company was modified from "OK-GOL S.r.l." to "RO.S.S. - Road Safety Services Srl", and Article 1 of the Articles of Association was duly amended. The changes came into effect on 01 January 2021.

Furthermore, in order to optimise contract activities, on 19 June 2020 two consortium companies were established. The share capital of both companies is EUR 10,000, of which 95% is held by the shareholders of RO.S.S. S.r.l., with the remaining 5% held by Giemmeci S.R.l.

The name and description of the non-profit business consortium is given below:

- Seranti S.c.a.r.l. manages the planning, implementation, commercialisation, delivery and management of prevention, protection, active surveillance and fire service activities in confined spaces, tunnels, large infrastructure and all places subject to fire risks, and provides services and systems to the transport and road mobility sectors.
- Sicurstrada S.c.a.r.l. manages the implementation of works, activities and services for the installation and management of temporary, fixed and mobile equipment aimed at signing roadworks and other changes to road and motorway visibility; guard and surveillance activities for road and motorway works and the relative signage, as well as the planning, implementation and management of video surveillance and site monitoring systems and equipment, and any other systems and equipment aimed at guaranteeing the physical safety of people or objects on motorway stretches;

The main revenue and expenditure items of the Company may be summarised as follows:

ECONOMIC POSITION

(amounts in thousands of EUR)	**2020**	**2019**	**Changes**
Revenue	11,233	9,454	1,779
Operating costs	(10,447)	(10,165)	(282)
Gross operating margin (EBITDA)	**786**	**(711)**	**1,497**
Net amortisation/depreciation and provisions	(425)	(309)	(116)
Operating income	**361**	**(1,020)**	**1.3816**
Net financial income (expenses)	(61)	(45)	(17)
Value adjustments of financial assets			
Net financial income (expense)	**(61)**	**(45)**	**(16)**
Non-recurring income (expenses)			
Pre-tax profit (loss)	**300**	**(1,065)**	**1,365**
Income taxes	(125)	(154)	29
Profit (loss) for the year	**175**	**(1,219)**	**1,394**

FINANCIAL POSITION

The main components relating to financial indebtedness at 31 December 2020, compared with those at 31 December 2019, can be summarised as follows:

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**	**Changes**
Cash and cash equivalents	**346**	**217**	**129**
Short-term bank debt	(1,457)	(1,243)	(214)
Current portion of medium/long-term borrowings			
Other current financial liabilities	(405)	(159)	(246)
Current financial debt	**(1,802)**	**(1,402)**	**(460)**
Net current financial cash (debt)	**(1,516)**	**(1,185)**	**(331)**
Bank long-term borrowings			
Other long-term payables			
Non-current financial debt			
Net financial cash (debt)	**(1,516)**	**(1,185)**	**(331)**

Remuneration payable to Directors, Auditors and Executives with Strategic Responsibilities

The fees due to the Directors and Statutory Auditors for undertaking the respective roles in the Parent Company and in other companies included in the consolidation are as follows:

(amounts in thousands of EUR)	**2020**	**2019**
Directors' fees	270	235
Statutory Auditors' fees	110	110

SEGMENT INFORMATION

Pursuant to CONSOB Communication no. 98084143 of 27 October 1998, please note that the primary area of operations of the Company is the management of the A32 motorway stretch (Turin-Bardonecchia) and the Fréjus T4 Motorway Tunnel managed under concession: consequently the revenue and expenditure items of the consolidated financial position as at 31 December 2020 refer almost exclusively to this activity.

SPECIFIC INFORMATION REQUIRED PURSUANT TO ART. 40 OF DECREE LAW 127/91

As regards the objectives and policies on financial risk management, as at 31 December 2020, on the basis of the overall interim payment certificates relating to the construction of the Safety Gallery and other investments, the company was paid the total amount of € 276 million for the loan taken out on 27 November 2013 with the European Investment Bank and Cassa Depositi e Prestiti for a total original amount equal to € 320 million at a variable rate tied to the Euribor 6 month with an average spread of approximately 3.7%. As envisaged by the contractual deeds, the company, on 20 February 2014, signed "interest rate swap" contracts with the Unione di Banche Italiane and Mediobanca to prevent risks linked to changes in the interest rates on the loan described. The notional value of the derivative contracts has a "roller coaster" profile (the derivatives therefore include so-called "forward starting" components) and as a result it was gradually increased over time following the increase in the underlying payable before then reducing according to the latter's profile of amortisation and depreciation and ending 24 months before the final maturity date of the loan. The notional value of the derivatives as at 31 December 2020 is equal to € 205.436 million, lower than the previous year since during the current fiscal year the Company repaid part of the underlying loan.
As at 31 December 2020, the portion of the loan granted that was hedged at a fixed rate was equal to approximately 80%.

Commitments undertaken by the Companies of the Group

For more information see the paragraph "Other information" - Commitments - of this report.

Research and development costs

No costs of this kind were recorded in the year.

Treasury shares

The Parent Company does not have any treasury shares, nor do the Subsidiaries have treasury shares in the Parent Company, not even through a fiduciary company or agent.

BUSINESS OUTLOOK

The continuation of the pandemic, the changing nature of the provisions introduced to contain it, most recently involving the ban on opening ski lifts, and the difficulties surrounding the vaccination campaign will undoubtedly complicate the forecasting of possible scenarios in 2021.

However, in this context it should be emphasised that the business' performance in 2020 indicates a negative trend compared to pre-pandemic data, but the outlook for 2021 is expected to be stable.

In particular, the spending on investments and maintenance on motorways, while less, is in fact not dissimilar to spending in 2019 (+1% for maintenance and +9% for investments). This is a clear indication of how the company continues to respect its spending commitments towards specific requirements for infrastructure safety issued by the Ministry of Infrastructure.

It should also be noted that, as indicated by the Traffic consultant, traffic volumes are expected to recover in 2021, albeit slowly, confirming the trend seen in the second half of 2020.

To date, the cautious estimate of BDG 2021 suggests higher traffic volumes compared to 2020, forecasting a 4% rise on the T4 and an 8% rise on the A32.

The above estimates do not consider the possible positive impact on traffic of the closure to traffic through the Mont Blanc Tunnel for 470 hours in March to July 2021, and 60 hours in September to December 2021.

In this context, the difficulties seen in 2020 are expected to continue, including at Group level. Moreover, the delay by the competent bodies to approve the Economic and Financial Plan, the latest update of which was presented by SITAF in November 2020, is certain to have an impact, with the approval expected to be issued no sooner than July 2021, pending other delays.

Consequently, the business outlook to date effectively forecasts a consistent revenues, the amount of which depends on the duration of the health emergency and the consequent effects of business closures introduced

by the authorities, which may impact the future financial position of the company which, considering the estimates in our possession and the trend recorded in 2020, is adequately protected.

Susa, 25 March 2021

For the Board of Directors
The Chairman
(Sebastiano Gallina)

FINANCIAL STATEMENTS

Statement of Financial Position

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**
Assets		
Non-current assets		
1. Intangible assets (note 1)		
a. intangible assets	1,235	1,199
b. non-compensated revertible assets	1,070,960	1,101,197
c. non-compensated revertible assets under construction	455,329	401,769
Total intangible assets	**1,527,524**	**1,504,165**
2. Intangible assets (note 2)		
a. property, plant, machinery and other assets	8,333	8,359
b. financial lease assets	1,314	785
Total tangible assets	**9,647**	**9,144**
3. Non-current financial assets (note 3)		
a. equity accounted investments	5,853	1,811
b. other equity investments	178	44
c. receivables	2,165	1,842
d. other	628	
Total non-current financial assets	**8,824**	**3,697**
4. Deferred tax assets (note 4)	15,827	16,551
Total non-current assets	**1,561,822**	**1,533,557**

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**
Current assets		
5. Inventories (note 5)	10,756	15,270
6. Trade receivables (note 6)	83,023	97,039
7. Current tax assets (note 7)	5,530	2,740
8. Other receivables (note 8)	32,913	31,740
9. Assets held for trading (note 9)		
10. Assets available for sale (note 10)		
11. Financial receivables (note 11)		
Total current assets	**132,222**	**146,789**
12. Cash and cash equivalents (note 12)	30,272	28,176
Total current assets	**162,494**	**174,965**
Total assets	**1,724,316**	**1,708,522**

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**
Shareholders' equity and liabilities		
Shareholders' equity		
1. Shareholders' equity		
a. share capital	65,016	65,016
b. reserves and earnings	355,116	329,651
Total	**420,132**	**394,667**
2. Capital and reserves attributed to non-controlling interests	2	1
Total Shareholders' equity	**420,134**	**394,668**
Liabilities		
Non-current liabilities		
3. Provisions for risks and charges and employee severance indemnity (note 13)	58,925	59,516
4. Trade payables (note 14)		
5. Other payables (note 15)	816,002	829,036
6. Bank debt (note 16)	246,251	254,732
7. Hedging derivatives (note 16-bis)	32,939	31,608
8. Other financial liabilities (note 17)	952	399
9. Deferred tax liabilities (note 18)	3,160	1,632
Total non-current liabilities	**1,158,229**	**1,171,923**
Current liabilities		
10. Trade payables (note 19)	56,746	45,917
11. Other payables (note 20)	61,743	65,314
12. Bank debt (note 21)	23,272	24,912
13. Other financial liabilities (note 22)	354	211
14. Current tax liabilities (note 23)	3,838	5,577
Total current liabilities	**145,953**	**141,931**
Total liabilities	**1,304,182**	**1,313,854**
Total Shareholders' equity and liabilities	**1,724,316**	**1,708,522**

Income Statement

(amounts in thousands of EUR)	**2020**	**2019**
Revenues (note 24)		
1. Motorway sector – operating activities (note 24.1)	134,705	154,239
2. Motorway sector - planning and construction activities (note 24.2)	45,702	55,817
3. construction (note 24.3)	6,434	6,761
4. engineering (note 24.4)		
5. services (note 24.5)	82	70
6. technology (note 24.6)	10,012	14,358
7. other (note 24.7)	67,241	45,567
Total Revenues	**264,176**	**276,812**
8. Payroll costs (note 25)	(40,753)	(44,674)
9. Costs for services (note 26)	(66,887)	(78,614)
10. Costs for raw materials (note 27)	(18,886)	(18,780)
11. Other costs (note 28)	(9,300)	(9,855)
12. Capitalised costs on fixed assets (note 29)	10,893	11,422
13. Amortisation, depreciation and write-downs (note 30)	(36,201)	(43,479)
14. Adjustment to the provision for restoration/replacement of non-compensated revertible assets (note 31)		
15. Other provisions for risks and charges (note 32)	(409)	(16)
16. Financial income: (note 33)		
a. equity investments	104	195
b. other	35	216
17. Financial expenses: (note 34)		
a. interest expense	(69,113)	(45,095)
b. other	(135)	

18. Profit (loss) of companies accounted for with the equity method (note 35)	4,071	(25)
(amounts in thousands of EUR)	**2020**	**2019**
Profit (loss) before taxes	**37,595**	**48,107**
19. Taxes (note 36)		
a. Current taxes	(9,190)	(15,521)
b. Deferred taxes	(1,752)	568
c. Taxes related to prior years	1,696	(47)
Profit (loss) for the year	**28,349**	**33,107**
1. share attributed to minority interests		
2. share attributed to the Group	**28,349**	**33,107**
Earnings per share (note 37)		
1. Earnings (euro per share)	2.250	2.628

Statement of other comprehensive income

(€ '000s)	**2020**	**2019**
Profit for the period	*28,349*	*33,107*
Items that will not be subsequently reclassified in the Income Statement	*11*	*112*
Actuarial profit (loss) on defined benefit plans	*14*	*143*
Actuarial profit (loss) on defined benefit plans of companies accounted for with the equity method		
Tax effect on items that will not be subsequently reclassified in the Income Statement	*(3)*	*(31)*
Items that will be subsequently reclassified in the Income Statement when certain conditions are met	*(2,002)*	*867*
Profit (loss) allocated to "Reserves for fair value revaluation"		
(Financial assets available for sale)		
Share of other profit/(loss) of companies accounted for by the equity		
method (reserve for foreign exchange translations)		
Profit (loss) allocated to "cash flow hedge reserve" (interest rate swaps)	*(2,634)*	*1,105*
Tax effect on items that will not be subsequently reclassified in the Income Statement	632	(238)
Other changes		
Comprehensive income	**26,358**	**34,086**
Share attributed to minority interests		
Share attributed to the Group	**26,358**	**34,086**

Cash flow statement

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**
Cash and cash equivalents – opening balance (a)	**28,176**	**61,633**
Business operations:		
Profit (loss)	**28,349**	**33,107**
Adjustments:		
Amortisation and depreciation	35,927	42,798
Adjustment to the provision for restoration/replacement of non-compensated revertible assets		
Provision for Employee Severance Indemnity	99	(227)
Adjustment of provisions	(691)	668
Profit (loss) of companies accounted for with the equity method	(4,071)	25
Other (revaluations) and write-downs of financial assets		
Adjustment to fair value of financial derivatives	(2,882)	711
Capitalisation of financial expenses	(10,893)	(11,422)
Operating Cash Flow (I)	**45,838**	**65,660**
Net change in deferred tax credits and liabilities	2,252	(1,832)
Change in net working capital (note 38)	18,330	(26,811)
Other changes from operating activities		
Change in net working capital and other changes (II)	**20,582**	**(28,643)**
Cash generated (absorbed) by operating activities (I+II) (b)	**66,420**	**37,017**
Investment activity:		
Investments in revertible assets	(51,616)	(55,995)
Divestiture of revertible assets	1,129	1,160
Contributions on investments	3,906	
Net investments in revertible assets (III)	**(46,581)**	**(54,835)**

(amounts in thousands of EUR)	**31/12/2020**	**31/12/2019**
Investments in property, plant, machinery and other assets	(2,382)	(3,459)
Investments in intangible assets	(159)	(3)
Net divestiture of property, plant, machinery and other assets	226	648
Net divestiture of intangible assets		85
Net investments in intangible and tangible assets (IV)	**(2,315)**	**(2,729)**
Investments in non-current financial assets	(1,056)	(15)
Divestiture of non-current financial assets		
Net investments in non-current financial assets (V)	**(1,056)**	**(15)**
Cash generated (absorbed) by investment activity (III+IV+V) (c)	**(49,952)**	**(57,579)**
Net change in bank debt	(8,791)	(13,194)
Change in current financial assets		
Change in other financial liabilities (including Central Insurance Fund)	(5,581)	299
Cash generated (absorbed) by financial activities (d)	**(14,372)**	**(12,895)**
Cash and cash equivalents – closing balance (a+b+c+d)	**30,272**	**28,176**

Additional information:

	2020	**2019**
Taxes paid during the period	20,230	14,627
Financial expenses paid during the period	15,621	14,623

Statement of changes in Shareholders' equity

Shareholders' equity and the relative changes are represented as follows:

Amounts in thousands of EUR	Share capital	Pledged reserve for penalties	Revaluat. Reserves	Legal reserve	Cash Flow Hedge	Revaluation of employee severance indemnity	Extraordinary reserve	Extraordinary reserve pledged for maintenance differences	Retained earnings (losses)	Profit (loss) for the year	Group equity	Capital and reserves attributed to non-controlling interests	Total Shareholders' equity
1 January 2019	**65,016**	**0**	**0**	**15,443**	**(23,347)**	**(65)**	**235,611**	**10,480**	**27,127**	**30,472**	**360,737**	**1**	**360,738**
Destination of profits, financial year 2018		10		1,658	(255)		28,362		697	(30,472)	0		0
Dividend distribution											0		0
Comprehensive income						112			(156)	33,107	33,063		33,063
Third-party losses hedge											0		0
Other changes					867						867		867
.....											0		0
31 December 2019	**65,016**	**10**	**0**	**17,101**	**(22,735)**	**47**	**263,973**	**10,480**	**27,668**	**33,107**	**394,667**	**1**	**394,668**
Destination of profits, financial year 2019				1,642			28,067		3,398	(33,107)	0		0
Dividend distribution											0		0
Comprehensive income						11			(894)	28,350	27,467		27,467
Third-party losses hedge											0		0
Other changes					(2,002)						(2,002)	1	(2,001)
.....											0		0
31 December 2020	**65,016**	**10**	**0**	**18,743**	**(24,737)**	**58**	**292,040**	**10,480**	**30,172**	**28,350**	**420,132**	**2**	**420,134**

Principles of consolidation and valuation criteria

The valuation criteria applied during the preparation of these Consolidated Financial Statements are the same as those used to prepare the Consolidated Financial Statements as at 31 December 2019, with the exception of changes to said criteria introduced by the application of the International Reporting Standards which came into effect in 2020.

Note on the preparation of the Financial Statements for changes to Shareholding Structures

In 2020, in execution of the rulings of the Italian Council of State no. 7392 and 7393 of 28 October 2019, the public tender procedure for the sale of part of Finanziaria Città di Torino Holding S.p.A. and Città Metropolitana di Torino, totalling 19.347% of the share capital of SITAF S.p.A., was concluded on 23 July 2020 with the provisional awarding of the tender by ASTM S.p.A.

Following this provisional award and the granting to SITAF of the approval by the Granting Body MIT and by the Financial Institutions pursuant to the Framework Agreement on Financing, on 27 October 2020 ANAS formally transferred the SITAF shares to Finanziaria Città di Torino Holding S.p.A. and Città Metropolitana di Torino. Subsequently, on said date, with the transfer of shares the shareholders Finanziaria Città di Torino Holding S.p.A. and Città Metropolitana di Torino transferred their shares to ASTM S.p.A., representing 19.347% of the share capital of SITAF S.p.A.

On 11 November 2020, SITAF received a formal communication from the shareholder ASTM containing the copy of the notarial deed of confirmation of the purchase and sale agreement of the Sitaf shares, public auction no. 1/2020 FCT Holding - Città Metropolitana di Torino (deed of 27 October 2020), and a certified copy of the share certificates previously held by the Company.

In light of this communication, on 12 November 2020 SITAF recorded the transfer of shares, under which ASTM S.p.A. established an equity investment totalling 66.069% of the share capital, in its Register of Shareholders.

However, as at the date of the Financial Statements, pending the appeal presented by ANAS on 25 November 2020 against Finanziaria Città di Torino Holding S.p.A. and the Presidency of the Council of Ministers, the shareholders' meeting has not made the resulting changes to the composition of the governance bodies of the company and to the articles of association, nor issued the due communications

regarding the start of management and coordination activities pursuant to Art. 2497 of the Italian Civil Code.

In this context, ASTM holds the majority of voting rights in relation to the equity investment of 66.069% of the share capital of the company, but the the governance bodies reflect the previous ownership structure as the majority of members of the Board of Directors represent the shareholder ANAS.

In view of the above, none of the Shareholders have claimed control of SITAF S.p.A. Therefore, the balance sheet items regarding the companies ASTM and ANAS have been classified to reflect the debit and credit balances of each of the two shareholders as shown in the table below:

Reclassified items/Amounts in thousands of EUR		31.12.2020	31.12.2019 Restated	Reclassification	Notes	31.12.2019 (Shareholders' Meeting 21/04/2020)
Note 8	**Other receivables**					
	Parent company ANAS	-	-	(17,839)	A)	17,839
	To others	27,899	28,459	17,839	A)	10,620
Note 15	**Other long-term payables**	816,003	824,036	-		824,036
Note 20	**Other current payables**					
	Parent company ANAS	-	-	(46,694)	B)	46,694
	To others	54,032	53,205	46,694	B)	6,511

Notes:

A) these represent receivables from the shareholder Anas; for more details see "Receivables due from others".

B) these represent payables to the shareholder Anas; for more details see "Other payables".

The Notes contain comments to clarify the development of each item subject to the above determinations.

Principles and procedures of consolidation

The Consolidated Financial Statements of the SITAF Group contain the financial statements of the parent company SITAF and the companies controlled by the parent company. Control exists when the parent company holds - directly or indirectly - more than 50% of the voting rights or has the power to determine the financial and operating policies of the company. The financial statements of subsidiaries are included in the Consolidated Financial Statements starting from the date upon which control is assumed until the

moment control ceases to exist.

Details of consolidated investments and changes to the scope of consolidation are also shown.

The statements used for consolidation are those approved by the Boards of Directors of each Company and have been adjusted, where necessary, to meet the IFRS standards, adopted uniformly by the Sitaf Group, that regulate the preparation of the Consolidated Financial Statements.

In the preparation of these Consolidated Financial Statements, the statements of the following companies have been used: Musinet Engineering S.p.A., Tecnositaf S.p.A. (consolidated; formed of the statements of Tecnositaf S.p.A. and Tecnositaf Russia LLC), RO.S.S. (formerly Ok-Gol Srl) S.r.l and Sitalfa S.p.A., as well as those of the newly established consortium companies Sicurstrada Scarl and Seranti Scarl, which are 95% owned by RO.S.S. S.r.l.

Furthermore, Sitaf holds a 50% investment in GEIE-GEF for the management of the Frejus tunnel; the other 50% is held by SFTRF Sa. This equity investment is not consolidated as it is recorded as profit/(loss) for the period through the reversal of the costs and revenues of each shareholder.

Subsidiaries are companies in which the Company has the right to exercise, directly or indirectly, control, as defined by IFRS Standard 10 - “Consolidated Financial Statements”. In particular, control exists when the parent company simultaneously:

- holds the decision-making power over the investee company;
- has the right or is exposed to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee company to affect the amount of its returns.

Evidence of control must be continuously assessed by the Company, in order to identify any facts or circumstances that may result in a change in one or more elements that determine the existence of control over an investee company.

An associate company is an investee company in which the investor holds significant influence, or the power to participate in the determination of the financial and management decisions of the investee without having complete or joint control. An investor is deemed to hold significant influence (unless otherwise demonstrated) if it holds, directly or indirectly through subsidiaries, at least 20% of the voting rights.

In the event of objective evidence of value reduction, the recoverability of the book value is assessed by comparing the book value with the recoverable value, represented the fair value (net of disposal costs) and the value in use, whichever is the greater. The value in use is generally determined within the limits of the corresponding fraction of the equity of the investee company taken from the Consolidated Financial

Statements. The investor's share of any losses of the investee exceeding the book value of the equity investments is recognised to a special provision to the extent to which the investor is committed to fulfil the legal or implicit obligations of the investee or in any event to cover its losses. In the event that grounds for the write-downs are not established, the book value of the investments valued at cost is restored within the limits of the write-downs made, with the effect on the income statement recorded under "Income/(expenses) from equity investments".

Dividends are recorded at the date of adoption of the resolution by the Shareholders' Meeting, unless it is reasonably certain that the shares will be sold before the ex-dividend date. Dividends resolved upon by subsidiaries are recognised to the Income Statement on the date upon which they are approved, including in the case that they derive from the distribution of profit reserves generated prior to the acquisition of the equity investment. The distribution of such profit reserves represents an event that assumes a loss of value and, therefore, results in the need to verify the recoverability of the book value of the investment. The distribution of capital reserves represents a principal repayment, with no economic effects.

Reporting standards and interpretations introduced in 2020

In the period in question, the Company applied the same reporting standards as in the previous year, with the exception of the reporting standards and interpretations introduced from 01 January 2020, as below.

Regulation no. 2019/2075 issued by the European Commission on 29 November 2019 approved the legislative provisions contained in the document "Amendments to References to the Conceptual Framework in IFRS Standards" issued by the ISAB on 28 March 2018.

The Conceptual Framework does not represent a standard and none of the concepts contained therein have precedence over the concepts or requirements of a standard. Instead, the Conceptual Framework is intended to support the IASB in the development of standards, to help editors to develop standardised reporting policies in circumstances where no specific standard applies, and to aid the understanding and interpretation of the standards. The revised version of the Conceptual Framework includes certain new concepts, provides updated definitions and updated reporting criteria for assets and liabilities, and clarifies certain important concepts that in any case have no impact on the Consolidated Financial Statements of the Sitaf Group as at 31 December 2020.

Regulation no. 2019/2104 issued by the European Commission on 29 November 2019 approved the legislative provisions contained in the document "Amendments to IAS 1 and IAS 8: Definition of Material"

issued by the IASB on 31 October 2018 aimed at amending IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” to standardise the definition of “Material” across all standards and clarify certain aspects of the definition. In particular, a new definition of materiality was provided, stating that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality also depends on the nature or magnitude of the information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

The amendments in question came into effect for reporting cycles beginning from 01 January 2020 and their adoption had no impact on the Consolidated Financial Statements of the Group as at 31 December 2020.

Regulation no. 2020/34 issued by the European Commission on 15 January 2020 approved the legislative provisions contained in the document “Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform” issued by the IASB on 26 September 2019. These amendments provide a series of measures that apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument. The amendments in question came into force for reporting cycles beginning from 01 January 2020. The hedging relationships of the IRS agreements signed by the parent company Sitaf were not affected by the interest rate benchmark reform and therefore the adoption of said amendments had no impact on the Consolidated Financial Statements as at 31 December 2020.

Regulation no. 2020/551 issued by the European Commission on 22 November 2020 approved the legislative provisions contained in the document “Amendment to IFRS 3: Definition of a Business” issued by the IASB on 22 October 2018. These amendments are aimed to help companies to determine if a transaction should be reported as a business combination or as an asset acquisition. In the context of this determination, the amendments clarify the minimum requirements for what constitutes a business, remove the capacity of the buyer to integrate the assets into their own processes as a valuation element, introduce

examples that help to determine the significance of a certain process subject to acquisition, and limit the definitions of a business and of output. The said amendments are effective for reporting periods beginning on or after 01 January 2020 and apply prospectively although early option is permitted.
The Sitaf Group did not conduct any business combination activities in the period and therefore the above provisions had no impact on the Consolidated Financial Statements as at 31 December 2020.

Regulation no. 2020/1434 issued by the European Commission on 12 October 2020 approved the legislative provisions contained in the document "Covid-19-Related Rent Concessions – Amendment to IFRS 16" issued by the IASB on 28 May 2020 aimed at contextualising the reporting of concessions on leasing contract payments made by lessors as a direct consequence of the Covid-19 pandemic. In particular, for reporting purposes lessees may not consider this concession as an amendment to a leasing contract. The provisions contained in this document came into effect from 01 June 2020 for the periods beginning on or after 01 January 2020. The adoption of said amendments had no impact on the Consolidated Financial Statements as at 31 December 2020.

Consolidation procedures

Consolidation on a line-by-line basis

Consolidation on a line-by-line basis involves taking the assets and liabilities, costs and revenue of the consolidated companies, regardless of the amount of equity investment held, and attributing to minority shareholders the share of profits and reserves applicable to them in a dedicated heading of Shareholders' Equity called "Capital and reserves attributed to non-controlling interests".

The main consolidation adjustments made were the following:

1. Elimination of equity investments in businesses included in the consolidation and the corresponding fractions of Shareholders' equity.
2. Elimination of receivables and payables between businesses included in the scope of consolidation, as well as income and expenses related to transactions between the businesses themselves. Profit and loss resulting from transactions made between such businesses and relative to values included on the Balance Sheet and the Income Statement, if significant, were also eliminated.

Valuation of associated equity investments with the "equity method"

The equity investment is initially entered at cost and the book value is increased or decreased to record the share of profits and losses of the investee company accruing to the holding company, which are realised after the acquisition date. The share of the investee company's profit/(loss) for the year attributable to the investor is recognised to the income statement of said investor. Dividends received from an investee company reduce the book value of the equity investment.

Valuation criteria

Intangible assets

Goodwill

As an intangible asset, this is not subject to amortisation. An impairment test is conducted at least annually, and in any case when events arise that may indicate a reduction in value. This check is carried out at the level of the individual cash generating unit to which goodwill has been allocated and based on which Management evaluates the profitability of the investment. Write-downs are not subject to reversal.

Concessions – non-compensated revertible assets

"Non-compensated revertible assets" represent the right of the Licensee to use the asset under concession, given the costs incurred for planning and construction activities of the asset. The value corresponds to the fair value of the planning and construction activities plus financial expenses capitalised during the construction phase, in adherence with the requirements set forth in IAS 23; the book value of these assets is represented net of "capital grants" (the receivable related to these capital grants is posted – in compliance with the “Intangible Asset Model” of the Interpretation IFRIC 12 – among "financial receivables"); capital grants, as interpreted by IFRIC 12, are deemed as the right to obtain a prearranged amount (financial asset) against the costs incurred to carry out the works.

These assets are amortised on the basis of the expected traffic (kilometres) over the term of the individual concessions, a method that reflects the way in which the future economic benefits deriving from the asset are expected to be used by the Licensee.

Concerning non-compensated revertible assets, the financial amortisation and depreciation reserve and the provisions for restoration and replacement and the T4 tariff reserve, considered overall, provide adequate coverage of the following expenses:

- free restitution to the Granting Body at the end of the concession of revertible assets with a useful life exceeding the duration of the concession;

- recovery and replacement of components of revertible assets, which are subject to wear;

- recovery of the investment also in relation to new works scheduled in the financial plans.

When events arise that indicate a reduction in value of property, plants and equipment, the difference between the book value and the associated recovery value is recognised to the income statement.

IFRIC12 provides that - with regard to motorway companies - the costs and revenues relative to "construction activities" regarding non-compensated revertible assets must be fully recorded to the income statement; these items were reversed for the same amount by the corresponding revenue/cost items. The paragraph "Valuation criteria" in the "Explanatory Notes" illustrates the effects of said Interpretation on the financial statements.

In line with the process adopted by SIAS S.p.A. for the preparation of the consolidated financial statements of the SIAS Group, Sitaf S.p.A. has prepared up the "IAS/IFRS Reporting Package" and its own Consolidated Financial Statements applying Interpretation IFRIC 12 - Service Concession Arrangements, approved on 25 March 2009 by Regulation (EC) no. 254 of the Commission of the European Communities.

Other intangible assets

"Other intangible assets" are posted at cost. They are systematically amortised over the period in which the assets are expected to be used by the business.

Costs associated with development activities are posted to the balance sheet assets when: (i) the expense related to the intangible asset can be reliably determined, (ii) there is the intention, the availability of financial resources and the technical ability to make the asset available for use or sale, (iii) it can be proved that the asset can produce future economic benefits. These intangible assets are amortised over a period not to exceed five financial years.

When events arise that indicate a reduction in value of intangible assets, the difference between the book value and the associated recovery value is imputed to the income statement.

Expenses for research activities are posted to the income statement of the period in which they are incurred.

Tangible assets

Tangible assets are recognised at cost and are recorded at the purchase cost, transfer cost or production cost, including any directly attributable ancillary costs necessary to make the assets ready for use. In cases where a significant amount of time is required before the asset is ready for use, the purchase, transfer or production cost includes the financial expenses that would theoretically be saved during the period necessary for the asset to become ready for use, had the investment not been carried out.

Upgrade, modernisation and transformation costs that increase the value of property, plants and equipment are recorded to balance sheet assets when it is likely that the expected future economic benefits will increase. Purchases made for safety or environmental reasons which, while not directly increasing the economic benefits of existing assets, are necessary to obtain benefits from other material assets, are also recorded to balance sheet assets.

From the moment that the asset becomes available and ready for use, property, plants and equipment are systematically amortised at a constant rate throughout the useful life of the asset, understood as the period of time that the asset can reasonably be expected to be usable by the company. The depreciation value is represented by the book value minus the presumed net realisable value at the end of its useful life, if significant and reasonably determinable.

The annual depreciation rates used for the year in question, presented for standardised categories and indicating the relative application interval, are shown below:

Category	**Rate**
Land	not depreciated
Non-industrial and industrial buildings	3%
Plant, machinery and vehicles	5% - 10% - 20%
Technical equipment	12% - 15% - 25%
Equipment and various machinery	10% - 12% - 25% - 40%
Light structures	10%

Category	Rate
Radio and alarm equipment	25%
Automobiles and motor vehicles	20% - 25%
Office furniture and machines	12% - 20% - 40%

Leased assets

Financial lease contracts

For assets acquired with financial lease contracts, the relative rights of use are recognised to balance sheet assets at fair value or, if less, the actual value of the fees due for the purchase, determined using the interest rate of the lease agreement. Payables to lessors are recognised to balance sheet liabilities. Any direct costs incurred at the start of the lease agreement (e.g. contract negotiation and finalisation costs) are recognised as an increase of the value of the asset. The rights of use are systematically depreciated for a period equal to the remaining term of the lease agreement.

Lease fees are divided between the relative principal repayments and financial expenses on the income statement.

Operating lease contracts

Operating lease fees are recognised to the income statement at constant rates divided throughout the duration of the contract only for those agreements that are not included in the application of IFRS 16 and thereby concerning assets of modest value or having a duration of less than 12 months.

Value depreciation of property, plant and equipment and intangible assets with finite useful life.

In the case of events that result in a reduction in the value of property, plant and equipment or intangible assets with finite useful life, the recoverability is determined by comparing the book value with the relative recoverable value, represented by the fair value, net of disposal costs (see “Fair value measurement” or the value-in-use, whichever is the greater.

The value-in-use is determined by discounting the expected cash flows deriving from the use of the asset and, if significant and reasonably determinable, from its sale at the end of its useful life, net of disposal costs. The expected cash flows are determined on the basis of reasonable and documentable assumptions representative of the best estimate of the future economic conditions that will occur in the residual useful life of the asset, giving greater importance to external indications. Discounting is carried out at a rate that reflects current market valuations of the temporal value of money and the specific risks of the asset not reflected in the estimated cash flows. The valuation is carried out for each individual asset or for the smallest identifiable set of assets which, through its continuous use, generates incoming cash flows largely independent from those of other assets or groups of assets (Cash generating unit - CGU).

The recoverable value of the property, plant and equipment that fall within the scope of regulated activities is determined by considering: (i) the amount quantified by the Authority on the basis of the rules that define the rates for the provision of the services for which they are intended; (ii) any value that the Group expects to recover from the sale or at the end of the concession that regulates the service for which they are intended. As in the case of the quantification of tariffs, the quantification of the recoverable value of property, plant and equipment falling within the scope of regulated activities takes place on the basis of the regulatory provisions in force.

When the grounds for the write-downs no longer apply, the assets are revalued and the adjustment is recognised to the income statement as a revaluation (reversal). The reversal is carried out at whichever is the lower between the recoverable value and the book value gross of any previous write-downs, reduced by the depreciation rates that would have been recognised had the write-down not been carried out.

Value depreciation of goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use.

The recoverability of the book value of goodwill, intangible assets with definite useful life and intangible assets not yet available for use is verified at least on an annual basis and in any case whenever events occur that may result in a reduction of value. With reference to goodwill, the verification is carried out at the level of the smallest aggregate upon which the Management assesses, directly or indirectly, the return on investment, including the goodwill itself. When the book value of the CGU, including the goodwill attributed to it, is greater than the recoverable value, the difference is written down and is primarily

attributed to the goodwill up to its amount; any excess of the write-down with respect to the goodwill is charged *pro rata* to the book value of the assets that make up the CGU. Write-downs of goodwill are not subject to reversal.

Equity accounted investments

Equity investments in associated companies are valued with the equity method.

Under the equity method, investments are initially recognised at cost and then adjusted to consider: (i) the share attributable to the investor in the financial results of the investee achieved after the acquisition date; (ii) the share attributable to the investor of the other components of the investee's overall profit. Dividends distributed by the investee are recognised as a reduction of the book value of the investment. For the application of the equity method, the adjustments envisaged for the consolidation process are considered (see “Principles of consolidation”).

In the case of taking on an associate (joint control) in subsequent stages, the cost of the investment is measured as the sum of the fair values of the interests previously held and the fair value of the amounts transferred on the date on which the investment qualifies as an associate (or joint control). The effect of the revaluation of the book value of the equity interests held prior to the assumption of the associate (or joint control) is recognised to the income statement, including any components recognised to the other components of total profit. The sale of equity interests constituting the loss of joint control or of significant influence over the investee results in the following recognitions to the income statement: i) any capital gain / loss calculated as the difference between the fee received and the corresponding fraction of the book value transferred; (ii) the effect of the alignment to the relative fair value of any residual interests held; (iii) any values recognised in the other components of total profit relating to the investee for which the transfer to the income statement is envisaged. The value of any equity investments held, aligned with the relative fair value at the date of loss of joint control or significant influence, represents the new book value and therefore the reference value for subsequent valuation according to the applicable valuation criteria.

In the event of objective evidence of loss of value, the recoverability of the book value is ascertained by comparing the book value with the relative recoverable value, with the difference recognised on the income statement under “Income/(expenses) from equity investments”.

In the event that grounds for the write-downs are not established, equity investments are revalued within the limits of the write-downs made, with the effect the on income statement recorded under “Income/(expenses) from equity investments".

The investor's share of any losses of the investee exceeding the book value of the equity investments is recognised to a special provision to the extent to which the investor is committed to fulfil the legal or implicit obligations of the investee or in any event to cover its losses.

Inventories

Raw materials, ancillary materials, consumables, semi-finished goods, finished goods and merchandise

Inventories are recognised at the lower of the purchase/production cost and the net realisable value, represented by the amount that the entity expects to obtain from their sale under normal conditions.

Contract work in progress

Contract work in progress is valued, on the basis of the agreed fees, in relation to the progress of the construction/works at the balance sheet date, according to the "percentage of completion" method. Advance payments made by clients are deducted from the value of inventories up to the limit of the fees matured. In the event that advance payments exceed the value of the inventories, any losses are recognised to the income statement.

Requests for additional fees relating to changes to the contracted works or other requests (claims) deriving, for example, from increased charges sustained for reasons attributable to the client are recorded to the balance sheet within the total amount when and to the extent that the other party is likely to accept them.

Financial Instruments

Financial assets held for trading

Accounted for at fair value at the date of the transaction; profits and losses deriving from changes in fair value are recognised in the income statement. If the fair value cannot be reliably determined, the financial asset is valued at cost, adjusted against any impairment losses.

The original value is restored in subsequent years if the reasons for the previous writedown no longer exist.

Financial assets held to maturity

These include debt securities with fixed or determinable payments and fixed maturities, intended - from the outset - to be held to maturity.

Recognised at fair value at the time of acquisition. Subsequently, they are valued at "amortised cost" using the "effective interest" criterion, including - in the income statement - any losses in value.

The original value is restored in subsequent years if the reasons for the previous writedown no longer exist.

Loans and receivables

Initially recognised at their fair value (including costs incurred for the purchase/issue) at the date of the transaction. Subsequently, they are valued at "amortised cost" using the "effective interest" criterion, including - in the income statement - any losses in value.

The original value is restored in subsequent years if the reasons for the previous writedown no longer exist.

Financial assets available for sale

Accounted for at fair value at the date of the transaction; the profits and losses arising from any changes in the fair value are recognised directly in shareholder’s equity until the moment in which the asset is sold and the result is recognised in the income statement. If the fair value cannot be reliably determined, the financial asset is valued at cost, adjusted against any impairment losses.

The original value is restored in subsequent years if the reasons for the previous writedown no longer exist.

Cash and cash equivalents

Cash and cash equivalents include cash amounts, demand deposits and other short-term financial assets with a maturity of no more than three months from purchase, readily convertible into cash and subject to an insignificant risk of changes in their value.

Recognized at nominal value, corresponding to fair value.

Trade and other receivables and other assets

Trade and other receivables and other assets are valued at the time of initial recognition at fair value including transaction costs (by way of example, fees, consultancy, etc.). The initial book value is subsequently adjusted to take into account the principal repayments, any write-downs and the amortisation of the difference between the reimbursement value and the initial book value.

Amortisation is carried out on the basis of the effective internal interest rate which represents the rate that makes the present value of the expected cash flows equal to the initial book value at the time of initial recognition (so-called "Amortised cost method").

If there is objective evidence of impairment, the write-down is determined by comparing the relative book value with the present value of the expected cash flows discounted at the effective interest rate defined at the time of initial recognition, or at the time of its update in order to reflect contractually defined repricing. The objective evidence of impairment is verified by considering, among other things, significant contractual breaches, significant financial difficulties and the risk of insolvency of the counterparty.

Receivables are shown net of provisions for bad debt; the previously established bad debt provision can be used against an ascertained reduction in the value of the asset or for surplus. If the reasons for the previous write-downs cease to exist, the value of the assets is restored up to the value that would have resulted from the application of the amortised cost if the write-down had not been made.

The economic effects of the valuation at amortised cost are recognised under “Financial income/(expense)”.

The financial assets sold are eliminated from the assets when the contractual rights related to obtaining the cash flows associated with the financial instrument are realised, expired or transferred to third parties.

Loans and other payables

These are recorded when opened, based on their sustained cost (net of any costs that can be ascribed to them). Subsequently, they are valued at "amortised cost" using the "effective interest" criterion.

Payables to ANAS (formerly the Central Guaranty Fund)

These payables consist of the debt due to the work - which ended in 2008 - of the payment of mortgage instalments backed by a State guarantee by the Central Guaranty Fund, now ANAS. This debt is repaid in annual instalments. The financial plan, annexed to the agreement, to facilitate the economic and financial equilibrium of said plan, requires repayment of these payable based on the duration of the concession, essentially in the absence of related interest payments.

Therefore, these payables have been discounted based on an interest rate established, in compliance with IAS 39, on the basis of financial Instruments which essentially have the same conditions and characteristics. The difference between the original amount of the debt and its current value is posted among liabilities to "deferred income".

The charge from the discounting process is charged to the income statement among "financial expenses". At the same time, the amount previously deferred (and included in "deferred income") is posted to the item "other income".

Derivatives

Derivatives are assets and liabilities recognised at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the coverage is formally documented and the coverage is highly effective, which is verified periodically. When hedging derivatives cover the risk of changes to the fair value of the instruments being covered (a "fair value hedge", for example, covering the variability of the fair value of assets/liabilities at a fixed rate), the derivatives are recognised at fair value and their effects are recognised to the income

statement. At the same time, the instruments hedged are updated to reflect the changes to their fair value associated with the underlying risk. When derivatives cover the risk of changes in net cash from the instruments being covered (cash flow hedge, (e.g. hedging the variability of cash flows from assets/liabilities at variable rates), changes in the fair value of derivatives are initially recognised in shareholders' equity and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction. Changes to the fair value of derivatives that do not satisfy the conditions to be classified as hedges are posted to the income statement.

Fair value measurement

Fair value is the consideration that can be received for the sale of an asset or that can be paid for the transfer of a liability in an orderly transaction between market operators on the measurement date (i.e. exit price).

The fair value of an asset or liability is determined by adopting the valuations that market operators would use in determining the price of the asset or liability. The fair value assessment also assumes that the asset or liability is traded on the main market or, in the absence of the same, in the most advantageous market to which the company has access.

The determination of the fair value of a non-financial asset is carried out considering the ability of market participants to generate economic benefits by using this asset at its highest and best use, or by selling it to another market partiicpant able to use it by maximising its value. The determination of the highest and best use of the asset is carried out from the point of view of market operators even in the event that the company intends to use it differently. It is assumed that the company's current use of a non-financial asset is its highest and best use, unless the market or other factors suggest that a different use by market operators could maximise its value.

The fair value measurement of a liability, both financial and non-financial, or of an equity instrument, takes into account the quoted price for the transfer of an identical or similar liability or equity instrument; if this quoted price is not available, the valuation of the corresponding asset owned by a market operator on the measurement date is considered. The fair value of financial instruments is determined through Credit Valuation Adjustment - CVA (taking into account the possibility of a counterparty’s default) and Debit Valuation Adjustment - DVA (the credit risk of the bank with reference to a financial liability).

In determining the fair value, a hierarchy of criteria is defined based on the origin, type and quality of the information used in the calculation. This classification aims to establish a hierarchy in terms of fair value reliability, giving precedence to the use of observable market parameters that reflect the assumptions that market participants would use in the valuation of the asset/liability. The fair value hierarchy includes the following levels:

level 1: inputs represented by quoted prices (not modified) in active markets for identical assets or liabilities that can be accessed on the measurement date;

level 2: inputs, other than the quoted prices included in Level 1, which are observable, directly or indirectly, for the assets or liabilities to be measured;

Level 3: unobservable inputs for the asset or liability.

€/000	**Ref. Note**	**Level 1:**	**Level 2:**	**Level 3:**
Financial securities				
Other assets				
Total Assets				
Liabilities measured at fair value (IRS)	16 bis		32,939	
Other liabilities				
Total Liabilities			**32,939**	

In this regard, reference is made to note 16 bis of this report

In the absence of available market prices, the fair value is determined using valuation techniques, suitable for individual cases, which maximise the use of relevant observable inputs, minimising the use of unobservable inputs.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of known type and of certain and probable existence, the amount and date of occurrence of which was not known at the closing date of the accounting period.

Provisions are recognised when: (i) a current, legal or implied obligation probably exists from a past event; (ii) it is probable that meeting the obligation will be burdensome; (iii) the amount of the obligation can be reliably estimated. The provisions are recognised at the representative value of the best estimate of the amount that the company would rationally pay to extinguish the obligation or to transfer it to third parties on the closing date of the financial year. Provisions relating to onerous contracts are recognised at the lower between the cost necessary for the fulfilment of the obligation, net of the expected economic benefits deriving from the contract, and the cost of terminating the contract.

When the financial impact of time is significant and the dates for paying off the obligations can be reliably estimated, the provision is determined by discounting, at a rate that reflects the present market value of money, the expected cash flows determined by taking account of the risks associated with the obligation. The increase in the provision related to the passage of time is charged to the income statement under the item "Financial income/(expenses)".

When the liability relates to elements of property, plant and machinery (e.g. dismantling and restoration of sites), the provision is recognised against the asset to which it refers and the allocation to the income statement takes place through the depreciation process. The costs that the company expects to incur to implement restructuring programmes are recorded in the year in which the programme is formally defined and the expectation among interested parties that the restructuring will take place can be considered valid.

The provisions are periodically updated to reflect changes in cost estimates, implementation times and the discount rate; the revisions of estimates of the provisions are recognised in the same income statement item that previously accepted the provision or, when the liability relates to tangible assets (e.g. dismantling and restoration), recognised against the asset to which they refer within the limits of the book values; any excess is recognised in the income statement.

The explanatory notes explain the potential liabilities represented by: (i) possible (but not probable) obligations from past events, the existence of which will be confirmed only upon the occurrence of one or more uncertain future events not completely under the control of the business; (ii) current obligations from past events, the total of which cannot be reliably estimated or the fulfilment of which is probably not costly.

Provision for restoration, replacement and maintenance of non-compensated revertible assets

Consistent with the contractual obligations in the financial plan annexed to current agreements, as at the date of the financial statements, the "Provision for restoration, replacement or maintenance of non-compensated revertible assets" receives the provisions needed to carry out maintenance to ensure the due functionality and safety of works approved in concession during later fiscal years.

Employee benefits (Employee Severance Indemnity)

Post-employment benefits

Post-employment benefits are defined on the basis of plans, even if not formalised, which are represented by "defined benefit" plans.

Defined benefit plans

The liability relating to defined benefit plans is determined by estimating the present value of future benefits that employees have accrued in the current and preceding years and by deducting the fair value of any assets in use for the plan. The present value of the obligations is determined on the basis of actuarial assumptions and is recognised on an accrual basis, in line with the working period necessary to obtain the benefits.

Actuarial gains and losses relating to defined benefit plans, deriving from changes in the actuarial assumptions used or from adjustments based on past experience, are recognised in the statement of comprehensive income in the year in which they occur and are not then allocated to the income statement. When a plan is changed, reduced or terminated, the related effects are recognised in the income statement. Net financial expenses represent the change that the net liability undergoes during the year due to the passage of time. The net interest is determined by applying to the liabilities, net of any assets in use for the plan, the discount rate used for liabilities. Net financial expenses of defined benefit plans are recognised under the item “Financial expenses (income)”.

Dividend distribution

When dividends are distributed to the Company's shareholders, a liability is recognised in the financial statements for the period in which the distribution is approved by the Company's shareholders or, in the case of interim dividend distributions, by the Board of Directors.

Foreign currency transactions

The criteria adopted by Sitaf for the conversion of transactions in currencies other than the functional currency (euro) are summarised below:

- revenues and costs relating to transactions in currencies other than the functional currency are recognised at the exchange rate of the day the transaction is executed;
- monetary assets and liabilities denominated in currencies other than the functional currency are translated into euros using the exchange rate at the balance sheet date and the effect is recognised in the income statement;
- non-monetary assets and liabilities in currencies other than the functional currency measured at cost are recognised at the exchange rate upon initial recognition; when measured at fair value, or at recoverable or realisable value, the exchange rate on the date of that determination is used.

Revenues from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer against an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Proceeds from tolls

These are recognised based on the number of transit journeys concerned and valued at the rates set by the regulatory authority.

Rental income and royalties

Rental income and royalties are valued based on the payment indicated in the underlying contracts with the respective counterparties.

Revenues for services

Revenues for the provision of services are recognised on an accruals basis.

Revenues from works and projects

Revenues accrued during the period, related to contract work in progress, are recognised on the basis of the agreed consideration in relation to the progress of the works according to the "percentage of completion" method.

Revenue for partially provided services is recognised for the amount that has accrued, provided that the stage of completion can be reliably determined and there are no material uncertainties about the amount and existence of the revenue and related costs; otherwise, they are recognised up to the incurred costs that are recoverable.

Revenues are recognised net of returns, discounts, allowances and premiums, as well as directly related taxes.

No recognition of revenues and expenses takes place with exchanges goods or services of a similar nature and value, because they do not represent sales transactions.

Dividends received

Dividends are recorded at the date of adoption of the resolution by the Shareholders' Meeting, unless it is reasonably certain that the shares will be sold before the ex-dividend date.

Grants

Grants are recognised when there exists a reasonable certainty that they will be received and that all the conditions for their disbursement will be met. Capital grants are posted to the balance sheet as an adjustment

entry to the book value of the asset to which they refer. Operating grants are imputed as income and systematically allocated to the cost related to them using the matching principle.

Costs

Costs are recognised in the financial period when they relate to goods and services purchased or consumed during that period or when their future usefulness cannot be identified.

Operating lease payments are charged to the income statement over the term of the contract.

Financial expenses

Financial expenses are recorded as a cost in the accounting period in which they are incurred except for those which are directly imputable to the construction of non-compensated revertible assets and other assets, which are capitalised as an additional part of the cost of production. Capitalisation of financial expenses begins when activities are under way to prepare the asset for use, and it ends when these activities are essentially completed.

Income taxes

Current and deferred taxes are recognised in income when they do not relate to transactions directlyrecognised in Shareholders' equity.

Income taxes are recognised based on an estimate of the taxable income for the period, in compliance with current regulations.
Pursuant to IAS 12, the "deferred taxes" and "deferred tax credits" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value in the balance sheet, when it is probable that these differences will not cancel themselves out in the foreseeable future. The amount of the "deferred taxes" or "deferred tax credits" is determined based on the tax rates established by the applicable tax regulations as at the consolidated balance sheet date that are expected to apply to the period in which the tax asset is realised or the tax liability is extinguished.

Deferred tax assets are posted when their recovery is likely.

Deferred tax assets and deferred tax liabilities are offset when it is legally allowed.
Furthermore, tax effects have been considered, deriving from the adjustments made to the financial statements of consolidated businesses while applying uniform Group valuation criteria.

Impairment testing

The book values of the Company's assets are measured at each date of reference of the financial statements (or in the presence of impairment indicators) in order to determine whether there are indications of a reduction in value, in which case the recoverable value of the asset is estimated. Impairment is accounted for in the income statement when the book value of an asset or of a cash generating unit exceeds the recoverable value.
Intangible assets with an indefinite useful life (goodwill) are assessed every year and whenever there is an indication of potential impairment, in order to ascertain if such impairment effectively exists.

Estimates and valuations

The preparation of this schedule and the related notes required the usage of estimates and assumptions that had an effect on the values of the assets and liabilities and on the information related to potential assets and liabilities as at the reporting date. Actual results achieved may differ from these estimates. Estimates are used to record depreciation, asset write-downs, and provisions for risks. Estimates and assumptions are reviewed periodically and the effects of any changes are directly reflected in the income statement.

Financial Statements

The financial statement formats adopted in the preparation of the financial statements are consistent with the provisions of IAS 1 - "Presentation of Financial Statements" (hereinafter referred to as IAS 1). More specifically:

- items in the statement of financial position are classified by distinguishing between assets and liabilities on a current/non-current basis;
- the income statement has been prepared by classifying costs by nature, as this form of presentation is considered to more appropriately represent the group's operations, and is in line with the established practice of companies operating in international markets;
- the Statement of Comprehensive Income shows the profit or loss plus income and expenses that are recognised directly in equity, pursuant to IFRSs;

- the statement of changes in equity presents total income (expenses) for the year, transactions with shareholders and other changes in shareholders' equity;
- the Statement of Cash Flows is prepared using the 'indirect' method, adjusting the profit for the year for non-monetary items.
- These statements are considered to adequately represent the group's capital, financial position and results of operations.

Use of accounting estimates

The application of generally accepted accounting principles for the preparation of financial statements requires management to make accounting estimates based on complex and/or subjective judgements, estimates based on past experience and assumptions considered reasonable and realistic on the basis of information known at the time of the estimate. The use of these accounting estimates affects the carrying amount of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as the amount of revenues and expenses during the reporting period. Actual results may differ from estimated results due to the uncertainty surrounding the assumptions and conditions on which the estimates are based.

Below are the critical accounting estimates that are made in the financial statement and interim financial statement preparation process, as they involve a high reliance on subjective judgements, assumptions and estimates relating to matters that are by their nature uncertain. Changes in the conditions underlying the judgements, assumptions and estimates made may have a material impact on subsequent results.

Impairment of Assets

Assets are written down when events or changes in circumstances indicate that the carrying amount is no longer recoverable. Events that may lead to a write-down of assets are changes in business plans, changes in market prices and reduced usage of facilities. The decision as to whether or not to write down an asset and the amount of the write-down depend on management's assessment of complex and highly uncertain factors, including future price trends, the impact of inflation and technological improvements on production costs, production profiles and supply and demand conditions.

The impairment loss is determined by comparing the carrying amount with the related recoverable amount, represented by the higher of fair value, net of disposal costs, and value in use, determined by discounting the expected cash flows from the asset to their present value. Expected cash flows are calculated according

to the information available at the time of estimation based on subjective judgements about the performance of future variables, such as prices, costs, demand growth rates, and production profiles, and are discounted using a rate that takes into account the risk inherent in the asset itself.

The rationale for the impairment testing carried out by management in relation to property, plant and equipment, intangible assets and equity accounted investments is illustrated under 'Impairment of non-financial fixed assets' and 'Equity Accounted Investments' respectively.

Provision for depreciation of revertible assets

Given the typical nature of motorway concession management, the financial amortisation/depreciation provision, the capital grants provision, the provision for restoration, replacement and maintenance of non-compensated reversible assets and the provision for T4 tariffs, taken together, ensure adequate coverage of the following charges for the Parent Company:

a) transfer of revertible assets to the State upon expiration of the concession;

b) recovery and replacement of revertible asset components, which are subject to wear;

c) recovery of the investment including in relation to new works scheduled in the applicable Financial Plan. The "Provision for financial amortisation", allocated to cover the future transfer of non-compensated revertible assets, is accounted for in the financial statements at different annual rates calculated on the overall investments and corresponds to the provisions of the Financial Plan attached to the Agreement signed on 22 December 2009, which entered into effect as of 12 November 2010 with the signing of the deed implementing the requirements of the CIPE, as well as the Supplementary Deed signed on 8 September 2017. Taking into account the specific details of the activities carried out by the Company and the lack of specific accounting regulations for revertible assets in the national laws on financial statements or in national accounting standards, this method of determining amortisation, which is a direct function of the economic financial plan attached to the applicable Agreement, was considered to be compatible with the principle of accurate and correct representation established under article 2423, paragraph 2 of the Italian Civil Code, in the case at hand.

The "Capital grants provision" includes grants for the construction of the assets under review. Grants are recognised when there is reasonable assurance that the conditions for the grant have been met and the grants will be disbursed. Grants are recognised as a reduction in the cost of the tangible assets to which they relate. Depreciation of tangible and amortisation of intangible fixed assets is therefore calculated on the value net of contributions received.

The "Provision for restoration, replacement and maintenance" is consistent with the maintenance operations provided for in the current Financial Plan, taking into account the assumption that the income statements of future years will be able to absorb the costs related to the maintenance necessary to ensure the appropriate functionality and safety of the assets under concession.

The "Provision for T4 tolls" was set up in accordance with the decision of 7 February 2002 of the Intergovernmental Commission for the Fréjus Tunnel, which stipulated that "the higher income from toll adjustments shall be allocated to infrastructure works related to tunnel safety". The Ministry of Economy and Finance requested that these higher revenues be placed in a special fund until the 2010 financial year, as per the Financial Plan attached to the currently applicable Agreement.

Employee benefits

Defined benefit plans are measured on the basis of uncertain events and actuarial assumptions including, but not limited to, discount rates, expected returns on plan assets (if any), future salary levels, mortality rates, retirement ages and future trends in covered healthcare costs.

The main assumptions used for the quantification of defined benefit plans are determined as follows: (i) the discount and inflation rates, representing the rates at which the obligation to employees might actually be discharged, are based on rates that accrue on high-quality bonds and inflation expectations; (ii) the level of future salaries is determined on the basis of factors such as inflation expectations, productivity, career advancement and seniority; (iii) the future cost of health care is determined on the basis of factors such as current and past trends in health care costs, including assumptions about inflationary cost growth, and changes in the health of eligible individuals; and (iv) demographic assumptions reflect the best estimate of trends in variables such as mortality, turnover and disability and other variables relating to the population of eligible individuals.

Differences in the value of the net liability (asset) of employee benefit plans arising from changes in actuarial assumptions used and from the difference between the actuarial assumptions previously adopted and those actually realised occur as a matter of course and are referred to as actuarial gains or losses. Actuarial gains and losses related to defined benefit plans are recognised in other comprehensive income. Actuarial assumptions are also used in determining the obligations relating to other long-term benefits; to this end, the effects of changes in actuarial assumptions or in the characteristics of the benefit are recognised in full in the income statement.

Provisions for Risks and Charges

In addition to recognising environmental liabilities, obligations to remove tangible assets and restore sites, and liabilities relating to employee benefits, Sitaf makes provisions that are mainly related to legal and tax disputes. The estimation of provisions relating to these matters is the result of a complex process involving subjective judgements by management.

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Accounting standards and interpretations issued by IASB/IFRIC and approved by the European Commission but not yet in effect

Below are newly issued accounting standards and interpretations which, as of the date these consolidated financial statements were prepared, had not yet completed the European Commission approval process. After approval, the Group intends to adopt these standards and interpretations, if applicable, when they take effect.

On 18 May 2017, the IASB issue document IFRS 17 "Insurance Contracts", which applies to all insurance contracts and defines the standards for recognition, measurement, presentation and disclosure, replacing IFRS 4. The new standard establishes an accounting model known as the Building Block Approach (BBA), based on discounting expected cash flows, with explicit risk adjustment and a contractual service margin (CSM), which represents the project expected from an insurance contract. This margin is recognised in the income statement during the period in which the insurance coverage is provided. Two other alternative approaches to the BBA are also established: the Variable Fee Approach (VFA) and the Premium Allocation Approach (PAA), which apply to certain cases. The standard also establishes a new method for presentation in the income statement, which distinguishes between "insurance revenues", "insurance service expenses" and "insurance finance income or expenses". The provisions found in IFRS 17 are in effect for financial years starting on or after 1 January 2023, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 23 January 2020, the IASB published the document "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" with the aim of clarifying the requirements for classifying liabilities as current or non-current. In particular, it clarifies i) that the conditions existing at the end of the reference period are those utilised to determine if there is a right to defer the settlement of a liability, ii) that management's expectations regarding events after the reporting date are not relevant (e.g. non-compliance with a covenant or early settlement) and iii) the special situations which can be defined as the settlement of a liability. The provisions contained in the document are in effect for financial years starting on or after 1 January 2022, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 14 May 2020, the IASB issued the document “Reference to the Conceptual Framework – Amendments to IFRS 3” with the main purpose of replacing the reference to the Framework for the Preparation and Presentation of Financial Statements with the Conceptual Framework for Financial Reporting. This document also includes i) an additional exception to the IFRS 3 recognition standard to avoid the creation of potential “second day” gains or losses deriving from liabilities and potential liabilities and ii) specifications intended to clarify that potential assets should not be recognised on the acquisition date. The provisions contained in the document are in effect for financial years starting on or after 1 January 2022, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 14 May 2020 the IASB issued the document “Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16” which introduces a prohibition on deducting from the cost of assets represented by property, plant and equipment amounts received from the sale of items produced while the company is preparing the asset for its planned use. These amounts must be recognised under income statement revenues. The provisions contained in the document are in effect for financial years starting on or after 1 January 2022, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 14 May 2020, the IASB issued the document “Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37” to define the costs which are to be considered when assessing an onerous contract. Specifically, the costs which are directly linked to a contract for the supply of goods or services include both incremental costs (e.g. direct labour and materials costs) and allocation of costs directly linked to the contractual activities (e.g. depreciation of equipment used to fulfil the contract and costs to manage and supervise the contract). General and administrative costs not directly linked to the contract are excluded, unless these can be explicitly charged to the contractual counterparty pursuant to the contract itself. The provisions contained in the document are in effect for financial years starting on or after 1 January 2022, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 14 May 2020, the IASB issued the document “Annual Improvements to IFRS Standards 2018–2020” which contained:

amendments to “IFRS 1 First-time Adoption of International Financial Reporting Standards” intended to allow subsidiaries, when measuring cumulative translation differences, to use the values reported by the parent company, in relation to the date on which the parent company first applied the IFRS;
amendments to “IFRS 9 Financial Instruments” intended to clarify, in the context of the “10 percent” test for the elimination of a financial liability, the costs to consider in the assessment if the terms of the new (or modified) financial liability differ from those of the original financial liability and are exclusively those incurred by the financing entity and the beneficiary of the financing;
amendments to “Illustrative Examples accompanying IFRS 16 Leases” which removes the example of payment for leasehold improvements by the lessor in Illustrative Example no. 13, to eliminate potential misleading interpretations regarding incentives offered by the lessor.
amendments to “IAS 41 Agriculture” which remove the requirement to exclude fiscal cash flows when determining the fair value measurement of assets under the scope of IAS 41.
The provisions contained in the document are in effect for financial years starting on or after 1 January 2022, with early application allowed, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 25 June 2020, the IASB issued the document “Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9” which extends the temporary exemption on application of IFRS 9 for contracts falling under the scope of IFRS 4 through to 1 January 2023, to align this date with the date on which standard IFRS 17 “Insurance Contracts” takes effect. The provisions contained in the document are in effect for financial years starting on or after 1 January 2021, with early application allowed, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 27 August 2020, in the light of the interbank interest rate reform known as IBOR, the IASB issued the document *“Interest Rate Benchmark Reform – Phase II (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)”*. This document contains several amendments to IFRS 9 - Financial Instruments, to IAS 39 - Financial Instruments: Recognition and measurement, IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts and IFRS 16 - Leasing, in response to the current reform of interbank rates offered (IBOR) and other interest rate reference parameters. The amendments are intended to help companies provide investors with useful information on the effects of the reform on their financial statements. These amendments include the amendments issued in 2019 and are focussed on the effects seen on financial

statements when a company replaces the old interest rate benchmark with an alternative reference rate following the reform. The new amendments involve:

- amendments to contractual cash flows - a company is not required to eliminate or adjust the book value of financial instruments for changes required by the relevant interest rate reform, but will instead update the effective interest rate to reflect the change to the alternative reference rate;
- hedge accounting - a company does not need to interrupt its hedge accounting solely because it makes the changes required by the relevant interest rate reform if the hedge satisfies other hedge accounting criteria; and
- information - a company must provide information on new risks which arise from the relevant interest rate reform and on how the company is managing the transition to alternative reference rates.

The provisions contained in the document are in effect for financial years starting on or after 1 January 2021, with early application allowed, without prejudice to any deferrals which may be established during the course of the European Commission approval process.

On 12 February 2021, in the light of the interbank interest rate reform known as IBOR, the IASB issued the document *"Amendments to IAS 1 and IFRS Practice Statement 2"*. This document requires companies to provide information about their material accounting standards rather than their significant accounting standards and provides a guide on how to apply the concept of materiality to the disclosure on accounting standards.

These amendments take effect for financial years starting on or after 1 January 2023.

On 12 February 2021, in the light of the interbank interest rate reform known as IBOR, the IASB issued the document *"Amendments to IAS 8"*. The document contains a definition of accounting estimates and clarifies how companies are to distinguish changes in accounting standards from changes in accounting estimates.

These amendments take effect for financial years starting on or after 1 January 2023.

Sitaf is analysing these standards, when applicable, to determine whether or not their adoption will have a significant impact on the financial statements.

Scope of consolidation

The list of subsidiary companies included in the scope of consolidation is shown below.

Parent Company

Name	Registered office
SITAF S.p.A.	Susa – Via San Giuliano, 2

Subsidiaries – consolidated on a "line-by-line basis"

Name	Registered office	% of Check
Musinet Engineering S.p.A.	Turin – Corso Svizzera, 185	100.00
Sitalfa S.p.A.	Bruzolo – Via Lago, 11	100.00
Tecnositaf Group[1]	Turin – Corso Svizzera, 185	100.00
RO.S.S. S.r.l. (formerly Ok-Gol S.r.l.)	Susa – Via San Giuliano, 2/A	100.00
Seranti Scarl (subsidiary of RO.S.S. Srl)	Susa – Via San Giuliano, 2/A	95.00
Sicurstrada Scarl (subsidiary of RO.S.S. Srl)	Susa – Via San Giuliano, 2/A	95.00

[1]The Tecnositaf Group includes Tecnositaf S,p.A. and its 99.90% controlled direct subsidiary Tecnositaf LLC with its registered office in Moscow (Russia).

Segment reporting

Segment reporting information was prepared in compliance with the provisions of IFRS 8 - Operating Segments. Therefore, identification of operating segments and the disclosure provided are defined on the basis of internal reports used by company management to allocate resources to various segments and analyse their relative performance.

An operating segment is defined by IFRS 8 as a component of an entity which: (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and; (iii) for which discrete financial information is available.

In this sense, company management has identified only one sector (Motorway Management sector), which includes activities involving management of the motorway stretches it operates through concessions (T4 and A32) and accessory activities correlated with the same, which accounts for the entire Group.

Pursuant to that required for segment reporting, note that revenues are achieved applying the rates approved by the Ministry of Infrastructure and that revenues and costs are mainly realised within Italy.

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Information on the balance sheet

Note 1 – Intangible assets

This item breaks down as follows:

Intangible assets

	Goodwill	Other intangible assets		Total
		In operation	In process	
Cost:				
at 1 January 2019	**233**	**1,302**	**1,087**	**2,622**
Investments		3	-	3
Reclassifications		1,087	- 1,087	-
Divestitures	-	85	-	- 85
at 31 December 2019	**233**	**2,307**	**-**	**2,540**
Accumulated depreciation:				
at 1 January 2019		**1,128**	**-**	**1,128**
Amortisation and depreciation		213	-	213
Reclassifications		-	-	-
Drawdowns		-	0	-
at 31 December 2019	**-**	**1,341**	**0**	**1,341**
Net book value:				
at 1 January 2019	**233**	**174**	**1,087**	**1,494**
at 31 December 2019	**233**	**966**	**-**	**1,199**

	Goodwill	Other intangible assets		Total
		In operation	In process	
Cost:				
at 1 January 2020	**233**	**2,305**	**-**	**2,538**
Investments		159	-	159
Reclassifications		-	-	-
Divestitures		-	-	-
at 31 December 2020	**233**	**2,464**	**-**	**2,697**
Accumulated depreciation:				
at 1 January 2020		**1,341**	**0**	**1,341**
Amortisation and depreciation		121	-	121
Reclassifications		-	-	-
Drawdowns		-	-	-
at 31 December 2020	**-**	**1,462**	**0**	**1,462**
Net book value:				
at 1 January 2020	**233**	**964**	**-**	**1,197**
at 31 December 2020	**233**	**1,002**	**-**	**1,235**

Non-compensated revertible assets in operation or in construction

	In operation	In construction	Total
Cost:			
at 1 January 2019	**2,979,983**	**378,665**	**3,358,648**
Investments	6,501	60,737	67,238
Reclassifications	13,039	(13,039)	0
Divestitures	(968)	(192)	(1,160)
Other	(364)	543	179
at 31 December 2019	**2,998,191**	**426,714**	**3,424,905**
Capital grants:			
at 1 January 2019	**1,332,179**	**24,945**	**1,357,124**
Increases			0
Increases			0
at 31 December 2019	**1,332,179**	**24,945**	**1,357,124**
Accumulated depreciation:			
at 1 January 2019	**524,067**		**524,067**
Amortisation and depreciation	40,748		40,748
Reclassifications	0		0
Drawdowns	0		0
at 31 December 2019	**564,815**	**0**	**564,815**
Net book value:			
at 1 January 2019	**1,123,737**	**353,720**	**1,477,457**
at 31 December 2019	**1,101,197**	**401,769**	**1,502,966**

	In operation	In construction	Total
Cost:			
at 1 January 2020	**2,998,191**	**426,714**	**3,424,905**
Investments	2,571	55,608	58,179
Reclassifications	1,384	(1,384)	0
Divestitures	(103)	(1,026)	(1,129)
Other	(361)	4,268	3,907
at 31 December 2020	**3,001,682**	**484,180**	**3,485,862**
Capital grants:			
at 1 January 2020	**1,332,179**	**24,945**	**1,357,124**
Increases			0
Increases		3,906	3,906
at 31 December 2020	**1,332,179**	**28,851**	**1,361,030**
Accumulated depreciation:			
at 1 January 2020	**564,815**		**564,815**
Amortisation and depreciation	33,728		33,728
Reclassifications	0		0
Drawdowns	0		0
at 31 December 2020	**598,543**	**0**	**598,543**
Net book value:			
at 1 January 2020	**1,101,197**	**401,769**	**1,502,966**
at 31 December 2020	**1,070,960**	**455,329**	**1,526,289**

Non-compensated revertible assets include financial expenses and other costs associated with the subscription, on 27 November 2013, of the original loan for € 320 million taken out by the Parent Company with the European Investment Bank (with SACE guarantee) and Cassa Depositi e Prestiti. The increase is essentially attributable to the construction of the Transit Gallery of the Fréjus Tunnel.

Note that the non-compensated revertible assets refer to the following motorway concessions:

Licensee	**Motorway stretch**	**Expiry of the concession**
SITAF S.p.A.	Torino – Bardonecchia (A32)	2050
SITAF S.p.A.	Fréjus Tunnel (T4)	2050

A short description is given below of the investments made in revertible assets during the half year on both managed stretches net of disposals:

(€ '000s)	**2020**
Tunnel Civil Works	1,254
Tunnel Technology Systems	193
Tunnel Special Telecomms. and Telesign. Systems	8
Tunnel Machinery and Devices	28
Tunnel Miscellaneous Equipment	5
Tunnel Furniture and Furnishings	3
Tunnel Electronic Electrom. Office Machines	78
Tunnel Vehicles	130
SFTRF Compensation	(23)
Tunnel Fixed Assets In Progress	4,991
Tunnel Fixed Assets In Progress Service Gallery T4	20,848
Tunnel Capitalised Financial Expenses	10,893
T4 - Total Works (Works, Sums and Capitalised Financial Expenses)	**38,408**

(€ '000s)	**2020**
Motorway Fixed Works	931
Motorway Buildings	6
Motorway Technology Systems	777
Motorway Special Telecomms. and Telesign. Systems	24
Motorway Miscellaneous Equipment	10
Motorway Electronic Electrom. Office Machines	56
Motorway Vehicles	22
Motorway Miscellaneous Expenses	350
Motorway Fixed Assets In Progress	16,766
Fixed Assets In Progress Contribution	(3,906)
TELT Fixed Assets In Progress	3,606
A32 - Total Works (Works, Sums and Capitalised Financial Expenses)	**18,642**

Note 2 – Tangible assets

This item breaks down as follows:

Property, plant, machinery and other assets

	Land and buildings	Plant and mach.	Industrial and commercial equip.	Other assets	Assets in financial lease	Assets under construction and advance payments	Total
Cost:							
at 1 January 2019	**5,263**	**4,885**	**1,189**	**9,659**	**0**	**904**	**21,900**
Investments	395	101	244	1,386	1,301	32	3,459
Reclassifications	0	0	0	0	0	0	0
Divestitures	0	(208)	(75)	(365)	0	0	(648)
at 31 December 2019	**5,658**	**4,778**	**1,358**	**10,680**	**1,301**	**936**	**24,711**
Accumulated depreciation:							
at 1 January 2019	**1,958**	**3,565**	**811**	**7,969**	**0**	**0**	**14,303**
Amortisation and depreciation	107	365	110	741	515	0	1,838
Reclassifications	0	0	0	0	0	0	0
Drawdowns	0	(188)	(22)	(364)	0	0	(574)
at 31 December 2019	**2,065**	**3,742**	**899**	**8,346**	**515**	**0**	**15,567**
Net book value:							
at 1 January 2019	**3,305**	**1,320**	**378**	**1,690**	**0**	**904**	**7,597**
at 31 December 2019	**3,593**	**1,036**	**459**	**2,334**	**786**	**936**	**9,144**

	Land and buildings	Plant and mach.	Industrial and commercial equip.	Other assets	Assets in financial lease	Assets under construction and advance payments	Total
Cost:							
at 1 January 2020	**5,658**	**4,778**	**1,358**	**10,680**	**1,301**	**936**	**24,711**
Investments	136	189	147	863	963	84	2,382
Reclassifications	0	7	0	19	58	(22)	62
Divestitures	0	0	0	(95)	(131)	0	(226)
at 31 December 2020	**5,794**	**4,974**	**1,505**	**11,467**	**2,191**	**998**	**26,929**
Accumulated depreciation:							
at 1 January 2020	**2,065**	**3,742**	**899**	**8,353**	**515**	**0**	**15,574**
Amortisation and depreciation	121	358	127	831	501	0	1,938
Reclassifications	0	0	0	(3)	0	0	(3)
Drawdowns	0	0	0	(88)	(139)	0	(227)
at 31 December 2020	**2,186**	**4,100**	**1,026**	**9,093**	**877**	**0**	**17,282**
Net book value:							
at 1 January 2020	**3,593**	**1,036**	**459**	**2,327**	**786**	**936**	**9,137**
at 31 December 2020	**3,608**	**874**	**479**	**2,374**	**1,314**	**998**	**9,647**

The increase in the item is related to the acquisitions of Other Assets and Leased Assets and other assets made by the subsidiaries Tecnositaf S.p.A. and RO.S.S. Srl and by the Parent Company.

Note 3 – Non-current financial assets – list of equity investments in associated companies and others

List of equity investments held as of 31/12/2020	**Type**	**Registered office**	**Share capital**	**No. of shares units**	**Shareholders' Equity recorded on the Financial Statements**

Investee company					
Consepi S.r.l.	associated company	Susa - Fraz. Traduerivi, 12	1,788	5	1,462
Transenergia S.r.l.	associated company	Turin - Via Piffetti, 15	1,023	1,022,661	10,261
Edilrovaccio 2 S.r.l. In liquidation	associated company	Turin - Via M.Schina, 2	46	45,900	(585)
Tecnositaf Gulf WLL	associated company	Doha - Qatar	49	400	(2,373)
A10 Scarl	associated company	Bologna – Viale Antonio Silvani, 6	10		10
Sinelec S.p.A.	other	Tortona – S.S. 211 Loc.S.Guglielmo, 3/13	7,383	1,476,687	43,699
Turismo Torino e Provincia	other	Turin - Via Maria Vittoria, 19	835	1,673	1,395
Consorzio Autostrade Italiane Energia	other	Rome - Via Bergamini, 50	115	100	114
Consorzio Topix	other	Turin - Via Maria Vittoria, 38	1,499	320	2,185

List of equity investments in associated companies held as of 31/12/2020	**Profit/(loss) for the period**	**Financial statement data as at**	**No. of shares/stakes held**	**% held**	**Value posted to the financial statements 31/12/2020 (2)**
Investee company					
Consepi S.r.l.	(231)	2019	1	49.1	718
Transenergia S.r.l.	8,375	2020	511,330	50.0	5,131
Edilrovaccio 2 S.r.l. In liquidation	(25)	2019	9,180	20.0	
Tecnositaf Gulf WLL	(2,446)	2019	196	49.0	36
A10 Scarl		2019		37.5	4

The value posted to the financial statements is the same as the pro-rata shareholders' equity pertaining to the SITAF Group since equity investments in associated companies are measured using the equity method.

List of equity investments in other businesses held as of 31/12/2020	**Profit/(loss) for the period**	**Financial statement data as at**	**No. of shares/stakes held**	**% held**	**Value posted to the financial statements 31/12/2020**
Investee company					
Sinelec S.p.A.	6,657	2019	15,951	1.1	26
Turismo Torino e Provincia	1	2019	5	0.3	2
Consorzio Autostrade Italiane Energia	(1)	2020	8	8.5	10
Consorzio Topix	58	2020	1	0.3	5

Note 3 – Non-current financial assets – loans and receivables

These consist of:

	31 December 2020	31 December 2019
Receivables:		
• due from Tirrena for Employee Severance Indemnity	132	194
• security deposits	135	108
• loans	1,056	1,040
• from others	842	500
Total	**2,165**	**1,842**

The item "loans" is essentially related to Tecnositaf S.p.A. with regard to the associated company Tecnositaf Gulf W.l.l. and the receivables for dividends from that company.

Note 4 – Deferred tax assets

This item amounts to € 15,827 thousand (€ 16,551 thousand at 31 December 2019) mainly attributable to deferred tax credits allocated for the fair value measurement of derivatives and for other provisions for risks and charges; as regards the composition of this item please refer to Note 36 – Income taxes.

Note 5 – Inventories

These consist of:

	31 December 2020	31 December 2019
Raw materials, ancillary materials and consumables	1,017	4,367
Contract work in progress	9,739	10,903
Finished products and merchandise		
Total	**10,756**	**15,270**

The work in progress breaks down as follows:

	31 December 2020	31 December 2019
Gross value of the orders	159,689	155,769
Advance payments on work progress	(149,950)	(144,866)
Total	**9,739**	**10,903**

The increase in the item in question related to the progress/acquisition of orders for third parties.

Note 6 – Trade receivables

Trade receivables totalled € 83,023 thousand (€ 97,039 thousand as at 31 December 2019), net of the provision for bad debts of € 1,023 thousand. The majority refers to the Parent Company and is related to the receivables held with regard to subscribers to the Fréjus Tunnel T4.

Note 7 – Current tax assets

	31 December 2020	31 December 2019
Tax receivables requested to be recovered	2,841	324
IRAP advance payments/receivables on taxes for the year	280	331
IRES advance payments/receivables on taxes for the year	1,012	328
Other tax receivables	1.0.22	1,598
Receivables due from the treasury for VAT	375	159
Total	**5,330**	**2,740**

Note 8 – Other receivables

This item breaks down as follows:

	31 December 2020	31 December 2019
- associated companies	1,356	1,841
- parent company ANAS		17,893
- subsidiaries of parent companies		
- Ministry of Infrastructure and Transport	734	734
- others	27,899	10,620
- accrued income and prepaid expenses	2,923	652
Total	**32,913**	**31,740**

The item "receivables due from others" is mainly attributable to the receivable accrued by the parent company SITAF towards the Granting Body MIT and relating to the fifth tranche of the grant for the construction of the safety gallery for € 5,627 thousand and additionally attributable to outlays incurred by Sitaf for reserves recognised on motorway works, constructed with ANAS funds, and are posted for the amount of € 16.937 million resulting from the Agreement signed with ANAS on 22 December 2009 and made effective on 12 November 2010, as well as the Additional Deed signed on 8 September 2017, repayment of which was suspended pending the ruling of the Court of Appeal of Rome following the third-party initiative of appeal by the company against the arbitration award whose outcome led to the payment in favour of the contractor grouping for the total amount of € 16.937 million as per the agreement in force. The ruling of the Court of Appeal of Rome no. 4131 of 28/6/2016 reformed the award relating to the "Nodo di Borgone" lot of the A32, accepting, surprisingly, the counterparty request regarding the request for recognition in its favour of the so-called fixed price, calculated using a different method than the one adopted by the Sitaf according to practice. Overall, the ruling led to the recognition in favour of the counterparty of an amount of € 16.521 million, net of the minor claims recognised in favour of the construction company.

The appeal to the Court of Cassation against said ruling, filed by the company on 4 November 2016, is still pending so it is necessary to wait for this outcome for the definition.

The item "receivables due from the Ministry of Infrastructure and Transport" includes the withheld amount of 5% on the disbursement of part of the public grant of € 30 million as per CIPE resolution

no. 43/2009 for the construction of the safety gallery that will be paid at the end of the works and commissioning of the project).

Note 9 – Assets held for trading

There are no items of this kind.

Note 10 – Assets available for sale

There are no items of this kind.

Note 11 – Financial receivables

There are no items of this kind.

Note 12 – Cash and cash equivalents

These consist of:

	31 December 2020	**31 December 2019**
Bank and postal deposits	30,075	28,067
Cheques	6	
Cash and cash equivalents on hand	191	109
Total	**30,272**	**28,176**

In relation to the change occurring between the two fiscal years, please refer to the Cash Flow Statement.

Shareholders' equity

Share capital

The share capital of the Parent Company consisted of 12,600,000 ordinary shares at a nominal value of € 5.16 each, for a total value of € 65,016 thousand, entirely subscribed and paid in (unchanged since the previous fiscal year).

Legal reserve

Equal to € 18,743 thousand (€ 17,101 thousand as at 31.12.2019).

Cash flow hedge reserve

Negative for € 24,737 thousand (negative for € 22,735 thousand at 31.12.2019). The reserve includes the fair value (net of the tax effect) of the hedging agreements of the Parent Company, which represent an effective coverage of the variable-rate financial payables contracted by the Parent Company. The change in the period is related to the adjustment of the notional hedging values of the interest rate risk related to the loan signed by the Parent Company, as envisaged by the hedging agreements and by the performance of the fair value.

Extraordinary reserve

Equal to € 292,040 thousand (€ 263,973 thousand as at 31.12.2019).

Extraordinary reserve pledged for maintenance differences

Equal to € 10,480 thousand (same amount at 31.12.2019).

Pledged reserve for penalties

Equal to € 10 thousand, the reserve was formed following the Shareholders' Meeting on 7 May 2019, in relation to the request of the Granting Body MIT (protocol no. 3180 of 7 February 2019) regarding the creation of a specific unavailable shareholders' equity reserve instead of the payment of a penalty for the same amount referring to the failure to comply with the obligation "to send the spending situation relating to ordinary maintenance works" as per the provisions of the Granting Body, such reserve will be made available when instructed by the Granting Body.

Reserve for discounting effect of Employee Severance Indemnity

The positive reserve for € 58 thousand (positive for € 47 thousand as at 31.12.2019) was created in 2013, by reclassifying the 2012 financial statements according to the provisions of IAS 8, in order to comply with IAS 19.

Retained earnings (losses)

Equal to € 30,172 thousand (€ 27,668 thousand as at 31.12.2019).

Note 13 – Provisions for risks and charges and Employee benefits (Employee Severance Indemnity)

Provisions for risks and charges

The following table shows the changes in the provisions for risks and charges compared to the total values at the end of the previous fiscal year.

	Provision for restoration	**Other provisions**	**Total**
At 31 December 2019	**38,946**	**15,705**	**54,651**
Increases	28,957	435	29,392
Drawdowns	(28,957)	(1,126)	(30,083)
At 31 December 2020	**38,946**	**15,014**	**53,960**

Provision for restoration, replacement and maintenance of non-compensated revertible assets

Drawdown of the provision for restoration, replacement and maintenance of non-compensated revertible assets represents all maintenance costs borne by the Parent Company during the period. The allocation for the fiscal year was made so as to adjust the value of the provision to the prediction that such costs would be incurred. Drawdown is represented by all interventions carried out in the reporting period, equal to € 28,957 thousand (€ 28,753 thousand in the previous fiscal year).

Other provisions (provision for risks)

Other provisions are mainly attributable to the value of the provision of the Parent Company Sitaf totalling € 14,949 thousand (€ 15,235 as at 31.12.19) and are formed of:

1. disputed outstanding amounts, for € 12,423 thousand. There are no changes in this regard since the previous fiscal year;

2. alleged expenses for € 2,151 thousand resulting from the request for repayment of the sums arising from the various judicial pronouncements over various degrees, regarding the legal costs pertaining to the “gallery heights” causes and continues to reflect the higher estimate based on the elements currently available;

3. recording of € 369 thousand during the year resulting from probable risks for the most part relating to the failure to pay the Fee for the permanent occupation of spaces and public areas by the Municipality of Rivoli for an amount of € 260 thousand and for possible charges deriving from the failure to comply with the obligations for the year 2020 of the companies listed in the “ISTAT List of Public Administrations” for € 95 thousand.

The decrease of € 655 thousand is related to the drawdown of the provision which last year had been recorded for voluntary redundancy payments subscribed in 2019, but which took effect in 2020.

Employee benefits (Employee Severance Indemnity)

The change during the period was the following:

01 January 2020	**4,865**
Drawdowns	(469)
Service cost adjustment	297
Interest cost adjustment	25
Actuarial (gains) /losses adjustment	246
Transfer from company	
31 December 2020	**4,964**

The tables below show the economic/financial and demographic assumptions respectively used for the actuarial appraisal of the liabilities.

Economic/financial assumptions

Annual discount rate	0.34%
Annual inflation rate	0.80%
Annual rate of increase in severance pay	2.10%
Annual rate of salary increases	From 1% to 2.5%

Demographic assumptions

Mortality	RG48
Disability	INPS Tables
Retirement age	100% compulsory general insurance requirements met
Annual frequencies of turnover	10%
Annual frequencies of employee severance indemnity advances	4%

Note 14 – Trade payables (non-current)

There are no items of this kind

Note 15 – Other payables (non-current)

These consist of:

	31 December 2020	31 December 2019
Deposits	71	71
To ANAS (formerly the Central Insurance Fund)	471,652	459,466
Deferred income related to discounting the payable to ANAS	344,280	364,499
Total	**816,003**	**824,036**

The payables shown above are broken down by maturity as follows:

	Between one and five years	Beyond five years	Total
Payables to ANAS (formerly the Central Insurance Fund)	181,016	290636	471,652
Deferred income related to discounting the payable to ANAS	35,527	308,753	344,280
Deposits		71	71
Total	**216,543**	**599,460**	**816,003**

Payables to ANAS (formerly the Central Insurance Fund)

The “payable to ANAS” represents the change to the instalment payments – backed by a State guarantee – by the Central Insurance Fund, now ANAS, a change which was completed in 2008 and will be repaid in annual instalments.

Note 16 – Bank debt (non-current)

	31/12/2020	31/12/2019
Advances		
Bank loans 1 and 5 years	108,938	90,815
Bank loans over 5 years	137,313	163,917
Total	**246,251**	**254,732**

The breakdown of the payables is as follows:

Lending bank	Expiry date	Initial amount	Interest rate	Spread	Currency
European Investment Bank	2033	98,000	€ 3M/360	3.391	Half-yearly
Cassa Depositi e Prestiti Direct Line	2033	98,000	€ 3M/360	3.900	Half-yearly
Cassa Depositi e Prestiti Other Investments.	2033	80,000	€ 3M/360	3.800	Half-yearly
Credito Emiliano	2025	1,000	Effective annual rate	1.115	Quarterly
Unicredit	2022	600	€ 3M/360	3.000	Monthly
Credito Valtellinese.	2022	360	€ 3M/360	2.700	Monthly
Credito Emiliano	2025	1,000	Effective annual rate	1.500	Quarterly
Accrued interest (deferrals)		666			
Total		**279,626**			

	Balance as at 31/12/2020	Within 1 year	Between one and five years	Beyond five years
European Investment Bank	91,512	3,646	38,004	49,862
Cassa Depositi e Prestiti	91,512	3,646	38,004	49,862
Cassa Depositi e Prestiti	74,704	2,976	31,024	40,704
Credito Emiliano	1,000	164	836	
Unicredit	383	200	183	
Credito Valtellinese	98	48	50	
Credito Emiliano	1,000	163	837	
Total	**260,209**	**10,843**	**108,938**	**140,828**

(1) Value expressed inclusive of the adjustment from application of the amortised cost

The loan agreements in place with EIB and CDP envisage certain financial indices, "covenants", mostly commensurate with certain prospective financial equilibriums and indicators, as established in the "Framework Loan Agreement" in place with EIB and CDP.

The calculations are made prospectively, bearing in mind the financial plans communicated to the MIT, which are being renegotiated, given that the five-year regulatory period also ended in 2018. As a result, pending the approval of the financial plans, the latest version of which was submitted on 11 November 2020, and the definition of which is expected no earlier than July 2021, there are no conditions that could be used for the purpose of updating the "Base Case" for the lending banks.

Given the impossibility of calculating the "covenants" correctly, in light of the above in relation to the presentation of the EFP to the MIT, the company sent a request to the lending bodies in this regard, in order to obtain exemption from the submission of the "Base Case" until the approval of the Economic and Financial Plan relating to the 2019-2023 regulatory period.

The lending bodies sent their approval of the exemption from compliance with such parameters, while awaiting the approval of the Economic and Financial Plan for the 2019-2023 regulatory period.

The financial position as at 31 December 2020, which contains respectively the short and medium-term portions of the loans due to CDP and EIB with respect to the agreed amortisation/ depreciation plans, has not been impacted by the failure to comply with the aforesaid covenants, in that – as mentioned – these are anchored to compliance with prospective financial equilibriums, measured from 31 December 2020 on the subsequent fiscal years.

The company examined the financial resources available as at 31 December 2020 and prepared a projection of the incoming and outgoing cash flows envisaged for fiscal years 2021, 2022 and 2023, finding that the existing financial resources would allow it to place the 2021 fiscal year in a situation of substantial financial equilibrium. These cash flows do not envisage the payment of dividends as requested by the lending bodies during the release of “waivers”.

Note 16 bis – Derivatives

Derivatives

The item amounts to € 32,939 thousand as at 31.12.2020 (€ 31,608 thousand as at 31.12.2019) and is formed as follows:

Counterparties	***Duration of the derivative contract***		***31/12/2020***		***Loan of reference***	
	From	***To***	***Notional reference***	***Fair Value***	***Nominal amount***	***Term***
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861	(1,581)	257,729	15/06/2033
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861	(1,581)		
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861	(1,581)		
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861	(1,581)		
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861	(1,581)		
Mediobanca	10/03/2014	15/06/2031	31,226	(5,007)		
Mediobanca	10/03/2014	15/06/2031	31,226	(5,007)		
Mediobanca	10/03/2014	15/06/2031	31,226	(5,007)		
Mediobanca	10/03/2014	15/06/2031	31,226	(5,007)		
Mediobanca	10/03/2014	15/06/2031	31,226	(5,007)		
		Total	**205,435**	**(32,939)**	**257,729**	

As indicated in the management report, the Group uses derivatives to deal with exposure to the risk of interest rate fluctuations. These contracts, signed by the parent company Sitaf, are classified as hedging instruments because the relationship between the derivative and the subject of the coverage (maturity, rates) is formally documented.

The “fair value” changes were recorded directly in a shareholders’ equity reserve, not recognising any portion in the income statement which is credited (debited) simultaneously when interest flows of the hedged instruments occur. The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference.

Financial risk management

In the ordinary performance of its operating activities, the Sitaf Group is exposed to the following financial risks:

- "*market risk*" mainly deriving from exposure to interest rate fluctuations associated with financial assets taken on, or exogenous factors;
- "*liquidity risk*" from a lack of financial resources suitable for operational activities and repayment of liabilities assumed in the past;
- "*credit risk*" represented by the risk connected with normal commercial relationships.

The risks cited above are broken down in detail below:

Market risk

Interest rate fluctuations associated with financial assets taken on

As regards the objectives and policies on financial risk management, as at 31 December 2020, on the basis of the overall interim payment certificates relating to the construction of the Safety Gallery and other investments, the company was paid the total amount of € 276 million for the loan taken out on 27 November 2013 with the European Investment Bank and Cassa Depositi e Prestiti for a total original amount equal to € 320 million at a variable rate tied to the Euribor 6 month with an average spread of approximately 3.7%. As envisaged by the contractual deeds, the company, on 20 February 2014, signed "interest rate swap" contracts with the Unione di Banche Italiane and Mediobanca to prevent risks linked to changes in the interest rates on the loan described. The notional value of the derivative contracts has a "roller coaster" profile (the derivatives therefore include so-called "forward starting" components) and as a result it was gradually increased over time following the increase in the underlying payable before then reducing according to the latter's profile of amortisation and depreciation and ending 24 months before the final maturity date of the loan. The notional value of the derivatives as at 31 December 2020 is equal to € 205.436 million, lower than the previous year since during the current fiscal year the Company repaid part of the underlying loan.

As at 31 December 2020, the portion of the loan granted that was hedged at a fixed rate was equal to approximately 80%.

Exogenous Factors

Effects of the spread of infectious diseases: the gradual spread across Italy of COVID-19 (so-called "coronavirus"), which caused the onset of the pandemic with a direct impact on the population and

consequently on the national macroeconomic fabric may cause, mainly as a result of the restrictions introduced by the government in order to combat the spread, significant impacts in terms of reduced traffic volumes, slowdowns in investments in infrastructure and potential discontinuities in the availability of personnel and the supply chain, with negative repercussions on the Company's results.

Liquidity risk

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. The SITAF Group believes, through the generation of cash flows, the wide diversification of financing sources and the availability of credit facilities, that it has access to sufficient financing sources to meet the planned financial requirements.

The table below shows the breakdown of financial liabilities in place as at 31 December 2020 by maturity date. Note that the amounts indicated in the table include the payment of interest (calculated based on the last rate available kept constant until the maturity date). The distribution across the maturity dates is based on the residual contractual term and, for operations with an amortisation and depreciation plan, reference should be made to the maturity date of each instalment.

LENDING BANK	Total financial flows		Maturity						Additional information		
			Within 1 year		2 to 5 years		Beyond 5 years		Original loan amount (principal)	Repayment method	Interest rate as of 31/12/2020
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest			
European Investment Bank	91,513	19,805	1,833	1,442	34,937	12,046	54,743	6,317	98,000	six-monthly instalments	2.871
Cassa Depositi e Prestiti	91,513	26,877	1,833	1,932	34,937	16,364	54,743	8,581	98,000	six-monthly instalments	3.900
Cassa Depositi e Prestiti	74,704	21,378	1,496	1,537	28,520	13,016	44,688	6,825	80,000	six-monthly instalments	3.800
Credito Emiliano	1,000	26	164	10	836	16			1,000	quarterly instalments	1.115
Unicredit	383		200		183				600	monthly instalments	3.000
Credito Emiliano	1,000		163		837				1,000	quarterly instalments	1.050
Credito Valtellinese	98		48		50				360	monthly instalments	2.700
Total	**260,211**	**68,086**	**5,737**	**4,921**	**100,300**	**41,442**	**154,174**	**21,723**	**278,960**		

Note 17 – Other financial liabilities (non-current)

The item totals € 952 thousand and relates to the application of IFRS16 during 2020 (€ 399 thousand in the previous fiscal year).

Note 18 – Deferred tax liabilities

The item contains deferred tax liabilities for € 3,160 thousand (€ 1,632 thousand in the previous fiscal year) mainly due to the impacts of IAS adjustments on the income statement of the consolidated companies. In particular, such deferred tax liabilities are mainly attributable to the temporary differences created in the recalculation of the financial amortisation and depreciation of the parent company in application of the provisions of IFRIC 12.

Note 19 – Trade payables (current)

Payables to suppliers, relating to the acquisition of goods and services for works and investments, totalled € 56,746 thousand (€ 45,917 thousand as at 31 December 2019).

Note 20 – Other payables (current)

These consist of:

	31 December 2020	31 December 2019
Advance payments	1	6,341
Payables to subsidiaries		
Payables due to associated companies	3,822	2,014
Payables to parent companies		46,694
Payables to welfare organisations	2,173	2,162
Deposits		
Accrued expense and deferred income	1,715	1,592
Other payables	54,032	6,511
Total	**61,743**	**65,314**

This item includes the change to the instalment payments – backed by a State guarantee – by the Central Insurance Fund, due to ANAS as the manager of said Fund, a change which was completed in 2008 and will be repaid in annual instalments.

In 2020 the company obtained exemption from the payment of the 2020 instalment from ANAS. The recovery of the exempt instalment will take place at the same time as the payment of the portion relating to 2021.

On 31 December 2018 the five-year regulatory period ended, with protocol 11702 on 11 November 2020 the company submitted the EFP proposal which in addition to containing the indications received from the ministry, intended to represent the effects of COVID in the plan, develops a repayment plan for the Central Insurance Fund, in line with the clarifications of the ART on 11 February 2020, namely amendment of art. 5 ter of the agreement in favour of the application of "revenue sharing" present in the resolution.

However, when preparing these financial statements, given that the new plan had not yet been approved, an amount equal to € 44.5 million relating to the repayment of the 2020 and 2021 instalment has been provided short term, this amount according to the new representation envisaged in the plan is equal to € 12 million.

For more details please refer to section “Relations with the Granting Body” contained in the Management Report.

Note 21 – Bank debt (current)

	31 December 2020	31 December 2019
Current account overdrafts	2,841	3,777
Advances	-	2,500
Short-term loans	10,000	6,000
Maturing portion of medium- and long-term loans	10,431	15,350
Total	**23,272**	**27,627**

The change is attributable to the payment of the instalments relating to the CDP and EIB loan by the Parent Company.

Note 22 – Other financial liabilities (current)

The item totals € 952 thousand (€ 211 thousand as at 31.12.2019) and includes the amount of the payables for IFRS 16 financial lease contracts.

Note 23 – Current tax liabilities

	31 December 2020	**31 December 2019**
Payable for corporate income tax (IRES)	2,173	574
Payable for regional production tax (IRAP)	422	343
Payable for personal income tax (IRPEF) withheld	1,030	1,147
Substitute tax		
Other	17	229
Payable for VAT	196	3,284
Total	**3,838**	**5,577**

Information on the income statement

Note 24 – Revenue

24.1 – Motorway sector revenue

The breakdown is as follows:

	2020	2019
Proceeds from tolls	**127,458**	**149,628**
Service areas	90	180
Advertising	6	6
Radio equipment	172	171
Work site safety.	6,711	4,046
Crossing fees	178	120
Other (minor)	90	88
Total rental income	**7,247**	**4,611**
Total	**134,705**	**154,239**

Art. 19, paragraph 9 bis of Italian Decree Law 78/09, converted into Law 102/2009, abolished the surcharge and, as of 5 August 2009, replaced it with an additional fee while keeping the methods of calculation and payment to ANAS unchanged. Therefore, the proceeds from tolls of the A32 motorway are shown, gross of the surcharge value, a value that, as a concession fee, has been classified among the "other operating costs".

	2020	2019
Gross toll revenue net of VAT	129,929	152,640
Additional fee pursuant to article 19, paragraph 19-bis of Italian Law 102/2009	(2,471)	(3.0121)
Takings for the Company, net of VAT and additional fee	**127,458**	**149,628**

24.2 – Motorway sector revenue – Planning and construction activities

The item in question totalled € 45,702 thousand (€ 55,817 thousand in the previous period) and refers to the planning and construction activities of non-compensated revertible assets that – according to IFRIC 12 – are booked among revenue with regards to both the portion obtained by Group companies and that of third parties. The decrease is due to lower investments made compared to the previous period, entirely attributable to the slowdown in work site preparation as a result of government "lockdown" measures implemented following the spread of the COVID-19 health emergency.

24.3 – Construction revenue

This revenue breaks down as follows:

	2020	**2019**
Revenues for works and planning	4,723	2,979
Change in contract work in progress	1,711	3,782
Total	**6,434**	**6,761**

The decrease in the item in question relates to the order for the creation of the Italy/France electrical connection as agreed with Terna S.p.A. and Piemonte Savoia Srl undergoing completion.

24.4 – Engineering revenue

The Group did not make revenues of this type in the period in question.

24.5 – Services revenue

	2020	**2019**
Revenues for works	107	68
Change in contract work in progress	(25)	2
Total	**82**	**88**

The decrease is due to the completion of orders for third parties posted in previous fiscal years for Musinet Engineering S.p.A.

24.6 – Technology revenue

	2020	2019
Revenues for works	4,449	11,298
Change in contract work in progress	5,563	3,060
Total	**10,012**	**14,358**

The decrease is due to the completion of orders for third parties posted in previous fiscal years.

24.7 – Other revenues

This revenue breaks down as follows:

	2020	2019
Claims for damages	377	152
Recovery of exceptional transit costs	591	469
Share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund (formerly FCG)	52,593	27,764
Operating grants	48	275
Extraordinary income	244	849
Capital gains on disposals	9	70
Personnel loans	6,011	5,935
Other	7,368	10,053
Total	**67,241**	**45,567**

The item “Other” mainly relates to the concessions stipulated by the Parent Company with Terna S.p.A. and Piemonte Savoia Srl for the creation of the HVDC interconnection between Italy and France, works that are soon to be completed and reached their peak in the period in question.

Note 25 – Payroll costs

This expense item breaks down as follows:

	2020	2019
Salaries and wages	25,162	27,050
Social security contributions	8,275	8,919
Employee Severance Indemnity	1,615	1,580
Retirement benefits	34	35
Other costs	5,667	7,090
Total	**40,753**	**44,674**

The decrease recorded compared to the previous fiscal year is mainly due to the fact that in 2019 the parent company SITAF had signed voluntary redundancy payment agreements totalling € 2,249 thousand, no longer signed in 2020, as well as the agreements for the reduction of temporary payroll costs.

Average employee staffing breaks down by category as follows:

actual number of employees	**2020**	**2019**
Executives	13	13
Middle managers	44	47
Office workers	277	272
Toll chargers	37	45
Apprentices	1	1
Manual workers	174	189
Total	**567**	**567**
of which seasonal	**6**	**7**

average number of employees	**2020**	**2019**
Executives	13	12.25
Middle managers	44.58	47
Office workers	276.74	274.34
Toll chargers	37.50	41.83
Apprentices	0.83	1
Manual workers	178.75	179.67
Total	**551.40**	**556.09**

Note 26 – Costs for services

	2020	2019
Related to non-compensated revertible assets		
- Maintenance of the motorway and tunnel network	100	3,345
- Winter services		56
- Motorway network cleaning	172	154
- Service station cleaning		2
- Other (minor)	310	475
Total A (costs related to non-compensated revertible assets)	**3,582**	**4,031**
Other costs for services		
- Computer processing	292	487
- Maintenance of non-revertible fixed assets	9	95
- Consulting	1,054	1,779
- Technical design activities	7,208	10,122
- Security services	10	5,608
- Systems services		
- IT services	36	28
- Repair services	120	159
- Transport	102	245
- Insurance	574	492
- Legal and notary consulting fees	437	123
- Compensation and reimbursements for Directors and Statutory Auditors	1,103	1,387
- Auditors fees	76	50
- Seconded personnel and contract workers	133	63
- Other payroll costs	2,586	2,117
- Utilities	3,683	3,844
- Royalties		
- Works on behalf of third parties	14,040	20,228
- Services on behalf of ANAS		

	2020	2019
- Subcontracting		
- Overhead on consortium costs	9	9
- Fee for telecommunication licence		
- Costs for construction activity (IFRIC 12 motorway sector)	20,396	19,054
- Other	11,365	8,693
Total B (other costs for services)	**63,305**	**74,583**
Total A+B	**66,887**	**78,614**

The change in the item "Costs for construction activity" is mainly attributable to the works carried out by the Parent Company Sitaf in relation to the construction of the Transit Gallery of the Tunnel.

Note 27 – Costs for raw materials

This expense item breaks down as follows:

	2020	2019
Consumables	15,025	18,208
Changes in inventories of raw materials, consumables and merchandise	3,861	572
Total	**18,886**	**18,780**

Note 28 – Other operating costs

This expense item breaks down as follows:

	2020	2019
Concession fee	1,134	1,367
Additional fee	2,471	3,012
Sub-concession fee royalties	26	28
Leases and rental expenses	3,002	2,373
Other operating expenses	2,667	3,075
Total	**9,300**	**9,855**

Note 29 – Capitalised costs on fixed assets

This item, equal to € 10,893 thousand (€ 11,422 thousand as at 31 December 2019) is essentially attributable to the capitalisation of the financial expenses as an increase of the value of non-compensated revertible assets.

Note 30 – Amortisation, depreciation and write-downs

This item breaks down as follows:

	2020	2019
Intangible assets:		
· Plant and extension costs		
· Research and development costs		
· Copyright use		
· Other	121	214
· Non-compensated revertible assets	33,728	40,747
Tangible assets:		
· Buildings	121	107
· Plant and machinery	358	365
· Industrial and commercial equipment	127	110
· Other assets	831	741
· Assets in financial lease	641	515
Total amortisation and depreciation	**35,927**	**42,799**
Writedowns on fixed assets		
Writedowns on receivables	274	680
Total amortisation, depreciation and write-downs	**36,201**	**43,479**

Note 31 – Adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets

The adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets is detailed as follows:

Provision at 31 December 2019	**38,946**
Drawdown of the provision for restoration, replacement and maintenance of non-compensated revertible assets	28,957
Allocation to the provision for restoration, replacement and maintenance of non-compensated revertible assets	(28,957)
Net adjustment of the provision for restoration, replacement and maintenance of non-compensated revertible assets	
Provision at 31 December 2020	**38,946**

The allocation to the provision for restoration, replacement and maintenance of non-compensated revertible assets was done using the methods and for the purposes described in the measurement criteria under the item "Intangible assets".

In particular, the allocation for the fiscal year was made so as to adjust the value of the provision to the prediction that such costs would be incurred. Drawdown is represented by all interventions carried out in the reporting period equal to € 28,957 thousand (€ 28,753 thousand in the previous period).

Note 32 – Provisions for risks and charges

	2020	2019
Tax reserve	-	-
Reserve for future charges	409	16
Total	**409**	**16**

This item, mainly referring to the Parent Company, higher than the previous fiscal year, also includes the supervening alleged expenses resulting from the request for repayment of the sums arising from the provisions of the Court of Cassation in relation to the legal costs of the previous degrees pertaining to the "gallery heights" causes and reflects the higher estimate based on the elements currently available, the recording of additional allocations for the most part related to probable risks relating to the failure to pay the Fee for the permanent occupation of spaces and public areas by the Municipality of Rivoli for an amount equal to € 260 thousand and for possible charges deriving from the failure to comply with the obligations for 2020 of the companies listed in the "ISTAT List of Public Administrations" for € 95 thousand. The allocations are made without such being considered acquiescence to the objections from the Company which in any case seeks to have its claims heard at any forum.

Note 33 – Financial income

This item breaks down as follows:

	2020	2019
Income from equity investments:		
· dividends from associated companies		
· dividends from other businesses	104	195
Interest income:		
· from credit institutions	4	6
· from financial assets		
· other	31	210
Total	**139***	**411**

The dividends received break down as follows:

	2020	2019

Sinelec S.p.A.	104	195
Transenergia Srl	-	
Total dividends	**104**	**195**

Note 34 – Financial expenses

This item breaks down as follows:

	2020	**2019**
Interest expense to credit institutions		
· on loans	16,224	16,839
· on current accounts	131	329
Miscellaneous interest expense:		
· from payables discounting	52,593	27,764
· from employee severance indemnity discounting	36	90
· financial expenses on IRS		
· from financial lease contracts	63	21
· from loans		
· from bond loan		
Other financial expenses:		
· Other financial expenses		
· Miscellaneous	66	52
Total	**69,113**	**45,095**
Capitalised financial expenses	**10,893**	**11,422**

The item miscellaneous interest expense relates to the release to the income statement of the interest of the Parent Company Sitaf due to the discounting of the payable to the Central Insurance Fund post restructuring of the payable.

Note 35 – Profit (loss) of companies accounted for by the equity method

The details of this item are as follows:

	2020	2019
Write-downs on equity investments:		
• Consepi S.r.l.	(113)	(47)
• Tecnositaf Gulf WLL	(36)	15
• Astaldi S.p.A.	29	
• Transenergia S.r.l.	4,191	7
• **Total**	**4,071**	**(25)**

Note 36 – Income taxes

This item can be broken down as follows:

	2020	2019
Current taxes:		
· Corporate income tax (IRES)	7,029	12,626
· Regional production tax (IRAP)	2,161	2,895
Taxes (prepaid)/deferred:		
· Corporate income tax (IRES)	1,663	(586)
· Regional production tax (IRAP)	90	18
Taxes related to prior years:		
· Corporate income tax (IRES)	(1,695)	47
· Regional production tax (IRAP)		
Total	**9,248**	**15,000**

In compliance with IAS 12, below is a reconciliation of effective income taxes at 31 December 2020 and 31 December 2019 with the "theoretical" taxes on the same dates.

Corporate income tax (IRES)		**2020**		**2019**
Period income before taxes		**37,596**		**49,173**
Effective income taxes	**6,928**	**18,427%**	**12,071**	**24.547%**
Lower taxes (compared to the theoretical rate):				
• Adjustment of equity investments measured at equity	1,618	4.304%	860	1.749%

• Extraordinary contingent assets				
• Capital gains from exempt equity investments				
• Lower taxes on dividends	24	0.064%	51	0.104%
• Drawdown of provisions for risks				
• Other decreases	2,273	6.646%	1,394	2.835%
• Adjustment to financial amortisation IFRC12	1,645	4.375%	530	1.078%
Higher taxes (compared to the theoretical rate):				
• Capital losses, extraordinary contingent liabilities	(312)	(0.830%)	(434)	(0.883%)
• Costs deductible over multiple years				
• Non-deductible expenses	(1,048)	(2.788%)	(99)	(0.201%)
• Assets in financial lease	(15)	(0.040%)		
• Other increases	(2,090)	(5.559%)	(2,571)	(5.228%)
• Adjustment to financial amortisation IFRC12				
Theoretical income taxes	**9,023**	**24.00%**	**11,802**	**24.00%**

Regional production tax (IRAP)		2020		2019
Value added (Regional production tax taxable base - IRAP)		**130,510**		**130,510**
Effective income taxes (from financial statements)	**2,251**	**1.677%**	**2,912**	**2.231%**
Lower taxes (compared to the theoretical rate):				
• Non capitalised intangible assets IAS	15	0.011%	11	0.008%
• Personnel seconded to third parties				
• Assets in financial lease	13	0.010%		
• Other decreases	3,181	2.370%	2,331	1.786%
• Adjustment to financial amortisation IFRC12	117	0.087%	43	0.033%
Higher taxes (compared to the theoretical rate):				
• Contingent assets	(43)	(0.032%)	(10)	(0.008%)
• Other increases	(300)	(0.224%)	(134)	(0.103%)
• Adjustment to financial amortisation IFRC12			(63)	(0.048%)
Theoretical income taxes	**5,234**	**3.900%**	**2,912**	**3.900%**

The following tables illustrate, for the year in question and for the previous financial year, the amount of income and deferred tax expenses posted to the income statement and deferred tax assets and liabilities posted to the balance sheet.

	2020	2019
Deferred tax income related to: (*)		
• provisions to tax deferral reserves	(17)	(83)
• non capitalised intangible assets IAS	(56)	(297)
• other	(168)	(250)
• assets in financial lease	(40)	(34)
• effect of recalculation of employee severance indemnity provision (TFR) according to IAS	(22)	(26)
• adjustment to financial amortisation IFRC12		
Total	**(303)**	**(690)**
Deferred tax expenses related to: (*)		
• reversal of allocations to tax deferral provisions		
• effect of valuation of work in progress according to IAS		75
• effect of recalculation of employee severance indemnity provision (TFR) according to IAS	4	
• non capitalised intangible assets IAS	97	36
• other	1,000	348
• repayment of representation costs		
• assets in financial lease	6	
• adjustment to financial amortisation IFRC12	948	306
Total	**2,055**	**765**

(*) Deferred tax income and expenses have been accounted for on the basis of the tax rates in effect at the time their repayment is expected.

	2020	2019
Deferred tax credits related to: (*)		
• provisions to tax deferral reserves	5,512	6,332
• representation costs deductible over multiple years		
• other	2,142	1,375
• assets in financial lease	1	24
• intangible assets not capitalised in accordance with IAS	23	44
• derivatives payable	8,149	8,624
• adjustments to financial amortisation IFRIC 12		
Total deferred tax assets (A)	**15,827**	**16,399**
Deferred tax liabilities related to: (*)		
• assets in financial lease		13
• other	298	149
• adjustments to financial amortisation IFRIC 12	2,862	1,328
Total deferred tax liabilities (B)	**3,160**	**1,490**
Total (A-B)	**12,667**	**14,909**

(*) Deferred tax credits and liabilities are accounted for based on tax rates in effect at the time that their repayment is expected.

Note 37 – Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the Group share of net profit/loss by the average number of outstanding shares during the year. The average number of shares is calculated taking into account the average number of treasury shares held by the Parent Company and its subsidiaries.

	2020	2019
Net profit – Group share	28,349,464	33,106,551
Weighted average of ordinary shares in circulation during the year	12,600,000	12,600,000
Earnings per share	**2.250**	**2.628**
Number of ordinary shares	12,600,000	12,600,000

During the 2020 and 2019 financial years, no options, warrants or equivalent financial instruments on dilutive "potential" ordinary shares were recorded.

Note 38 – Information on the cash flow statement

Change in net working capital

	31/12/2020	31/12/2019
Inventories	4,514	(1,059)
Trade receivables	14,016	(16,341)
Current tax assets	(2,790)	1,315
Receivables due from others	(1,173)	(1,406)
Trade payables	10,830	(839)
Other payables	(3,428)	(11,015)
Current tax liabilities	(1,739)	2,534
Total	**20,230**	**(26,811)**

Information on related-party transactions

As established in CONSOB Communication 98015375 of 27 February 1998 and IAS 24, below is information on related-party transactions.

During 2020, the main relationships with subsidiaries, associated companies, parent companies and subsidiaries of subsidiaries concern:

A) Maintenance and upgrading of existing infrastructure:

- upgrading and maintenance work on assets held by the Parent Company through concessions, executed by Sitalfa S.p.A., for a total of € 31.954 million (of which € 14.252 million classified under "non-compensated revertible assets");
- design, work management, Italian Legislative Decree 81/08 functions and assistance relative to civil works carried out by Musinet Engineering S.p.A. for a total of € 6.967 million (of which € 4.705 million classified under the item "non-compensated revertible assets"), net of 4% CPAIA;
- maintenance services and creation of systems carried out by Tecnositaf S.p.A. for a total of € 11.204 million (of which € 6.376 classified under the item "non-compensated revertible assets");

- information and user promotion activities relative to the road system and safety, work site preparation and guard activities carried out by RO.S.S. S.r.l. for a total of € 3.554 million (of which € 0.143 million classified under the item “non-compensated revertible assets”);

B) Other items:

-Leasing of properties, seconding of personnel and assistance services provided to the subsidiaries Sitalfa S.p.A., Musinet Engineering S.p.A., Ok-Gol S.r.l. and Tecnositaf S.p.A. for a total of € 1.203 million.

OK-GOL S.r.l.: work site preparation and guard activities assigned on the basis of the current ANAS price list, not subject to reductions because these are activities associated with safety expenses. With reference to other services, based on compensation assessed by the Sitaf Project Manager.

Relative to relations with associated companies, note:

- The rental of a property from the associated company Consepi S.p.A. for € 71 thousand, sundry other services € 4 thousand.

All the transactions were carried out under arm’s length conditions. In particular, with regards to services rendered by the subsidiaries:

Sitalfa S.p.A.: based on the Agreement, the price of contracts for assigned work, including maintenance work done on the motorway, is determined using values obtained from the most recent ANAS price list, applying the average amount of discounts based on that communicated by ANAS for Piedmont and the surrounding regions for equivalent categories of work.

Tecnositaf S.p.A.: based on the Agreement, the price of contracts for assigned work, including maintenance work done on the motorway and on T4, is determined using values obtained from the most recent ANAS price list, applying the average amount of discounts based on that communicated by ANAS for Piedmont and the surrounding regions for equivalent categories of work. With regards to software, in the absence of market references, assignment is done on the basis of the compensation estimated by the Sitaf Project Manager.

Musinet: assignment of design and works management with a reduction of 36% relative to the professional rate. This percentage is in line with the average reductions identified by the OICE (Association of Engineering Consultants) during the reference period. Alternatively, the amount of the service was determined by applying a percentage calculated with respect to the gross amount of the reference work, without prejudice to the corresponding limit on that granted to the concessionaire by the granting body reduce by one percentage point.

Finally, relations with other related parties included:

- Construction work on the Transit Tunnel, lot 2, civil work on Italian side, carried out by A.T.I. Itinera S.p.A. – Razel Bec S.a.S. – Mattioda Pierino & Figli S.p.A. for € 4.168 million. Work assigned through a public tender procedure on 13/10/2010,
- Services rendered by S.A.T.A.P. S.p.A., memorandum of understanding between concessionaire companies to create and manage the Turin Motorway Operating Center (COA) (€ 14 thousand), management of exceptional transit (€ 46 thousand).
- Services rendered by SINA S.p.A., for an information campaign for users regarding tunnel safety (€ 12 thousand) and sundry services (€ 255 thousand).
- Services rendered by ASTM S.p.A., mainly for seconded personnel (€ 154.6 thousand) and group press review (€ 2.3 thousand).
- Leases and other fees paid to ANAS for € 2.8 million.

Relative to the relations of Sitaf subsidiaries with companies associated with these subsidiaries, a regulation was issued by Sitaf which they must follow, guaranteeing that arm's length conditions are used.

Other information

Economic and Financial Plan

In compliance with the current Agreement, on 27 June 2019 the Company sent the update to the Economic and Financial Plan for the 2019 - 2023 regulatory period to the Granting Body. On 20 June 2019, the Transport Regulation Authority published Resolution 78/2019 which established the new criteria for determining tariff increases for SITAF. Consequently, the Granting Body returned the EFP, asking all Concessionaires to update their Plans taking the aforementioned Resolution into account.

On 19 June 2020, SITAF prepared the EFP based on that required in the resolution, specifying in a specific letter of presentation that it was sent solely to avoid claims of non-compliance by the Granting Body and that the sending of the EFP did not constitute acquiescence to nor respect for the resolutions made by the Transport Regulation Body, relative to which an appeal had been filed with the Regional Administrative Court of Piedmont, RG 815/2019, nor did it constitute respect for the imposition pursuant to article 13 of Decree Law 162/2019, the legitimacy of which had been disputed with the relevant authorities, nor renunciation of these court cases.

With document 24522 of 5 October 2020, the MIT indicated, relative to the Update to the Economic and Financial Plans, that it had received the proposed EFPs from the concessionaires and, consequently, had sent them to the relevant administrations and the Transport Regulation Body. Additionally, in the same document it stated that on 29 September the MIT had issued a specific disclosure for CIPE, noting in particular the problems which had arisen in the preparation of the EFPs, which in it's analysis was due to uncertainties deriving from the impacts of the Covid-19 emergency.

To take these effects in account, in concert with the Ministry of Economy and Finance the Ministry of Infrastructure and Transport acted to indicate (i) homogeneous criteria for recognising the impact of COVID for the period limited to the lockdown period from March-June 2020 (ii) the fact that traffic data used to prepare the plan must be developed with an assumption of continuity relative to previous regulatory periods.

Subsequently, with document 25448 of 14 October 2020, the MIT, referencing the above, confirmed that the requirements for continuing the procedure to update the concession relationship were met.

On 16 October 2020 a coordination meeting was held between MIT and SITAF. At that time, the parties discussed the details underlying the SITAF EFP, which had already been shared with ART previously in a specific meeting held on 11 February 2020, briefly summarised here:

- Safeguard TIR and Cross Financing: as indicated in the resolution, the Safeguard TIR must be

positive, the SITAF TIR must be calculated for A32 including the benefit deriving from T4, hence a TIR consisting of A32+T4, assuming the presently existing functioning based on the current agreement;

- Revenue Sharing: this criteria is in conflict with that established in the current agreement with reference to the Central Insurance Fund (FCG) repayment. ART indicated a positive opinion regarding the possibility of presenting a plan to propose an amendment to that contained in article 5-ter of the current agreement, due to the necessary application of the Revenue Sharing criteria;

-Efficiency percentage: ART clarified the possibility of spreading the efficiency percentage over more years than forecast, in consideration of the fact that the SITAF kilometres managed do not fall within the cases that allow for improved management cost efficiency as prescribed in the specific resolution ART 70/2016;

Acknowledging that indicated, the MIT postponed to subsequent technical meetings the discussion of the above points, but in the meantime indicated that an update to the EFP should be presented, taking the following assumptions into account: (i) for A32, division of maintenance into an "ordinary" component (all maintenance required to maintain the infrastructure) and "additional charges" (costs which, while still maintenance, are linked to expenses in addition to those required by MIT for inspections/controls and other non-ordinary work, useful for monitoring status in line with new safety standards). In particular, while the ordinary component will be subject to efficiency, the "additional charges" component will not be included in this calculation but will be included in the management fee as a whole; (ii) inclusion of the final impact of COVID in terms of EBITDA between financial year 2020 and financial year 2019 during the March-June lockdown period.

To comply with the above requests, SITAF drafted a new proposed EFP and sent it on 11 November 2020 under file number 11702. In addition to following the indications above, it also developed a plan for investments to spread out the execution of work over the long term. Additionally, with regards to the Central Insurance Fund (FCG), the proposal presented is in line with that clarified by the ART, that is amendment of article 5-ter in favour of the application of the revenue sharing included in the resolution.

Disclosure on adhesion to tax consolidation.

After ANAS acquired a majority stake in SITAF on 17 December 2014, the companies began exercising the option to make use of tax consolidation, pursuant to articles 117 and subsequent of Italian Presidential Decree 917 of 22 December 1986, effective for the years 2015, 2016 and 2017. This regime was then extended for financial years 2018, 2019 and 2020.

Following judgements 2424 and 2425 of 7 June 2016, the Council of State granted the requests made by the Private Shareholders and rendered invalid the resolutions made by the Metropolitan City of Turin and the Municipality of Turin preparatory to signing the deeds of sale for SITAF shares.

With compliance judgements 7392 and 7393 of 28 October 2019, the Council of State granted the requests of the Private Shareholders, declaring the deed of sale to be invalid.

In the immediate aftermath of the compliance judgements and while awaiting the transfer of the shares, a situation of uncertainty arose with regards to the exercising of rights relative to the SITAF shares involved in the case.

To that end, ANAS consulted with the State Legal Advisory Service which, in an opinion issued on 17 January 2020, held that ANAS was "allowed to continue to exercise voting rights in the Shareholders' Meeting for the 51.093% stake held by the same, until the shares are transferred and the changes are made in the Register of Shareholders". At the same time, it also specified that *"ANAS, while in possession of formal legitimisation to exercise its rights as the majority shareholder, [it is] lacking in substantial ownership"* and, therefore, prudentially suggested that an agreement be stipulated which calls for the issuing of a proxy by the Public Shareholders to exercise these rights while awaiting the transfer of the shares, solely for the time strictly necessary for the same. After the signing of the Memorandum of Understanding on 26 March 2020, the Public Shareholders and ANAS reciprocally acknowledged that the shareholding structure had not changed and the fact that until the transfer of the shares it would remain *"without prejudice to all the rights relative [to the equity investments in SITAF] held by ANAS"*.

Also in consideration of that recognised by the parties in the cited Memorandum of Understanding, in the financial statements for the year 2019, approved on 30 April 2020, ANAS continued to recognise the equity investment in SITAF as a controlling interest, while reclassifying it among *"Non current assets held for sale"* (see IFRS 5). Similarly, the parent company Ferrovie dello Stato Italiane S.p.A. continued to consolidate SITAF as a subsidiary, pursuant to IFRS 10.

In this context, ANAS requested an opinion from its consultant regarding the validity of the tax consolidation in effect with SITAF. This opinion concluded that there were well-founded arguments

justifying that, as an effect of the compliance judgements, the tax consolidation regime had not necessarily been interrupted in 2019.

Nonetheless, since different interpretations by the financial administration could not be excluded, it was deemed expedient to begin a formal questioning procedure.

In this generalised climate of uncertainty, in a letter dated 26 June 2020 SITAF again informed ANAS that it would better for the IRES pertaining to it (supplied to ANAS through funding) to be effectively paid to the tax authorities by ANAS, regardless of the determination of taxes effectively due. All of this was to avoid, in the case that SITAF was determined to have left the scope of the tax consolidation, the recovery of fines applied to it (based on an interpretation deriving from the Revenue Agency Circular no. 3 of 21 February 20141).

ANAS, in a communication dated 30 June 2020, indicated it was not in agreement with that stated by SITAF, and suggested that SITAF pay the taxes in place of providing the funding to ANAS.

SITAF, in a letter dated 3 July 2020, again stated that if acted as ANAS suggested and in the case in which tax consolidation was determined to have existed in 2019, recovery of the IRES (erroneously) paid by SITAF would require a reimbursement request to be presented to the Revenue Agency, in any case making it necessary to provide the funding to ANAS.

On 20 November 2020 ANAS informed SITAF of the results of the question "given that the compliance judgements declared the inefficacy of the deed of sale produce effects as of the date they were published (28 October 2019), an interruption in the tax consolidation headed by ANAS should be understood to have occurred, pursuant to article 124 of the Consolidated Law on Income Tax (TUIR) as of the beginning of tax period 2019 (i.e. the tax period during the course of which the requirement of material control ceased to exist)". At the same time, ANAS acted to return the entire amount of funding that SITAF had given to ANAS in compliance with the above, to protect the company.

As a consequence of this questioning procedure, on 25 November 2020 the Revenue Agency - Piedmont Regional Office sent SITAF a specific questionnaire for the treatment of the 2019 IRES which was not paid.

The company complied with the request and paid, through a voluntary adjustment made on 27 November 2020, the 2019 IRES plus fines and interest, for a total of around € 393 thousand.

Significant subsequent events

On 13 February 2021, an accident occurred on the northbound side of the A32 motorway Torino-Bardonecchia, on the Rio Ponté viaduct between the Cels and Serre La Voute tunnels.

The initial event in the accident involved a light vehicle hitting the safety barriers, after which it spun out. This was however without any negative consequences for the driver who was uninjured. For around two and a half minutes after this initial event 24 light vehicles and 2 heavy vehicles moved through the lane which was still free, at a much slower pace.

However, due to the slowdown caused by the vehicles driving near the first vehicle which had stopped, additional vehicles arrived and caused a pileup, completely blocking the carriageway.

Up until the night prior to the event the anti-ice prevention service had been active, with regular applications on the A32, in line with weather forecasts.

Unfortunately, two people died in the accident and numerous users were seriously injured.

Guarantees given

Below is information on commitments undertaken n by the Companies of the Group.

Sureties granted in favour of third parties amount to around € 60 million, mainly associated with the Parent Company. Of note are sureties granted in favour of the investee companies Consepi Spa and OK-Gol S.r.l., Sitalfa S.p.A., Musinet Engineering S.p.A., Tecnositaf S.p.A. and the Ministry of Infrastructure and Transport, pursuant to article 6.4 of the current Agreement, and public and regional entities.

Third party sureties in favour of the Group total € 90.61 million and include sureties received from third parties established in its favour for various reasons (contracts, transit, etc.).

Commitments

Interest rate change management contracts.

This item, which totals € 205.435 million (€ 215 million at 31 December 2019), refers to interest rate swap contracts stipulated by the Company to prevent risks linked to changes in interest rates associated with existing financing. Below are the amounts relative to the notional reference in the derivative contracts existing as of 31 December 2020.

(amounts in thousands of EUR)

Counterparties	***Duration of the derivative contract***		***31/12/2020***
	From	***To***	***Notional reference***
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861
Unione di Banche Italiane	10/03/2014	15/06/2031	9,861
Mediobanca	10/03/2014	15/06/2031	31,226
Mediobanca	10/03/2014	15/06/2031	31,226
Mediobanca	10/03/2014	15/06/2031	31,226
Mediobanca	10/03/2014	15/06/2031	31,226
Mediobanca	10/03/2014	15/06/2031	31,226
		Total	**205,435**

Information on Law 124/2017

During the period in question, no amounts were received.

S.I.T.A.F. S.p.A.

Consolidated financial statements as at December 31, 2020

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
S.I.T.A.F. S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of S.I.T.A.F. Group (the Group), which comprise the Statement of Financial Position as at December 31, 2020, and the Income Statement, the Statement of comprehensive income, Statement of changes in Shareholders' equity and Cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of S.I.T.A.F. S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company S.I.T.A.F. S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of S.I.T.A.F. S.p.A. are responsible for the preparation of the Report on Operations of S.I.T.A.F. Group as at December 31, 2020, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of S.I.T.A.F. Group as at December 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of S.I.T.A.F. Group as at December 31, 2020 and comply with the applicable laws and regulations. With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Turin, April 9, 2021

EY S.p.A.

Signed by: Massimiliano Formetta, Auditor

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