

ANNUAL REPORT —2020—

autostrade // *per l'italia*



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INTRODUCTION



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1.1 Statement from the Chairman and the Chief Executive Officer



Giuliano Mari
Chairman



Roberto Tomasi
Chief Executive Officer

2020 was an extremely challenging and important year for our Company. The spread of the pandemic throughout Italy gave a shock to the country's industrial and economic system, with serious repercussions for the motorway sector. This resulted in an exceptional decline in traffic on our network, with falls of up to 80% and an average reduction over the full year of approximately 30%. At the same time, as both a country and a Company we progressively learnt to live with and respond to the effects of the virus. We continued to serve road users and manage the network throughout the emergency, enabling personnel to work efficiently from home, and managed to restart work on key construction projects around the network in record time, adopting new safety protocols in agreement with the unions. We were able to react, and are continuing to react, thanks to the efforts and sacrifices of our over 7,600 workers.

More generally, Autostrade per l'Italia today operates in a rapidly changing environment, marked by:

- the need for major renewal of the country's infrastructure assets, in the light of: (i) the gap between infrastructure investment in Italy and the European average (0.2% of GDP versus 0.4%); (ii) the growing fragility of Italian territory (around 7,000 municipalities are in areas at risk of landslides and hydrogeological instability); and (iii) the average age of our network at approximately 50 years;
- the growing availability of digital infrastructure, with €550 billion expected to be invested globally in smart roads by 2025 and 30% of the motorway network to be "connected" by 2030 (through sensors and 5G technologies);
- a paradigm shift in transport on all fronts (accelerated by the fallout from the Covid-19 crisis), with: (i) new mobility needs in response to remote working; (ii) an increase in shared use and the electrification of vehicles (10% of the total by 2030); (iii) freight traffic affected by the growth in e-commerce and the introduction of self-driving vehicles.

The Company has committed itself to a radical transformation designed to equip the country with an infrastructure operator and transport system capable of delivering excellence and guaranteeing the very highest levels of safety (for road users and personnel) and service quality. This will involve the

application of innovative technologies in every business decision we take in order to lead our transport system's indispensable transition towards sustainability.

The new Autostrade per l'Italia aims to be a national champion, fully integrated into the lifecycle of transport infrastructure, having radically changed in terms of expertise and way of working thanks to a fully digitalised operating model. With this goal in mind, we are equipping ourselves to successfully deliver our maintenance and investment programme, designed to give the country a fully modernised network, and present the Company, as part of this new vision, as an integrated, sustainable provider of mobility beyond the infrastructure that we operate under concession.

This last year saw us take decisive steps towards shaping the Company's future. We didn't just respond to the many operational difficulties and challenges thrown up by the external scenario, but began work on effectively implementing the guidelines in our new business plan, which over the next four years will transform us from a motorway operator into an integrated mobility provider at European level. Through continuous and rigorous engagement with the Ministry of Infrastructure and Sustainable Mobility (formerly the Ministry of Infrastructure and Transport or the "MIT", and also referred to below as the "MIMS") and leading Italian universities, we have completely redefined the standards applied during surveillance and maintenance of key network assets, starting with bridges, viaducts and tunnels. The new approach was assessed and further improved by the National Public Works Council, which has applied the standards in new legislation for the entire sector. As decided at the beginning of the year, we have permanently contracted out surveillance of the network we manage to a number of internationally recognised independent companies, whose full reports are continuously passed on to the MIMS.

The business plan also focuses significant resources on modernising and expanding the network: the Financial Plan submitted to the Grantor, which is awaiting approval, envisages investment of €14.5 billion and €7 billion in maintenance expenditure by 2038, in addition to €3.4 billion to be paid out in compensation relating to the Morandi bridge tragedy, in the form of support for the people of Genoa, toll discounts and additional works. Despite the fact that the Financial Plan has yet to be approved, maintenance work has been significantly stepped up, with over €680 million invested in the network's upkeep in 2020 alone, and work has begun on major investment projects included in the plan.

The new Autostrade per l'Italia is also taking shape through the creation or transformation of new subsidiaries: engineering and design work will be the main focus of Tecne, which has already begun operating and making a decisive contribution to delivery of the Group's investment and maintenance programme. In order to boost the related synergies, we have also acquired control of Pavimental, whose mission will be increasingly focused on the construction of complex infrastructure using sustainable materials and techniques. Great attention has been paid to sustainability and the digital revolution, starting from Autostrade Tech, the Group's technology spinoff. This subsidiary has already created the Argo system, one of the most advanced digital systems for monitoring infrastructure that, once it has entered service on our network, will be made available on the Italian and international market. Autostrade Tech's core business will be the provision of digital mobility services, offering solutions and technologies to leading players in the infrastructure sector or to public sector entities grappling with the challenges of meeting new sustainability mobility needs. Finally, Free To Xperience will enable us to radically change the car user experience, offering our millions of customers value added services such as charging stations for electric vehicles and constantly updated traffic forecasts accompanied by dynamic pricing based on journey times that take into account delays due to roadworks.

Through planned investment in digital transformation and in sustainability, we have laid the foundations for a radical renewal of motorway infrastructure, which will be increasingly interconnected and smart in order to offer improved safety, services and comfort by putting road users at the heart of everything we do.

To achieve these objectives, we have launched one of the country's largest ever recruitment drives that will result in the creation of 2,900 jobs in the STEM (Science, Technology, Engineering and Mathematics) fields over the next four years. The development of talent and human capital will play a crucial role in the business plan's success. In this sense, the partnerships we have entered into with leading Italian universities and research centres have a key role to play, in terms of both the development of new know-how, and the creation of new technical standards and applied research focusing on ne integrated mobility solutions. To ensure continuity in this area, the Group has set up its own Infrastructure Research and Sustainability Committee, whose task will be to promote and encourage innovation and best technical and management practices across all our strategic activities, adopting an approach based on open innovation.

The impact of the new plan, our completely new management team and our ability to create value by investing in digital innovation, research and sustainability are beginning to have a growing effect on public opinion and on the way the markets view our Company. Proof of this is provided by the success of the recent bond issues, which have confirmed the market's confidence in the Company and our plans for future growth. We still have a long way to go and many difficulties to overcome, but we believe that the values and organisational and strategic changes we have out in place can form the basis that will enable us to meet the challenging goals we have set ourselves, for the benefit of the country, our shareholders and all our stakeholders.

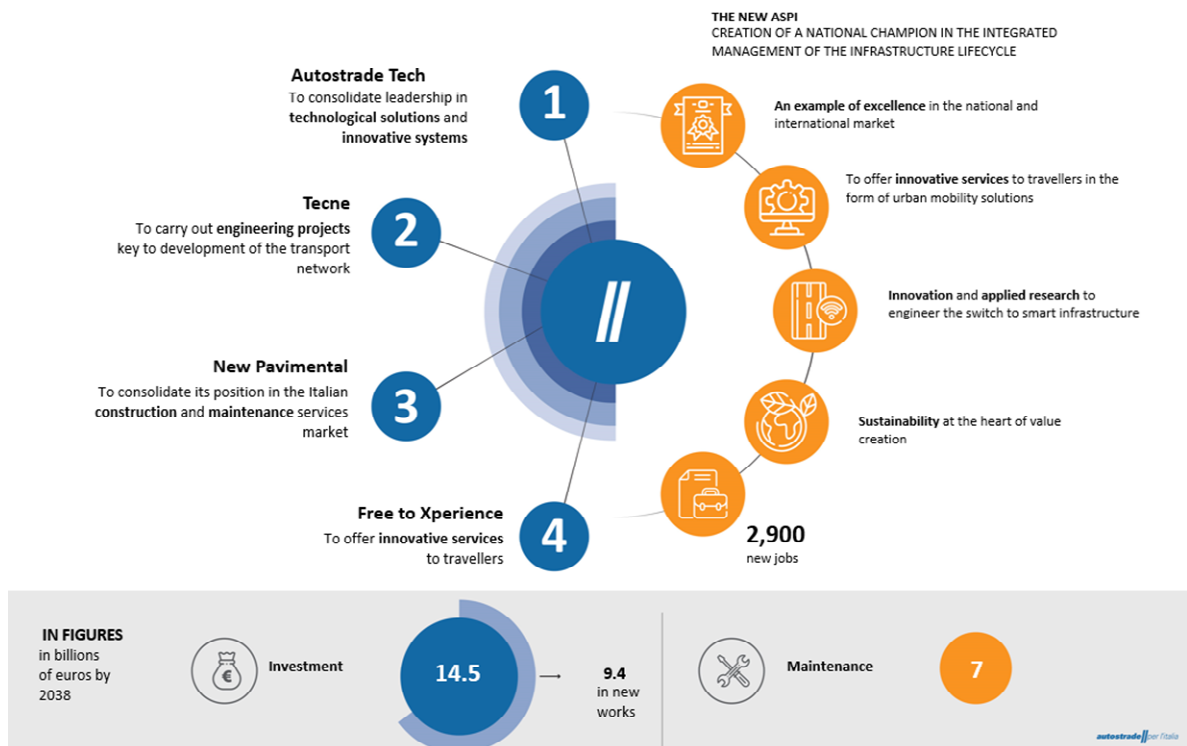
Giuliano Mari
Chairman

Roberto Tomasi
Chief Executive Officer

The 7 Pillars of the Transformation Plan



Autostrade per l'Italia's Business Plan



1.2 Business Plan 2020-2024: the Company's transformation into an integrated mobility provider

Autostrade per l'Italia's Strategic Transformation Plan sets out the guidelines on which the Company intends to base its business model, services and core values in the future.

The Plan aims to effect a radical shake-up of Autostrade per l'Italia through the promotion of a series of core values, such as competence, integrity and transparency. This will ensure that, as a motorway operator, the Company operates to the very highest standards whilst, at the same time, opening up new business opportunities linked to engineering, innovation and urban mobility systems.

The Plan features the following components:

- integrated lifecycle infrastructure management using an industrial approach based on research, engineering and the construction, operation and maintenance of assets;
- a new organisational structure designed to transform or to create new subsidiaries (Tecne, Free To X, the new Pavimental, the new Autostrade Tech) to deliver strategic growth plans;
- large-scale investment in sustainability (the installation of high-voltage charging stations for e-mobility and increased production of renewable energy) and technological innovation, providing digital services for travellers and boosting safety and road user comfort;
- one of the country's largest ever recruitment drives, resulting in the creation of 2,900 jobs for engineers, technicians and researchers over the next three years.

The Plan has already led to a major turnaround of our network surveillance and monitoring activities in 2020, with the work carried out by a consortium of internationally recognised independent companies under a long-term contract awarded following a European tender process.

19,000 inspections of bridges, viaducts, flyovers and tunnels were carried out in 2020 and "Argo", an AI-based monitoring platform that is the first of its kind in Europe, was launched. Maintenance work amounting to approximately €680 million was also carried out, more than doubling the average amount spent in the period 2017-2019. The Company's management team has undergone a significant revamp, with the acquisition of world-leading expertise in a number of areas.

The Plan envisages total investment of €14.5 billion (€13.2 billion included in the Financial Plan plus an additional €1.3 billion) and maintenance expenditure of more than €7 billion by 2038 (the year in which the concession expires). This will result in radically modernised infrastructure, enabling us to ensure that the network continues to be in optimum condition through to 2080 and leading to the creation of around 10,000 new jobs in Italy. Stability and continuity of the Plan is dependent on the expected formal and final approval of the Financial Plan and of the agreements reached with the Government, the main aim of which is to guarantee the best possible management of the infrastructure.

Plan to deliver expenditure worth €21.5 billion by 2038

€14.5 billion in capital expenditure

€7 billion in maintenance expenditure



	Investimenti Mld EUR, 2020-2038	Manutenzioni Mld EUR, 2020-2038
Liguria ¹	5,3 <small>di cui 4,2 mld € in Nuove Opere (ad es. Gronda)</small>	1,2
Emilia Romagna ¹	3,0 <small>di cui 2,4 mld € in Nuove Opere</small>	0,8
Toscana ¹	2,7 <small>di cui 2,1 mld € in Nuove Opere</small>	1,0
Lombardia ¹	0,9 <small>di cui 0,5 mld € in Nuove Opere</small>	0,9
Veneto ¹	0,4 <small>di cui <0,1 mld € in Nuove Opere</small>	0,4
Puglia, Marche, Lazio, Abruzzo, Campania ¹	2,1 <small>di cui 0,2 mld € in Nuove Opere</small>	2,5
	14,5 <small>di cui 9,4 mld € in Nuove Opere</small>	6,8

¹The regions refer to the relevant Area Office



Transformation Plan – The 360° “Next” programme

next
to Digital

Actions for the **digitalisation of processes and services**, transformation of the network into a “smart” infrastructure through leading-edge technologies

next
to People

Actions in terms of **Human Resources**, specific Induction and on-boarding programmes for the new staff of Autostrade

next
to Excellence

Process, responsibility, risks and procedure mapping to implement a single system aimed to ensure full **operating excellency**.

next
to Knowledge

Partnerships and collaborations with the most important **Italian universities** to guarantee the best training to all the staff of the Group.

next
to Active safety

Improvement and distribution of the **ASPI Safety Academy** initiatives in terms of HSE (Health, Safety & Environment)

next
to Transformation

Implementation of a communication and information system around the transformation through the use of national and internal channels and tools.



Within the scope of the Plan's seven pillars, around 80 projects have so far been identified as at 31 December 2020, with work having already begun on around 70 and 11 already completed. These primarily relate to:

- 360° safety, involving completion of a geolocation project for mechanical safety equipment on Autostrade per l'Italia's network, resulting in certification in accordance with the new ISO 45001:2018 standard for Health and Safety Management Systems;
- digitalisation, via an initial series of robotic process automation initiatives that have simplified and optimised the monitoring and collection of data on a series of documentary checks previously carried out by an operator, in addition to the creation of "new Data & Analytics architecture" to support integrated, timely and even more effective data analysis;
- customer care, with the creation of a section on the homepage of the "www.autostrade.it" website providing access to transparent information on network safety, with an interactive map enabling customers to view individual works and information on current monitoring initiatives and planned works, as well as an increased range of information on traffic conditions and safety through dedicated channels such as Twitter. A national communication campaign entitled "ASPI Cambia" ("ASPI is changing"), with the aim of informing the public about the values underpinning the Company's approach and initiatives currently in progress; the production and broadcast of the "Sei in un Paese meraviglioso" programme ("You're in a wonderful country") on Sky Arte, focusing on the nationally famous, and in some cases internationally renowned, cultural and architectural heritage that can be easily accessed from the motorway network. The production and launch of "Next - La TV di Autostrade per l'Italia" ("Next - Autostrade per l'Italia TV") to broadcast news and talk about the people who work for Autostrade per l'Italia, local initiatives and the Company's projects linked to the transformation and change;
- the promotion of values, by setting up a "Dialogue for Company Value" process, forming the next step in the process of empowering personnel and ensuring the timely sharing and handling of information by organizational units and management which, from the beginning of 2020, led to over 40 meetings focusing on monitoring of the Company's performance.

Work on the remaining projects is progressing broadly in line with expectations.

The Plan also sets out a new corporate and operational structure. This will result from the establishment or transformation of four new subsidiaries to oversee the Group's strategic areas of business and to work closely together under an integrated approach:

- **Tecne**, the Autostrade per l'Italia Group's newly established engineering company, whose mission is to oversee implementation of the investment and maintenance plan through to 2038, carrying out design, project management and safety coordination activities.

Tecne will also have "Technical Authorities", whose purpose will be to conduct research and raise engineering standards. The company currently employs 500 engineers, a number that is due to rise to over 1,000 by 2023 following a national recruitment drive that has recently been launched. Over the next three years, Tecne will become Italy's most important provider of engineering services, also offering its expertise for sale in the external market.

- **The new Autostrade TECH**, Autostrade per l'Italia's technology spinoff, the leading developer of digital, hi-tech solutions for infrastructure management in Italy and number three in Europe.

Having developed the “Argo” monitoring platform in partnership with IBM and Fincantieri, Autostrade Tech aims to launch highly innovative projects that, over the next two to three years, will change the way motorways are used. The projects include new digital tollgates, active monitoring systems (for example, for dangerous goods or exceptional loads) and the vehicle-to-infrastructure communication protocols needed for digital motorways (smart roads).

A new “Innovation, Sustainability, Research and Development Committee” has also been set up. The Committee, whose members are leading experts and researchers from the academic and business worlds, is responsible for identifying and disseminating new strategies, ideas and solutions for the future of the infrastructure sector. The Committee is unique in Italy in the sector and will work closely with leading Italian and international universities and research centres.

- **The new Pavimental**, the company, until now controlled by Atlantia, that is now wholly owned by Autostrade per l'Italia. It plays a central role in the delivery of major works and in the maintenance activities envisaged by the Business Plan.

It will focus on the application of sustainable technologies and construction practices, adopting all the circular economy best practices and becoming an integrated provider of construction and maintenance services. To handle the major works to be carried out in the next four years (including the Bologna Bypass and the Gronda di Genova, as well as the addition of third and fourth lanes to improve access to major cities), the company plans to create a total of over 1,000 new jobs.

- **Free To Xperience**, the new company responsible for developing new services for travellers, from dynamic pricing designed to take into account delays due to roadworks and sustainable mobility.

Free To Xperience's first step will be to rollout Italy's most extensive network of high-voltage charging stations for electric vehicles on the motorway network. Between 4 and 6 multi-client charging stations are to be installed at each of the 67 stations on ASPI's network, enabling users to rapidly charge their vehicles in just 15-20 minutes and to complete a long-distance journey in an electric car (for example, from Milan to Rome) in the same time it takes in a car with a traditional combustion engine. Installation of the charging stations is due to begin by early 2021. Free To Xperience will manage installation of the network of charging stations and all the related customer relationship systems.

In terms of sustainability, the new Plan also envisages the motorway network's transformation into green infrastructure, by significantly increasing renewable energy production with the aim of covering over 25% of the Company's own needs. To achieve this, photovoltaic capacity is to be doubled, thus providing green energy for all 240 stations and 204 services areas. In addition, the infrastructure's energy efficiency will be improved by completing the planned replacement of lighting equipment, installing over 30,000 LED lamps in tunnels. This will lead to a significant reduction in electricity consumption and result in the best possible lighting and use of spaces within tunnels. Finally, the Plan envisages the launch of tree planting programmes for areas managed by the Group, with the aim of increasing green space on the Italian motorway network.

The Business Plan gives strategic importance to the rapid and full digitalisation of infrastructure management, with a major, highly innovative impact on traffic management and the customer experience. The introduction of new technologies will enable us to transform our network into a

smart road, where connected vehicles, infrastructure and road users will interact continuously with the aim of improving safety and comfort, as well boosting the quality of the services provided to customers.

The following are some of the most important operational changes to be introduced from 2021:

Motorway and traffic management

- A system for predicting traffic flow to enable road works to be planned so as to reduce the impact on traffic, *due to go live by mid-2021*.
- Real-time monitoring and alerting systems in the event of motorway disruption (for example, following an accident) to enable immediate action to be taken and the problem to be rapidly resolved, *due to go live by the end of 2021*.

Customer experience

- Intelligent Service Areas, with new services such as digital car park management, the pre-order of food, attractions and areas of interest along the journey, *due to go live by mid-2021*.
- New digital customer communication channels to meet all their travel needs, including a “Virtual Agent”, *due to go live by the end of 2021*.

Implementation of the Business Plan has been and will continue to be accompanied by the recruitment of new personnel to work in engineering, digital services, research and customer relations (Science, Technology, Engineering and Mathematics). This has led to the creation and launch of a recruitment drive which will result in the creation of 2,900 jobs by 2024. The development of talent and human capital is crucial to the Plan’s success. People will be hired to work at the main offices of Autostrade per l’Italia and its subsidiaries throughout Italy, with recruitment carried out in partnership with Italy’s leading universities, including the Polytechnic of Milan, the Polytechnic of Turin and Rome’s Tor Vergata University.

Digital Transformation

The key challenges for the Company's future highlight the need to renew our commitment to the safety of road users, employees and communities, to operational excellence, to sustainable innovation and to caring for our customers and the people who work for us.

In this regard, digital transformation will play a central role in guiding and leading the radical changes Autostrade per l'Italia has to make on many levels: new ways of working, new technological capabilities, new skills to be in and develop, different ways of engaging with all our stakeholders (both internal and external) and, finally, major cultural change.

To set up and accelerate this process, in June 2020, we launched a multi-year programme to run from 2020 to 2023. This began with an initial preparatory phase lasting 10 weeks (ending in September 2020), which aimed to define our Vision, Digital Use Cases and the Roadmap for delivery of the programme. The next phase (launched in October 2020, immediately following completion of the earlier phase) will last three years and will involve progressive implementation of the identified initiatives.

Our Digital Transformation Vision

Based on the results of our scenario analysis, we embarked on the process of defining our Digital Transformation Vision, with the aim of turning Autostrade per l'Italia into a data-driven, safe, agile, transparent and innovative company by using digital.

To achieve this goal, we identified the following nine business capabilities, using a pervasive, cross-functional approach (not closely connected with existing organizational units), that will enable us to get the most out of the many initiatives already included in Autostrade per l'Italia's Strategic Plan:

- 1. Integrated asset development and management throughout the lifecycle:** the adoption of new technologies and tools with the aim of strengthening surveillance throughout the infrastructure lifecycle and optimising maintenance planning, resulting in increased levels of safety on the network;
- 2. Augmented field force:** the introduction of new instruments to support operational personnel with the aim of boosting cooperation and the ability to monitor activities carried out on live carriageways and at work sites and to guarantee higher levels of safety and productivity;
- 3. Proactive mobility management:** the development of new instruments, including those based on advanced analytics, capable of exploiting the wealth of data and information gathered (e.g., from video cameras, sensors, road user data, etc.) with the aim of optimising traffic management, increasing our ability to predict and control traffic flows and vehicles on the move, and to manage emergencies and disruption, including by proactively requesting a response from Autostrade per l'Italia's operational personnel and /or other public authorities;
- 4. Seamless tolling:** the implementation of new technological solutions to enable a new approach to differential tolling, with the aim of updating the service provided to travellers;
- 5. Smart service areas:** the adoption of new technologies with the objective of strengthening our relationship with travellers, including through the offer of new mobility services (e.g., electric and/or shared mobility) and through further integration and partnerships with motorway service providers;

6. **Digital traveller journey:** the development of new services for travellers, including value-added solutions, with the aim of refreshing and improving the traveller journey experience by making changes to the way we talk to and interact with travellers;
7. **Digital finance:** the adoption of new tools designed to simplify and automate finance processes and data empowerment, boosting control and integration with other business processes;
8. **Corporate control tower:** the development and implementation of new systems and technologies aimed at improving and reinforcing transparency and our ability to monitor and proactively intervene all corporate processes, based on a cross-cutting, collaborative approach;
9. **Digital employee journey:** the development of new instruments benefitting our people, with the aim of simplifying administrative procedures and customising career paths and training so as to improve the employee journey and attract new talent.

These capabilities, which will have a far-reaching impact on all areas of the organisation's activities, will radically change the way Autostrade per l'Italia operates and our culture, with real benefits in areas of importance to both the Company and the community as a whole:

- **Increased road safety**, thanks to improved monitoring processes and optimal infrastructure maintenance practices (e.g., based on preventive and predictive maintenance);
- **Increased occupational safety**, thanks to the adoption of digitally enabled planning, execution and monitoring;
- **Improved traffic conditions and standards of service**, thanks to the implementation of advanced data-analysis tools and models and improved management of the network and of emergencies;
- **Streamlined processes and improved management of operations**, increasing the Company's speed of response, boosting cooperation and raising productivity;
- **A closer relationship with the grantor and other public bodies**, increasing the level of internal and external transparency, including through greater and more timely sharing of data and information.

Implementation strategy and the Roadmap

Details of the capabilities included in the Vision were defined during operational sessions involving all areas of the organization. So far, a total of **58 value-added initiatives (use cases)** have been identified, assessed and prioritised on the basis of their expected impact on the business and their technological feasibility and complexity.

In order to rapidly have a tangible impact on the organisation, we have drawn up a Strategic Roadmap focusing on the delivery of minimum viable products (MVPs), to be released on a quarterly basis, starting from high-impact use cases. This approach will allow us to transform Autostrade per l'Italia step by step (compared with a less effective "big bang" approach).

It should be noted that the approach described in the Roadmap is designed to implement the initiatives forming part of the Digital Transformation, whilst also focusing attention on all the other strategic projects previously launched and/or of major importance for the Company (e.g., Argo), with the aim of speeding up change and maximising the return on all our previously planned or implemented investments.

To ensure the programme's execution is effectively implemented and coordinated, the Roadmap includes a structured, streamlined approach to programme management, enabling initiatives to be carried out using new ways of working throughout the organisation, introducing an agile approach.

This is accompanied by other enablers that are key to the programme's success:

- **Change & Culture Management:** identification of new key behaviours to enable us to alter the way we work and support the transformation, adopting change mechanisms that can transform Autostrade per l'Italia's corporate culture at all levels of the organisation, with a strong focus on internal and external communication of the initiative;
- **People:** identification of the digital skills needed to deliver the transformation, designing an HR development and management process that ensure the availability of these skills within the Company, including through the creation of an in-house "Digital Academy" that will facilitate cross-functional mobility thanks to upskilling and reskilling.

Delivery of the Digital Transformation

Delivery of the Digital Transformation began immediately following conclusion of the preparatory phase in October 2020.

This first phase will enable us to start work on implementing the Digital Transformation using a step-by-step approach. This will involve changing the way we work and the culture within Autostrade per l'Italia, with the first five teams to adopt agile working, with the aim of ensuring tangible short-term results through an approach based on learning by doing.

This phase marks the first step in a process designed to scale-up the programme by the end of 2021, when at the end of the Ramp-up to Industrialization phase the programme will have resulted in twenty teams working in an agile way.



OUR STARTING POINT: A2025 Vision

Leveraging the 7 pillars of ASPI

- 🔧 Strengthening company values
- 🛡️ 360° Security
- ⚙️ Operational excellence
- 📱 Digital enhancement
- 👤 Customer-centric approach
- 🌱 Sustainable mobility
- 👥 Employee enhancement

By involving directly the e-Suites of our company, the management and the frontline, we have streamlined and designed a new way of working which will lead us through this challenging journey.

HOW WE GOT THERE

Thanks to an open collaboration based on:

Digital Assessment Index
80 joiners for ASPI digital maturity survey

2 Visioning Workshops
ASPI 30 top manager plus other several managers from other external companies

6 baselining workshops
With over 100 joiners

28 Belief Audits
With our top management

We've identified an evolutionary journey powered by 9 strategic capabilities.





A2025: THE NEXT STAGES OF OUR JOURNEY

- 2020** **Digital seeding and implementation of enabling factors**
 Definition of the detailed plan as well as system implementations, processes, IT architecture and data that support the digital transformation plan
- 2021** **Consolidation and digitization of ASPI main pillars**
 Assets and new governance processes for management and development
- 2022** **Digitalization of customer experience and fieldforce**
 the evolution of current informative services and value added services offered to the client
- 2023/25** **Ongoing improvement**
 Implementation of capabilities for the digital employee journey

Safe & Secure
Evolution of tools and methods, constant monitoring of the infrastructure and strengthening of cybersecurity

Fast in Execution
Process simplification and automation, with the use of digital tools transforming the approach from reactive to proactive

Connected & Transparent
Corporate culture enhancement to stimulate the sharing of information and a direct and open dialogue with the company's external

Fostering Innovation
Leverage on the company's culture of innovation by investing in new technologies and research

Data Driven
Share information more quickly and easily by using data to define and consolidate business strategies

OBJECTIVES & TARGETS FOR A2025

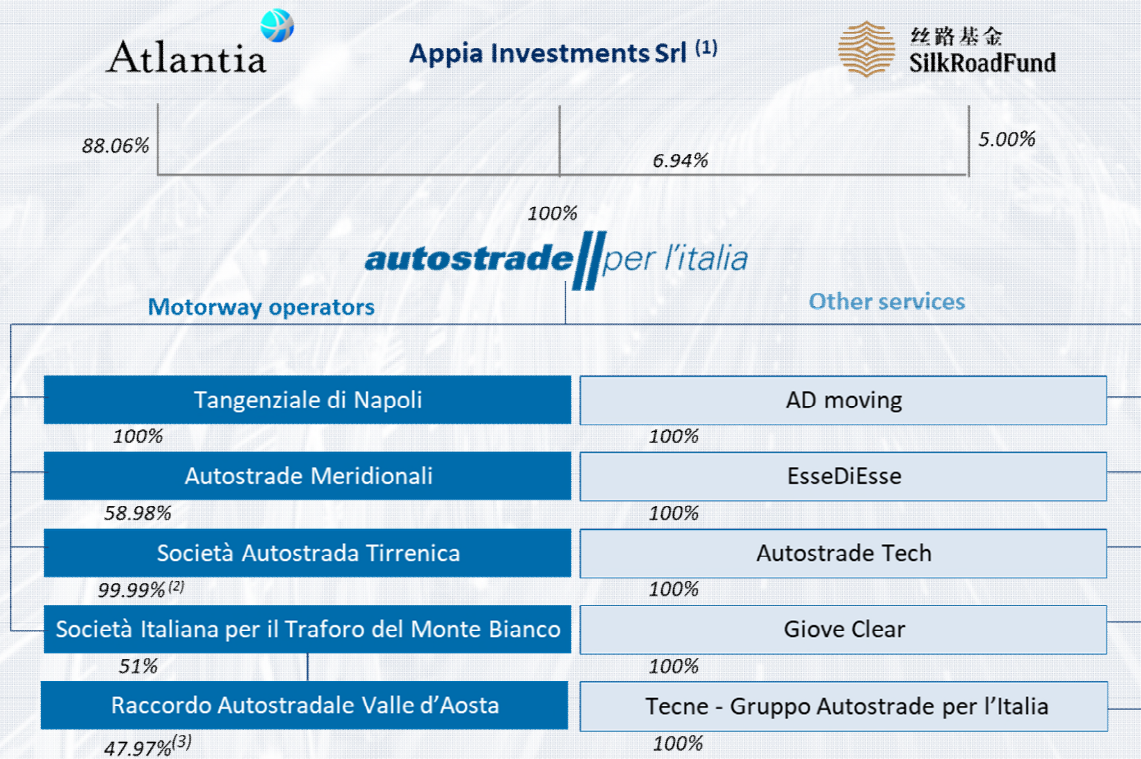


1.3 Consolidated financial highlights

€m	2020	2019
Total operating revenue	3,030	4,083
Toll revenue	2,791	3,690
Other operating income	239	393
Gross operating profit (EBITDA)	629	710
Operating profit (EBIT)	-43	57
Profit/(Loss) before tax from continuing operations	-538	-403
Profit/(Loss) for the year	-409	-268
Profit/(Loss) for the year attributable to owners of the parent	-407	-282
Operating cash flow	517	1,436
Capital expenditure	575	559
€m	31 Dec 2020	31 Dec 2019
Equity	1,842	2,220
Equity attributable to owners of the parent	1,488	1,864
Net debt	8,557	8,392

Note: The amounts shown in the above table have been extracted from the reclassified consolidated financial statements included in the "Group financial review", which also includes the reconciliation of the reclassified and reported amounts published in the "Consolidated financial statements for the year ended 31 December 2020". Some of the amounts shown in the table refer to alternative performance indicators, definitions of which are provided in a specific section of the report on operations.

1.4 Structure of the Autostrade per l'Italia Group



Notes: The chart shows interests in the principal Autostrade per l'Italia Group companies as at 31 December 2019. The companies are described in detail in Annex 1 to the consolidated financial statements.

- (1) An investment vehicle owned by Allianz Group, EDF Invest and DIF.
- (2) The percentage interest refers to the interest in terms of the total number of shares in issue.
- (3) The percentage shown refers to the interest in terms of the total number of shares in issue, whilst the interest in ordinary voting shares is 58.00%.

1.5 The Group's motorway operators



<p>Autostrade per l'Italia</p> <p>Km of network: 2,855 Concession expiry: 2038</p>	<p>Autostrada Tirrenica ⁽¹⁾</p> <p>Km of network: 55 Concession expiry: 2046</p>	<p>Raccordo Autostradale Valle d'Aosta</p> <p>Km of network: 32 Concession expiry: 2032</p>	<p>Società Italiana per il Traforo del Monte Bianco</p> <p>Km of network: 6 Concession expiry: 2050</p>	<p>Tangenziale di Napoli</p> <p>Km of network: 20 Concession expiry: 2037</p>	<p>Autostrade Meridionali ⁽²⁾</p> <p>Km of network: 52 Concession expiry: 2012</p>
<p>— Network operated by ANAS and other operators</p>					

- (1) Law 8/2020, which converted the 2020 *Milleproroghe* Decree into law, has introduced a provision setting 31 October 2028 as the date until which Autostrade Tirrenica will operate the sections of the A12 motorway already opened to traffic (Livorno-Grosseto-Civitavecchia). Autostrade Tirrenica has challenged the legislation before Lazio Regional Administrative Court, requesting a ruling on whether the articles in the operator's Single Concession Arrangement, which sets the expiry date for the concession as 2046, are still valid and in force.
- (2) In compliance with the concession arrangement and whilst awaiting the outcome of the tender process to award the concession to a new operator, as described in greater detail in section 2.12, "Significant regulatory aspects", Autostrade Meridionali is continuing to operate the motorway.

1.6 Corporate bodies

BOARD OF DIRECTORS IN OFFICE FOR THE FINANCIAL YEARS 2019 – 2020 – 2021 ⁽¹⁾

CHAIRMAN	Giuliano MARI ⁽⁴⁾
CHIEF EXECUTIVE OFFICER	Roberto TOMASI ⁽⁴⁾
DIRECTORS	Carlo BERTAZZO ⁽⁴⁾ Massimo BIANCHI ⁽⁵⁾⁽⁶⁾ Elisabetta DE BERNARDI DI VALSERRA ⁽⁵⁾⁽⁶⁾ Christoph HOLZER ⁽⁴⁾⁽⁶⁾ Hongcheng LI ⁽⁴⁾⁽⁵⁾ Roberto PISTORELLI ⁽⁴⁾ Nicola ROSSI ⁽⁵⁾ Antonino TURICCHI ⁽⁴⁾
SECRETARY	Giulia MAYER

BOARD OF STATUTORY AUDITORS FOR THE THREE-YEAR PERIOD 2018 – 2019 – 2020

CHAIRMAN	Giandomenico GENTA
STANDING AUDITORS	Roberto COLUSSI Giulia DE MARTINO Alberto DE NIGRO Donato LIGUORI ⁽²⁾
ALTERNATE AUDITORS	Lorenzo DE ANGELIS ⁽³⁾ Francesco ORIOLI

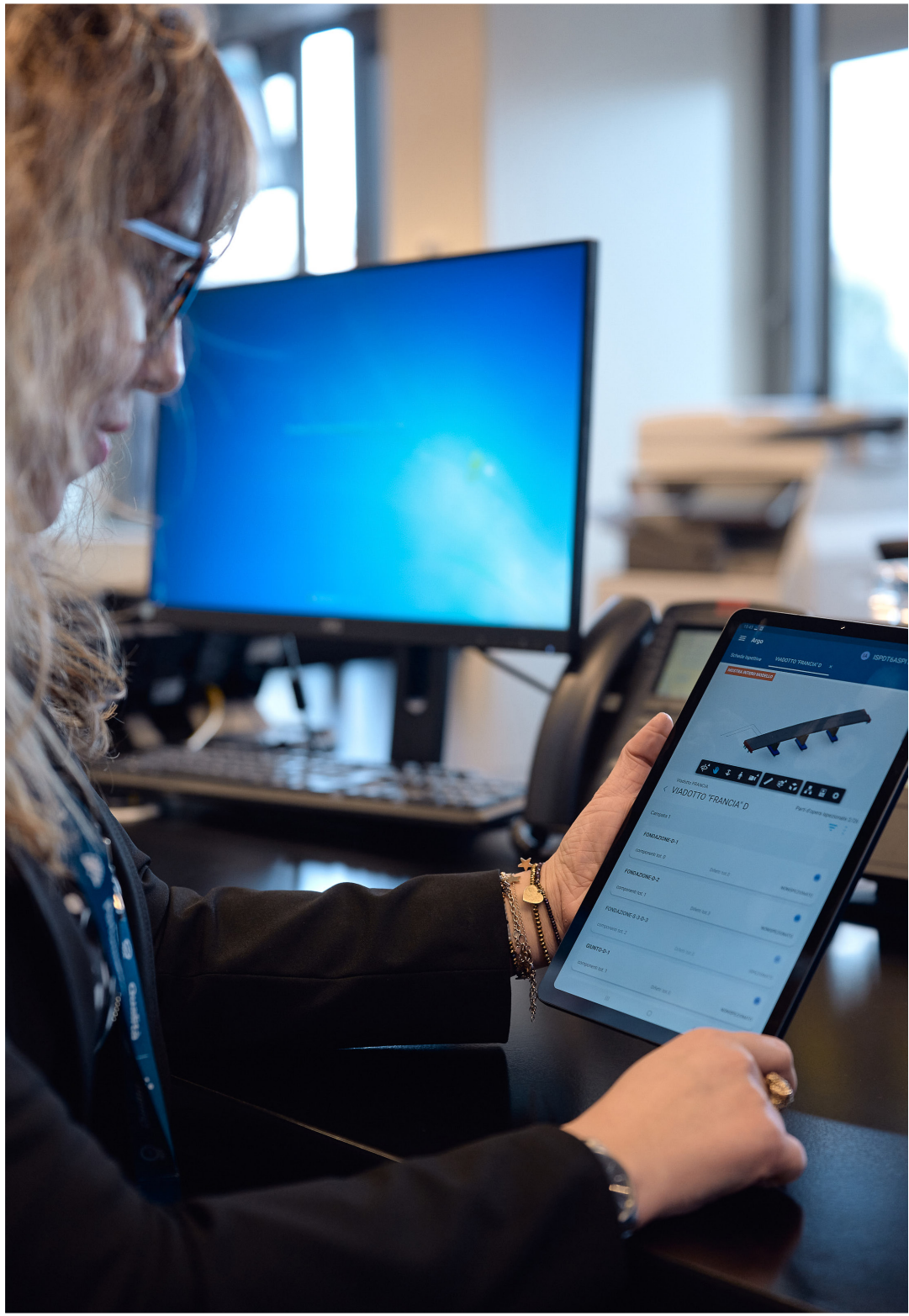
INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA

- (1) Following the resignation of Tommaso Barracco from the Board, the Ordinary General Meeting of the Company's shareholders held on 27 January 2020 decided to reduce the number of members of the Board of Directors from eleven to ten.
- (2) The Standing Auditor, Donato LIGUORI, was nominated by the Ministry of Infrastructure and Sustainable Mobility on 11 December 2020 as the replacement for the Standing Auditor, Antonio Parente. The General Meeting of shareholders took note of the appointment of the Standing Auditor, Donato LIGUORI, on 22 December 2020.
- (3) The Alternate Auditor, Lorenzo DE ANGELIS, was appointed by the General Meeting of shareholders held on 22 December 2020 as the replacement for the Alternate Auditor, Mario Venezia, who resigned on 29 September 2020.
- (4) Members of the Major Works Committee.
- (5) Members of the Internal Control and Risk Committee.
- (6) Members of the Human Resources Committee.

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**REPORT ON
OPERATIONS**



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Introduction

In compliance with the Italian Civil Code and the IFRS accounting standards (and as referred to in CONSOB Document 2 issued jointly with the Bank of Italy and ISVAP on 6 February 2009), in preparing the financial statements it is necessary to assess the ability of the Company and the Group to continue to operate as going concerns.

Paragraph 25 of IAS 1 states that “When preparing financial statements, management shall make an assessment of an entity’s ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern”.

Taking into account the material uncertainties already examined during preparation of the Annual Report for the year ended 31 December 2019, and described in that document, Autostrade per l’Italia’s Board of Directors examined all the existing risk factors at the date of preparation of the financial statements, as described in detail in sections 2.12, “Significant regulatory aspects” and 2.14, “Events after 31 December 2020”, and in notes 6 and 5 “Events and corporate actions” included in the sections, “Consolidated financial statements as at and for the year ended 31 December 2020” and “Separate financial statements as at and for the year ended 31 December 2020”. The elements requiring careful assessment with regard to the Company’s ability to continue to operate as a going concern for a period of at least twelve months from the reporting date for these financial statements are grouped together and summarized below:

- a) relations and outstanding litigation between Autostrade per l’Italia and the Grantor, as described in greater detail in section 2.12, “Significant regulatory aspects”;
- b) the Italian Government’s approval of the so-called *Milleproroghe* Decree, above all art. 35 of the Decree (the text of which is quoted in section 2.12, “Significant regulatory aspects”), which, among other things, amends the legislation governing the “revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways”;
- c) the downgrade of Autostrade per l’Italia’s credit rating to below investment grade and of its outlook by the international agencies, Moody’s, Fitch and Standard & Poor’s, following enactment of art. 35 of the above *Milleproroghe* Decree. In this regard, it should be noted that:
 - (i) the downgrade to below investment grade could expose the Company to the risk that the European Investment Bank (“EIB”) and, in relation to its share of of the debt, Cassa Depositi e Prestiti (“CDP”) might request additional protections, and, were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (€1.6 billion, including €1.3 billion guaranteed by Atlantia). The failure to satisfy a request for early repayment from the EIB or CDP, provided that it were lawful, could result in similar requests from the Company’s other creditors, including bondholders;
 - (ii) with regard to the financing obtained from Cassa Depositi e Prestiti, as it is not included in the borrowings referred to in point (i) and is not subject to early repayment in the event of

a downgrade (amounting to €0.4 billion), the Company is required to demonstrate, whilst the rating remains below investment grade, that it has remained within certain contractually agreed thresholds for a number of additional covenants, described in greater detail in notes 7.15 and 6.14 in the sections, “Consolidated financial statements as at and for the year ended 31 December 2020” and “Separate financial statements as at and for the year ended 31 December 2020”. As a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the financing in question. This aspect, moreover, applies to other European infrastructure operators.

- d) the restrictions on movement, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had a significant impact on operating revenue for 2020, and are expected to have an impact on the results for 2021. This situation has also had significant repercussions on the ability of Autostrade per l'Italia and the Group's other operators to generate sufficient cash to fund planned investment and to service debt.

With regard to points a) and b) above (relations with the Grantor and *Milleproroghe* Decree), as described in greater detail in section 2.12, “Significant regulatory aspects”, the Company submitted a new settlement proposal on 11 July 2020 with a view to bringing to an end the procedure for serious breach of the Concession Arrangement. The proposal, based on the results of numerous exchanges with the Government, the MIMS and the Ministry of the Economy and Finance, sets out key aspects of the settlement, described in more detail in notes 6 and 5, “Events and corporate actions”, included in the sections, “Consolidated financial statements as at and for the year ended 31 December 2020” and “Separate financial statements as at and for the year ended 31 December 2020” and in section 2.12, “Significant regulatory aspects”.

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government, noting, among other things, the parent's willingness to reduce its stake in Autostrade per l'Italia, subject to the approval of the respective boards of directors, and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government “*has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised*”.

As described in greater detail in section 2.12, “Significant regulatory aspects”, following a series of meetings with representatives of the Government, Autostrade per l'Italia was sent draft versions of the Agreement bringing to an end the dispute over alleged serious breaches and of the Addendum to the Concession Arrangement (the “Agreement schemes”). In response, on 8 October 2020, Autostrade per l'Italia communicated its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation.

In brief, based on the developments described above and the legal advice received by the Company, and given the advanced state of the talks aimed at finalising the settlement agreement, the Board of

Directors concluded that it is not reasonably likely that the Government is close to deciding to revoking the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic) and, more generally, the downgrade, it should above all be noted that, at the date of preparation of these financial statements, neither the European Investment Bank or Cassa Depositi e Prestiti has requested the enforcement of any contractual rights and/or remedies. In addition, for the loans (described in greater detail above and amounting to €0.4 billion) where the minimum thresholds in the covenants have not been met, as a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the lenders have granted the Company a suspension of the requirement to comply with the above thresholds, solely with reference to the measurement date of 31 December 2020. As a result, the contractual remedies available to the creditors cannot be exercised.

Again with regard to the financial position, and more generally, the uncertainty regarding Autostrade per l'Italia's ability to generate sufficient cash to fund planned investment and to service debt, it should be noted that the Company has returned to the credit market with two bond issues with a total nominal value of €2,250 million, the first on 4 December 2020 (€1,250 million maturing in 2028) and the second on 15 January 2021 (€1,000 million maturing in 2030).

The above bond issues, together with cash flow from continuing operations, enable the Company to fund its operations and capital expenditure.

Unless there is a further, unexpected deterioration in the economic scenario, the combination of the above actions should enable the Company to meet its reasonably expected funding needs, enabling it to meet its existing debt obligations and implementation of its investment and maintenance programmes.

Finally, in view of the changed environment and the Government's express willingness to reach a settlement, on 18 July 2020, Fitch upgraded the Company's rating to Rating Watch Evolving. On 23 July 2020, Moody's also upgraded the Company's outlook from "negative" to "developing". And on 12 August 2020, Standard & Poor's upgraded the outlook from "negative" to "developing".

The Board of Directors has thus deemed that the above risk factors and uncertainties, both individually and as a whole, present at the date of preparation of these financial statements are surmountable and, as a result, has concluded that these factors are not such as to raise doubts about the ability of the Company and the Group to continue to operate as going concerns. For this reason, the financial statements as at and for the year ended 31 December 2020 have been prepared on a going concern basis.

Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the

time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Board of Directors will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable it, should it prove necessary, to take the required corrective action.

2.1 Alternative performance indicators

In application of the CONSOB Ruling of 3 December 2015, which applies the guidelines for alternative performance indicators (“APIs”) issued by the European Securities and Markets Authority (ESMA), the basis used in preparing the APIs published by the Autostrade per l’Italia Group is described below.

The APIs shown in the Annual Report are deemed relevant to an assessment of the operating performance based on the results of the Group as a whole and of the individual consolidated companies. In addition, the APIs provide an improved basis for comparison of the results over time, even if they are not a replacement for or an alternative to the results presented in the consolidated accounts in the section, “Consolidated financial statements for the year ended 31 December 2020” (the “statutory financial statements”) and determined applying the international financial reporting standards (IFRS) described therein.

With regard to the APIs, Autostrade per l’Italia presents reclassified financial statements, for both the Group and the Parent Company, in the “Group financial review” and the “Financial review for Autostrade per l’Italia SpA”. These statements are different from those required under IFRS, included in the consolidated financial statements and the separate financial statements for the year ended 31 December 2020 (the statutory financial statements). In addition to amounts from the income statement and statement of financial position prepared under IFRS, these reclassified financial statements present a number of indicators and items derived from them, even when they are not required by the above standards and are, therefore, identifiable as APIs. In this regard, section 2.17, “Reconciliation of the reclassified and statutory financial statements”, presents the reconciliation of the reclassified financial statements with the corresponding statutory financial statements.

A list of the main APIs used in the Annual Report, together with a brief description and their reconciliation with reported amounts, is provided below:

- a) **“Gross operating profit (EBITDA)”**, the synthetic indicator of earnings from operations, calculated by deducting the operating change in provisions and operating costs, with the exception of amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for the costs to be incurred over time in relation to the renewal of infrastructure operated under concession by Società Italiana per Azioni per il Traforo del Monte Bianco (“SITMB”), from operating revenue);
- b) **“Operating profit (EBIT)”**, the indicator that measures the return on the capital invested in the business, calculated by deducting amortisation, depreciation, impairment losses, reversals of impairment losses and the above provisions for the costs to be incurred over time in relation to the renewal of infrastructure operated under concession by SITMB from EBITDA. Like EBITDA, EBIT does not include the capitalised component of financial expenses relating to construction services, which is shown in a specific item under financial income and expenses in the reclassified income statement, whilst being included in revenue in the consolidated income statement in the statutory financial statements;
- c) **“Net invested capital”**, showing the total value of non-financial assets, after deducting non-financial liabilities;

- d) “**Net debt**”, indicating the portion of net invested capital funded by net financial liabilities, calculated by deducting “Current and non-current financial assets” from “Current and non-current financial liabilities”. The notes to the financial statements for the year ended 31 December 2020 also include the reconciliation of net debt with net debt calculated in compliance with the ESMA Recommendation of 20 March 2013;
- e) “**Capital expenditure**”, indicating the total amount invested in development of the Group’s businesses, calculated as the sum of cash used in investment in property, plant and equipment, in assets held under concession and in other intangible assets, excluding investment linked to transactions involving investees;
- f) “**Operating cash flow**”, indicating the cash generated by or used in operating activities. Operating cash flow is calculated as profit for the period + amortisation/depreciation +/- impairments/reversals of impairments of assets +/- provisions/releases of provisions in excess of requirements and uses of provisions + other adjustments + financial expenses from discounting of provisions +/- share of profit/(loss) of investees accounted for using equity method +/- (losses)/gains on sale of assets +/- other non-cash items +/- deferred tax assets/liabilities recognised in profit or loss.

A number of APIs, calculated as above, are also presented after certain adjustments applied in order to provide a consistent basis for comparison over time. These “**Like-for-like changes**”, used in the analysis of changes in gross operating profit (EBITDA), profit/(loss) for the period, profit/(loss) for the period attributable to owners of the parent and operating cash flow, have been calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation, (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods. The reconciliation of amounts in the reclassified financial statements and the corresponding like-for-like indicators is provided in the paragraph, “Like-for-like financial indicators”, in section 2.2, “Group financial review”, in addition to notes on the adjustments made.

2.2 Group financial review

Introduction

The financial review contained in this section includes and analyses the reclassified consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the statement of changes in the Autostrade per l'Italia Group's net debt for the year ended 31 December 2020, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified consolidated statement of financial position as at 31 December 2020, compared with the corresponding amounts as at 31 December 2019, and the reconciliation of the equity and profit of Autostrade per l'Italia (the "Company") for 2020 with the corresponding consolidated amounts for the Autostrade per l'Italia Group.

The international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 31 December 2020 were used in the preparation of the consolidated accounts for 2020. The standards have not undergone material changes with respect to those used in the preparation of the consolidated financial statements for the year ended 31 December 2019.

During 2020, the spread of the Covid-19 epidemic, the Italian Government's declaration of a health emergency and the resulting restrictions on movement had a significant impact on the performance of traffic. This has had an estimated overall impact on EBITDA of approximately €875 million (€595 million after tax).

With regard to the collapse of a section of the Polcevera road bridge on 14 August 2018, as at 31 December 2020:

- a) at the request of the Special Commissioner for Genoa, the Company has paid out a total of €421 million, including €372 million net of the remaining advance payment for the start-up of work and VAT, which was covered by use of the related provisions for repair and replacement (of which €147 million in 2020);
- b) compensation of €63 million has been paid from provisions for risks and charges to the families of the victims and the injured, as well as to cover legal expenses and provide financial support to small businesses and firms (including €12 million in 2020). Further provisions of €10 million were made in 2020 to cover legal expenses.

The decision to grant road users in the Genoa area exemptions from and discounts on tolls, in order to compensate for disruption caused by work taking place in the Genoa area in 2020, resulted in an estimated reduction in toll revenue of approximately €44 million (a total of €26 million in 2018 and 2019).

With regard to efforts to resolve the dispute over allegations of serious breaches of the Concession Arrangement initiated by the Grantor on 16 August 2018, as described below in section 2.12, "Significant regulatory aspects", following extensive engagement with the Grantor throughout 2020 and through to the date of preparation of this press release, on 11 July 2020, the Company submitted a new proposal. In response, on 15 July 2020, the Cabinet Office announced that, in view of the

proposed settlement, the Government “has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised”.

Following further talks with representatives of the Government, on 8 October 2020, Autostrade per l'Italia expressed its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation.

In addition, again with regard to the commitments assumed, it should be noted that on 3 December 2020 Autostrade per l'Italia submitted the latest version of its updated Financial Plan to the Grantor, having reached agreement on the update with the Ministry of infrastructure and Sustainable Mobility and the Ministry of the Economy and Finance.

In the draft agreement, Autostrade per l'Italia has, among other things, committed to covering total costs of €3,400 million at its own expense, an increase of €500 million compared with the earlier proposal dated 5 March 2020. This breaks down as follows:

- a) €1,500 million to be used to fund toll discounts for road users, already recognised in “Other provisions for risks and charges” as at 31 December 2019;
- b) €1,200 million to fund additional maintenance of the infrastructure operated under concession in the regulatory period 2020-2024 and that will not be recovered through tolls;
- c) €700 million in expenses relating to reconstruction of the Polcevera road bridge and all the associated expenses, resulting in the recognition of further provisions of €190 million in 2020.

In terms of accounting presentation, all the elements in the overall agreement have thus been taken into account.

The scope of consolidation as at 31 December 2020 is substantially unchanged with respect to 31 December 2019. It should be noted, however, that the Company has established Tecne Gruppo Autostrade per l'Italia S.p.A. (“Tecne”), a wholly owned subsidiary of Autostrade per l'Italia. The new company began operating following conclusion of a lease agreement for the motorway business unit owned by SPEA Engineering. The agreement has a 2-year term and covers design and project management activities.

Finally, there were no non-recurring, atypical or unusual transactions, either with third or related parties, in either of the comparative periods.

Like-for-like financial indicators

The following table shows the like-for-like consolidated amounts for gross operating profit (EBITDA), profit/(loss) for the year, profit/(loss) for the year attributable to owners of the parent and operating cash flow for the two comparative periods and the corresponding amounts derived from the reclassified financial statements shown below.

€m	Note	2020				2019			
		Gross operating profit (EBITDA)	Profit/(Loss) for the period	Profit/(Loss) attributable to owners of the parent	Operating cash flow	Gross operating profit (EBITDA)	Profit/(Loss) for the period	Profit/(Loss) attributable to owners of the parent	Operating cash flow
Reported amounts (A)		629	-409	-407	517	710	-268	-282	1,436
Adjustments for non like-for-like items									
Impact connected with collapse of a section of the Polcevera road bridge	(1)	-60	-41	-41	-209	1	2	2	-234
Estimated additional costs to be incurred in relation to resolution of the dispute with the Ministry of Infrastructure and Sustainable Mobility	(2)	-190	-130	-130	-	-1,500	-1,020	-1,020	-
Change in the scope of consolidation following the establishment of Tecne	(3)	-2	-2	-2	-2	-	-	-	-
Change in discount rate applied to provisions	(4)	-66	-42	-37	-	-20	-15	-15	-
Sub-total (B)		-318	-215	-210	-211	-1,519	-1,033	-1,033	-234
Like-for-like amounts (C) = (A)-(B)		947	-194	-197	728	2,229	765	751	1,670

Notes:

The term "like-for-like basis", used in the description of changes in certain consolidated performance indicators, means that amounts for comparative periods have been determined by eliminating:

- 1) from consolidated amounts for 2020 and 2019, the after-tax impact on the income statement and on operating cash flow of (i) reductions in toll revenue, (ii) payments made at the request of the Special Commissioner for Genoa in relation to reconstruction of the Polcevera road bridge, and (iii) the compensation paid to victims' families and the injured, to cover legal expenses and to fund the financial support provided to small businesses and firms;
- 2) from consolidated amounts for 2020, the impact on the income statement of the estimated additional costs to be incurred in relation to the ongoing talks with the Government and the MIMS aimed at resolving the dispute between the parties, compared with the provisions already made as at 31 December 2019;
- 3) from consolidated amounts for 2020, the contribution of the newly established company, Tecne;
- 4) from consolidated amounts for 2020 and 2019, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities.

Consolidated results of operations

“**Total operating revenue**” for 2020 amounts to €3,030 million, a reduction of €1,053 million compared with 2019 (€4,083 million).

“**Toll revenue**” of €2,791 million is down €899 million compared with 2019 (€3,690 million). This reflects the fall in traffic on the network, registered from the end of February 2020, and amounting to a reduction of 27.1% (a fall of 24% after taking into account the positive effect of the traffic mix). This essentially reflects the negative impact of the limitations and restrictions on movement imposed by the Government in response to the spread of Covid-19.

It should be noted that toll revenue for 2020 includes €298 million (€385 million in 2019) in surcharges matching the addition to the concession fee payable to ANAS and accounted for in operating costs under the item “concession fees”. The reduction of €87 million is linked to the decline in kilometres travelled. After stripping out the above surcharges, total revenue is down €812 million compared with 2019.

“**Other operating income**” totals €239 million (€393 million in 2019), marking a decline of €154 million. This primarily reflects reduced income from motorway service areas, following a reduction in sales and measures taken by Autostrade per l'Italia to support oil and food service providers affected by the Covid-19 emergency. In addition, it should be noted that the figure for 2019 included insurance proceeds of approximately €38 million, essentially following agreement with the Company's insurance company regarding quantification of the amount payable solely under existing third-party liability insurance policies for the Polcevera road bridge.

“**Net operating costs**” of €2,401 million are down €972 million compared with 2019 (€3,373 million).

The “**Cost of materials and external services**”, amounting to €1,165 million, is up €268 million compared with 2019 (€897 million). The change reflects the costs connected with work on reconstruction of the Polcevera road bridge (€148 million in 2020, €226 million in 2019). The impact of these costs on EBITDA is broadly offset by use of the related provisions for repair and replacement accounted for in the “Operating change in provisions”. After stripping out these costs, the increase is €347 million and is primarily linked to the increased costs incurred for network surveillance, inspection, maintenance and safety programmes. The programmes are connected with implementation of the improvement maintenance plan for network infrastructure, due to be carried out in the period 2020-2024.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (*)

€m	2020	2019	Increase/(Decrease)	
			Absolute	%
Toll revenue	2,791	3,690	-899	-24
Other operating income	239	393	-154	-39
Total operating revenue	3,030	4,083	-1,053	-26
Cost of materials and external services	-1,165	-897	-268	30
Concession fees	-362	-473	111	-23
Net staff costs	-471	-500	29	-6
Operating change in provisions	-403	-1,503	1,100	-73
Total net operating costs	-2,401	-3,373	972	-29
Gross operating profit (EBITDA)	629	710	-81	-11
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-672	-653	-19	3
Operating profit/(loss) (EBIT)	-43	57	-100	n/s
Financial expenses from the discounting of provisions for construction services required by contract and other provisions	-18	-32	14	-44
Other financial income/(expenses), net	-479	-434	-45	10
Capitalised financial expenses on intangible assets deriving from concession rights	10	9	1	11
Share of profit/(loss) of investees accounted for using the equity method	-8	-3	-5	n/s
Profit/(Loss) before tax from continuing operations	-538	-403	-135	33
Income tax benefit/(expense)	128	135	-7	-5
Profit/(Loss) from continuing operations	-410	-268	-142	53
Profit/(Loss) from discontinued operations	1	-	1	n/s
Profit/(Loss) for the year	-409	-268	-141	53
(Profit)/Loss attributable to non-controlling interests	-2	14	-16	n/s
(Profit)/Loss attributable to owners of the parent	-407	-282	-125	44
	2020	2019	Increase/ (Decrease)	
Basic earnings/(loss) per share attributable to the owners of the parent (€)	-0.66	-0.45	-0.21	
<i>of which:</i>				
- from continuing operations	-0.66	-0.45	-0.21	
- from discontinued operations	-	-	-	
Diluted earnings/(loss) per share attributable to the owners of the parent (€)	-0.66	-0.45	-0.21	
<i>of which:</i>				
- from continuing operations	-0.66	-0.45	-0.21	
- from discontinued operations	-	-	-	

(*) The reconciliation with reported amounts in the consolidated income statement is provided in section 2.17, "Reconciliation of the reclassified and statutory financial statements".

“**Concession fees**” of €362 million are down €111 million compared with 2019 (€473 million), reflecting the performance of toll revenue (due to the fall in traffic) and sub-concession arrangements.

“**Net staff costs**”, totalling €471 million, are down €29 million compared with 2019 (€500 million).

This essentially reflects:

- a) a reduction in the fair value of management incentive plans, partially offset by the implementation of a broad share-based payment scheme for employees;
- b) a reduction of 112 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the reduction in activity brought about by the Covid-19 emergency and the absence of seasonal toll collectors at Autostrade per l'Italia in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of additional personnel for a number of departments, primarily at Autostrade per l'Italia, and the consolidation of Tecne from 1 December 2020;
- c) a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund by a number of Group companies and other effects of the Covid-19 emergency, partially offset by an increase in costs following renewal of the national collective labour agreement;
- d) the increased cost of early retirement incentives.

The “**Operating change in provisions**” generated a net expense of €403 million (€1,503 million in 2019), reflecting:

- a) the operating change in the provisions for the repair and replacement of motorway infrastructure (€189 million) which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€147 million paid from provisions made in previous years), results in net provisions of €336 million. These provisions relate to the improvement maintenance plan;
- b) the operating change in other provisions for risks and charges (€214 million), which includes new provisions for risks and charges of €190 million, connected with the additional costs to be incurred in relation to point c) in the proposed settlement agreement referred to in the introduction.

It should also be noted that, in 2019, net provisions amounted to €1,503 million, including provisions of €1,500 million to cover the estimated additional costs that were to be incurred in relation to talks with the Government and the Ministry of Infrastructure and Sustainable Mobility aimed at resolving the dispute between the parties.

“**Gross operating profit**” (EBITDA) of €629 million is down €81 million compared with 2019 (€710 million). On a like-for-like basis, EBITDA is down €1,282 million (58%).

“**Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work**” amount to €672 million, an increase of €19 million compared with 2019 (€653 million).

The **“Operating loss” (negative EBIT)** of €43 million marks a deterioration of €100 million compared with 2019 (a profit of €57 million).

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” amount to €18 million, a reduction of €14 million compared with 2019 (€32 million), essentially reflecting the lower rates applied in 2020 compared with the previous year.

“Net other financial expenses” of €479 million are up €45 million compared with 2019 (€434 million), essentially reflecting the different movement in the fair value of derivative instruments in the two comparative periods (€61 million). This was partially offset by reduced interest and charges incurred in 2020 on the measurement of financial instruments at amortised cost (€13 million), reflecting repayment, in March 2020, of bonds with a nominal value of €502 million.

“Capitalised financial expenses on intangible assets deriving from concession rights” amount to €10 million (€9 million in 2019).

The **“Share of the (profit)/loss of investees accounted for using the equity method”** amounts to a loss of €8 million (€3 million in 2019), reflecting the Group’s share of the profit or loss of its associates.

The **“Tax benefit”** amounts to €128 million for 2020 (€135 million in 2019), having fallen €7 million as a result of a combination of the following:

- a) a reduction of €349 million in net provisions for deferred tax assets. The figure for 2019 included the impact on deferred taxation of provisions for risks and charged based on the expenses to be incurred in relation to the talks in progress with the Government and the Ministry of Infrastructure and Sustainable Mobility aimed at resolving the dispute between the parties (€1,500 million);
- b) reduced current tax expense in 2020 (€293 million). It should be noted that in 2020, due to the impact of Covid-19, almost all companies reported tax losses.

The **“Loss for the year”** of €409 million compares with the loss of €268 million for 2019. On a like-for-like basis, the loss for the year is €194 million, marking a deterioration of €955 million compared with the profit for 2019.

The **“Loss for the year attributable to owners of the parent”**, amounting to €407 million, compares with a loss of €282 million for 2019. On a like-for-like basis, the loss marks a deterioration of €948 million compared with the profit for 2019.

The **“Loss for the year attributable to non-controlling interests”** totals €2 million, a deterioration of €16 million compared with the profit attributable to non-controlling interests for 2019 (€14 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		2020	2019
Profit/(Loss) for the year	(A)	-409	-268
Fair value gains/(losses) on cash flow hedges		-	-86
Tax effect of fair value gains/(losses) on cash flow hedges		-	10
Other comprehensive income of investments accounted for using the equity method		-	-1
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	-	-77
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-2	-3
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	27	44
Total other comprehensive income/(loss) for the year	(E=B+C+D)	25	-36
<i>of which attributable to discontinued operations</i>		-	-
Comprehensive income/(loss) for the year	(A+E)	-384	-304
<i>Of which attributable to owners of the parent</i>		-382	-318
<i>Of which attributable to non-controlling interests</i>		-2	14

“Total other comprehensive income” for 2020 amounts to €25 million (a loss of €36 million in 2019). This essentially reflects the reclassification to profit or loss of fair value losses on Forward-Starting Interest Rate Swaps, amounting to €27 million, from the cash flow hedge reserve. These derivatives were classified as not qualifying for hedge accounting in 2019.

Consolidated financial position

As at 31 December 2020, “**Non-current non-financial assets**” of €17,724 million are down €284 million compared with the figure for 31 December 2019 (€18,008 million).

“**Intangible assets**” total €17,432 million (€17,727 million as at 31 December 2019) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €11,280 million (€11,587 million as at 31 December 2019), and goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia) to Autostrade per l’Italia as part of a reorganisation of the Group in 2003.

The reduction of €295 million in intangible assets is primarily due to a combination of the following:

- amortisation for the period (€630 million);
- investment during the period in construction services for which additional economic benefits are received (€166 million);
- an increase in concession rights following an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€132 million).

“**Investments**”, totalling €73 million, are down €9 million compared with the figure for 31 December 2019 (€82 million). This broadly reflects the Group’s share of the loss of €8 million recorded by associates accounted for using the equity method.

“**Deferred tax assets**” of €131 million are in line with the figure for 31 December 2019 (€111 million).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	31 December 2020	31 December 2019	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	88	88	-
Intangible assets	17,432	17,727	-295
Investments	73	82	-9
Deferred tax assets	131	111	20
Total non-current non-financial assets (A)	17,724	18,008	-284
Working capital			
Trading assets	545	559	-14
Current tax assets	63	48	15
Other current assets	161	134	27
Non-financial assets held for sale or related to discontinued operations	6	4	2
Current portion of provisions for construction services required by contract	-732	-449	-283
Current provisions	-2,525	-2,259	-266
Trading liabilities	-1,320	-1,360	40
Current tax liabilities	-3	-45	42
Other current liabilities	-287	-324	37
Total working capital (B)	-4,092	-3,692	-400
Gross invested capital (C=A+B)	13,632	14,316	-684
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-1,808	-2,312	504
Non-current provisions	-1,365	-1,222	-143
Deferred tax liabilities	-37	-141	104
Other non-current liabilities	-23	-29	6
Total non-current non-financial liabilities (D)	-3,233	-3,704	471
NET INVESTED CAPITAL (E=C+D)	10,399	10,612	-213
Equity			
Equity attributable to owners of the parent	1,488	1,864	-376
Equity attributable to non-controlling interests	354	356	-2
Total equity (F)	1,842	2,220	-378
Net debt			
Non-current net debt			
Non-current financial liabilities	7,706	9,682	-1,976
Bond issues	7,124	7,025	99
Medium/long-term borrowings	187	2,166	-1,979
Non-current derivative liabilities	393	491	-98
Other non-current financial liabilities	2	-	2
Non-current financial assets	-336	-348	12
Non-current financial assets deriving from government grants	-159	-165	6
Non-current term deposits	-155	-161	6
Other non-current financial assets	-22	-22	-
Total non-current net debt (G)	7,370	9,334	-1,964
Current net debt/(funds)			
Current financial liabilities	3,631	1,168	2,463
Short-term borrowings	249	245	4
Current derivative liabilities	-	1	-1
Intercompany current account payables due to related parties	-	28	-28
Current portion of medium/long-term financial liabilities	3,350	863	2,487
Other current financial liabilities	32	31	1
Cash and cash equivalents	-1,954	-1,619	-335
Cash in hand	-1,424	-954	-470
Cash equivalents	-15	-5	-10
Intercompany current account receivables due from related parties	-515	-660	145
Current financial assets	-490	-491	1
Current financial assets deriving from concession rights	-411	-410	-1
Current financial assets deriving from government grants	-20	-25	5
Current term deposits	-19	-25	6
Current portion of medium/long-term financial assets	-22	-23	1
Other current financial assets	-18	-8	-10
Total current net debt/(funds) (H)	1,187	-942	2,129
Total net debt (I=G+H)	8,557	8,392	165
NET DEBT AND EQUITY (L=F+I)	10,399	10,612	-213

(*) The reconciliation with the reported amounts in the consolidated statement of financial position is provided in section 2.17, "Reconciliation of the reclassified and statutory financial statements".

(1) Net debt includes non-current financial assets, unlike the Group's financial position shown in the notes to the consolidated financial statements and prepared in compliance with the European Securities and Markets Authority (ESMA) Recommendation of 20 March 2013, which does not permit the deduction of non-current financial assets from debt.

“**Working capital**” has a negative balance of €4,092 million, an increase of €400 million compared with 31 December 2019 (a negative balance of €3,692 million). This primarily reflects:

- an increase of €283 million in the current portion of provisions for construction services required by contract, primarily linked to the combined effect of reclassification of the current portion, amounting €633 million, determined on the basis of investment in construction services for which no additional economic benefits are received to be performed in 2021, and uses during the year to fund work carried out, totalling €349 million;
- an increase of €266 million in the current portion of other provisions, reflecting the previously mentioned provision of €190 million linked to point c) of the proposed settlement agreement referred to above;
- a €40 million reduction in trade payables, essentially due to a decline in amounts payable by Autostrade per l’Italia to the operators of interconnecting motorways and in tolls in the process of settlement, reflecting the decline in traffic caused by Covid-19, and a decrease in amounts payable to suppliers, primarily due to the performance of capital expenditure and maintenance during the period under review;
- a €57 million decrease in current tax liabilities, reflecting payment of the balance payable for the previous year and payments on account for the current year in relation to the IRES surtax of 3.5%.

“**Non-current non-financial liabilities**”, totalling €3,233 million, are down €471 million compared with 31 December 2019 (€3,704 million). This primarily reflects a reduction of €504 million in the non-current portion of provisions for construction services required by contract, essentially due to reclassification of the current portion (€633 million), partially offset by an updated estimate of the present value on completion of the works to be carried out (€132 million).

“**Net invested capital**” of €10,401 million is thus down €211 million compared with 31 December 2019 (€10,612 million).

“**Equity**” amounts to €1,844 million (€2,220 million as at 31 December 2019).

“**Equity attributable to owners of the parent**”, totalling €1,488 million, is down €376 million compared with 31 December 2019 (€1,864 million), reflecting the comprehensive loss for the year attributable to owners of the parent (€382 million).

“**Equity attributable to non-controlling interests**” of €354 million is broadly in line with 31 December 2019 (€356 million).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€m	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS
	issued capital	Cash flow hedge reserve	Other reserves and retained earnings	Profit/(Loss) for the year after interim dividend	Total		
Balance as at 31 December 2018	622	-125	1,388	608	2,493	351	2,844
Comprehensive income/(loss) for the year	-	-32	-4	-282	-318	14	-304
<u>Owner transactions and other changes</u>							
Autostrade per l'Italia SpA's final dividend (€0.50 per share)	-	-	-	-311	-311	-	-311
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	297	-297	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-8	-8
Balance as at 31 December 2019	622	-157	1,681	-282	1,864	356	2,220
Comprehensive income/(loss) for the year	-	27	-2	-407	-382	-2	-384
<u>Owner transactions and other changes</u>							
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-282	282	-	-	-
Share-based incentive plans and other minor changes	-	-	6	-	6	-	6
Balance as at 31 December 2020	622	-130	1,403	-407	1,488	354	1,842

RECONCILIATION OF AUTOSTRADE PER L'ITALIA'S EQUITY AND PROFIT FOR THE YEAR WITH THE CORRESPONDING CONSOLIDATED AMOUNTS

€m	Equity as at 31 December 2020	Profit(Loss) for 2020
Amounts in financial statements of Autostrade per l'Italia	1,095	-398
Recognition in consolidated financial statements of equity and profit/(loss) for the year of investments less non-controlling interests	653	-
Elimination of carrying amount of consolidated investments	-283	-
Elimination of impairment losses on consolidated investments less reversals	3	-
Elimination of intercompany dividends	-	-
Measurement of investments at fair value and using the equity method less dividends received	-12	-9
Other consolidation adjustments ⁽¹⁾	32	-
Consolidated carrying amounts (attributable to owners of the parent)	1,488	-407
Consolidated carrying amounts (attributable to non-controlling interests)	354	-2
Carrying amounts in consolidated financial statements	1,842	-409

(1) Other consolidation adjustments essentially include the effects of remeasurement at fair value, solely for the purposes of consolidation, of previously held interests following the acquisition of control of the related companies.

“Net debt” as at 31 December 2020 amounts to €8,557 million, an increase of €165 million on the figure for 31 December 2019 (€8,392 million).

“Non-current net debt”, totalling €7,370 million, is down €1,964 million compared with 31 December 2019 (€9,334 million). This essentially reflects reclassifications totalling €3,140 million during the year, partially offset by the issue, in December 2020, of bonds amounting to €1,222 million (a par value of €1,250,000 thousand, paying coupon interest of 2% and maturing in 2038). As part of the above reclassifications, it should be noted that, solely for the purposes provided for in IAS 1, as at 31 December 2020 a portion of the medium/long-term borrowings from the EIB and CDP, amounting to a total of €1,983 million, has been reclassified to the current portion of medium/long-term borrowings. The fact that the downgrade of the Company’s debt to below investment grade, which took place in January 2020, gives the EIB and, in relation to its share of the debt, CDP the right to request additional protections continues to apply. Were such protections not judged to be reasonably satisfactory, the banks would have the right to request early repayment of the existing debt. At the date of preparation of this document, neither the EIB or CDP has requested any early repayment.

“Current net debt” amounts to €1,187 million, a change of €2,129 million compared with net funds of €942 million as at 31 December 2019. After stripping out the above reclassifications (€3,140 million) and the liquidity linked to the above bond issue of December 2020 (a notional amount of €1,250 million), net funds amount to €703 million, a reduction of €240 million compared with 31 December 2019. This essentially reflects net cash outflows for the year (€222 million), as described in the section, “Consolidated cash flow”.

Current net debt includes a current financial asset deriving from concession rights relating to the takeover right (€411 million as at 31 December 2020) attributable to Autostrade Meridionali, This represents the amount payable to the company by an incoming operator based on the carrying amount of unamortised capital expenditure during the final years of the concession. Also with regard to Autostrade Meridionali, in July 2020, the facility provided by Intesa San Paolo – amounting to up to €300 million, with €245 million used as at 31 December 2020 – was extended until 31 December 2024. From an accounting viewpoint, this loan is classified in the current portion of medium/long-term borrowings, given its link – which is also contractual – with expected collection of the amount receivable as a result of the operator's takeover right.

On 26 February 2021, Autostrade per l'Italia repaid debt guaranteed by Atlantia with nominal value of €595 million, thereby extinguishing a bond issue.

As at 31 December 2020, 9% of the Group's debt is denominated in currencies other than the euro (sterling and yen). Taking account of the Cross Currency Swaps linked to the foreign currency bonds, the Group's net debt is, therefore, effectively not exposed to currency risk on translation.

The residual average term to maturity of the Group's debt as at 31 December 2020 is approximately five years and four months. As a result of the hedges entered into, 98% of interest bearing debt is fixed rate.

The average cost of the Group's medium/long-term borrowings in 2020 was approximately 3.5%.

As at 31 December 2020, the Group has lines of credit amounting to €1,355 million with a weighted average residual term to maturity of approximately four years and six months and a weighted average residual drawdown period of approximately one year and five months. Talks are continuing with CDP with the aim of assessing whether or not the suspensive conditions that would permit the disbursement of funds under the revolving credit facility granted to Autostrade per l'Italia by this institution have been met.

Consolidated cash flow

“**Net cash from operating activities**” in 2020 amounts to €353 million, a reduction of €1,022 million compared with 2019 (€1,375 million). This primarily reflects:

- a decrease of €919 million in operating cash flow, essentially reflecting the reduction of €1,125 million in cash from operating activities as a result of the spread of Covid-19, partially offset by a reduction in the outflow for taxation (€296 million). On a like-for-like basis, operating cash flow for 2020 is down €942 million (66%) compared with the previous year;
- a decrease in the outflow for movements in operating capital and non-financial assets and liabilities (totalling €103 million). The outflow of €164 million in 2020 primarily reflects the above decrease in trading liabilities and current tax liabilities.

“**Cash used for investment in non-financial assets**”, totalling €575 million, is down €17 million compared with 2019 (€558 million), essentially due to reduced capital expenditure during the period (€16 million).

“**Net equity cash outflows**” amount to zero in 2020, marking a reduction of €319 million compared with the comparative period. This reflects dividends declared by Group companies for payment to non-controlling shareholders in the same period of 2019.

In addition, other changes during 2020 have resulted in an increase in net debt of €57 million, reflecting the performance of derivative financial instruments that do not qualify for hedge accounting.

The overall impact of the above cash flows increased net debt by €165 million in 2020 compared with 31 December 2019.

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT (*)

€m	2020	2019
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the year	-409	-268
Adjusted by:		
Amortisation and depreciation	654	634
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure	395	1,442
Financial expenses from discounting of provisions for construction services required by contract and other provisions	18	32
Share of (profit)/loss of investees accounted for using the equity method	8	3
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	3	7
Net change in deferred tax (assets)/liabilities through profit or loss	-132	-437
Other non-cash costs (income)	-20	23
Operating cash flow	517	1,436
Change in operating capital	2	-19
Other changes in non-financial assets and liabilities	-166	-42
Net cash generated from operating activities (A)	353	1,375
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-516	-517
Purchases of property, plant and equipment	-22	-20
Purchases of other intangible assets	-37	-22
Capital expenditure	-575	-559
Government grants related to assets held under concession	-	2
Increase in financial assets deriving from concession rights (related to capital expenditure)	1	1
Purchases of investments	-	-3
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	1	1
Net funds of consolidated companies transferred as a result of corporate transactions	-2	-
Net cash from/(used in) investment in non-financial assets (B)	-575	-558
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	-	-319
Net equity cash inflows/(outflows) (C)	-	-319
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	-222	498
Change in fair value of hedging derivatives	-	-86
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-3	-3
Other changes	60	12
Other changes in net debt (D)	57	-77
Decrease/(Increase) in net debt for year (A+B+C+D)	-165	421
Net debt at beginning of year	-8,392	-8,813
Net debt at end of year	-8,557	-8,392

(*) The reconciliation with the statutory consolidated statement of cash flows is provided in section 2.17, "Reconciliation of the reclassified and statutory financial statements".

2.3 Financial review for Autostrade per l'Italia SpA

Introduction

This financial review includes and analyses the reclassified income statement, statement of comprehensive income, statement of changes in equity and statement of changes in net debt of Autostrade per l'Italia SpA (the "Company") for the year ended 31 December 2020, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified statement of financial position as at 31 December 2020, compared with comparative amounts as at 31 December 2019.

The international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 31 December 2020 were used in the preparation of the accounts for 2020.

During 2020, the spread of the Covid-19 epidemic, the Italian Government's declaration of a health emergency and the resulting restrictions on movement had a significant impact on the performance of traffic. This has had an estimated overall impact on EBITDA of approximately €813 million (€553 million after tax).

With regard to the collapse of a section of the Polcevera road bridge on 14 August 2018, as at 31 December 2020:

- at the request of the Special Commissioner for Genoa, the Company has paid out a total of €421 million, including €372 million net of the remaining advance payment for the start-up of work and VAT, which was covered by use of the related provisions for repair and replacement (of which €147 million in 2020);
- compensation of €63 million has been paid from provisions for risks and charges to the families of the victims and the injured, as well as to cover legal expenses and provide financial support to small businesses and firms (including €12 million in 2020). Further provisions of €10 million were made in 2020 to cover legal expenses.

The decision to grant road users in the Genoa area exemptions from tolls in 2020 resulted in an estimated reduction in toll revenue of approximately €44 million (a total of €26 million in 2018 and 2019).

With regard to efforts to resolve the dispute over allegations of serious breaches of the Concession Arrangement initiated by the Grantor on 16 August 2018, as described below in section 2.12, "Significant regulatory aspects", following extensive engagement with the Grantor throughout 2020 and through to the date of preparation of this press release, on 11 July 2020, the Company submitted a new proposal. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government "has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised". Following further talks with

representatives of the Government, on 8 October 2020, Autostrade per l'Italia expressed its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation.

In addition, again with regard to the commitments assumed, it should be noted that on 3 December 2020 Autostrade per l'Italia submitted the latest version of its updated Financial Plan to the Grantor, having reached agreement on the update with the Ministry of infrastructure and Sustainable Mobility and the Ministry of the Economy and Finance.

In the draft agreement, the Company has, among other things, committed to covering total costs of €3,400 million at its own expense, an increase of €500 million compared with the earlier proposal dated 5 March 2020. This breaks down as follows:

- c) €1,500 million to be used to fund toll discounts for road users, already recognised in "Other provisions for risks and charges" as at 31 December 2019;
- d) €1,200 million to fund additional maintenance of the infrastructure operated under concession in the regulatory period 2020-2024 and that will not be recovered through tolls;
- e) €700 million in expenses relating to reconstruction of the Polcevera road bridge and all the associated expenses, resulting in the recognition of further provisions of €190 million in 2020.

In terms of accounting presentation, all the elements in the overall agreement have thus been taken into account.

Finally, there were no non-recurring, atypical or unusual transactions, either with third or related parties, in either of the comparative periods.

Results of operations

“**Operating revenue**” for 2020 amounts to €2,746 million, a reduction of €974 million compared with the previous year (€3,720 million).

It should be noted that toll revenue for 2020 includes €284 million (€366 million in 2019) in surcharges matching the addition to the concession fee payable to ANAS and accounted for in operating costs under the item “concession fees”⁽¹⁾.

After stripping out the above surcharges, total revenue is down €892 million compared with 2019.

“**Toll revenue**” of €2,569 million is down €835 million compared with 2019 (€3,404 million). This reflects the fall in traffic on the network, registered from the end of February 2020, and amounting to a reduction of 27.1% (a fall of 23.9% after taking into account the positive effect of the traffic mix). This essentially reflects the negative impact of the limitations and restrictions on movement imposed by the Government in response to the spread of Covid-19.

After stripping out the above surcharges, toll revenue is down €753 million compared with 2019.

“**Other operating income**” totals €177 million (€316 million in 2019), marking a decline of €139 million. This primarily reflects reduced income from motorway service areas, following a reduction in sales and measures taken by the Company to support oil and food service providers affected by the Covid-19 emergency. In addition, it should be noted that the figure for 2019 included insurance proceeds of approximately €38 million, essentially following agreement with the Company’s insurance company regarding quantification of the amount payable solely under existing third-party liability insurance policies for the Polcevera road bridge.

The “**Cost of materials and external services**”, amounting to €1,097 million, is up €275 million compared with 2019 (€822 million). The change reflects the costs connected with work on reconstruction of the Polcevera road bridge (€148 million in 2020, €226 million in 2019). The impact of these costs on EBITDA is broadly offset by use of the related provisions for repair and replacement accounted for in the “Operating change in provisions”. After stripping out these costs, the increase is €353 million and is primarily linked to the increased costs incurred for network surveillance, inspection, maintenance and safety programmes. The programmes are connected with implementation of the improvement maintenance plan for network infrastructure, due to be carried out in the period 2020-2024.

“**Concession fees**” of €345 million are down €105 million compared with 2019 (€450 million), reflecting the performance of toll revenue (due to the fall in traffic) and sub-concession arrangements.

⁽¹⁾From 1 January 2011 the additional concession fees payable to ANAS, pursuant to laws 102/2009 and 122/2010, calculated on the basis of the number of kilometres travelled, amount to 6 thousandths of a euro per kilometre for toll classes A and B and 18 thousandths of a euro per kilometre for classes 3, 4 and 5.

RECLASSIFIED INCOME STATEMENT (*)

€m	2020	2019	INCREASE/(DECREASE)	
			ABSOLUTE	%
Toll revenue	2,569	3,404	-835	-25
Other operating income	177	316	-139	-44
Total operating revenue	2,746	3,720	-974	-26
Cost of materials and external services	-1,097	-822	-275	33
Concession fees	-345	-450	105	-23
Net staff costs	-362	-383	21	-5
Operating change in provisions	-399	-1,505	1,106	-73
Total net operating costs	-2,203	-3,160	957	-30
Gross operating profit (EBITDA)	543	560	-17	-3
Amortisation, depreciation, impairment losses, reversals of impairment losses and other adjustments	-604	-593	-11	2
Operating profit/(loss) (EBIT)	-61	-33	-28	85
Dividends received from investees	-	22	-22	n.s.
Reversals of impairment losses/(Impairment losses) on investments	-	-2	2	n.s.
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-15	-29	14	-48
Other financial income/(expenses), net	-460	-412	-48	12
Capitalised financial expenses on intangible assets deriving from concession rights	9	8	1	13
Profit/(Loss) before tax from continuing operations	-527	-446	-81	18
Income tax benefit/(expense)	129	155	-26	-17
Profit/(Loss) from continuing operations	-398	-291	-107	37
Profit/(Loss) for the year	-398	-291	-107	37

(€)	2020	2019	INCREASE/ (DECREASE)
Basic earnings/(loss) per share	-0.64	-0.47	-0.17
<i>of which:</i>			
- from continuing operations	-0.64	-0.47	-0.17
Diluted earnings/(loss) per share	-0.64	-0.47	-0.17
<i>of which:</i>			
- from continuing operations	-0.64	-0.47	-0.17

(*) The reconciliation with the reported amounts in the income statement is provided in section 2.17, "Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements".

“**Net staff costs**”, totalling €362 million, are down €21 million compared with 2019 (€383 million). This essentially reflects:

- a reduction in the fair value of management incentive plans, partially offset by the implementation of a broad share-based payment scheme for employees;
- a reduction of 101 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the reduction in activity brought about by the Covid-19 emergency and the absence of seasonal toll collectors in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of additional personnel for a number of departments;
- a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund and other effects of the Covid-19 emergency, partially offset by an increase in costs following renewal of the national collective labour agreement;
- the increased cost of early retirement incentives.

The “**Operating change in provisions**” generated a net expense of €399 million (€1,505 million in 2019), essentially reflecting:

- the operating change in the provisions for the repair and replacement of motorway infrastructure (€186 million) which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€147 million paid from provisions made in previous years), results in net provisions of €333 million. These provisions relate to the improvement maintenance plan;
- the operating change in other provisions for risks and charges (€213 million), which includes new provisions for risks and charges of €190 million, connected with the additional costs to be incurred in relation to point c) in the proposed settlement agreement referred to in the introduction.

It should also be noted that, in 2019, net provisions amounted to €1,505 million, including provisions of €1,500 million to cover the estimated additional costs that were to be incurred in relation to talks with the Government and the Ministry of Infrastructure and Sustainable Mobility aimed at resolving the dispute between the parties.

“**Gross operating profit**” (**EBITDA**) of €543 million is down €17 million compared with 2019 (€560 million), reflecting the above performance.

“**Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work**” amount to €604 million, an increase of €11 million compared with 2019 (€593 million).

The “**Operating loss**” (**negative EBIT**) of €61 million marks a further deterioration of €28 million compared with 2019 (a loss of €33 million).

“**Dividends received from investees**” amount to zero for 2020, given that the Company’s investees did not declare dividends in 2020. The figure for 2019 was €22 million.

In 2019, “**Reversals of impairment losses/(Impairment losses) on investments**” reflected the impairment loss on the carrying amount of the investment in Pavimental, amounting to €2 million.

“**Financial expenses from the discounting of provisions for construction services required by contract and other provisions**” amount to €15 million, a reduction of €14 million compared with 2019 (€29 million), primarily reflecting the lower rates applied.

“**Net other financial expenses**” of €460 million are up €48 million compared with 2019 (€412 million). This primarily reflects increased fair value losses on derivative instruments in the year under review compared with 2019 (€61 million). This was partially offset by reduced interest and charges incurred in 2020 on the measurement of financial instruments at amortised cost (€14 million), reflecting repayment, in March 2020, of bonds with a nominal value of €502 million.

“**Capitalised financial expenses on intangible assets deriving from concession rights**” amount to €9 million (€8 million in 2019).

The “**Loss before tax from continuing operations**” amounts to €527 million, an increase of €81 million compared with the loss of €446 million recorded in 2019.

The “**Tax benefit**” amounts to €129 million for 2020 (€155 million in 2019), having fallen €26 million essentially as a result of the following:

- a) a reduction of €420 million in net provisions for deferred tax assets. The figure for 2019 included the impact on deferred taxation of provisions for risks and charged based on the expenses to be incurred in relation to the talks in progress with the Government and the Ministry of Infrastructure and Sustainable Mobility aimed at resolving the dispute between the parties, partially offset by the net increase in provisions for deferred tax assets in relation to the performance of provisions for the repair and replacement of motorway infrastructure (€86 million);
- b) current tax expense recognised in 2019 (€273 million);
- c) deferred tax assets recognised on tax loss carryforwards deductible in future years (€12 million).

The “**Loss for the year**” of €398 million compares with a loss of €291 million for 2019.

STATEMENT OF COMPREHENSIVE INCOME

€m		2020	2019
Profit/(Loss) for the year	(A)	-398	-291
Fair value gains/(losses) on cash flow hedges		-	-86
Tax effect of fair value gains/(losses) on cash flow hedges		-	10
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	-	-76
Gains/(losses) from actuarial valuations of provisions for employee benefits		-2	-3
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-2	-3
Other reclassifications of the cash flow hedge reserve		35	44
Tax effect of other reclassifications to the cash flow hedge reserve		-8	-
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	27	44
Total other comprehensive income/(loss) for the year	(E=B+C+D)	25	-35
Comprehensive income/(loss) for the year	(A+E)	-373	-326

“**Total other comprehensive income**” for 2020 amounts to €25 million after tax, primarily reflecting the reclassification to profit or loss of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve. These derivatives were classified as not qualifying for hedge accounting in 2019, as described in greater detail in note 6.11, “Equity” in the section, “Separate financial statements as at and for the year ended 31 December 2020”.

An after-tax loss of €35 million was reported in 2019, reflecting a combination of the impact of a reduction in interest rates on hedging derivatives outstanding at that time (€76 million) and the reclassification to profit or loss of fair value losses on Forward-Starting Interest Rate Swaps from the cash flow hedge reserve (€44 million). This was done in view of the fact that these derivatives no longer met the requirement of IFRS 9 with regard to the existence of an economic relationship between the hedged item and the hedging instrument, and following an assessment of the future effectiveness of the hedges, essentially due to regulatory uncertainty.

The “**Comprehensive loss for the year**” thus amounts to €373 million (a loss of €326 million for 2019).

Financial position

As at 31 December 2020, “**Non-current non-financial assets**” of €16,895 million are down €254 million compared with 31 December 2019 (€17,149 million).

This item primarily refers to “**Intangible assets**” of €16,569 million (€16,824 million as at 31 December 2019), essentially consisting of:

- a) concession rights totalling €10,426 million (€10,690 million as at 31 December 2019);
- b) the residual value of goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia SpA) to Autostrade per l'Italia as part of a reorganisation of the Group in 2003. Goodwill is not amortised on a regular basis, but is periodically tested for impairment. As at 31 December 2020, these tests showed that the related carrying amount is fully recoverable based on the estimated value in use.

The reduction in intangible assets compared with 31 December 2019, amounting to €255 million, is essentially due to the following:

- a) amortisation for the year (€581 million);
- b) investment of €191 million during the period, primarily in construction services for which additional economic benefits are received (€160 million);
- c) an increase in concession rights following an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€132 million), reflecting the significant decline in interest rates during the year.

As at 31 December 2020, “**Investments**” amount to €247 million, an increase of €4 million (€243 million as at 31 December 2019). The change essentially reflects the establishment of, and subsequent payment of the contribution for a future capital increase by, Tecne Gruppo Autostrade per l'Italia SpA (€5 million), which is responsible for conducting infrastructure feasibility studies and design work.

As at 31 December 2019, “**Working capital**” has a negative balance of €4,012 million (a negative €3,597 million as at 31 December 2019). The change of €415 million reflects:

- a) an increase of €282 million in the current portion of provisions for construction services required by contract, reflecting capital expenditure planned for the next twelve months;
- b) an increase of €252 million in the current portion of other provisions, reflecting the previously mentioned provision of €190 million linked to point c) of the proposed settlement agreement referred to above;
- c) the cumulative impact of a reduction in other current liabilities, after an increase in other current assets, amounting to approximately €66 million, primarily due to the reduction in amounts payable to the Grantor. This reflects a reduction in the estimated amount due to ANAS as a result of the decline in traffic in 2020, a decrease in amounts payable to personnel and refundable VAT recognised as at 31 December 2020;
- d) a €49 million increase in current tax assets, reflecting payment of the balance payable for the previous year and payments on account for the current year in relation to the IRES surtax of 3.5%.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (*)

€m	31 December 2020	31 December 2019	INCREASE/ (DECREASE)
Non-current non-financial assets			
Property, plant and equipment	79	82	-3
Intangible assets	16,569	16,824	-255
Investments	247	243	4
Total non-current non-financial assets (A)	16,895	17,149	-254
Working capital			
Trading assets	473	514	-41
Current tax assets	53	40	13
Other current assets	128	110	18
Investments held for sale or for distribution to shareholders or related to discontinued operations	6	4	2
Current portion of provisions for construction services required by contract	-732	-450	-282
Current provisions	-2,490	-2,238	-252
Trading liabilities	-1,293	-1,336	43
Current tax liabilities	-	-36	36
Other current liabilities	-157	-205	48
Total working capital (B)	-4,012	-3,597	-415
Gross invested capital (C=A+B)	12,883	13,552	-669
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-1,808	-2,312	504
Non-current provisions	-1,081	-955	-126
Deferred tax liabilities, net	-17	-133	116
Other non-current liabilities	-23	-29	6
Total non-current non-financial liabilities (D)	-2,929	-3,429	500
NET INVESTED CAPITAL (E=C+D)	9,954	10,123	-169
Equity			
Issued capital	622	622	-
Reserves and retained earnings	871	1,132	-261
Profit/(Loss) for the year after payment of interim dividend	-398	-291	-107
Total equity (F)	1,095	1,463	-368
Net debt			
Non-current net debt			
Non-current financial liabilities	7,679	9,659	-1,980
Bond issues	7,124	7,025	99
Medium/long-term borrowings	162	2,143	-1,981
Non-current derivative liabilities	393	491	-98
Non-current financial assets	-562	-577	15
Non-current financial assets deriving from government grants	-154	-161	7
Non-current term deposits	-154	-161	7
Other non-current financial assets	-254	-255	1
Total non-current net debt (G)	7,117	9,082	-1,965
Current net debt/(funds)			
Current financial liabilities	3,410	1,040	2,370
Short-term borrowings	5	-	5
Intercompany current account payables due to related parties	27	85	-58
Current portion of medium/long-term borrowings	3,346	860	2,486
Other current financial liabilities	32	95	-63
Cash and cash equivalents	-1,602	-1,379	-223
Cash in hand	-1,084	-716	-368
Intercompany current account receivables due from related parties	-518	-663	145
Current financial assets	-66	-83	17
Current financial assets deriving from government grants	-20	-25	5
Current term deposits	-20	-25	5
Current portion of other medium/long-term financial assets	-25	-31	6
Other current financial assets	-1	-2	1
Total current net debt/(net funds) (H)	1,742	-422	2,164
Total net debt/(net funds) (I=G+H)	8,859	8,660	199
NET DEBT AND EQUITY (L=F+I)	9,954	10,123	-169

(*) The reconciliation with the reported amounts in the statement of financial position is provided in section 2.17, "Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements".

(1) Net debt includes non-current financial assets, unlike the financial position shown in the notes to the separate financial statements and prepared in compliance with the

European Securities and Markets Authority (ESMA) Recommendation of 20 March 2013, which does not permit the deduction of non-current financial assets from debt.

“**Non-current non-financial liabilities**”, totalling €2,929 million, are down €500 million (€3,429 million as at 31 December 2019). This primarily reflects a reduction of €504 million in the non-current portion of provisions for construction services required by contract, essentially due to reclassification of the current portion (€633 million), partially offset by an updated estimate of the present value on completion of the works to be carried out (€132 million).

“**Net invested capital**” of €9,954 million is thus down €169 million compared with 31 December 2019 (€10,123 million).

“**Equity**” of €1,095 million is down €368 million compared with 31 December 2019 (€1,463 million), reflecting the above comprehensive loss for the period, amounting to €373 million, partially offset by recognition of the impact of the free share scheme for the Atlantia Group’s employees, totalling €5 million.

STATEMENT OF CHANGES IN EQUITY

€m	Issued capital	Reserves and retained earnings				Total reserves and retained earnings/(accumulated losses)	Profit/(Loss) for the year after interim dividend	Total equity
		Share premium reserve	Legal reserve	Cash flow hedge reserve	Other reserves and retained earnings/(accumulated losses)			
Balance as at 31 December 2018	622	216	124	-126	646	860	618	2,100
Comprehensive income for the year	-	-	-	-76	41	-35	-291	-326
Owner transactions and other changes								
AGM of 28 April 2019: Dividend for 2018 (€0.50 per share)	-	-	-	-	-	-	-311	-311
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	307	307	-307	-
Balance as at 31 December 2019	622	216	124	-202	994	1,132	-291	1,463
Comprehensive income for the year	-	-	-	27	-2	25	-398	-373
Owner transactions and other changes								
AGM of 10 June 2020: Coverage of the loss for 2019	-	-	-	-	-291	-291	291	-
Share-based incentive plans	-	-	-	-	5	5	5	5
Balance as at 31 December 2020	622	216	124	-175	706	871	-398	1,095

“**Net debt**” as at 31 December 2020 amounts to €8,859, an increase of €199 million compared with 31 December 2019 (€8,660 million).

“**Non-current net debt**” of €7,117 million is down €1,965 million compared with 31 December 2019 (€9,082 million). This reflects a combination of reclassifications to short-term (€3,153 million) and the issue, in December 2020, of bonds with a par value of €1,250,000 thousand, paying coupon interest of 2% and maturing in 2038. As part of the above reclassifications, it should be noted that, solely for the purposes provided for in IAS 1, as at 31 December 2020 a portion of the medium/long-term borrowings from the EIB and CDP, amounting to a total of €1,983 million, has been reclassified to the current portion of medium/long-term borrowings. The fact that the downgrade of the Company’s debt to below investment grade, which took place in January 2020, gives the EIB and, in relation to its share of the debt, CDP the right to request additional protections continues to apply. Were such protections not judged to be reasonably satisfactory, the banks would have the right to request early repayment of the existing debt. At the date of preparation of this document, neither the EIB or CDP has requested any early repayment.

“**Current net debt**” amounts to €1,742 million (net funds of €422 million as at 31 December 2019), a change of €2,164 million.

After stripping out the above reclassifications (€3,153 million) and the liquidity linked to the above bond issue of December 2020 (a notional amount of €1,250 million), net funds amount to €161 million, a reduction of €261 million compared with 31 December 2019. This essentially reflects net cash outflows for the year (€199 million), as described in the section, “Cash flow”.

On 26 February 2021, the Company repaid debt guaranteed by Atlantia with nominal value of €595 million, thereby extinguishing a bond issue.

As at 31 December 2020, 9% of debt is denominated in currencies other than the euro (sterling and yen). Taking account of the Cross Currency Swaps linked to the foreign currency bonds, net debt is, therefore, effectively not exposed to currency risk on translation.

The residual average term to maturity of debt as at 31 December 2020 is approximately five years and five months. As a result of the hedges entered into, 100% of interest bearing debt is fixed rate.

The average cost of medium/long-term borrowings in 2020 was approximately 3.6%.

As at 31 December 2020, the Company has lines of credit amounting to €1,300 million with a weighted average residual term to maturity of approximately four years and seven months and a weighted average residual drawdown period of approximately one year and four months. Talks are continuing with CDP with the aim of assessing whether or not the suspensive conditions that would permit the disbursement of funds under the revolving credit facility granted to Autostrade per l’Italia by this institution have been met.

Cash flow

“**Net cash from operating activities**” in 2020 amounts to €307 million, a reduction of €991 million compared with 2019 (€1,298 million). This primarily reflects:

- operating cash flow of €452 million, a reduction of €909 million compared with the comparative period (€1,361 million), essentially reflecting the reduction of €1,067 million in cash from operating activities as a result of the spread of Covid-19;
- an increase in the outflow for movements in operating capital and non-financial assets and liabilities (totalling €82 million). Cash flows in 2020, amounting to €145 million, primarily reflect the movements previously described with regard to “Working capital”.

“**Cash used for investment in non-financial assets**”, totalling €565 million, is up €21 million compared with 2019 (€544 million), essentially due to increased capital expenditure (€17 million).

“**Net equity cash outflows**” amount to zero in 2020, whilst the figure for the previous year reflected the payment of dividends from profit for 2018, amounting to €311 million.

In addition, other changes during 2020 have resulted in a reduction in net debt of €59 million, reflecting the performance of derivative financial instruments that do not qualify for hedge accounting and are still outstanding as at 31 December 2020.

The above cash flows have, therefore, resulted in an **overall increase in net debt** of €199 million, compared with a reduction of €366 million in 2019.

STATEMENT OF CHANGES IN NET DEBT ^(*)

€m	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the year	-398	-291
Adjusted by:		
Amortisation and depreciation	603	586
Operating change in provisions, including direct uses of provisions for risks and charges	378	1,434
Financial expenses from discounting of provisions for construction services required by contract and other provisions	15	29
(Reversals of impairment losses)/Impairment losses on investments	-	2
Impairment losses/(Reversals of impairment losses) on current and non-current assets	1	7
Net change in deferred tax (assets)/liabilities through profit or loss	-124	-428
Other non-cash costs (income)	-23	22
Operating cash flow	452	1,361
Change in operating capital	17	-15
Other changes in non-financial assets and liabilities	-162	-48
Net cash generated from/(used in) operating activities (a)	307	1,298
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-509	-506
Purchases of property, plant and equipment	-20	-19
Purchases of other intangible assets	-31	-18
Capital expenditure	-560	-543
Government grants related to assets held under concession	-	2
Purchases of investments	-5	-3
Net cash from/(used in) investment in non-financial assets (b)	-565	-544
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared	-	-311
Net equity cash inflows/(outflows) (c)	-	-311
Increase/(Decrease) in cash and cash equivalents during year [a+b+c]	-258	443
OTHER CHANGES IN NET DEBT		
Change in fair value of hedging derivatives	-	-86
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	-	-3
Other change in financial assets and liabilities	59	12
Other changes in net debt (d)	59	-77
Decrease/(Increase) in net debt for year [a+b+c+d]	-199	366
Net debt at beginning of year	-8,660	-9,026
Net debt at end of year	-8,859	-8,660

(*) The reconciliation with the statement of cash flows is provided in section 2.17, "Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements".

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2.4 Key performance indicators for Group companies

€m	OPERATING REVENUE ⁽¹⁾		
	2020	2019	Increase/ (Decrease)
	Absolute		
Autostrade per l'Italia	2,746	3,720	-974
Autostrade Meridionali	68	92	-24
Tangenziale di Napoli	54	73	-19
Società Italiana per il Traforo del Monte Bianco	52	62	-10
Autostrada Tirrenica	32	40	-8
Essediesse	27	28	-1
Raccordo Autostradale Valle d'Aosta	24	31	-7
Giove Clear	14	14	-
Ad Moving	3	6	-3
Autostrade Tech	93	95	-2
Tecne	3	-	3
Consolidation adjustments	-86	-78	-8
TOTAL AUTOSTRADE PER L'ITALIA GROUP	3,030	4,083	-1,053

(1) The alternative performance indicators presented above are defined in the section, "Alternative performance indicators."

EBITDA ⁽¹⁾			CAPITAL EXPENDITURE ⁽¹⁾		
2020	2019	Increase/ (Decrease) Absolute	2020	2019	Increase/ (Decrease) Absolute
544	560	-16	560	543	17
11	32	-21	2	2	-
12	28	-16	3	4	-1
24	40	-16	-	-	-
15	22	-7	2	6	-4
2	2	-	-	-	-
8	16	-8	2	1	1
1	-	1	-	-	-
1	-	1	-	-	-
13	10	3	3	3	-
-2	-	-2	3	-	3
-	-	-	-	-	-
629	710	-81	575	559	16

2.5 Group operating review

Traffic

In 2020, mobility was significantly impacted by the spread of Covid-19 in Italy from the last week of February, as well as the travel restrictions imposed by government authorities due to the health emergency.

Traffic on the Group's motorway network in 2020 fell 27.1% compared with the previous year. The number of kilometres travelled by vehicles with 2 axles is down 30.3%, whilst the figure for those with 3 or more axles is down 6.4%.

TRAFFIC ON THE NETWORK OPERATED UNDER CONCESSION IN ITALY IN 2020

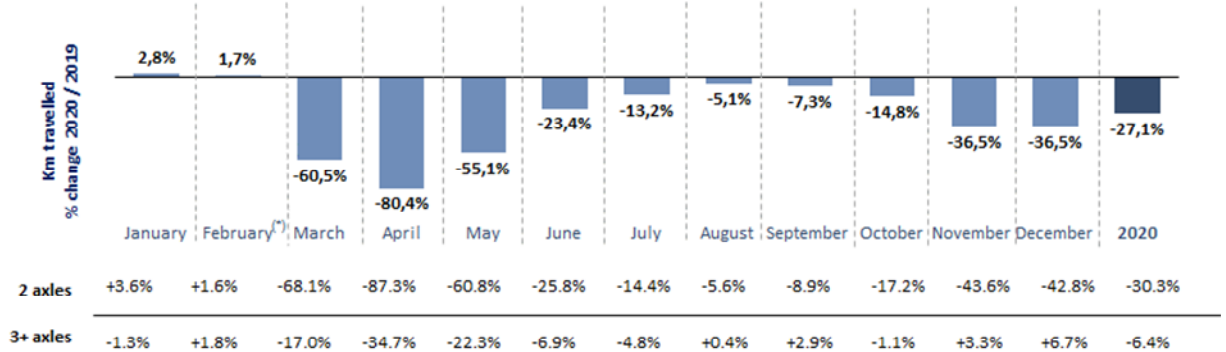
Motorway section	Vehicles per km (in millions)				ATVD 2020 *
	Vehicles with 2 axles	Vehicles with 3 or more axles	Total vehicles	% change versus 2019	
A1 Milan-Naples	11,054.6	2,923.6	13,978.1	-25.2	47,532
A4 Milan-Brescia	2,217.5	416.8	2,634.3	-30.1	76,979
A7 Serravalle-Genoa	340.6	78.0	418.6	-29.8	22,875
A8/A9 Milan-Lakes	1,566.3	131.5	1,697.8	-33.5	59,701
A8/26 spur	333.7	28.8	362.5	-29.4	41,267
A10 Genoa-Savona	453.4	87.0	540.4	-29.4	32,453
A11 Florence to the coast	1,012.0	105.1	1,117.1	-28.7	37,358
A12 Genoa-Sestri	519.4	51.5	570.9	-30.4	32,028
A12 Roma-Civitavecchia	461.8	39.4	501.2	-24.0	20,941
A13 Bologna-Padua	1,175.5	313.4	1,488.9	-28.4	31,956
A14 Bologna-Taranto	6,338.0	1,490.5	7,828.5	-25.9	27,373
A16 Naples-Canosa	843.4	144.8	988.1	-28.9	15,670
A23 Udine-Tarvisio	265.8	133.5	399.3	-33.0	10,782
A26 Genoa Voltri-Gravellona Toce	1,107.5	266.7	1,374.2	-33.6	15,331
A27 Venice-Belluno	544.0	55.7	599.7	-24.4	19,935
A30 Caserta-Salerno	578.9	121.7	700.6	-21.0	34,613
Mestre Interchange	27.3	5.7	33.0	-30.1	-
TOTAL AUTOSTRADE PER L'ITALIA	28,839.5	6,393.9	35,233.4	-27.1	33,723
Autostrade Meridionali	1,205.1	26.4	1,231.5	-27.6	65,210
Tangenziale di Napoli	680.3	11.8	692.1	-25.0	93,608
Società Autostrada Tirrenica	215.0	22.4	237.4	-21.5	14,287
Raccordo Autostradale Valle d'Aosta	64.9	18.6	83.5	-27.6	7,133
Trafo del Monte Bianco	4.5	3.2	7.7	-33.6	3,632
TOTAL GROUP	31,009.4	6,476.3	37,485.7	-27.1	34,031

Figures expressed in millions of kilometres travelled, rounded to the first decimal place.

Traffic performance includes the leap-year effect, equal to 0.17%.

* ATVD = Average theoretical vehicles per day, equal to the total number of kilometres travelled/journey length /number of days.

MONTHLY TRAFFIC TRENDS ON THE GROUP'S NETWORK IN 2020



(*) Traffic performance includes the leap-year effect equal to +2.5% for February, and +0.17% for the whole of 2020.

Tolls

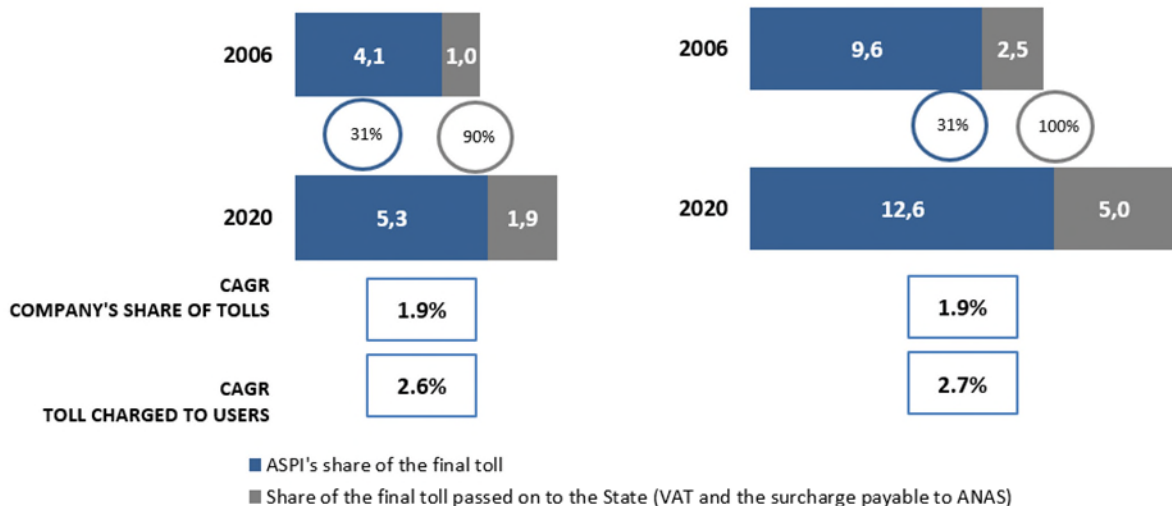
Information on the toll increases applicable to Autostrade per l'Italia and the Group's other motorway operators is provided in section 2.12, "Significant regulatory aspects".

The final toll charged to road users consists of two components: Autostrade per l'Italia's share and the share to be passed on to the State, which includes the surcharge payable to ANAS and VAT.

Final toll charged to road users
euro cents per km

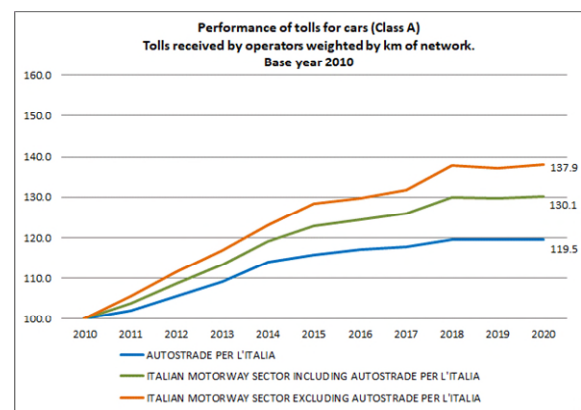
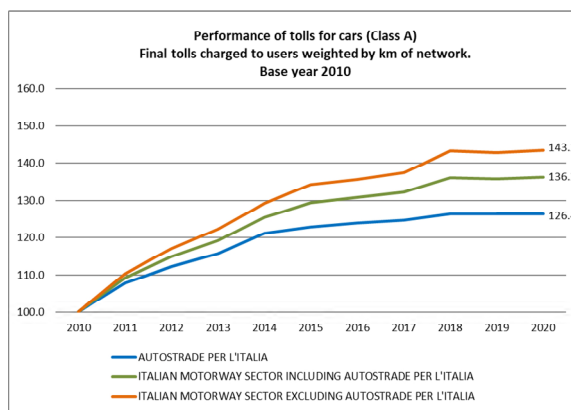
Light vehicles (Class A)

Heavy vehicles (Class 5)



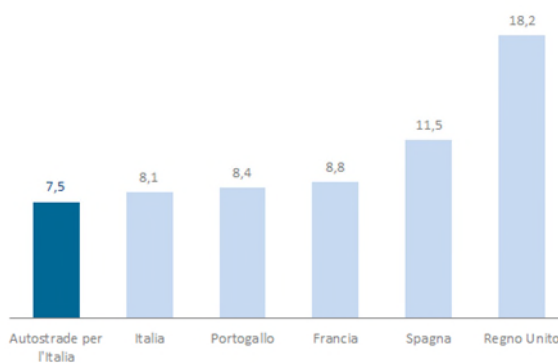
Autostrade per l'Italia's tariff formula has to date resulted in increases that on average are lower than those enjoyed by other Italian motorway operators, as shown in the following graphs for the period 2010-2020. The increase in tolls charged to the users of Autostrade per l'Italia's network (26.4%) was lower than the average increase applied by other Italian motorway operators (43.2%).

Over the same period, Autostrade per l'Italia's tolls rose by 19.5%, approximately half the rate of increase at other Italian motorway operators (37.9%).



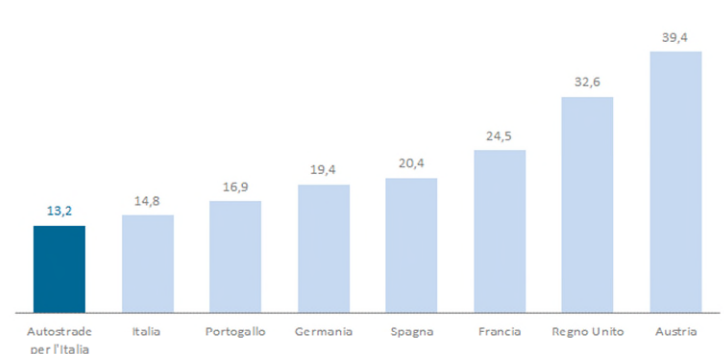
The tolls charged by Autostrade per l'Italia are below the average tolls applied by motorway operators not only in Italy, but also in other major European countries with toll motorways. It should also be borne in mind that, in addition to inflation, the tariff formula used is also meant to take into account investment carried out.

Tariffe medie per autovetture in Europa IVA inclusa ⁽¹⁾
(Anno 2019 € cent/km)



(1) Source:
Italy: based on ASPI data
Portugal, France, Spain, Austria: AISCAT
UK: ASPI data based on tariffs published on the website

Tariffe medie per mezzi pesanti in Europa IVA inclusa ⁽¹⁾
(Anno 2019 € cent/km)



1) Source:
Italy: based on ASPI data
Portugal, France, Spain, Austria: AISCAT
UK: ASPI data based on tariffs published on the M6Toll website M6Toll
Germany: Euro 4, Euro 3 +, PRC 2 for vehicles >18 t up to 3 axles

Capital expenditure

Despite the difficulties connected with the pandemic, capital expenditure by Autostrade per l'Italia and the Group's other motorway operators in 2020 amounts to €575 million.

CAPITAL EXPENDITURE

(€m)	2020	2019
Autostrade per l'Italia - projects in Agreement of 1997	120	214
Autostrade per l'Italia - projects in IV Addendum of 2002	119	98
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	270	194
Other operators (including capitalised costs)	7	11
Total investment in infrastructure operated under concession	516	517
Investment in other intangible assets	37	22
Investment in property, plant and equipment	22	20
Total capital expenditure	575	559

With regard to Autostrade per l'Italia, work on the following projects continued in 2020:

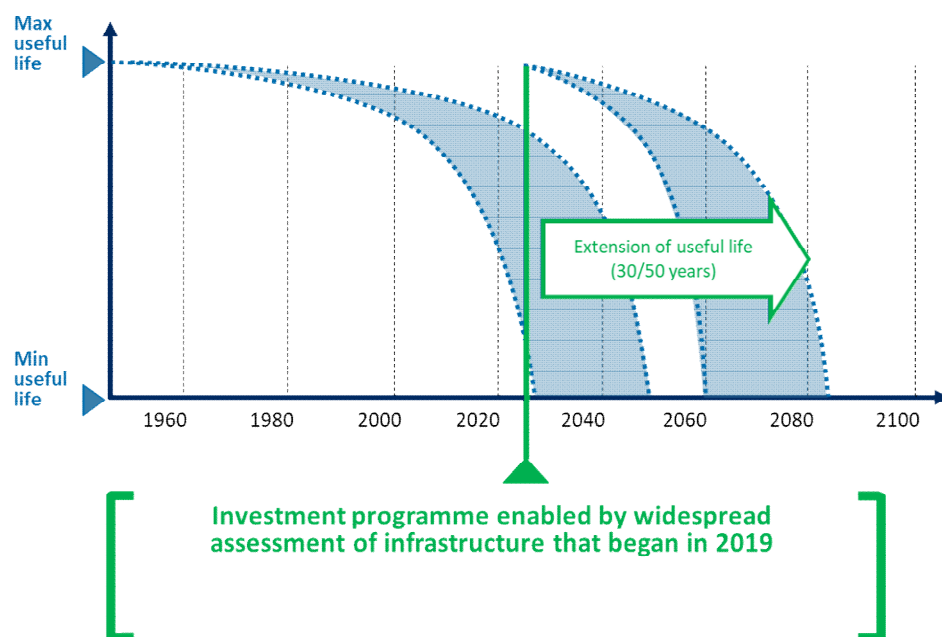
- projects included in the Agreement of 1997, with particular regard to the widening of the A1 between Barberino and Florence North and between Florence South and Incisa to three lanes. The most important of the works completed is the boring of the 8-km Santa Lucia Tunnel. The tunnel forms part of the planned upgrade of the Barberino–Florence North section of the A1, which is a natural continuation of the *Variante di Valico*. Boring of the tunnel began on 26 April 2017 and was completed on 8 June 2020;
- projects included in the IV Addendum of 2002, with particular regard to work on lot 2 relating to the widening of the A8 motorway between Milan and Lainate to five lanes, local works relating to the widening of the A14 Rimini-Porto S. Elpidio motorway to three lanes, interventions included in the second phase of the Tunnel Safety Plan, and preparatory works for the *Gronda di Genova*;
- other capital expenditure for major works, mainly relating to construction of the fourth free-flow lane for the A4 in the Milan area, on the section between the Viale Certosa and Sesto San Giovanni junctions;
- other capital expenditure, with particular regard to the continuation of work on the development of new technologies and ongoing improvements to quality and safety standards on the network.

In 2020, Autostrade per l'Italia also started a number of works on the network as part of the long-term development and modernisation programme the Company intends to implement by 2038.

This programme, which is part of the proposed update of the Operational and Financial Plan, includes a works plan aimed at improving, upgrading and modernising the network, as well as extending the useful life of infrastructure, in addition to the current provisions of the Single Concession Arrangement.

The value of this additional plan, included in the latest proposal to update the Financial Plan submitted to the Grantor, amounts to approximately €2.7 billion, with an additional optional portion of €1.3 billion, which Autostrade per l'Italia has stated it is willing to implement.

DELIVERY PLAN



With regard to the new road and motorway system serving Genoa (the so-called **Gronda di Genova**), most of the work involved in preparing for the start-up of work has been completed (surveys, expropriations, the movement of existing services interfering with construction, etc.), with the costs incurred so far amounting to approximately €200 million. Tenders have been called for works amounting to a further €600 million (whilst awaiting the formal approval of the detailed designs by the Ministry of Infrastructure and Sustainable Mobility, necessary before contracts can be awarded). In 2020, as part of the activities planned for the construction of the *Gronda di Genova*, at the express request of the Special Commissioners for the Genoa emergency and the reconstruction of the Polcevera road bridge, Autostrade per l'Italia began some of the activities included in the lot 1A project that are urgent as they interfere with the bridge reconstruction works.

The *Gronda* aims to reduce traffic using the urban section of the A10 between the Genoa West (Port of Genoa) toll station and the Voltri district, by redirecting through traffic to a new motorway running parallel to the existing road, thereby effectively widening the motorway by adding another road alongside.

GENOVA INTERCHANGE PROJECT



BOLOGNA BYPASS



A revised design for the upgrade of the **Bologna Interchange** has been agreed on with the Ministry of Infrastructure and Sustainable Mobility, partly after talks with the relevant local authorities. At the first meeting of the Services Conference, held in June 2020, the authorities involved submitted several requests for changes to be made to the project. The final project, called "Bypass 2020", which incorporates the recommendations made during these discussions with the local authorities, was developed and submitted to the Grantor by Autostrade per l'Italia in December 2020. The Services Conference is expected to be concluded by the end of first half of 2021.

Upgrade and modernisation of the network operating under concession

			Status as at 31 December 2020	km covered by project (km)	Value of project (a) (€m)	Km opened to traffic as at 31 December 2020 (km)	Stage of completion as at 31 December 2020 (b) (€m)
Autostrade per l'Italia: Arrangement of 1997							
1	A8	3rd and 4th lanes Milan-Gallarate	Completed	28.7	65	28.7	65
2	A1	4th lane Modena-Bologna	Completed (1)	31.6	209	31.6	146
2	A14	3rd lane Bologna Ring Road	Completed (2)	13.7	59	13.7	59
3	A1	3rd lane Casalecchio - Sasso Marconi	Completed	4.1	82	4.1	83
4	A1	<i>Variante di Valico</i>	Completed/in progress (3)	58.7	4,393	58.7	4,238
4	A1	3rd lane Barberino - Incisa	Work in progress/completed (4)	57.2	2,282	24.4	1,741
5	A1	3rd lane Orte - Rome North	Completed	37.8	191	37.8	191
		Other projects	Work in progress/completed (4)		22	n.a	23
Total projects under Arrangement of 1997				231.8	7,304	199.0	6,549
Autostrade per l'Italia: Projects included in IV Addendum of 2002							
11	A1	3rd lane Fiano R. - Settebagni and Castelnuovo di Porto junction	Completed	15.9	138	15.9	128
8	A4	4th lane Milan East - Bergamo	Completed	33.6	513	33.6	514
6	A8	5th lane Milan - Lainate	Work in progress (5)	4.4	197	2.2	84
6	A9	3rd lane Lainate - Como Grandate	Completed	23.2	345	23.2	313
10	A14	3rd lane Rimini North - Porto Sant'Elpidio	Completed/in progress (6)	154.7	2,575	154.7	2,316
9	A7/A10/A12/A26	Genoa Bypass (plus other works)	Final design approved (7)	39.7	4,323	-	199
7	A8	Link road for New Milan Exhibition Centre	Completed	3.8	87	3.8	86
		Other projects	Work in progress/completed (8)		382	n.a	362
Total projects under IV Addendum of 2002				275.3	8,560	233.4	4,002
Other Group motorway operators							
12	A5	RAV new Morgex- Entreves section	Completed	12.4	430	12.4	422
13	A3	Autostrade Meridionali, 3rd lane Naples-Pompei East/Scatati (r)	Work in progress/completed	20.0	552	20.0	550
	A12	Autostrada Tirrenica	Work in progress/completed (9)	18.6	222	18.6	221
Total projects of other operators				51.0	1,204	51.0	1,193
Total investment in major works by the Autostrade per l'Italia Group				558.1	17,068	483.4	11,744

(a) Total cost of carrying out the works, as assessed at 31 December 2020, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 is net of an amount included in "Other investment".

(b) Excludes capitalised costs (financial expenses and staff costs).

(c) The concession held by Autostrade Meridionali expired on 31 December 2012. As requested by the Grantor, from 1 January 2013 the company has continued to be responsible for day-to-day operation of the motorway, including completion of the investment programme, whilst awaiting the transfer of the concession to the new operator subject to inclusion of the related costs in the value of its takeover right.

(1) Includes construction of the Modena Ring Road, a work requested by local authorities. Approval of the executive design amounting to approximately €59 million, which was sent to the Grantor on 3 April 2020, is pending.

(2) Total investment of €247 million, of which €59 million in the Major Works Plan of 1997 and €188 million in "Other investment" in the Arrangement of 1997.

(3) Work is in progress on off carriageway works, landscaping and completion of the new Rioveggio junction.

(4) Work on the Barberino-Florence North section is in progress; the executive design for lot 2B + 1 South of the Florence South-Incisa section was approved in August 2018 and the tender procedure is in progress, whilst work on lot 1 North is in progress.

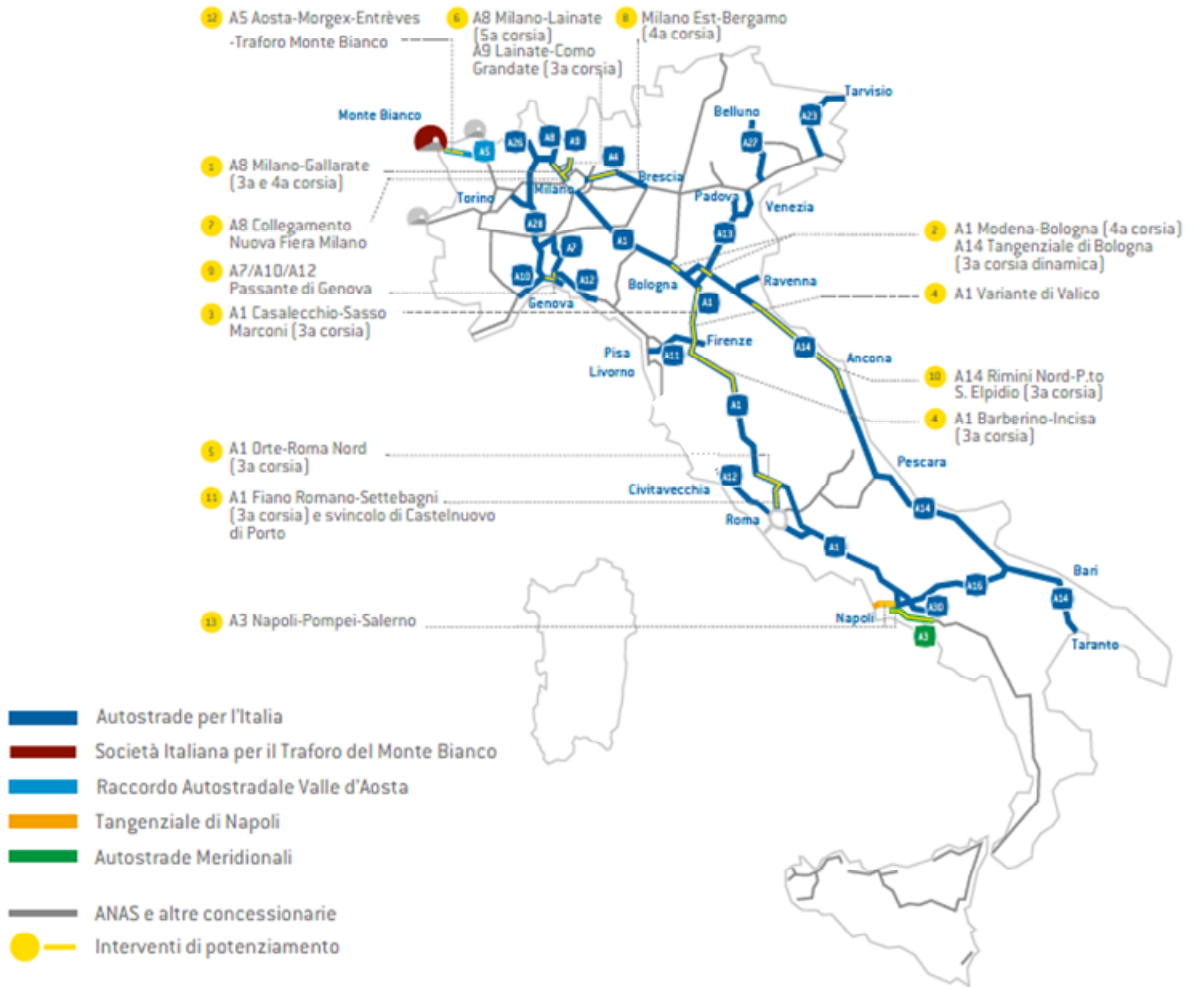
(5) Work on lot 1 is close to completion and work on lot 2 is in progress.

(6) Work on widening the motorway to include a third lane have been completed. Work is in progress on supplementary/delayed works, off carriageway (supplementary roads, feeder roads, etc.).

(7) The portion of investment carried out relates to design and preliminary activities (design, surveys, expropriations, removal of obstructions, etc.) for the *Gronda di Genova* (Bypass) and construction of the San Benigno Interchange.

(8) Work on the Maddaloni junction and the Tunnel Safety Plan is in progress; work on the new A4/A13 interchange at the Padua Industrial Park toll station has been completed.

(9) The legislative provisions of the 2020 *Milleproroghe* Decree exclude completion of the Tyrrhenian motorway corridor. SAT has challenged this measure before the Regional Administrative Court. An Addendum to SAT's Single Concession Arrangement, redefining the scope of the concession, is still in the approval phase.



Network operations

The cost to Autostrade per l'Italia and the Group's other Italian motorway operators for maintenance, safety and traffic management on the network in 2020 (excluding work at service areas) was €1,119 million. €1,075 million of this was spent by Autostrade per l'Italia.

Total expenditure in 2020 (not including the cost of maintenance personnel) is made up of the following:

- maintenance costs of €871¹ million;
- €248 million spent on safety and traffic management (including capitalised maintenance costs).

Safety and maintenance

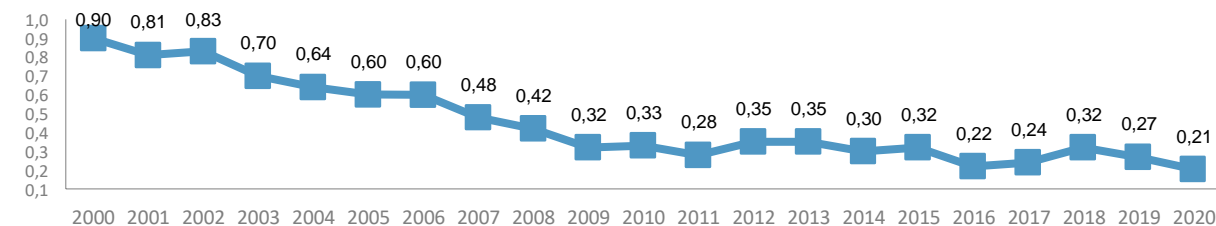
There were 9,949 accidents on the network managed by Autostrade per l'Italia and the Group's other operators in 2020 (down 31% compared with 2019). The global accident rate is down to 26.5 from 28.1 in 2019, whilst the death rate is 0.21, compared with 0.27 in 2019.

ACCIDENT RATES ON THE NETWORK OPERATED BY THE AUTOSTRADE PER L'ITALIA GROUP

	2000	2019	2020
Global accident rate (number of accidents per 100 km travelled)	60.6	28.1	26.5
Accident rate on carriageways	-	24.6	23.5
Casualty rate (number of accidents per 100 km travelled)	15.8	7.3	5.9
Fatal accident rate (number of accidents per 100 km travelled)	0.71	0.23	0.18
Death rate (number of deaths per 100 km travelled)	0.90	0.27	0.21

(2020 provisional data)

DEATH RATE ON THE NETWORK OPERATED BY THE AUTOSTRADE PER L'ITALIA GROUP



(2020 provisional data)

The indicator that measures the number of accidents at so-called blackspots (the Blackspot Accident Index⁽³⁾) is 19.41⁽⁴⁾ for 2020 (33.17 in 2019), marking a reduction of 67.3% compared with 2013, when the indicator was introduced. Approximately 165 specific initiatives were implemented during 2020,

¹ Autostrade per l'Italia's maintenance expenditure includes €148 million in costs relating to reconstruction of the Polcevera road bridge. The consolidated amount for maintenance is €867 million following the elimination of intercompany amounts.

⁽³⁾ The Blackspot Accident Index: the number of accidents at blackspots per billion km travelled.

⁽⁴⁾ The figures for 2020 are provisional whilst awaiting consolidation of the data.

to add to the over 2,400 such initiatives carried out from 2002, since when accidents at these points on the network have fallen by approximately 93%.

The improvement was also achieved thanks to deployment of the "Tutor" system for measuring average speeds, in addition to the continual improvement of quality standards and specific infrastructure and operational measures. These include the introduction of new "Guidelines for the installation, management and removal of roadworks on Autostrade per l'Italia's network" and information campaigns designed to raise safety awareness among road users.

Monitoring of the network

To ensure that the motorway infrastructure, works and equipment is in good working order, and thereby guarantee the best possible standards of safety and service quality, the local Area Offices responsible for the various sections of the motorways operated by Autostrade per l'Italia and its subsidiaries carry out routine monitoring and maintenance.

Surveillance of motorway assets is now carried out by third parties selected through public tenders. In the last quarter of 2019, Autostrade per l'Italia decided to go ahead with outsourcing the surveillance of major infrastructure along the network, via a European tender called in February 2021 that awarded the contract to a temporary consortium consisting of Proger Spa, Bureau Veritas Nexta srl, Tecno Piemonte spa, and Tecno Lab srl. The three-year contract, which is renewable for another two years, involves surveillance of the following assets:

- bridges and viaducts;
- overpasses;
- tunnels;
- tunnel equipment;
- minor infrastructure.

For 2020, pending the award of the above contract, the same consortium was engaged to carry out infrastructure inspections via a public tender.

The outsourcing of inspection activities also regarded these other motorway assets, for which a contract is expected to be awarded in 2021:

- sites of geotechnical interest, and network support and protection structures;
- hydraulic equipment;
- safety barriers and noise barriers.

In addition, once again via a public tender, two accredited external companies (AECOM and Protos Check) were contracted to carry out a second-level audit of the processes used in the surveillance of all motorway assets. The auditors have been asked to conduct tests and obtain evidence in order to assess the functionality and efficacy of the control system and surveillance and monitoring procedures used by the company responsible for surveillance of motorway infrastructure and other structures and/or assets. The results will be used to improve internal processes.

With regard to the inspection of bridges, viaducts and flyovers, the "Surveillance Manual" and the related "Catalogue of Defects" were also revised, in line with the provisions of the guidelines for the "Classification and management of risk, safety assessment and monitoring of existing bridges", issued by the National Public Works Council in April 2020 and approved by Ministerial Decree 578 of 17 December 2020 from the Ministry of Infrastructure and Sustainable Mobility. The inspection framework needs to be further developed in order to achieve two key objectives:

- an exhaustive and comprehensive opinion;
- an objective and unambiguous assessment.

Similar documents are being prepared for motorway tunnels, based on the recommendations set out in the "Tunnel Inspection Manual" and the New Catalogue of Defects received from the Ministry of Infrastructure and Sustainable Mobility in May 2020, and in line with the upcoming guidelines from the National Public Works Council.

With regard to minor motorway assets, a detailed review of all inspection manuals is underway that is expected to be completed by the end of 2021, while the relevant maintenance standards are being revised.

In addition, with regard to the overall management of network infrastructure, Autostrade per l'Italia has partnered with IBM in order to develop a new digital platform to supplement inspection, instrumental monitoring and routine and non-routine maintenance activities. This will result in a single tool for managing all the processes involved in managing all the motorway infrastructure. Autostrade per l'Italia's new system is designed to interface with the "Ainop" database, set up by the Ministry of Infrastructure and Sustainable Mobility in order to monitor the state of all Italy's infrastructure. The new system has been implemented for the network's bridges and viaducts, and will be used to carry out advanced basic inspections from 2021.

Furthermore, and in accordance with the guidelines established by the Directorate General for the Oversight of Motorway Concessions, the Company has entered into specific partnerships with leading Italian universities, with the aim of conducting specialist independent audits of the operating procedures used by the Company in inspecting infrastructure and in drawing up the related maintenance programmes.

In 2020, a wide-ranging assessment plan was also launched for all motorway tunnels, carried out by the companies Lombardi, RockSoil and SWS Engineering, in accordance with methodologies agreed and approved by the Ministry of Infrastructure and Sustainable Mobility. The assessment involved an in-depth survey of the state of each tunnel, including the use of cutting-edge diagnostic tools and methodologies, with the aim of defining a new starting point for the state of conservation of tunnels, and for plannable maintenance requirements.

An assessment programme for bridges and viaducts was launched in March 2021, involving various closely interconnected activities that enable assessment of the functional compliance of infrastructure, taking into account its state of conservation, in line with the guidelines for the "Classification and management of risk, safety assessment and monitoring of existing bridges". Here too, the aim is to create a new starting point for the collection of information on all aspects of the infrastructure. The data gathered will then be used in managing the assets, via the recovery or reconstruction of design documents and the conduct of specific instrumental and diagnostic surveys covering all parts of the infrastructure, and specific safety checks will also be carried out.

At the end of the assessment, any necessary maintenance work will be identified for each piece of infrastructure, whether for conservation or network modernisation purposes, which will be shared with the Ministry of Infrastructure and Sustainable Mobility, in accordance with the content and principles set out in the Operational and Financial Plan. Moreover, following the issuing of guidelines by the National Public Works Council, the Area Offices appointed expert external companies to carry out safety checks on all infrastructure manifesting defects that warrant further investigation, in accordance with the technical specifications prepared by Autostrade per l'Italia and certified by the

Polytechnic University of Turin. These checks are part of the above-mentioned broader assessment plan.

Finally, in 2021, specific assessments will be carried out by external experts regarding the following other motorway assets:

- noise barriers;
- geotechnical sites and retaining walls;
- hydrogeologically sensitive sites.

In order to guarantee progressive improvements in the safety of motorway infrastructure, in 2020 structural maintenance work was further stepped up across the entire country.

Finally, from 2020, routine and non-routine maintenance programmes, in addition to the results of ordinary surveillance activity, also take into account the above assessment plans and the safety checks carried out on motorway infrastructure.

Pavements

Draining pavement has been laid throughout Autostrade per l'Italia's network, with the exception of roads liable to ice over, tunnels and roads where high traction paving has been laid or sections where major works are due to take place or are in progress.

	2000	2018	2019	2020
Metri quadrati (x 1.000)	11.256	2.952	7.037	10.103
di cui metri quadrati drenanti (x 1.000)	2.319	1.722	4.668	6.947
Metri cubi totali (x 1.000)	586	169	425	567
Copertura complessiva della rete Autostrade per l'Italia con asfalto drenante	18,9%	83,8%	83,5%	83,3%

Safety initiatives

As always, Autostrade per l'Italia ran numerous initiatives and campaigns in 2020 to promote safety:

- the plan for managing peak-time traffic during the summer, via additional road traffic information, the removal of all road works and increasing traffic flow at toll stations;
- Autostrade per Genova, the section of the website dedicated to Ligurian motorways, has been enriched and reorganised to provide road users with detailed information on planned roadworks, which is updated every week with maps broken down by motorway showing their location. 2020 also saw the opening of a Telegram channel dedicated to Liguria ("Autostrade per l'Italia - Liguria"), which road users are constantly updated on traffic conditions along motorways, and informed of any accidents or unexpected closures;
- in order to inform road users about the status of scheduled maintenance on the viaducts along Autostrade per l'Italia's motorway network, an interactive section has been published that enables users to navigate a map to view checks and maintenance schedules, which is updated on a quarterly basis;
- traffic forecasts, made available on a specific section of Autostrade per l'Italia's website, at Hi-Point information desks at service areas and on Autostrade per l'Italia's My Way app;
- the "Snow Plan", put into practice each year in collaboration with the highway police and aimed at stressing Autostrade per l'Italia's commitment in terms of personnel and equipment used to manage emergency situations, in addition to providing a series of useful suggestions for motorists travelling on the motorway in snow. There is a specific section of the website dedicated to winter operations,

- providing a handbook containing advice on driving during the winter and details of the winter equipment road users are required to carry;
- application of the "Guidelines for the installation, management and removal of roadworks on Autostrade per l'Italia's network".

Traffic management

The Total Delay ⁽⁵⁾ on the network managed by Autostrade per l'Italia in 2020 amounted to approximately 5.4 million hours, compared with 7.1 million hours in 2019

The Total Delay Work, a sub-indicator of Total Delay, which measures disruption caused by roadworks on motorways, recorded a figure of approximately 1,436,404 hours ⁽⁶⁾ in 2020, an increase of 146% compared with 2013, the last year before Autostrade per l'Italia's introduction of new measures designed to improve traffic flow in the presence of roadworks, the most important of which are:

- a prior assessment of the impact on traffic of each roadwork to identify the best period of the year in which to carry out the work and the best layout of the site in order to reduce disruption to a minimum;
- an increase in the number of road workers and equipment used to reduce the time required;
- the suspension of work at busy times of day;
- more information given to road users on the sections affected and the most critical times of day, with suggestions on how to organise journeys and choose alternative routes, including the information available via a range of media (RTL, ISORADIO, www.autostrade.it, the MyWay app, etc.).

In terms of the provision of information:

- there are a total of 1,924 Variable Message Panels providing traffic information on Autostrade per l'Italia's network;
- the agreement with the radio broadcaster, RTL, continued in 2020 alongside the existing partnership with RAI Isoradio, with the broadcast of 27 live bulletins a day by operators from the MyWay group and Autostrade per l'Italia's Traffic Operations centre over the radio and in radiovision, in addition to another 106 reports broadcast via Radio DAB Rtl 102.5

⁽⁵⁾ Total Delay: the sum of the difference between the average transit time for each section of the entire network in the period under review and the equivalent time at an average speed typical of the section in question, multiplied by the number of journeys. From 1 January 2017, a new algorithm for calculating the Total Delay was introduced. This results in a more accurate estimate of "delays" on Autostrade per l'Italia's network and a more precise breakdown into sub-indicators (Accident, Traffic and Works), above all in the case of concomitant events on the same section of motorway, introducing a basis for temporal as well as spatial comparison. The algorithm has been certified in accordance with the ISO 9001:2015 standard.

⁽⁶⁾ TDW in 2020 amounts to 1,436,404 hours. 882,699 of these hours (approximately 61% of the total) come under the responsibility of the Genoa Area Office I, and mainly relate to the tunnel inspection and maintenance programme.

Viaradio Autostrade per l'Italia. News on serious disruptions continues to be available via FM radio;

- a total of 268,559 calls were made to the traffic information centre, with a total of 99.9% answered;
- as at 31 December 2020, live coverage on the MyWay slots on SkyTG24 was provided on approximately 1,000 occasions; there were over 10,000 reports on SkyMeteo24's 502 channel, where MyWay is on air every day from 7.10 in the morning until 9.40 at night. In addition, around 900 reports were broadcast over La7's digital terrestrial radio channel, La7d.

Toll collection and payment systems

In 2020, traffic on Autostrade per l'Italia's network was affected by the Covid-19 pandemic, and the number of transactions handled by automated tolling systems was down 27.3% compared with 2019.



TRANSACTIONS BY METHOD OF PAYMENT ON AUTOSTRADE PER L'ITALIA'S NETWORK

Method of payment	Number of transactions 2020	%	Number of transactions 2019	%	Increase/ (decrease) 2020/2019 (%)
MANUAL CASH PAYMENTS	35,297,048	6.2%	86,664,534	11.0%	-59.3%
Automated cash	75,568,822	13.3%	87,982,454	11.2%	-14.1%
VIAcard direct debit	15,947,230	2.8%	19,242,709	2.5%	-17.1%
Telepass ⁽¹⁾	370,484,667	65.0%	490,739,623	62.5%	-24.5%
Prepaid cards	5,395,646	0.9%	9,074,280	1.2%	-40.5%
Credit cards	36,572,114	6.4%	52,448,729	6.7%	-30.3%
FASTpay	22,096,303	3.9%	28,490,236	3.6%	-22.4%
TOTAL AUTOMATED PAYMENTS	526,064,782	92.2%	687,978,031	87.7%	-23.5%
Other (unpaid tolls, strikes, evasion, transits using automated self-service VIAcard "zero" tollgates at ASPI's stations in the city of Genoa)	8,931,404	1.6%	10,063,955	1.3%	-11.3%
GRAND TOTAL	570,293,234	100.0%	784,706,520	100.00%	-27.3%

(1) In 2020, Telepass payments include 37,331 SIT-SET transactions.

TRANSACTIONS BY METHOD OF PAYMENT ON THE NETWORKS OPERATED BY AUTOSTRADE PER L'ITALIA AND THE GROUP'S OTHER OPERATORS*

Method of payment	Number of transactions 2020	%	Number of transactions 2019	%	Increase/ (decrease) 2020/2019 (%)
MANUAL CASH PAYMENTS	51,487,666	7.5%	113,803,215	12.0%	-54.8%
Automated cash	102,666,266	14.9%	120,397,292	12.7%	-14.7%
VIAcard direct debit	17,809,530	2.6%	21,578,856	2.3%	-17.5%
Telepass ⁽¹⁾	437,243,449	63.3%	578,098,803	61.1%	-24.4%
Prepaid cards	6,276,602	0.9%	10,325,501	1.1%	-39.2%
Credit cards	41,046,702	5.9%	57,696,562	6.1%	-28.9%
FASTpay	23,685,197	3.4%	30,352,583	3.2%	-22.0%
TOTAL AUTOMATED PAYMENTS	628,727,746	91.1%	818,449,597	86.5%	-23.2%
Other (unpaid tolls, strikes, evasion, transits using automated self-service VIAcard "zero" tollgates at ASPI's stations in the city of Genoa)	10,082,226	1.5%	13,949,788	1.5%	-27.7%
GRAND TOTAL	690,297,638	100.0%	946,202,600	100.0%	-27.0%

(*) Excluding the Mont Blanc Tunnel.

(1) In 2020, Telepass payments include 38,240 SIT-SET transactions.

Service areas and advertising

There are currently 218 service areas along the motorway network operated by Autostrada per l'Italia and the Group's other motorway operators, 204 of which are on motorways operated by Autostrade per l'Italia. In addition, the Villa Costanza rest area on the A1 at Firenze Scandicci also offers food services.

Villa Costanza is the first "park and ride" car park where motorists can park their cars without leaving the motorway, board a tram and reach the centre of Florence in a few minutes. This parking scheme provides an ideal gateway to Florence for tourism, shopping and business. The car park is open 24 hours a day, 7 days a week, and cars may park for up to 30 consecutive days.

In 2020, Autostrade per l'Italia began implementation of the high-voltage electric charging infrastructure project - pursuant to Legislative Decree 257/2016 implementing the so-called DAFI Directive - at the Secchia West and Flaminia East service areas, on the A1 Milan-Naples motorway.

Implementation of Autostrade per l'Italia's service area upgrade programme continued in 2020, as agreed with the Grantor in 2017. The programme covers 60 service areas and involves both extensive upgrades (makeovers) and refurbishment work designed to improve comfort and access at services areas for road users.

As at 31 December 2020, work on the refurbishment of 23 service areas and the makeover of a further 12 was completed. Work is currently in progress or included within broader network development projects for the makeover of 5 areas, and the refurbishment of another 4 areas will soon be started. Another 16 makeovers are currently awaiting the related consents.

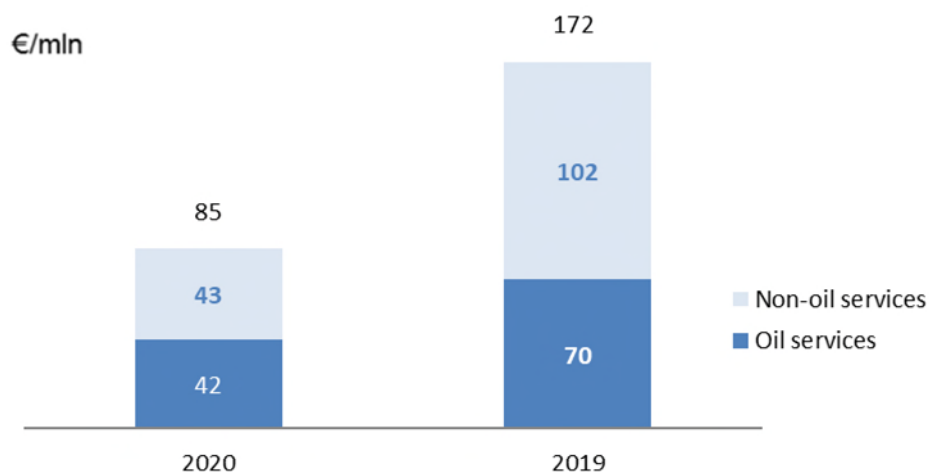


In 2020, recurring royalties received from sub-operators in service areas on the network managed by Autostrade per l'Italia and the Group's other motorway operators totalled €85 million, a reduction of €87 million compared with the previous year.

In 2020, Autostrade per l'Italia implemented a series of support measures for oil and food service providers to mitigate the negative effects of the Covid-19 health emergency on their business and to guarantee the quality of the services provided to motorway customers, given the obligation imposed by the Government on sub-operators to remain open, despite an almost total absence of customers during the lockdowns.

These measures include cancellation of all fees for the months from March to May, and the application of variable royalties, as an exception to the mechanisms applied under the existing agreements, with different fee scales depending on sales volumes.

RECURRING ROYALTIES FROM SUB-OPERATORS - AUTOSTRADE PER L'ITALIA AND SUBSIDIARIES



Finally, Autostrade per l'Italia has informed the Grantor and service area operators about a series of financial initiatives designed to benefit oil and food service providers. The aim is to preserve jobs at service areas and maintain the quality, health and safety standards offered to consumers and ensure that both food and oil services are available 24 hours a day, 7 days a week, even when there are almost no customers. This is also a requirement imposed on operators by legislation introduced by the Government.

Financial review for the principal subsidiaries

Autostrade Meridionali

In compliance with the concession arrangement, in December 2012 the Grantor asked Autostrade Meridionali to continue operating the motorway, in accordance with the existing terms and conditions, and to implement safety measures on the motorway.

Total operating revenue for 2020 amounts to €68 million and consists of toll revenue of €65 million and other operating income of €3 million, registering a decrease of approximately €24 million compared with 2019, largely as a result of Covid-19.

Revenue includes the surcharge to be paid to the Grantor (€8 million in 2020), with a matching amount recognised in operating costs.

EBITDA for 2020, amounting to €11 million, is down approximately €20 million compared with 2019.

Tangenziale di Napoli

Total operating revenue of €54 million in 2020 is down €18 million compared with the previous year.

Revenue includes the surcharge to be paid to the Grantor (€4 million in 2020), with a matching amount recognised in operating costs.

Net toll revenue of €52 million is down by approximately €15 million compared with 2019. The decrease is mainly due to the effects of Covid-19.

EBITDA for 2020, amounting to €12 million, is down €16 million compared with 2019.

Società Italiana per Azioni per il Traforo del Monte Bianco

Total operating revenue of €52 million in 2020 is down €10 million compared with the previous year, primarily due to the effects of Covid-19, and almost entirely regards toll revenue.

EBITDA for 2020, amounting to €24 million, is down €16 million on the previous year. In addition to the fall in revenue, the decrease is also affected by an increase in net operating costs, mainly due to the operating change in provisions for the repair and replacement of assets operated under concession.

Raccordo Autostradale Valle d'Aosta

Total operating revenue, essentially consisting of toll revenue, amounted to €24 million in 2020, marking a decrease of approximately €7 million compared with 2019, primarily reflecting the effects of Covid-19.

EBITDA for 2020, amounting to €8 million, is down €8 million on the previous year.

Società Autostrada Tirrenica

Total operating revenue for 2020 amounts to €32 million and consists of toll revenue of €30 million and other operating income of €2 million, registering a decrease of approximately €7 million compared with 2019, largely as a result of Covid-19.

EBITDA for 2020 amounts to €15 million, down €7 million on the previous year.

2.6 Innovation, research and development

The Group's innovation, research and development activities aim to offer innovative, technologically advanced solutions designed to enhance the quality of the motorway service, in line with the development guidelines set out in the 2020-2024 Plan (to which reference should be made for further details), and in particular:

- guarantee 360° safety on roads, at construction sites and at places of work;
- ensure the highest quality standards throughout the value chain, from planning to execution and operation, including via the use of advanced analytical models and innovative infrastructure representation tools (BIM 3D-Building Information Technology);
- strengthen our commitment to digitalisation, through the development of information systems and the application of the highest technological standards, in order to improve the operational management of infrastructure and the efficiency of transport;
- "put the customer first", by offering new services to travellers throughout their journeys;
- develop a green and smart mobility for the future, in accordance with sustainability criteria.

These activities, some of which are long-term in nature, are undertaken by the relevant departments, generally in synergy with Group companies, and on occasion in collaboration with national and international research centres and universities or, in certain cases, industrial partners. Numerous projects were carried out in 2020, some of which were co-financed at EU level.

The projects put into operation during 2020 include the new digital platform for inspecting and monitoring works along the motorway network managed by Autostrade per l'Italia, which uses highly innovative technologies (ARGO).

The main activities carried out in 2020 include:

- tolling systems: adaptation of free-flow tollgates using innovative technologies for detecting and tracking vehicle flow (i.e. stereoscopy, machine vision, radar, dynamic weighing, etc.); development of the number plate recognition system based on RFID-UHF radio technologies; functional developments of the FEP 2.0 platform involving machine learning algorithms and manual review of journeys in order to identify the correct class of vehicle for tolling purposes and for tracking and managing vehicles on motorways, as well as corporate KPIs;
- evolution of traditional motorway operation systems with a view to developing new functions and services;
- new higher performance tri-standard satellite devices to support operational management (i.e. winter operations);
- development of Mobility Management systems via implementation of an automated detection and traffic control system: creation of free-flow lanes using AID techniques with high-precision radar; number plate detection and recognition; hazardous goods detection; mobility event analysis;
- analysis and design of functionalities to improve vehicle classification for Tutor systems;
- testing of automated detection and traffic control systems in tunnels using multiple technologies (cameras, thermal detectors, high-precision radar, etc.);

- smart service areas: the testing of new monitoring and service provision functions for mobility, to support the management of service areas;
- digitalisation of the process of managing motorway assets by adopting key enabling technologies for use in the development of innovative approaches to the enhancement of data assets: the creation of a new platform, based on IBM's Maximo Enterprise Asset Management software;
- creation of an Internet of Things (IoT) platform for monitoring infrastructure, supplemented with three-dimensional models obtained from drone surveys;
- development of artificial intelligence (AI) algorithms for the detection and classification of infrastructure defects;
- monitoring and surveillance systems to improve knowledge and assessment of the overall state of conservation of the network's tunnels using high-resolution instrumental survey techniques;
- development of integrated methodologies to assess motorway assets and interpret the behaviour of structures subject to ageing, with particular regard to bridges and viaducts;
- development of integrated systems to assess the resilience of transport networks to climate events and the required levels of performance and service;
- predictive maintenance for pavements based on innovative Pavement Management Systems, thanks to new measuring systems and artificial intelligence algorithms, with a pilot project being tested by area offices around the network;
- a new anti-collision system to identify, in real time, the position of moving vehicles within a defined area;
- increasing the safety of operators on the road through the use of cameras installed on road vehicles and AI and machine learning technology;
- Smart energy and environmental sustainability: testing of the recovery system for kinetic energy produced by vehicle traffic, to be integrated with existing systems for recovery from renewable sources (i.e. photovoltaic panels).

EU-funded projects include participation in European programmes for the development and application of ITS-based services (information for road users, traffic management, freight transport and logistics services), as well as of innovative infrastructure operation and assessment systems, needed in order to achieve European objectives relating to the safety and environmental impact of transport and mobility.

Group companies' total expenditure on innovation, research and development in 2020 amounts to approximately €19 million, an increase of €6 million compared with 2019. This sum represents the total amount spent by the Group on research and development, including operating costs, staff costs and capital expenditure.

2.7 Workforce

As at 31 December 2020, the Autostrade per l'Italia Group employs 7,358 staff on permanent contracts and 302 temporary staff, making a total workforce of 7,678 (up 557 or 7.8% compared with the 7,121 of 31 December 2019), of which 540 derive from the start-up of operations by Tecne - Autostrade per l'Italia Group (hereafter Tecne), following finalisation of the lease contract for the business unit (relating to design and works management activities) owned by SPEA Engineering.

The increase of 539 in permanent staff is primarily linked to the following companies:

- Tecne (up 511), in operation from 1 December 2020;
- Autostrade Tech (up 25), due to expansion of the workforce;
- Autostrade per l'Italia (up 17), due to expansion of the workforce in some organisational departments, partly offset by a slowdown in turnover primarily among toll collectors;
- Società Autostrade Meridionali (down 12) and Tangenziale di Napoli (down 6), primarily due to a slowdown in turnover among toll collectors.

The increase of 18 in temporary staff is primarily linked to the following companies:

- Tecne (up 29), in operation from 1 December 2020;
- Giove Clear (down 19), the decision not to offer extensions to people on fixed-term contracts or to convert them to permanent deals due to the downturn in activity as a result of the Covid-19 emergency.

The average workforce of the Autostrade per l'Italia Group is down from 6,733 in 2019 to 6,621 in 2020, marking a reduction of 112 (1.7%). This is primarily linked to the following companies:

- Autostrade per l'Italia (down 101 on average), due to a slowdown in turnover among toll collectors, reflecting the downturn in activity as a result of the Covid-19 emergency and the absence of seasonal toll collectors in June 2020 (following activation of the ordinary wage guarantee fund or CIGO), partially offset by recruitment to expand certain organisational departments;
- Società Autostrade Meridionali (down 17 on average) and Tangenziale di Napoli (down 15 on average), primarily due to a slowdown in turnover among toll collectors;
- Giove Clear (down 30 on average), primarily due to the downturn in activity as a result of the Covid-19 emergency;
- Tecne (up 45 on average), in operation from 1 December 2020.

Information on the performance of staff costs is provided in the "Group financial review".

PERMANENT STAFF AT THE AUTOSTRADE PER L'ITALIA GROUP

	31 December 2020	31 December 2019	Increase/(Decrease)	
			absolute	%
Senior managers	120	95	25	26.3%
Middle managers	394	353	41	11.6%
Administrative staff	3,347	2,691	656	24.4%
Operational personnel	1,474	1,513	-39	-2.6%
Toll collectors	2,023	2,167	-144	-6.6%
Total	7,358^(*)	6,819	539	7.9%

TEMPORARY STAFF AT THE AUTOSTRADE PER L'ITALIA GROUP

	31 December 2020	31 December 2019	Increase/(Decrease)	
			absolute	%
Senior managers	0	-	-	n/a
Middle managers	1	-	1	n/a
Administrative staff	42	22	20	90.9%
Operational personnel	89	109	-20	-18.3%
Toll collectors	188	171	17	9.9%
Total	320	302	18	6.0%

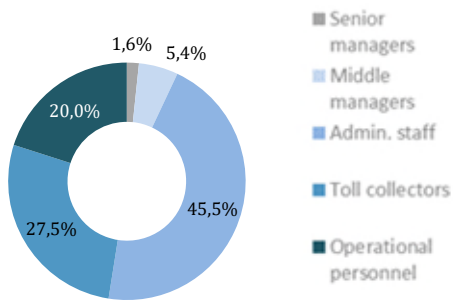
AVERAGE WORKFORCE AT THE AUTOSTRADE PER L'ITALIA GROUP

	2020	2019	Increase/(Decrease)	
			absolute	%
Senior managers	103	95	8	8.4%
Middle managers	339	360	-21	-5.8%
Administrative staff	2,785	2,644	141	5.3%
Operational personnel	1,411	1,456	-45	-3.1%
Toll collectors	1,983	2,178	-195	-9.0%
Total	6,621	6,733	-112	-1.7%

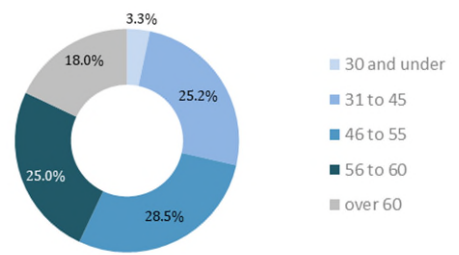
(*) of which 1,771 women and 5,587 men.

Breakdown of the Group's workforce
(permanent employees)

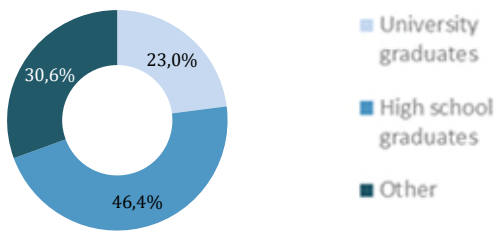
DISTRIBUTION OF PERMANENT STAFF BY CATEGORY



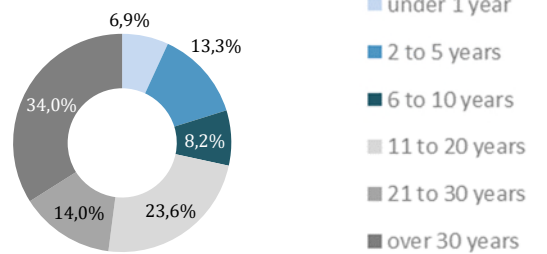
DISTRIBUTION OF PERMANENT STAFF BY AGE RANGE



DISTRIBUTION OF PERMANENT STAFF BY EDUCATIONAL QUALIFICATION



DISTRIBUTION OF PERMANENT STAFF BY LENGTH OF SERVICE



Staff management and development

In 2020, with a view to sustaining and developing skills, which represent a unique and distinctive asset for driving transformation and breaking through new technological frontiers to serve infrastructure networks and new integrated mobility systems, Autostrade per l'Italia rethought its knowledge management model and invested in innovation and the development of knowledge by supporting its in-house Academies and setting up a network of strategic partnerships with universities.

The main initiatives that took place in 2020 were:

- creation of the Autostrade Corporate University to boost and raise the visibility of the Company's significant portfolio of skills and training plans to support and develop core specialist skills, thereby enhancing the in-house Academy (Autostrade Academy), ensuring the in-house development of new managers (Autostrade Business School), attracting new staff with high potential and strengthening managerial skills to develop our business (Autostrade Talent).
- activation of significant partnerships with universities, including:
 - a three-year agreement with the Polytechnic Universities of Turin and Milan (the latter was formalised in January 2021) for the purposes of innovation, research and development in the fields of engineering, smart roads and digital transformation, and the development of customised training programmes;
 - admission to the board of the master's degree in mobility engineering at the Polytechnic University of Milan;
 - a two-year agreement with Luiss Business School regarding a customised Advanced Management Program for 15 young Group executives;
 - a two-year agreement with SDA Bocconi Management School regarding a management programme called Off Roads Leader Corporate Program for 25 young people who are developing their talents;
 - planning, in collaboration with the Polytechnic University of Turin, the Polytechnic University of Milan and MIP - Polytechnic University of Milan Graduate School of Business, of a second level master's degree in integrated engineering and management of motorway networks (starting in May 2021) dedicated to 20 recent graduates under 30 with excellent academic backgrounds who will be hired under the advanced training scheme;
 - a two-year agreement with the Sant'Anna School of Advanced Studies regarding the promotion of advanced training courses on corporate legality and combating public and private wrongdoing;
 - an agreement with Tor Vergata University regarding the promotion of a second level master's degree on anti-corruption.
- completion of the first phase of the toll collector reskilling programme to train 364 station operators.

At the end of a year profoundly marked by management of the health emergency caused by the Covid-19 epidemic and the related restrictions placed on classroom teaching, in December 2020 the

consultation with the labour unions on the use of the New Skills Fund concluded with the signing of an agreement on implementation of a training plan relating to remote working and new ways of working that will involve approximately 2,000 employees in 2021.

Activities to assess and develop managerial skills continued via a widespread appraisal campaign involving over 250 people, including junior staff, professionals and managers, bringing the total number of people who have had a managerial readiness assessment to over 400.

In 2020, the Group confirmed its commitment to developing corporate welfare policies aimed at the entire workforce, with a particular focus on initiatives aimed at re-establishing social relations, proximity and psychological support for colleagues, in a particularly critical year that involved social distancing, including at the workplace. In particular, the Company has set up a remote counselling service and an interactive platform with services dedicated to families (*Autostrade Insieme*). For the current emergency, health insurance coverage for emergency-related medical expenses has been extended to entire households. The Company joined the Valore D network in relaunching our action in the field of Diversity and Inclusion management, including activation of a training and mentoring campaign.

HR transformation

As set out in the 2020-2023 Business Plan, Autostrade per l'Italia's key priorities include substantial investment to raise levels of safety and innovation by deploying significant resources across the network and to maintenance. The world of human resources is also involved in this Transformation Plan, in the wake of the changes brought about in recent years by factors such as digitalisation, the development of data analytics systems and infrastructure, and the changing role of HR, which is mainly shifting towards coaching operational departments.

In this context, the HR Transformation project is aimed at defining the new mission of the Human Capital and Organisation department, involving digitalisation and process optimisation, as well as adoption of a data-driven approach to guide and accompany the change management process at all corporate levels, and the promotion of policies based on integrating, listening to and actively engaging people.

The project breaks down into analysis and implementation of four main strands:

- an organisational model;
- an innovation model;
- a knowledge sharing, collaboration, KPI and internal/external communication model;
- construction, integration and dissemination of the Group's founding values.

The project will also include a complete overhaul of workspaces in the Rome, Florence and Naples offices and the new offices in Milan, based on a smart spacing principle.

The new course charted by the Company is confirmed by the substantial turnover of management (around 80%) and the rotation of line management (around 70%), launched at the end of 2019, as part of the change management process aimed at implementing new processes and management models to integrate business and values, results and rules, performance and compliance.

Organisation

With a view to supporting the Strategic Transformation Plan approved by the Board of Directors on 16 January 2020, which contains industrial, service and value guidelines for a radical transformation of Autostrade per l'Italia, the new organisational model was designed and gradually implemented by the Company during 2020.

The new organisational model is based on an entity that seeks excellence, underpinned by common values - inclusiveness, ethics, responsibility, and a sense of duty - and People, who are at the heart of the transformation path the Company has embarked upon. This entails respect for diversity to foster a cohesive and inclusive atmosphere, integration with business requirements to provide people with simple and effective tools and standard high-quality processes, and the creation of healthy and sustainable working environments.

In line with these aims, Autostrade per l'Italia's new organisational structure is based on a three-level matrix, including:

- Business Units (engineering and construction, operations, technology and construction and services), which ensure full end-to-end management of the relevant area of activity. In 2020, the Engineering and Construction Business Unit was set up, which is focused on implementation of the Business Plan initiatives, and establishment of local operational centres to ensure end-to-end implementation of investments and the creation of an engineering hub, dedicated to design, works management and safety coordination. Tecne - Autostrade per l'Italia SpA Group, which was set up to develop Autostrade per l'Italia's engineering services and, in particular, the Engineering and Construction Business Unit, began operating on 1 December 2020. Also in 2020, Autostrade Tech's role as a research centre of excellence for the Group was strengthened;
- local operational centres (i.e. project directors for the Engineering and Construction Business Unit; local area offices for the Operations Business Unit), which operate within the business units;
- business support units, which oversee the relevant organisational areas, and also provide "guidelines" for defining the organisation's business targets. In 2020, these units were set up: IT and Digital Transformation; Risk, Compliance and Quality; Planning and Control; Human Capital and Organisation.

The new organisational model is also based on the "Dialogue for Company value" process, which was introduced in January 2020 and further consolidated during the year, with the aim of facilitating "cross-organisational" teamwork and an integrated approach to particularly important initiatives and issues within the Company and the Group.

Also in 2020, an Internal Audit department was set up at Autostrade per l'Italia, in order to contribute to the constant strengthening of the internal control and risk management system.

Workplace health and safety

Autostrade per l'Italia has a constant commitment to guaranteeing the health and safety of its employees and anyone who operates on our behalf. Continuous attention is paid to the prevention of accidents and industrial diseases, and taking care of people, including through the widespread adoption of best practices to further develop the Company's safety culture, with the challenging goal of achieving zero accidents.

In 2020, Autostrade per l'Italia renewed certification of its management system in accordance with the new ISO 45001:2018 standard, promoting many initiatives regarding occupational safety, which have been implemented and expanded within the broader framework of the corporate Transformation Plan.

In particular, a programme to strengthen the Company's health and safety culture was designed and launched. Autostrade per l'Italia has decided to develop its own distinctive methodology for this programme, called Active Safety Value, which is tailored to its own organisation and specific operating environment. The programme was developed in the second half of the year and the first workshops were held in November 2020. The work plan envisages implementation taking place over a medium-term period in order to consolidate and establish a proactive corporate culture that pays increasing attention to occupational health and safety.

As part of the Transformation Plan, challenging targets were set for all corporate KPIs, and the process of analysing accidents and near-accidents was also reviewed. To this end, the process of sharing best practices in the area of health and safety, deriving from event analysis and improvement activities, has also been optimised.

A cornerstone of our approach to occupational safety is sharing objectives with all the companies working within the scope of our responsibilities. For several years, Autostrade per l'Italia has guided the health and safety development of contractors and subcontractors via the Safety Academy, which provides free assistance and training initiatives for companies. Several local roadshows were organised in 2020 to attract participation in the Safety Academy's activities, and to review its content and methods to meet local requirements.

Despite the restrictions imposed by compliance with anti-Covid protocols in the workplace, consolidation of BBS (Behaviour-Based Safety) methodology continued at some network upgrade sites and on the sections managed by the Bologna area office. The methodology has an influence on the behavioural component of accidents and near-accidents via a process of widespread observation in the field and positive reinforcement of safe ways of working. The standard approach to BBS has been adapted to the specific requirements of Autostrade per l'Italia, with a view to implementing it across the whole network.

Industrial relations

In implementation of the joint Confindustria - Confederal Labour Union Organisations Protocol regulating measures to combat and contain the spread of the Covid-19 virus in the workplace of 14 March 2020, committees were set up in all the Company's production units (area offices, the Rome headquarters and the Florence office), with the participation of Company labour union representatives and workers' safety representatives, for the application and verification of the rules of the above Protocol. Throughout the year, numerous meetings were held to enable social partners to agree on the main measures to be undertaken to keep companies and workers safe.

With regard to the effects of the pandemic on traffic and, more generally, on the Company's activities, on 20 March 2020, an agreement was reached with the relevant National Labour Union Offices to

activate the ordinary wage guarantee fund (CIGO) due to Covid-19. The fund operated for a period of 14 weeks, starting from 23 March 2020. The companies Essediesse, Autostrade Tech and Ad Moving, as well as the motorway operators, Autostrada Tirrenica, Autostrade Meridionali and Tangenziale di Napoli, also reached agreements to apply the CIGO, in line with the measures planned and agreed by Autostrade per l'Italia.

The national labour union agreements of 16 April and 4 May 2020 introduced a series of measures to mitigate the financial effects of the wage guarantee fund on employees (severance pay advances, contribution holidays, the planning of payments for monthly attendance and leave).

In the agreement of 13 October 2020, the social partners also regulated flexible working, partly in view of the ongoing pandemic situation and the need to carefully manage staff attendance at workplaces.

2.8 Corporate governance and ownership structures

This section sets out the main features of Autostrade per l'Italia's Corporate Governance, thereby fulfilling the disclosure requirements for companies issuing shares admitted to trading on regulated markets provided for by art. 123-bis of Legislative Decree 58 of 24 February 1998 (the "Consolidated Finance Act" or "CFA"), in terms of the disclosures required by paragraph 2, letter b)¹.

As Autostrade per l'Italia does not have shares listed on the market managed by Borsa Italiana, the Company is not required to adhere to the principles of the Corporate Governance Code (formerly the Voluntary Code). However, the Company has adopted governance procedures that comply with many of the Code's provisions, thereby aligning itself with corporate governance best practices.

2.8.1 Autostrade per l'Italia SpA's ownership structure

2.8.1.1 Structure of the issued capital

Autostrade per l'Italia's issued capital consists of registered ordinary shares. The shares are indivisible and each share has one voting right. The holders of Autostrade per l'Italia's shares may vote at the Company's ordinary and extraordinary general meetings and, otherwise, exercise the shareholder and patrimonial rights granted to them under existing legislation, within the limits established by the legislation and the Company's Articles of Association.

As at 31 December 2020, the Company's issued capital amounts to €622,027,000, represented by 622,027,000 ordinary shares with a par value of €1.00 each.

Autostrade per l'Italia's shareholder structure at the date of this Annual Report is as follows.

Shareholder	No. of shares held	% of issued capital
Atlantia SpA	547,776,698	88.0632%
Appia Investments Srl (*)	43,148,952	6.9368%
Silk Road Fund Ltd.	31,101,350	5%

(*) An investment vehicle owned by Allianz Group, EDF Invest and DIF.

Autostrade per l'Italia is under the legal control of Atlantia SpA, a joint-stock company listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA. The

¹ Given that the Company has not issued shares admitted to trading on a regulated market or in a multilateral trading system, the Company has chosen to apply the option granted by paragraph 5 of art. 123-bis of the Consolidated Finance Act and to omit publication of the disclosures referred to in paragraphs 1 and 2, with the exception of those required by paragraph 2, letter b) of the same article 123-bis.

Company is managed and coordinated by Atlantia pursuant to articles 2497 et seq. of the Italian Civil Code.

In this regard it should be noted that, on 19 January 2018, the parent, Atlantia SpA, adopted regulations governing the management and coordination of subsidiaries. The regulations set out the scope of such activities and the procedures to be applied in managing and coordinating subsidiaries that are not managed and coordinated by other Atlantia Group companies. The regulations were latterly amended by Atlantia SpA's Board of Directors on 15 February 2019.

2.8.1.2 Restrictions on the transfer of Autostrade per l'Italia's shares

The Company's Articles of Association place certain restrictions on the transfer of Autostrade per l'Italia's shares. Specifically, the restrictions establish that:

- (a) the transfer of shares (or other equity-like financial instruments) held by minority shareholders is subject to prior approval by the Company's Board of Directors. This approval may, however, only be refused when the transfer is to one of the prohibited transferees indicated in the Articles of Association;
- (b) in the event that a minority shareholder wishes to transfer their shares (or other equity-like financial instruments held), they must give the other shareholders the right of first refusal, meaning that the minority shareholder wishing to sell has an obligation to offer the shares first to Autostrade per l'Italia's other shareholders; and
- (c) in the event that the majority shareholder wishes to transfer their shares (or other equity-like financial instruments held) and the transfer gives rise to a change of control, as a result of which the transferee becomes the new majority shareholder, the minority shareholders must be given a tag-along right, obliging the majority shareholder to ensure that the purchaser of the shares must also purchase the shares held by the minority shareholders who choose to exercise such right.

The above restrictions do not apply to transfers between shareholders and their affiliates, with the exception of transfers to one of the prohibited transferees indicated in the Articles of Association. Restrictions on transfers provided for in the shareholder agreements governing Autostrade per l'Italia's shares are described below in section 2.8.1.3.

2.8.1.3 Shareholder agreements governing Autostrade per l'Italia's shares

Shareholder agreement signed, among others, by Atlantia, Appia and Silk Road

On 26 July 2017, Atlantia SpA ("**Atlantia**"), Appia Investments Srl ("**Appia**") and Silk Road Fund Co., Ltd. ("**Silk Road**") entered into a shareholder agreement (the "**Agreement**").

In addition to Atlantia, Appia and Silk Road, the Agreement was also signed by Allianz Infrastructure Spain Holdco II Sàrl (initially Allianz Infrastructure Luxembourg I Sàrl), Allianz Pensionskasse Aktiengesellschaft, Allianz Pensionskasse Aktiengesellschaft, DIF Infrastructure IV Coöperatief UA, DIF Infrastructure V Coöperatief UA and Électricité de France SA, solely in respect of specific provisions in the Agreement, in that they are (direct or indirect) shareholders of Appia.

The signatories to the Agreement agreed to include all the shares they hold in Autostrade per l'Italia in the Agreement.

Given that, pursuant to Articles 2359, paragraph 1 of the Italian Civil Code and 93 of the CFA, at the Closing Date, the Company, through its 58.98% interest, exercises legal control over Autostrade Meridionali SpA ("**SAM**"), whose shares are traded on the screen-based trading system (Mercato

Telematico Azionario) operated by Borsa Italiana SpA, the commitments given under the Agreement regard the shares of a company that controls an issuer of listed shares and, as such, are subject to the provisions of Article 122 of the CFA, and specifically Article 122, paragraphs 1 and 5, letters a), b) and d) of the CFA.

By executing the Agreement, Atlantia, Appia and Silk Road intended to establish the terms and conditions governing their mutual relations as shareholders of Autostrade per l'Italia.

The Agreement came into effect at the signature date (being 26 July 2017) and is tacitly renewable for further periods of three years unless one or more of the parties decides to withdraw, to be notified in writing at least six months prior to each expiry date.

Given that the above deadline has passed without any of the parties exercising their right of withdrawal, at the natural expiry date the Agreement will be automatically renewed for a further three years until 26 July 2023.

For further information on the content of the Agreement, reference should be made to the Essential Information on the Agreement published pursuant to Article 122 of the TUF and Article 130 of CONSOB Regulation 11971 of 14 May 1999, and available on Autostrade Meridionali SpA's website (www.autostrademeridionali.it) in the section *Governance / Quotazione Titolo / Patti Parasociali* and on CONSOB's website.

2.8.2 Autostrade per l'Italia SpA's corporate governance system

The Corporate Governance system adopted by Autostrade per l'Italia SpA (the "**Company**" or "**Autostrade per l'Italia**") is based on a collection of rules that are in line with regulatory guidelines and *best* market practices, in line with the applicable Statutory and regulatory requirements.

The Company's corporate governance structure takes the traditional Italian form which – without prejudice to the role of the General Meeting of shareholders – assigns executive responsibility to the Board of Directors and responsibility for supervision to the Board of Statutory Auditors. This corporate governance structure, like the Company's overall organisational structure, is in keeping with Autostrade per l'Italia's aim of maximising operational efficiency.

The Company's corporate bodies are the General Meeting of shareholders, the Board of Directors and the Board of Statutory Auditors. The powers and roles of the various corporate bodies are governed by law, the Articles of Association and the resolutions passed by the competent bodies, as the case may be.

2.8.2.1 The General Meeting of shareholders

General Meetings enable shareholders to play an active role in the life of the Company, deliberating on matters falling within its purview in accordance with the law and the Articles of Association. General Meetings may be held in ordinary and extraordinary session.

The Ordinary General Meeting, in particular, must be called, at least once a year, within one-hundred and twenty days after the end of the financial year, or, in certain instances, within one-hundred and eighty days.

The resolutions adopted by ordinary and extraordinary general meetings are passed by the majority required by law. As a partial exception to the above rule, applicable on a general basis, the Articles of Association refer to certain matters on which the General Meeting may only validly vote if the above majority also includes the votes of all the minority shareholders who individually, at the date of the

relevant General Meeting, hold at least 5% of the Company's issued capital. A list of these matters (and the related exceptions) is contained in the Articles of Association.

The procedures for calling and conducting General Meetings and for shareholders to exercise their rights are governed by law and the Articles of Association.

2.8.2.2 The Board of Directors

Composition and term of office

In accordance with the Articles of Association, the Board of Directors has no less than seven and no more than twenty-three members, elected by ordinary General Meeting of shareholders for a period of not more than three years. The same General Meeting determines the number of Directors to be elected based on the number of slates presented (see below). Directors may be re-elected on expiry of their term of office.

The Board of Directors in office at the date of this Report, elected by the Ordinary General Meeting of 22 November 2019, and later reduced from the original eleven members to the current ten, following the resignation of Tommaso Barracco, by the Ordinary General Meeting of 27 January 2020, consists of the following ten members:

- Giuliano Mari, Chairman;
- Roberto Tomasi, Chief Executive Officer;
- Elisabetta De Bernardi di Valserra, Director;
- Carlo Bertazzo, Director;
- Massimo Bianchim, Director;
- Cristoph Holzer, Director;
- Hongcheng Li, Director;
- Roberto Pistorelli, Director;
- Nicola Rossi, Director;
- Antonino Turicchi, Director.

The Board of Directors appointed Giulia Mayer as its secretary.

The term of office of the current Board of Directors will expire on approval of the financial statements for the year ended 31 December 2021 by the Annual General Meeting.

Election and replacement of members of the Board of Directors

The Articles of Association require the entire Board of Directors to be elected by slate vote. The related slates may be submitted by one or more shareholders representing, individually or jointly with other shareholders, at least 5% of the Company's issued capital. Each shareholder may take part in the presentation of a slate.

The slates are voted on and each shareholder, regardless of the number of shares held and whether or not they have submitted a slate, may vote on only one slate.

Members of the Board of Directors are elected in the following manner:

- (a) if only one slate has been submitted, all the members of the Board of Directors are elected from that slate;
- (b) if two or more slates have been submitted;
 - (i) all the Directors, less the number of Directors that, in accordance with the criteria described in point (ii) below, must be elected from the Minority Slates, are elected from the Majority Slate in sequential order as they appear on the slate. The number of Directors elected from the Majority Slate cannot, in any event, be less than 60% (after rounding up) of the total number of Directors to be elected;
 - (ii) the remaining Directors are elected from the Minority Slates as follows: (A) one Director from each Minority Slate A¹ and (B) one Director from Minority Slate B² obtaining the greatest number of votes, in each case, in the same sequential order as the candidates appear on the slates. With regard to the criteria described in point (i), the number of Directors elected from the Minority Slates may not exceed, on an aggregate basis, 40% (after rounding down) of the Directors to be elected;
- (c) if no slate is submitted, the Directors are elected by majority vote of the General Meeting, as required by law, following the presentation of candidates meeting the relevant requirements. Should two or more Minority Slates B obtain the same number of votes, a further deciding vote is held.

In line with the above, if during the financial year one or more Directors leaves their post, the Board of Directors proceeds to replace – via co-optation pursuant to Article 2386 of the Italian Civil Code – the departing Director with a candidate from the same slate to which the departing Director belonged. The General Meeting, called to confirm the co-opted Director, then approves the replacement, by majority vote, applying the same criterion. If, for whatever reason, it is not possible to replace the departing Director in the above manner (e.g. because there are no further candidates available from the slate to which the departing Director belonged), or because the Director co-opted by the Board of Directors is not confirmed by the General Meeting, or because a majority of the members of the Board of Directors elected by General Meeting leave their posts, the entire Board of Directors is deemed to have been terminated and a new General Meeting must be called to elect a new Board of Directors in accordance with the slate vote mechanism.

Role, functions and delegated bodies

The Board of Directors has been given the fullest powers for the ordinary and extraordinary management of the Company. It has the authority to take all the initiatives it deems necessary in order to implement and achieve the Company's objects, excluding the powers reserved by law and the Articles of Association for the General Meeting of shareholders.

¹ A slate presented by a minority shareholder individually holding an interest equal to at least 5% of the Company's issued capital.

² A slate presented by a group of shareholders holding an aggregate interest equal to at least 5% of the Company's issued capital.

In carrying out its duties, the Board of Directors meets at least ten times a year.

The Board of Directors also meets once a year to revise and approve, by a majority vote required by law, the Company's budgets, which contain, among other things, information on the outlook.

The Board of Directors has the authority to nominate an executive committee, establishing the number of committee members and its terms of reference. The Board, within the limits provided for in Article 2381 of the Italian Civil Code, may delegate some of its powers to the executive committee. The Board may also delegate authority for ordinary and extraordinary management, establishing whatever limits it deems appropriate, to the Chairperson, the Deputy Chairperson and executive Directors. The Board may also appoint one or more general managers, establishing their functions and powers.

Without prejudice to the Board of Directors' authority to delegate its powers, the law and the Articles of Association provide that certain powers may not be delegated, with the exception of the delegation or sub-delegation of the powers needed to execute, implement and finalise resolutions approved by the Board of Directors.

The Board of Directors' decisions are taken in the form of resolutions. Resolutions are approved by a majority vote of the Directors in attendance and, in order to be valid, it is necessary that a majority of the Directors in office are present.

As a partial exception to the above rule, applicable on a general basis, the Articles of Association refer to certain matters on which the Board of Directors may only validly vote if the majority required by law also includes the votes of all the Directors elected from Minority Slates A. A list of these matters (and the related exceptions) is contained in the Articles of Association.

The Chairperson of the Board of Directors and the Chief Executive Officer, acting jointly and severally, have the authority to represent the Company.

For the purposes of full disclosure, it should be noted that on 25 November 2019, the Board of Directors appointed Roberto Tomasi as the Company's Chief executive Officer, granting him all the necessary powers of ordinary administration (other than matters reserved for the Board of Directors or other delegated persons). The same meeting also confirmed the powers granted to Roberto Tomasi in relation to his role and position as the Company's General Manager.

Major Works Committee

In compliance with the Articles of Association, the Board of Directors has established a special committee to monitor, among other things, the performance and completion of construction contracts.

In accordance with art. 39 of the Articles of Association, the Committee must have at least five members and includes the Chairman of the Board of Directors, the Chief Executive Officer and a Director from each Minority Slate A.

The members of the Committee in office at the date of this Report are as follows:

- Antonio Turicchi – Committee Chairman;
- Carlo Bertazzo;
- Christoph Holzer;
- Hongcheng Li;
- Roberto Pistorelli;
- Giuliano Mari;
- Roberto Tomasi.

The secretary of the Major Works Committee is the secretary of the Board of Directors, Giulia Mayer. The Committee meets at least once every twelve months and acts in accordance with the terms of reference approved from time to time by the Board of Directors.

Internal Control and Risk Committee

At its meeting of 13 February 2020, the Board of Directors decided to establish the Internal Control and Risk Committee. This has been done to strengthen the Company's internal control system and allow the Board of Directors to be take more informed decisions regarding the wide-ranging issue of risk assessment and management. The Committee is responsible for preparing information in order to support the Board of Directors in their related assessments and decision-making, in relation to the internal control system and risk management, and with regard to periodic financial reporting.

Among other things, the Internal Control and Risk Committee: (i) consists of non-executive Directors, most of whom are independent, including at least one with appropriate experience of matters relating to accounting and finance or risk management; (ii) elects a Chair from among its members and adopts terms of reference; (iii) has a term that coincides with that of the Board of Directors in office.

In line with the provisions of point (i) above, the members of the Committee in office at the date of this Report are as follows:

- Massimo Bianchi;
- Hongcheng Li;
- Nicola Rossi;
- Elisabetta De Bernardi di Valserra.

At its first meeting, the Committee elected Prof. Nicola Rossi as Chairman and appointed Diego Maletto, the Head of Internal Audit, to act as secretary.

The Committee meets at least one every two months, at the request of one of its members.

The Committee issues a half-yearly report on its activities, which is presented to the Board of Directors by the Committee Chairman.

Human Resources Committee

At a meeting on 14 January 2021, the Board of Directors decided to establish the Human Resources Committee, tasked with advising and making proposals to the Board regarding remuneration policies and incentive schemes, and disseminating a culture of long-term value and alignment with shareholders' interests. At a subsequent meeting on 11 February 2021, the Board of Directors further clarified the duties of the Human Resources Committee, at the latter's request.

The Human Resources Committee: (i) consists of non-executive Directors, including at least one who is independent, and at least one with appropriate experience of matters relating to finance or remuneration policies; (ii) elects a Chair from among its members and adopts terms of reference; (iii) has a term that coincides with that of the Board of Directors in office.

In line with the provisions of point (i) above, the members of the Committee in office at the date of this Report are the following Directors:

- Massimo Bianchi;
- Elisabetta De Bernardi di Valserra;
- Christoph Holzer.

At its first meeting, the Committee elected Massimo Bianchi as Chairman and adopted its own terms of reference.

The Director of Human Capital, Gian Luca Orefice, participates in the Committee meetings, acting as secretary.

The Committee meets whenever the Chairman deems it appropriate, or at the request of one of its members.

2.8.2.3 The Board of Statutory Auditors

Composition and term of office

The Board of Statutory Auditors may have three or five standing members and two alternates, elected by General Meeting, partly in order to comply with the requirements of the Single Concession Arrangement entered into by the Company with ANAS SpA, whose place was taken by the Ministry of Infrastructure and Transport from 1 October 2012. The general Meeting of shareholders establishes the number of members of the Board of Statutory Auditors when electing the Board.

The Statutory Auditors remain in office for three years and their term expires on the date of the General Meeting called to approve the financial statements for the last financial year of their term of office.

The Board of Statutory Auditors in office at the date of this Report, elected by the Annual General Meeting of 20 April 2018, has the following five standing members and two alternates:

- Giandomenico Genta, Chairman of the Board of Statutory Auditors;
- Alberto De Nigro, standing Auditor;

- Roberto Colussi, standing Auditor;
- Giulia De Martino, standing Auditor;
- Donato Liguori, standing Auditor (nominated by the Ministry of Infrastructure and Transport, pursuant to the Single Concession Arrangement, by memorandum dated 11 December 2020, as acknowledged by the General Meeting of shareholders held on 22 December 2020);
- Francesco Orioli, alternate Auditor;
- Lorenzo De Angelis, alternate Auditor.

The term of office of the current Board of Statutory Auditors will expire on approval of the financial statements for the year ended 31 December 2020.

Election of the Board of Statutory Auditors

The Board of Statutory Auditors is elected by slate vote.

The slates may be submitted (i) individually, by the Majority Shareholder, and (ii) individually or jointly with other shareholders, by each Minority Shareholder holding at least 5% of the Company's issued capital. Each shareholder may take part in the presentation of a slate.

The slates are voted on and each shareholder, regardless of the number of shares held and whether or not they have submitted a slate, may vote on only one slate. Members of the Board of Statutory Auditors are elected in the following manner:

- (a) if only one slate has been submitted, all the standing and alternate members of the Board of Statutory Auditors are elected from that slate, with the exception of the statutory auditors to be elected in accordance with the terms of the Single Concession Arrangement;
- (b) if two or more slates have been submitted:
 - (i) all the standing and alternate Auditors, with the exception of (A) the Auditors that must be elected or designated in accordance with the terms of the Single Concession Arrangement and (B) the Auditors that must be elected from the slate obtaining the second highest number of votes, are elected from the slate receiving a majority of the votes in sequential order as they appear on the slate;
 - (ii) one standing and one alternate Auditor are elected from the slate obtaining the second highest number of votes in sequential order as they appear on the slate, without prejudice to the fact that, if one or more slates receive the same number of votes, the slate from which the above standing and one alternate Auditor are to be taken must be drawn by lot, conducting the draw in accordance with the procedure established by the Chair of the General Meeting, so as to ensure that the draw is conducted in a transparent and non-discriminatory manner.

As stated, the above mechanism does not affect the designation and election of a member of the Board of Statutory Auditors in compliance with the terms of the Single Concession Arrangement.

The standing Auditor elected from the slate obtaining a majority of the votes at the General Meeting and occupying the lowest sequential position in the slate is automatically appointed Chairperson of the Board of Statutory Auditors.

Role and functions

The Board of Statutory Auditors oversees compliance with the law and the Articles of Association, compliance with the principles of good governance and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company, and its functionality.

2.8.2.4 Independent Auditors

Responsibility for the statutory audit of the accounts is assigned to the Independent Auditors elected by General Meeting of shareholders, based on a reasoned opinion from the Board of Statutory Auditors.

Throughout their engagement, the Independent Auditors must satisfy all the requirements provided for by law and the regulations from time to time applicable.

The Annual General Meeting of shareholders

- held on 24 April 2012 appointed Deloitte & Touche SpA as the Independent Auditors on the recommendation of the Board of Statutory Auditors. The term of office of the Independent Auditors will expire on approval of the financial statements for the year ended 31 December 2020;
- The Annual General Meeting of shareholders held on 29 May 2020, on the basis of a reasoned recommendation from the Board of Statutory Auditors, appointed KPMG SpA to audit the accounts for the financial years 2021-2029, in line with the resolution passed by the General Meeting of the parent company, Atlantia.

Further information on the Independent Auditors is provided in section 2.8.3.2.5 below.

2.8.3 Internal control and risk management system

2.8.3.1 Introduction

The internal control and risk management system consists of all of the instruments, rules, procedures and corporate organisational structures designed to enable - via the adequate identification, measurement, management and monitoring of the main risks - sound and correct management of the Company in a manner consistent with the Company's objectives set out by the Board of Directors.

The risk management and internal control system established by the Board of Directors shall be based on the following general principles:

- a) operational powers: operational powers are assigned taking account of the size and risks associated with the various categories of transaction;
- b) organisational structures: the organisational structures are arranged in such a way as to avoid functional overlaps and the concentration of responsibility for highly critical or risky activities in one individual;

- c) regular reports: each process is subject to a set of standards and a related regular report designed to measure its efficiency and effectiveness;
- d) regular analyses: the professional knowledge and skills available within the organisation are periodically analysed in terms of their match with the objectives assigned;
- e) operating processes: operating processes are defined in such a way as to ensure that there are adequate documentary records enabling their continuous assessment in terms of fairness, consistency and responsibility;
- f) security systems: security systems guarantee an adequate level of protection for the corporate organisation's assets and data, to allow access to data as required in order to carry out the activities assigned;
- g) risk monitoring: the risks connected to achievement of objectives are identified and periodically monitored and updated. Negative events that may pose a threat to the organisation's business continuity shall be appropriately assessed and the related protections adapted;
- h) ongoing supervision: the risk management and internal control system must be subject to continuous supervision to enable periodic assessment and ongoing adaptation.

The Company is constantly committed to strengthening its internal control and risk management system, as part of the change process set out in the Strategic Transformation Plan. In this context:

- at the end of 2019, Autostrade per l'Italia's Internal Audit department was established, whose role and responsibilities are described in paragraph 2.8.3.4 below;
- also at the beginning of last year, the Control and Risk Committee was established at Autostrade per l'Italia, with responsibility for the entire Group, which, among other things, is tasked with assisting the Board of Directors in defining guidelines for the internal control and risk management system; assessing, at least once a year, its fitness for purpose in terms of the characteristics of the Company, and its risk profile and effectiveness; assessing the results set out by the Statutory Auditors in any letter containing recommendations, and in their report on key issues arising from the statutory audit; and approving periodic financial reports. The Control and Risk Committee has investigative, proposal-making and advisory functions regarding the internal control and verification system in all the subsidiaries;
- in April 2020, the Board of Directors approved the 2020 Audit Plan, prepared by the Head of Autostrade per l'Italia's Internal Audit department;
- In October 2020, the Risk, Compliance and Quality department was established in order to further strengthen the internal control system, and to promote and develop the definition of appropriate and effective corporate controls by boosting and enabling a continuous monitoring system to support strategic decisions and ensure achievement of these objectives:
 - ensure that corporate processes comply with internal regulations and guarantee oversight of 231 organisational model, anti-corruption and privacy matters;
 - prevent and promptly deal with accidents, which may have serious repercussions for business continuity;
 - disseminate a quality culture across all processes;
- in line with the Atlantia Group's new governance model, the process for receiving and managing whistleblower reports regarding conduct in breach of the Group's ethical principles and codes of conduct, as well as of laws and corporate procedures, has been overhauled to improve the promptness and effectiveness of analysis of such reports. In this

context, in November 2020, the Ethics Officer - Autostrade per l'Italia Group Whistleblowing Team was established, which: (i) is responsible for the whistleblower report management process, assesses its fitness for purpose, recommends any necessary process improvements to the Board of Directors, and promotes related information and training actions; and (ii) reports to the administrative and supervisory bodies, as well as to the other actors in the internal control and risk management system;

- in December 2020, the Board of Directors approved Autostrade per l'Italia's Audit Charter, which defines the following for the Internal Audit department:
 - mission, structure and scope of intervention;
 - organisational positioning, independence and responsibility;
 - coordination with the departments/functions established at subsidiaries, as well as with Atlantia's Internal Audit department;
- in January 2021, Autostrade per l'Italia's new risk profile was presented to the Board of Directors, based on the risk assessment approved in October 2020, and the level of risk compatible with strategic objectives (risk appetite) associated with the various risk categories was also approved;
- at a meeting on 11 February 2021, Autostrade per l'Italia's Board of Directors finally approved the Audit Plan for the current year, which takes into account the organisational and governance changes that have taken place as a result of implementation of the Strategic Transformation Plan, the changed scope of consolidation of the Autostrade per l'Italia Group, and the new risk profile.

2.8.3.2 Main characteristics of existing risk management and internal control systems in respect of the financial reporting process

2.8.3.2.1 The internal control system for financial reporting

In the context of the internal control system, with reference to the process of financial reporting, the Autostrade per l'Italia Group has implemented and continually revises an internal control system for financial reporting, based on a series of administrative and accounting procedures such as to guarantee their truthfulness, accuracy, reliability and punctuality in accordance with the regulations governing their preparation.

The planning, implementation and maintenance of this system, and its regular assessment, are informed by international best practices and compliant with the "Internal Control Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission, which is the internationally recognised framework of reference for the implementation, analysis and assessment of internal control and risk management systems.

The Autostrade per l'Italia Group's internal control system for financial reporting provides for regulations, procedures and guidelines that ensure application of reference accounting standards for all its subsidiaries, including the "Guidelines for preparation of the IFRS reporting package used in drawing up the Atlantia Group's consolidated financial statements", and procedures regulating the preparation of the separate and consolidated financial statements and the condensed interim accounts, as well as any other financial reporting.

The setting up of audits is performed after a process conducted according to a top-down, risk-based approach, aimed at identifying the organisational entities, processes and specific activities capable of

generating the risk of unintentional errors or fraud that could have a material impact on financial reports.

2.8.3.2.2 Description of the main characteristics of existing risk management and internal control systems in respect of the financial reporting process

(A) Phases of the existing risk management and internal control systems in respect of financial reporting

The process of monitoring the internal control system for financial reporting is reiterated on a six-monthly basis in compliance with the provisions contained in art. 154 *bis*, paragraph 5 of the CFA. The process breaks down into the following phases:

- (i) *Identification of financial reporting risks*: risk identification activities are based on the assessment of qualitative and quantitative aspects concerning, firstly, the selection of significant companies to be included in the analysis, and then the classes of transaction and significant accounts. This selection activity requires:
 - (a) the definition of quantitative criteria with respect to the contribution in terms of operating performance and financial condition of the individual companies to the latest accounts and the selection rules, including minimum materiality thresholds;
 - (b) the consideration of qualitative elements that might contribute to the inclusion of transactions on the basis of the specific risks determined by their complexity, or by the presence in the accounts of substantial amounts in terms of contribution to the consolidated financial statements.
- (ii) *Assessment of financial reporting risks*: Risks are assessed at entity level and at process level. The former includes risks of fraud, incorrect working of IT systems and other unintentional errors, while the latter includes risks directly connected with financial reporting (underestimation, overestimation, inaccuracy etc.).
- (iii) *Identification of controls for the risks detected*: the risks detected are addressed through controls capable of mitigating them, both at entity level and at process level. Key controls are determined, according to risk-based and top-down controls; such controls are deemed necessary to ensure with reasonable certainty the prevention and timely identification of material errors in financial reporting.
- (iv) *Assessment of controls for the risks detected*: the process of analysing and assessing the internal control system for financial reporting continues with the assessment of the identified controls in terms of adequacy (effectiveness of control design) and in terms of effective application.

Effective application is tested through specific activities performed by management and the relevant department available to the **Manager Responsible for Financial Reporting**.

The monitoring of the application of administrative and accounting procedures is conducted through assessment of the effective implementation of the controls that are most relevant to the fair presentation of financial reporting on the basis of the underlying risk.

The monitoring activities involve sampling techniques in line with international best practices.

With reference to the automatic controls implemented, the assessment of adequacy and effective application is extended to the design and operation of general IT controls supporting the relevant applications.

At the end of the monitoring activity, any deficiencies or problems are tested for significance.

The Manager Responsible for Financial Reporting will, at least every six months, bring to the attention of the Company's Board of Directors and the Board of Statutory Auditors the results of the activities performed and the assessment process described above by checking the adequacy of the administrative and accounting procedures, and their effective application, in view of the issue of the attestations provided for by art. 154 *bis* of the CFA.

(B) Roles and Functions involved

The internal control and risk management system requires a clear identification of the roles involved in its planning, implementation, monitoring and upgrading over time.

The above components of the internal control and risk management system are coordinated and interdependent and the system, as a whole, involves – in different roles and on a collaborative and coordinated basis - management bodies, supervisory and oversight bodies, the Company's management and the Atlantia Group.

2.8.3.2.3 The Manager Responsible for Financial Reporting

The Manager Responsible for Financial Reporting is responsible for monitoring the internal control system on financial reporting. In particular, this Manager:

- (i) is responsible for ensuring the preparation of the administrative and accounting procedures necessary to prepare the annual financial statements, the consolidated financial statements and the half-year condensed interim financial statements, as well as any other periodic financial reports;
- (ii) complies with art. 154-*bis* by issuing the attestations required by the applicable laws and regulations.

In performing these duties, the Manager Responsible for Financial Reporting relies primarily on support from the Administration and Planning unit, which performs the following functions:

- (i) operational management of the System in its planning, implementation, monitoring and revision phases;
- (ii) review of the design and effectiveness of controls;
- (iii) fostering of the necessary synergies with Atlantia's Group Internal Audit department and the coordination of primary external experts in relation to their support to the performance of the unit's duties and responsibilities;
- (iv) ensure at Atlantia Group level, thanks to Atlantia's and its subsidiaries' departments, the revision, implementation and monitoring and effective application of the procedures falling within the purview of the Manager Responsible for Financial Reporting.

Finally, the Manager responsible for financial reporting works in cooperation with the company units responsible for auditing the internal control system, to obtain all the information necessary to take effective action and to ensure the effectiveness and efficiency of the attestation process.

In accordance with art. 41 of the Articles of Association, in compliance with the provisions of art. 154-*bis* of the CFA, the Board of Directors, subject to obtaining the required opinion of the Board of Statutory Auditors, appoints and dismisses the Manager Responsible for Financial Reporting. The Manager Responsible for Financial Reporting is selected from candidates with at least three years'

experience in positions with appropriate responsibility for administration and finance, or administration and control in listed joint-stock companies, and who possess the integrity required by the regulations in force. The Directors fix the related remuneration and the term of office, which is renewable, and grant the manager all the authority and instruments necessary in order to carry out the duties assigned to them by law.

At a meeting on 1 August 2019, the Board of Directors appointed Alberto Marco Milvio as Manager Responsible for Financial Reporting, from 2 September 2019 until approval of the financial statements at 31 December 2021.

The internal control and risk management system was revised from an administrative and accounting viewpoint in 2020, for the purposes of attestations by the Chief Executive Officer and the Manager Responsible for Financial Reporting of the separate and consolidated annual financial reports and the consolidated half-year report, concerning, among other aspects, the adequacy and effective application of the administrative and accounting procedures.

2.8.3.3 Tax Compliance Framework

In order to be admitted to the cooperative compliance scheme, established by Legislative Decree 128/2015, in 2019, Autostrade per l'Italia implemented a system for identifying, managing and controlling tax risk, as contained in the Tax Control Framework ("TCF"). The TCF is in keeping with the guidelines set out in the Tax Strategy approved by the Board of Directors on 7 June 2018.

The cooperative compliance enables taxpayers to discuss uncertainties or disputes regarding taxation with the tax authority in advance, so as to arrive at an agreed assessment of the facts underlying the business's decisions regarding uncertain tax treatments, thereby anticipating and avoiding the need for further checks and controls by the authority.

The TCF implemented by the Company was approved by the tax authority which, on 12 November 2019, admitted the Company to the Cooperative Compliance scheme. Admission has been backdated to 1 January 2018.

Autostrade per l'Italia uses the TCF to proactively manage tax risk, meaning the risk of committing a violation of tax laws or of abusing the principles and purposes of tax legislation, ensuring the timely identification of any risk, and its proper measurement and control.

The guidelines for managing tax risk through the TCF are set out in a document called the Tax Compliance Model ("TCM"), approved by Autostrade per l'Italia's Board of Directors on 16 January 2020. This, in turn, makes reference to another two documents relating to the two different areas of risk mentioned earlier:

- the "Tax Risk Map", relating to the risks connected with processes and compliance;
- the "Policy for managing interpretation risk", which applies to the risks connected with the interpretation of tax laws.

Governance of the TCF has also led to the establishment of:

(A) the Tax Risk Officer, who is responsible for:

- (i) monitoring and revising the tax risk map;
- (ii) testing the effectiveness, efficacy and adequacy of the measures adopted to oversee compliance and interpretation risk, if necessary with external support, and analysing the results of the tests;

- (iii) preparing the annual report, to be presented to the Board of Directors for approval, via the Tax Steering Committee, and submitted to the tax authority;
 - (iv) participating, together with the Head of the Tax Affairs, in discussions with the tax authority regarding significant tax risks;
 - (v) cooperating with other audit departments (the Manager Responsible for Financial Reporting, Internal Audit), providing all the information necessary to enable them to conduct their audits;
- (B) the Tax Steering Committee, chaired by the Head of Administration and Planning and consisting of (i) the CFO/ Manager Responsible for Financial Reporting, (ii) the Risk Officer, (iii) the Head of the Criminal Affairs department and (iv) the Head of Tax, having the following role:
- (i) to ensure coordination between Internal Audit and the Tax Risk Officer, in order to guarantee the existence and operation of an effective, adequate, integrated and efficient tax risk control system;
 - (ii) to validate the annual report on the adequacy of the TCF drawn up by the Tax Risk Officer and submit it to the Board of Directors for approval;
 - (iii) to assess the significance of any tax risk and the corrective measures/recommendations put forward by the Tax Risk Officer and Internal Audit, and ensure implementation of the recommendations provided.

2.8.3.4 Head of the Internal Audit department

As described in section 2.8.3.1, at their meeting held on 12 December 2019, Autostrade per l'Italia's Board of Directors established the Internal Audit department with effect from 17 February 2020, with the role of overseeing the adequacy and functionality of the internal control and risk management system. These activities were previously carried out by the Internal Audit department of the parent, Atlantia.

The Head of the Internal Audit department:

- (a) oversees the effectiveness of the internal control and risk management system both on a continuous basis and with reference to specific requirements, and in accordance with international standards. The process extends to information systems, including accounting systems, and follows audit plans approved annually by the Board of Directors, and based on a structured process for assessing and prioritizing the main risks according to a risk-based approach;
- (b) is not responsible for any operational department and reports to the Chairman of the Board of Directors;
- (c) has direct access to all the information needed to carry out his duties;
- (d) prepares periodic reports containing an assessment of whether the internal control and risk management system is fit for purpose;
- (e) promptly prepares reports on any events of particular significance;
- (f) submits the reports referred to in points d) and e) to the Chairman of the Board of Statutory Auditors, the Internal Control and Risk Committee and the Board of Directors.

2.8.3.5 Independent Auditors

Deloitte & Touche SpA are the Independent Auditors engaged to perform the statutory audit of the separate and consolidated financial statements, the periodical assessment of the propriety of bookkeeping and a limited scope audit of the consolidated interim reports of Autostrade per l'Italia for the financial years 2012-2020. The firm was engaged by the General Meeting of shareholders held on 24 April 2012.

KPMG SpA will be the Independent Auditors for the financial years 2021-2029. The firm was engaged by the General Meeting of shareholders of Autostrade per l'Italia held on 29 May 2020, in line with the resolution of the General Meeting of shareholders of the parent Atlantia.

The Board of Statutory Auditors and the Independent Auditors periodically exchange information and data on their respective audits.

The parent Atlantia's "Procedure for the engagement of statutory audit firms" defines corporate responsibility and internal operating methods for the engagement of statutory external auditors in accordance with law and regulation as in force, as well as criteria for managing relations with the independent auditors and members of the relative network. The procedure applies to all Atlantia Group companies consolidated as per articles 2 and 3 of Legislative Decree 38/2005 in compliance with International Financial Reporting Standard (IFRS), and subject to statutory audit. The procedure thus relates to senior management and the managements of Atlantia Group companies who, in the performance of their duties, have direct or indirect contact with independent auditors during their internal audit procedures.

2.8.3.6 Supervisory Board

Autostrade per l'Italia has set up a Supervisory Board. The Board was appointed by the Board of Directors on 7 June 2018, for the period from 1 July 2018 to 30 June 2021.

Subsequently, following a number of resignations, the Board of Directors appointed replacement members of the Supervisory Board on 14 September 2018 and 13 February 2020.

In 2020, the Supervisory Board met on 13 occasions and reported regularly to the Company's Board of Directors and Board of Statutory Auditors (which it met on 3 occasions) on the activities carried out, with regard to both revision of the Organisational, Management and Control Model and monitoring. It confirmed that the Organisational, Management and Control Model adopted by the Company currently meets all the necessary statutory requirements to prevent the commission of the offences referred to in Legislative Decree 231/2001.

2.8.4 Organisational, Management and Control Model (Legislative Decree 231/2001)

Autostrade per l'Italia has adopted an Organisational, Management and Control Model (hereafter 231 Model) to prevent commission of the offences referred to in Legislative Decree 231/2001. As part of its duties, the Supervisory Board continued the revision of the 231 Model begun last year.

The proposal to revise the 231 Model was approved at a meeting held on 12 June, and then sent to the Board of Directors, which approved it at a meeting held on 8 July.

The Supervisory Board continued to revise the 231 Model during the second half of 2020. In this regard, the Supervisory Board examined the document sent by the Head of the Criminal Affairs and

Bankruptcy Procedures department relating to the regulatory review of the catalogue of predicate offences pursuant to Legislative Decree no. 231/01, and met several times with the Head of the Risk, Compliance and Quality department with respect to the proposal to reclassify the Special Parts of the 231 Model under "corporate processes" rather than "offence categories". This reclassification is in progress.

Following the issue of Law 179 of 30 November 2017, containing "*Provisions for the protection of whistleblowers reporting offences or irregularities that have come to the attention within the context of an employment relationship in the public or private sector*" (in effect since 29 December 2017), in December 2018, Atlantia published a Group Whistleblowing Policy, governing the procedures for making and handling disclosures made by whistleblowers. The policy has also introduced digital platform to enable anyone (employees or external consultants, suppliers and persons who have engaged in or intend to engage in business relations with the Company) to report – via a step-by-step online procedure – alleged breaches of the law or irregularities, regulatory violations, violations of the 231 Model, violations of the Code of Ethics, violations of the Anti-corruption Policy and any violation of procedures or rules of this nature.

The platform is managed by a specialist external body that is independent of the Atlantia Group. The system enables whistleblowers to file a disclosure without being obliged to register or to identify themselves. Should the whistleblower choose to identify themselves, the system guarantees confidentiality.

The digital platform is not intended to replace other whistleblowing channels, but as an additional option for making a disclosure.

Following the issue of Atlantia's "Whistleblowing Management" procedure, which replaces the Atlantia Group's Whistleblowing Policy, the Board of Directors approved its adoption. Moreover, on 12 November 2020, the Board of Directors established the Autostrade per l'Italia Group Ethics Officer - Whistleblowing Team, which is responsible for the whistleblower report management process, assesses its fitness for purpose, recommends any necessary process improvements to the Board of Directors, and promotes related information and training actions. Moreover, the Autostrade per l'Italia Group Ethics Officer - Whistleblowing Team reports to the administrative and supervisory bodies, as well as to the other actors in the internal control and risk management system;

The Autostrade per l'Italia Group Ethics Officer - Whistleblowing Team, which, as already mentioned, was established in November 2020, is also responsible for whistleblower reports relating to Autostrade per l'Italia and Autostrade per l'Italia Group companies.

2.8.5 Other procedures

A description of the Organisational, Management and Control Model – which also includes, among other things, the Group's Code of Ethics – is provided in the above section 2.8.3.2.7 in the part describing the internal control and risk management system.

2.8.5.1 Procedure for Market Announcements

At a meeting on 8 July 2016, in order to comply with the provisions of Regulation (EU) no. 596/2014 of the European Parliament and Council (more commonly known as the "**Market Abuse Regulation**" or "**MAR Regulation**"), the Company's Board of Directors:

- (a) revised the Procedure for Market Announcements, which the Company had already adopted when the Retail Loan bonds called "Autostrade TF 2015 - 2023" were listed on the screen-based bond

trading system (MOT) operated by Borsa Italiana SpA, and therefore the applicability of the market announcements regulations to Autostrade per l'Italia, as a "listed issuer", which included, among other things, the obligations pursuant to articles 114 and 115 of the CFA and the obligation to set up an "insiders' register"; and

- (b) approved adoption of the Internal Dealing Code of Conduct, containing, among other things, a description of the reporting requirements and conduct the reporting and conduct obligations relating to transactions regarding listed bonds issued by Autostrade per l'Italia or the financial instruments connected to them, carried out by Relevant Persons (as defined in the Code of Conduct) and/or persons closely associated with them, as well as the related reporting to the Company, CONSOB and the market.

The Procedure for Market Announcements was last revised by the Board of Directors on 13 February 2020. This revision was necessary in order to apply new CONSOB guidelines on the "*management of inside information*". The revised procedure has, among other things: (i) introduced the concept of "relevant information", being Information on dates, events, projects or circumstances that, with continuous, repetitive, periodic or infrequent, occasional or unforeseen regularity, directly concern the Company and that, based on a reasonable assessment and a preliminary and forward-looking judgement, may, at a future date – including in the near future – become "Inside Information"; (ii) identified the persons responsible for the various phases of the process of assessing and classifying the information on Autostrade per l'Italia, including the Body for Assessing Relevant Information, the Body for Assessing Inside Information and Process Owners (being the heads of the various departments within Autostrade per l'Italia and its subsidiaries involved in the transaction/project/event for which sections of the Relevant Information List or the Insider Register are created).

2.8.5.2 Anti-corruption Policy

Autostrade per l'Italia (ASPI) constantly invests in preventing and combating illegal conduct, first and foremost all forms of corruption, and in disseminating a corporate culture at all levels based on the values of integrity, honesty, transparency, fairness, reliability and compliance with international and national laws applicable to its organisation, as well as with voluntarily undertaken commitments.

Like the other Atlantia Group companies, Autostrade per l'Italia has adopted the Anti-corruption Policy issued by the holding company¹. The Group's Anti-corruption Policy reaffirms its commitment to preventing and combating illegal conduct. In this regard, the policy brings together and combines into a coherent whole the existing rules designed to prevent and combat such behaviour already applied by the Group, in synergy with the Code of Ethics, the Management and Control Model and the Group's compliance programmes.

Compliance with the Policy is obligatory for all *"the Group's worldwide staff and all those who act in the name and/or on behalf and/or in the interest of the Atlantia Group and who engage in business and professional relations with it"*. With a view to sharing the commitment to prevent and combat corruption, information and training activities on the Policy's content are envisaged, for both Group staff and third parties.

As proof of the Company's commitment and confidence in pursuing its mission, Autostrade per l'Italia has voluntarily implemented an Anti-Bribery Management System (or ABMS) for the purposes of assurance and as a way of proactively managing corruption risk and strengthening the compliance culture. The system contains a series of activities designed and implemented with an integrated and synergic approach, with the aim of achieving ongoing improvements in performance and in the effectiveness of efforts to combat corruption risk.

A key element of the whole system is the Head of Anti-corruption, who has been tasked, among other things, with overseeing: (i) the Company's implementation of the Policy; (ii) provision of specialist anti-corruption assistance to Company staff; (iii) checking that the general requirements of the corruption prevention management system have been met; and (iv) constant monitoring of corruption risks.

The Policy emphasises that the Group encourages the reporting of illegal conduct in good faith and, to this end, provides the necessary tools to enable prompt and effective communication of suspicions, ensuring maximum protection of both the whistleblower and the suspect, in accordance with applicable legislation.

¹ The first version of the Policy was adopted at the end of 2017. In the third quarter of 2019, in compliance with Atlantia's directive, Autostrade per l'Italia and the other ASPI Group companies adopted the revised version of the Anti-corruption Policy.

2.9 Sustainability

Introduction

Autostrade per l'Italia SpA does not prepare its own non-financial statement pursuant to art. 6 of Legislative Decree 254/2016, as it is included in the consolidated non-financial statement published by Atlantia SpA, the Company's parent.

Our strategy

Putting the customer first, 360-degree safety, technological innovation and promoting a green revolution are the key policies of our sustainable development path. The first phase of Autostrade per l'Italia's Strategic Transformation Plan, presented at the Board meeting on 16 January 2020, which sets out the Group's future as an integrated mobility operator, was implemented in 2020. The aim is to achieve total synergy between infrastructure management, engineering and technological innovation, traffic management and customer services.

The Plan envisages a significant acceleration of investment in the modernisation and upgrade of the motorway network and in road safety. This will include a major commitment to developing initiatives designed to improve the customer experience by, for example, the introduction of predictive traffic information systems, simplified tolling procedures, experimentation with 5G technology on the motorway and new signage and communication technologies.

The Company is strongly committed to the digitalisation of motorway infrastructure, with new real-time traffic control systems and the use of sensors, cameras and drones to monitor bridges, viaducts and tunnels.

The Plan also envisages a number of environmental protection and sustainable mobility projects, aimed at transforming the motorway network under management into a truly green Infrastructure, via installation of charging points for electric vehicles at services areas, increased use of renewable energy and further energy efficiency initiatives.

Safety and quality of service

In 2020, the network operated by Autostrade per l'Italia and its subsidiaries registered a global accident rate of 26.5 (28.1 in 2019) and a death rate of 0.21 (0.27 in 2019).

In 2020, a thorough review of network surveillance and monitoring was begun. These activities have been permanently entrusted to a consortium of independent international companies selected via an EU tender, and "ARGO", a unique Europe-wide monitoring platform based on artificial intelligence (AI), has been launched.

Given the exceptional nature of 2020 in terms of traffic trends and the need to develop a new customer satisfaction survey model, no customer satisfaction surveys were conducted during the year.

The environment

Environmental sustainability is particularly important in the construction and management of motorway infrastructure – especially in the areas the network passes through – and is the basis of a long-term strategy to protect and enhance Italy's landscape, architectural and natural heritage. Indeed, the complexity of the motorway network managed by the Group requires adoption of an organic approach to environmental management geared towards prevention and control. Consequently, the Group promotes environmental protection using appropriate procedural, managerial and organisational tools, ranging from training and awareness raising to the study of innovative technological solutions aimed at providing excellent performances.

KEY ENVIRONMENTAL INDICATORS	2020	2019	% change
Energy consumption by type (TJoule)	1,092	1,117	-2.3%
Petrol	2.1	2.2	-4.6%
LPG	11.6	9.0	28.9%
Diesel	298.2	312.1	-4.5%
Electricity	707.0	714.5	-1.1%
Natural gas	73.6	79.7	-7.7%
CO2 emissions (t)	83,915	89,243	-6.0%
Direct emissions	26,985	28,175	-4.2%
Indirect emissions from electricity consumption	56,930	61,068	-6.8%
Waste produced (t)	28,008	28,121	-0.4%
% of waste recycled/recovered	85.6	80.8	5.6%
Water consumption (m3 x 1000)	914	924	-1.1%

Use of resources

In managing its activities – especially maintenance and the modernisation of infrastructure – Autostrade per l'Italia makes necessary use of materials whose impact on the environment has to be constantly monitored and limited. The materials normally used are: quarry materials, bitumen, iron and steel and cement. Optimising use of the materials employed is a constant concern in managing the Group's activities.

A total of approximately 914 thousand cubic metres of water was consumed in 2020, substantially in line with 2019.

Energy and the climate

The efficient use of energy and renewable sources has become a key issue in Autostrade per l'Italia's sustainability policy-making.

Autostrade per l'Italia's commitment in this field is expressed via projects aimed at the adoption of renewable energy sources, and the study and implementation of eco-efficient solutions in terms of consumption.

This approach is accompanied by monitoring, management and emissions reduction activities, and more generally by a strategy to combat climate change. Energy consumption depends on the organisation's needs and the amount of energy used in providing the motorway service: the lighting

of tunnels, toll stations, junctions and service areas, power for plant and equipment, fuel for service vehicles.

In 2020, the Group consumed a total of 1,092 TJoules, down 2.3% on the previous year.

The figures for CO₂ emissions also fell compared with 2019 (down 6%), with emissions totalling around 84,000 tonnes.

In terms of renewable energy, in 2020, Autostrade per l'Italia's photovoltaic plants produced 12.2 GWh of electricity, with approximately 40% consumed on site by the Company, in line with the figure registered in the previous year. This production enabled Autostrade per l'Italia to avoid 3,536 tonnes of CO₂ emissions.

Autostrade per l'Italia also operates tri-generation plants, having built three such plants since 2014, which allow for annual self-production of electricity and heat. This enabled the Company to produce 2 GWh of electricity and 2 GWh of heat in 2020 for use at our Rome and Florence head offices and the data processing centre.

Waste

The total amount of waste produced in 2020 amounted to around 28 thousand tonnes (down 0.4% on 2019), of which around 86% was recovered or recycled (80.8% in 2019).

Government and the community

Autostrade per l'Italia's commitment to the people of Genoa continued in 2020, with enlargement of the toll exemption zone of the Genoa metropolitan area to include the Ligurian sections managed by Autostrade per l'Italia and affected by construction sites, and the upgrade and modernisation of the Ligurian network which, from October 2020, provides for quarterly planning, agreed with the Ministry, aimed at minimising impacts on the road network. This planning is carried out on a weekly basis, according to the type of intervention and the areas concerned.

The Autostrade per l'Italia Group works closely with communities and maintains constant dialogue with central and local government authorities throughout all stages of its operations. The Group's vital counterparties are the Ministries of Infrastructure, the Environment, Heritage and Culture and Tourism, parliamentary committees – during the discussion phase of new regulatory proposals for the sector – supervisory and monitoring bodies, and government-level technical organisations.

Also vital are relations with local stakeholders, regions and municipalities, as well as with government departments, in order to guarantee a shared approach to local planning for development.

In the context of policies focused on local areas, growing importance is given to initiatives designed to promote local attractions, carried out via the "*Sei in un paese meraviglioso*"¹ ("You're in a wonderful country") project. This project is designed to encourage road users to explore what Italy has to offer, above all places that are usually off the beaten track. The project involves information stands at 100 motorway service areas, promoting a range of itineraries and more than 1,000 places,

¹ For more information on the "*Sei in un paese meraviglioso*" project, go to: <http://www.autostrade.it/sei-in-un-paese-meraviglioso>.

including 42 Unesco sites, 300 "touring" billboards on motorways indicating places that can be reached from the nearest tollbooth, and 6 television series on Sky Arte.

Suppliers

Autostrade per l'Italia's main suppliers are businesses that provide goods and services and those involved in the construction of new infrastructure and maintenance of the existing network, and companies that supply technology used in developing automated tolling systems and new safety and quality service standards for customers.

The process of selecting suppliers starts with a request for assessment of the financial, technical and organisational aspects of each supplier. Specific information on sustainability is also requested backed up by documentary evidence (e.g. sustainability reports, environmental reports, adoption of sustainability strategies, certification of processes and/or products, implementation of initiatives aimed at developing a socially responsible approach to planning and business management).

The award of construction, operation and network maintenance contracts to external companies takes place via public tenders, in which all bidders who meet the general and specific requirements provided for in the relative tenders may freely participate. Competitions are held in accordance with the relevant EU regulations in a fair and transparent way.

In implementation of the Company's ethical principles, all suppliers must commit to complying with the Group's Code of Ethics and Conduct, **with particular reference to anti-corruption policy**, on their own behalf and on behalf of any authorised sub-contractors, consultants and employees. In addition, suppliers are required to meet a series of social and environmental obligations relating, for example, to occupational health and safety and environmental protection, such as the methods used for disposing of waste and scrap. In order to ensure that suppliers comply with their obligations regarding sustainability, a number of specific audits and training and awareness raising initiatives have been carried out.



2.10 Autostrade per l'Italia's risk management

Due to the nature of our business, consisting of complex processes (e.g. the development and construction of motorway infrastructure, traffic management), Autostrade per l'Italia is exposed to risks capable of having a significant impact on the achievement of its business objectives.

In response, the Company has put in place a Risk Management process, with the aim of monitoring the Company's ability to achieve its business and strategic objectives by optimizing performance, in accordance with the relevant legislative and regulatory requirements and ensuring the reliability and integrity of accounting and operational information.

At Autostrade per l'Italia, this process is managed by the Risk Officer, who is responsible for enabling synergies among key stakeholders and facilitating the integration of performance and compliance, so as to provide an integrated vision to senior management when taking strategic and business decisions.

In particular, the Company is exposed to strategic, operational, financial and compliance risks.

The Risk Officer, working with the head of the various departments (Process Owners), conducts specific risk analyses, assessments and monitoring activities in line with the risk appetite established by senior management.

Moreover, with a view to increasing the development and dissemination of a risk management and monitoring culture, the following organisational roles have been established to manage risks in specific areas:

- Contract Risk Manager for infrastructure contract risks;
- Tax Risk Officer for tax risks;
- Data Protection Officer for privacy risks (GDPR);
- Chief Information Security Officer for cyber security risks;
- Head of Anti-corruption for corruption risks;
- Manager Responsible for Financial Reporting pursuant to art. 154-bis (CFA).

Autostrade per l'Italia's main risks

The following risk clusters, identified by Autostrade per l'Italia following its Risk Assessment 2019-2020, are appropriately managed via specific controls and action plans.

Strategic risk

REG

1. **Concession arrangement:** Autostrade per l'Italia's business is regulated by its relationship with the Grantor. Potential changes in this relationship could have a negative impact on the Company's operations, its results and business continuity.

HR

2. **Change management and human capital:** high turnover of management and middle management, and failure to appoint people with the required expertise to key roles, could adversely affect the Company's ability to achieve the objectives it has set out in the Business Plan.

BCM

3. **Business continuity:** Autostrade per l'Italia manages a complex infrastructure network and, its inability to manage emergencies or provide a timely response to crisis situations could have a major impact on continuity of service.
4. **Pandemic:** failure to adequately respond to the current global crisis could expose the Company to the risk that it is unable to appropriately manage infrastructure and traffic, with an impact on the continuity and quality of service.
5. **Climate change:** extreme weather events expose the Company to the risk of damage to assets and infrastructure, with the resulting potential for prolonged closures or disruption to operations.

Operational risk

SOP

1. **Infrastructure safety:** the type of infrastructure that makes up the approximately 3,000 km of network managed by Autostrade per l'Italia exposes the Company to both exogenous and endogenous events (e.g. delays in carrying out maintenance) that may cause a loss of static efficiency or the detachment of structural and/or non-structural works and assets.

SIC

2. **Road safety:** the management of traffic exposes the Company to the risk of harm being caused to people and vehicles in the ordinary course of motorway use.

GCOM

3. **Contractor management:** shortcomings in the management of contracts for new works and/or improvements/modernisation expose the Company to the risk of major delays in achieving its business objectives and of cost overruns.

IT

4. **Digital and cyberattacks:** the Company's organisational complexity, the large number and geographical distribution of IT environments and automation, and the widespread use of remote working in response to the current pandemic, expose Autostrade per l'Italia to potential cyberattacks and related risks of exfiltration, alteration or damage to critical information and/or personal data contained in corporate databases, and to the impairment or unavailability of certain essential services relating to traffic management and the protection of motorway traffic safety.

HSE

5. **Health, Safety and Environment:** given its type of business, the Company is exposed to risks linked to the health and safety of its staff and protection of the environment.

Financial risk

Information on financial risk management is provided in the section, "Group financial review" and note 9.2, "Financial risk management" included in section 3, "Consolidated financial statements as at and for the year ended 31 December 2020".

However, it should be noted that following developments in the regulatory environment and the resulting downgrade of the Company's rating, Autostrade per l'Italia is exposed to the following risks:

FIN

1. **Access to credit:** the current regulatory situation could put the Company's ability to access credit at risk and, should this occur, could result in an increase in its cost of debt.
2. **Insurance cover for assets:** the size of claims could make it difficult for the Company to satisfy its principal insurance needs.

With reference to the above financial risk, and especially relating to access to credit, it should be noted that the Company has successfully placed specific financial instruments with investors (bond issues amounting to €1.25 billion in December 2020 and €1.00 billion in January 2021).

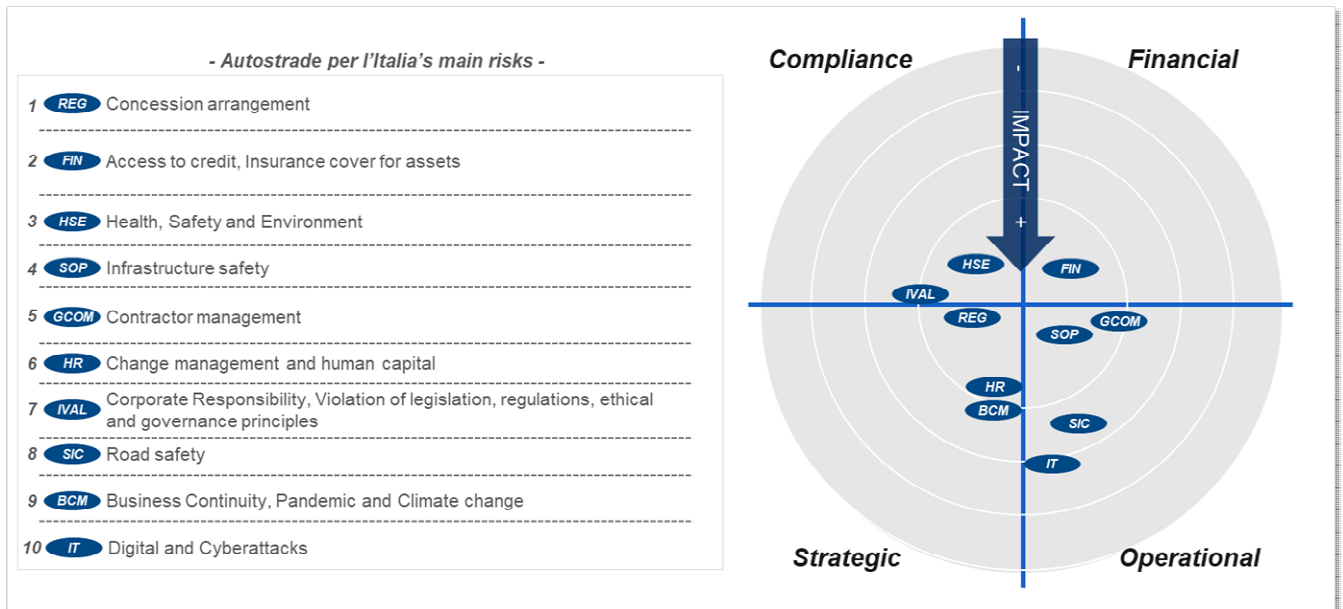
Compliance risk

Autostrade per l'Italia is exposed to various risks linked to breaches of legislation, regulations, governance rules and values (the articles of association, codes of conduct, the Code of Ethics, the Corporate Governance Code, etc.):

IVAL

1. **Violation of legislation, regulations, ethical and governance principles:** the Company's employees, suppliers or partners could engage in conduct in violation of legislation, regulations, ethical or governance principles (e.g. corruption, discrimination, conflicts of interest, fraud, etc.)
2. **Corporate Responsibility:** personnel could commit offences on behalf of or in the interests of the Company in violation of Legislative Decree 231/01.

The Company's main risks are shown below in terms of their nature and importance:



2.11 Related party transactions

Information on related party transactions is provided in note 10.5 to the consolidated financial statements and note 9.3 to Autostrade per l'Italia's separate financial statements.

2.12 Significant regulatory aspects

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia collapsed on 14 August 2018, causing the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report for the year ended 31 December 2020. The most significant legal and regulatory implications arising from this incident are described below.

Talks with the Government regarding the dispute over alleged serious breaches

Following the collapse of the road bridge, the Grantor formally accused Autostrade per l'Italia of certain breaches of its contractual obligations under the Single Concession Arrangement. Autostrade per l'Italia replied to this accusation with counterarguments.

From July 2019, talks have been underway with representatives of the Government with the aim of reaching a negotiated settlement and Autostrade per l'Italia, whilst denying any responsibility for the above collapse, has submitted a series of improved proposals in the public interest.

In the course of the talks with the Grantor, whilst confident that a settlement of the dispute for serious breaches can be reached, Autostrade per l'Italia has, however, stated that it continues to have the option to exercise the rights granted to it under the Concession Arrangement.

Following numerous meetings and exchanges of correspondence designed to arrive at the content of a potential settlement agreement that would be in the public interest, Autostrade per l'Italia sent letters on 11, 13, 14 and 15 July 2020 (the latter two also signed by the parent, Atlantia) in which, whilst continuing to deny any of the alleged breaches in relation to its management of the Polcevera road bridge, the company put forward new comprehensive proposal. This proposal: (i) sets the level of expenditure to be funded at Autostrade per l'Italia's own expense at €3.4 billion, to be used to finance reductions in tolls, investment in infrastructure without any return for the Company and the demolition and reconstruction of the road bridge and the related expenses; (ii) contains a commitment from Autostrade per l'Italia to apply the tariff regime set out in the Transport Regulator's determinations 16 and 71 of 2019, with an investment programme of €13.2 billion; (iii) provides for the amendment of art. 9 of the Concession Arrangement, clearly defining the causes of termination, whilst continuing to limit application of the compensation regime introduced by art. 35 of Law Decree 162 of 2019, converted into Law 8 of 2020, to cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network; (iv) provided details of the transaction designed to allow third-party investors to acquire interest in Autostrade per l'Italia, subject to approval by the respective boards of directors (of Atlantia and Autostrade per l'Italia), resulting in the transfer of control of Autostrade per l'Italia from Atlantia to a publicly owned entity, accompanied by amendment of the governance rules, whilst respecting the rights of the operator's existing minority shareholders.

In response, on 15 July 2020, through the announcement no.56 the Cabinet Office communicated that, in view of the proposed settlement, the Government *"has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to resubmit the Financial Plan that the Company had submitted on 8 April 2020, having revised it to reflect the proposed measures.

Subsequently, after a series of meetings with representatives of the Government, in September 2020, Autostrade per l'Italia received the texts of the Settlement Agreement bringing to a close the dispute over alleged breaches of the concession arrangement and of the Addendum. The Company was also sent the Government's observations on the proposed Financial Plan submitted by the Company on 23 July 2020 in accordance with the Grantor's requests.

The text of the Agreement received on 23 September 2020 requires the following commitments from Autostrade per l'Italia:

- a commitment amounting to €3,400 million, to be funded entirely at the company's own expense and without any related return, to finance reductions in tolls for the benefit of road users (€1,500 million), additional work on the infrastructure operated under concession during the regulatory period 2020-2024 (€1,200 million) and work on reconstruction of the Polcevera road bridge and all other related expenses (€700 million);
- a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021. This annual increase was later reduced to 1.64%, as described in greater detail in the following paragraph;
- a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree;
- a commitment to waive the favourable effects of any court judgements annulling implementation of the above provisions of the *Milleproroghe* Law Decree, or the Transport Regulator's above determinations.

The Agreement received also calls for acceptance of a condition making effectiveness of the Agreement dependent on completion of the corporate reorganisation following a positive conclusion of talks between Atlantia and Cassa Depositi e Prestiti ("CDP") (art. 10 (ii) of the Agreement).

On 8 October 2020, Autostrade per l'Italia sent the Government's representatives a letter expressing its willingness to sign the above text of the Settlement Agreement, subject solely to removal of the previously mentioned condition precedent.

In terms of the draft Addendum sent by the Government's representatives on 2 September 2020, Autostrade per l'Italia responded on 21 November 2020, expressing a willingness to immediately sign the version of the Addendum received.

Briefly, the draft Addendum provides for:

- a survey of all the investment commitments, with the addition of those considered priority under art. 15 of the Concession Arrangement;
- application of the tariff framework set out in the Transport Regulator's above determinations;
- a reformulation of the articles regarding breaches committed by the Operator and termination of the Concession Arrangement only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility, with compensation to be determined in accordance with the above art. 35 of Law Decree

162/2019, using ITA GAAP accounting standards, and be paid by the new operator at the time of the handover of the infrastructure by Autostrade per l'Italia;

- an obligation on Autostrade per l'Italia's part to conduct feasibility studies for new projects;
- an extraordinary maintenance plan, with the related binding timescale.

On 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the Ministry of Infrastructure and Sustainable Mobility (the "MIMS") and the Ministry of the Economy and Finance (the "MEF"), together with the other annexes to the Addendum, requesting the Grantor to pass this latter document on to the Interministerial Committee for Economic Planning ("CIPE") with the changes and amendments previously announced during earlier meetings.

On 29 December 2020, Autostrade per l'Italia reiterated its request to receive *"the amended Addendum, with the related annexes, with due urgency, bearing in mind the time that has passed and the commitment demonstrated by the parties, in order to enable it to finalise the document and submit it to the CIPE for its approval"*. With regard to the Agreement, the subsidiary confirmed what was written in its previous letter of 8 October 2020, in which it expressed a willingness to sign the Settlement Agreement attached to the letter from the Government dated 23 September without any changes, with the sole exception of removal of the condition precedent contained in art. 10 (ii).

On 31 January 2021, European Commission sources confirmed that the Commission had initiated an *"administrative dialogue"* with Italy *"certain aspects of the new legislation governing motorway concession arrangements, introduced by Law Decree 162 of 31 December 2019"* (the so-called *Milleproroghe* Decree), raising concerns regarding the compatibility of certain provisions introduced by the Decree with EU law, following the Decree's unilateral imposition *in pejus* of changes to Autostrade per l'Italia's Single Concession Arrangement.

Finally, in a letter dated 1 March 2021, the Company again urged the Government to proceed with the finalisation of all the documents necessary before submission of the Addendum and its annexes to the CIPE, subject to removal of the previously mentioned condition precedent contained in the Settlement Agreement.

Extraordinary tunnel inspections – Ministerial Circular no. 6736/61A1 of 19 July 1967 – Launch of a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement

With reference to the announcement of 22 July 2020 to launch the procedure of serious breach pursuant to art. 8 of the Single Concession Arrangement, regarding the checks carried out by Autostrade per l'Italia on tunnels around the network it operates, with particular regard to those in the Liguria region, on 21 August 2020, Autostrade per l'Italia submitted its counterarguments to the Grantor, asking the latter to dismiss the proceedings on the grounds that the alleged serious breach did not take place, whilst requesting a hearing in order to provide further clarifications.

The counterarguments submitted by Autostrade per l'Italia contain a detailed and accurate report, in which the progress of discussions and correspondence with the Grantor regarding inspection methods for motorway tunnels is reviewed. These counterarguments sought to unequivocally demonstrate, on the one hand, the uniform interpretation of the relative legislation made by the operating companies and the Grantor until May 2020, and on the other hand, the continual changes in the Grantor's interpretation of the above legislation between the end of May and July 2020 and, in any event, Autostrade per l'Italia's prompt compliance with the requirements - which moreover

were contradictory - laid down by the Grantor with regard to tunnel inspections during this latter period.

On 23 February 2021, a hearing, called by the Grantor, was held at which Autostrade per l'Italia submitted additional documentation to support its position.

In a specific reference in the Agreement regarding a negotiated settlement of the procedure for alleged serious breaches referred to in the above paragraph, it is pointed out that this challenge does not entail possible termination and/or revocation consequences for the Single Concession Arrangement, notwithstanding the potential application of the penalties provided for in the Single Concession Arrangement, as amended by the draft Addendum to the Arrangement.

Investigation of the collapse of a section of the Polcevera road bridge by the Public Prosecutor's Office in Genoa

The above-mentioned collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway, on 14 August 2018, has resulted in criminal action being brought before the Court of Genoa against 39 personnel, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa. The investigation relates, among other things, to the offences of "accessory to culpable collapse", "violation of transport safety regulations aggravated by culpable disaster" and "culpable vehicular homicide".

As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to Legislative Decree 231/2001, relating to "Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations".

Two pre-trial hearings were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 31 July 2019, followed by a hearing to examine it on 20 September 2019.

With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, on 21 December 2020, the experts filed a relevant technical report, which provided evidence of:

- deficiencies in the design that did not adequately take particular construction requirements into account;
- defects arising during construction;
- shortcomings in the checks carried out during construction by project managers and in the tests carried out prior to the bridge's opening;
- shortcomings in checks and maintenance work which, if they had been carried out correctly - in the opinion of the experts - would most likely have prevented the disaster from occurring;
- the hypothesis that a coil could have fallen from a lorry while it was passing over the joint between pylon 9 and the buffer beam (as argued by the defence consultants) should most likely be excluded.

The first three pieces of evidence, according to the experts, would have led to severe corrosion of the secondary and primary cable stays of pylon 9 on the Genoa/sea side, given that, in their opinion, *"the inspection and monitoring systems implemented were inadequate to identify the problems affecting the collapsed part of the bridge"*.

During the hearings at the beginning of February 2021, the experts explained the content of the first six sections of the report.

The preliminary investigating magistrate then adjourned the pre-trial hearing for 15 days to allow the technical consultants of the persons under investigation to acquire and analyse the software used by the experts to calculate the resistance of the cable stays used in the Morandi road bridge.

Finally, during the hearings of 18, 19 and 20 February, the experts completed the presentation of their report, the public prosecutor decided that they did not have any questions and counsel for Autostrade per l'Italia and the accused proceeded to cross-examine the experts appointed by the preliminary investigating magistrate.

Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the Genoa and Rome offices of Autostrade per l'Italia and a number of Group companies in order to seize technical documents (i.e., designs, calculation reports, test certificates) and organisational documents (i.e., service orders and organisational arrangements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The new line of investigation, which derives from two accidents that occurred on 6 November 2016 and 17 January 2017 due to the collapse of the aforementioned barriers positioned respectively on the Rio Rezza and Rio Castagna bridges on the A12, involves investigation of former managers and managers and employees with technical expertise working for Autostrade per l'Italia, in relation to the offences of public procurement fraud and endangerment of transport safety.

Finally, the documents relating to the review of the precautionary measures mentioned below show that the public prosecutors also plan to charge the five accused with the misuse of public funds.

On 11 November 2020, the preliminary investigating magistrate in Genoa imposed precautionary measures on four former managers and two engineers still employed by Autostrade per l'Italia SpA.

As regards the two personnel still employed, the Company has suspended them, whilst reserving the right to take further action once the full facts are known.

In this regard, having completed a further investigation and taken the relevant disciplinary action, the Company proceeded to dismiss one of the employees, whilst the other is subject to a further suspension from work.

An initial examination of the above court order, which refers to evidence gathered as a result of wiretapping and electronic surveillance, a report prepared by the technical expert appointed by the Public Prosecutor's Office and a summary of witness statements, has revealed the following:

- that, due to design defects, an underestimation of the effects caused by wind and the use of materials anchoring the barriers to the ground that did not comply with European standards, the "Integautos" barriers constituted a hazard as they were at risk of flipping over;
- that there is a suspicion of fraud linked to a breach of the contractual relationship with the Grantor, given the failure to communicate the problems identified on the network and the resulting temporary repairs (i.e., removal of the upper sections).

In view of the seriousness of the alleged offences, the Company, once an exhaustive reconstruction of the events has been completed, reserves the right to take any and all steps necessary in order to safeguard its reputation through the appropriate channels.

Lastly, counsel for all the accused affected by the above precautionary measures have requested a review of the order or have appealed against it. These motions have been in part upheld.

Investigation by the Public Prosecutor's Office in Genoa of alleged false statements regarding several of the network's bridges

As part of this investigation into a series of allegations regarding false statements made by a public officer in an official document, four executives and a company employee at the time of the events are under investigation. According to the charge, certain reports prepared by the technicians responsible for testing, monitoring and design were improperly drafted in order to make the maintenance conditions of the road bridges appear better than they actually were. In September 2019, the preliminary investigating magistrate issued an injunction applying a personal precautionary measure (house arrest) and a prohibitive measure (suspension from work for a period of 12 months) against, among others, two of the above-mentioned Autostrade per l'Italia managers. In opposition to these measures, counsel for the persons under investigation proposed a review, which led to the house arrest measure being replaced with suspension from practising a public service for one year and a ban on exercising any professional activity similar to the one carried out previously for one year, while the prohibitive measure was confirmed, and following the subsequent rejection of the appeal before the Court of Cassation became enforceable. Once the company became aware of the prohibitive injunctions, it promptly initiated disciplinary proceedings against the four executives under investigation, which then led to the dismissal of three of them, and the suspension from work of the other one. The investigation is ongoing.

Legal action over failure to approve the five-yearly update of the Financial Plan

On 3 January 2020, the Grantor, in compliance with judgement 13789 of 2 December 2019 handed down by Lazio Regional Administrative Court, informed Autostrade per l'Italia that the proposed update of its financial plan, submitted on 15 June 2018, was unacceptable. In response, on 3 March 2020, Autostrade per l'Italia brought an action before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the *Milleproroghe* Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. A date for the hearing to discuss the case is awaited.

Declaratory action before the Lazio Regional Administrative Court regarding the validity and effectiveness of articles 8, 9 and 9-bis of the Single Concession Arrangement

Following enactment of the law converting Law Decree 162 of 2019, on 4 March 2020, Autostrade per l'Italia appealed to the Lazio Regional Administrative Court to ascertain - after non-application of art. 35 of the above Decree, or after referring matters of interpretation of European law and incidental matters of constitutional legitimacy - the validity and applicability of articles 8, 9 and 9-bis of the Single Concession Arrangement that governs Autostrade per l'Italia's concession.

On 3 April 2020, Autostrade per l'Italia filed a request to expedite the scheduling of a hearing, which has yet to be determined.

Legal challenges against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

With reference to Autostrade per l'Italia's legal challenges of the Special Commissioner's measures before the Liguria Regional Administrative Court, following the injunctions of 6 December 2019 - whereby the Liguria Regional Administrative Court referred the matters of constitutional legitimacy raised by Autostrade per l'Italia to the Constitutional Court - in a ruling of 27 July 2020, the latter Court deemed these matters to be partly unfounded and partly inadmissible.

In response to this ruling, on 9 October 2020, requests were filed with the Liguria Regional Administrative Court for hearings to be scheduled in order to proceed with the actions.

The hearing to discuss all the challenges, originally scheduled for 10 February 2021, at the request of the Attorney General, has been scheduled for 15 December 2021.

With regard to the appeals brought by the Cabinet Office, the MIMS and the Special Commissioner before the Council of State on 5 January 2020, challenging the Liguria Regional Administrative Court's ruling on the preliminary questions proposed by the authorities as part of the related judgements at first instance, on 30 September 2020, with the support of the Attorney General and the cross-appellants, Autostrade per l'Italia filed a request to have the hearing postponed. This request is motivated by the fact that an agreed settlement of the dispute launched by the MIMS on 16 August 2018 is being defined, which, if finalised, would entail lack of interest and therefore waiver of the legal actions brought. Therefore, the Council of State has postponed the hearing to a date to be determined.

Legal action challenging the Ministry Infrastructure and Sustainable Mobility's decision regarding the fees payable for sub-concessions

With regard to the legal challenge brought by Autostrade per l'Italia, requesting clarification of the rights provided for in articles 3 and 17 of the Single Concession Arrangement, regarding the sub-concession fees payable to the Grantor for activities carried out at areas appurtenant to the motorway network, on 22 October 2020, the Court of Rome published its judgement upholding Autostrade per l'Italia's challenge. The judgement states that the percentage fee payable by Autostrade per l'Italia to the Grantor for sub-concessions should be established on the basis of the above Single Concession Arrangement (being between 5% and 20%, depending on whether the services had already been consented to on the date of execution of the Arrangement or subsequent to its execution). This percentage is to be applied to revenue effectively received in return for the sub-concessions granted to the providers of motorway services and not to the amounts originally agreed with sub-operators in the related sub-concession arrangements, as argued by the Grantor. The latter amounts are higher than the former due to the discounts granted Autostrade per l'Italia, from 2012, in order to support motorway service providers following the economic crisis of the previous years.

Five-yearly update of Autostrade per l'Italia's financial plan

Following the Transport Regulator's introduction of the new tariff framework, on 8 April 2020, Autostrade per l'Italia submitted the Financial Plan to the Grantor, ahead of the deadline extended by the Grantor in art. 103 of Law Decree 103 of 17 March 2020, whilst continuing to stand by its earlier opposition and reservations in this regard.

This was followed by a letter dated 15 July 2020, after agreement had been reached on the measures suitable to satisfy the public interest, in relation to settlement of the dispute with the MIMS over

alleged serious breaches of the Concession Arrangement. In the letter, the MIMS requested Autostrade per l'Italia to submit the revised Financial Plan by 23 July 2020. As requested, on 23 July, the Company submitted the above Financial Plan.

In a letter dated 3 August 2020, the MIT set out its conclusions regarding the proposed Financial Plan submitted by Autostrade per l'Italia, setting out the changes to be made. In subsequent letters, the first dated 1 September 2020 and the second 14 September 2020, Autostrade per l'Italia submitted further versions of the Financial Plan to the Government and the Grantor, taking into account the observations made by the Grantor and the following talks with personnel from the MEF.

On 14 October 2020, the Transport Regulator published the opinion provided to the MIMS in accordance with art. 43 of Law Decree 201 of 2011 regarding the update of the Financial Plan. The regulator's opinion expresses certain reservations regarding the Plan drawn up by the Company, which, though it substantially applies the Tariff Framework devised by the Transport Regulator, includes a number of clear differences in terms of application that could potentially be reflected in the level of the tolls charged to road users.

In its letter dated 22 October 2020, the Grantor, in response to the proposed Financial Plan submitted by Autostrade per l'Italia on 14 September 2020 and the regulator's opinion, requested the Company to amend the proposed plan and to provide clarifications, details and documentation regarding a number of concerns raised by the regulator.

On 19 November 2020, Autostrade per l'Italia sent the MIMS, the MEF and the Cabinet Office a new version of the Financial Plan, reflecting the indications in the above letter from the Grantor dated 22 October. The Plan made reference to the sum of €3.4 billion included in the Agreement reached with representatives of the Government, setting out the various items of expenditure and the related timescale. The new Plan also reflected the Government's request to include the measure designed to make up for lost revenue in the period between March and June 2020 due to Covid-19, to be recovered by raising the average annual toll increase to 1.64%, deeming this to cover the amount necessary in order to recover the losses incurred. A decision has, on the other hand, yet to be made on how the motorway sector as a whole will recover the revenue lost in the subsequent period due to Covid-19.

Finally, following later talks, as noted above, on 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the MIMS and the MEF, together with the Addendum to the Concession Arrangement and the other annexes to this document.

Autostrade per l'Italia's toll increase for 2019

With regard to the toll increase for 2019 of 0.81%, as authorised by the MIMS and the MEF and voluntarily deferred for the whole of 2019, Autostrade per l'Italia has repeatedly volunteered to extend the deferral, the latest extension postponing application of the increase through to 31 May 2021.

Toll increases for 2020

On 15 October 2019, Autostrade per l'Italia requested a toll increase of 1.21%, calculated on the basis of the existing Single Concession Arrangement. The review conducted by the Grantor led to the award of a toll increase of 1.19%, a reduction of 0.02% in the "X investment" component, as set out in the report dated 18 December 2019. Subsequently, article 13, paragraph 3 of Law Decree 162 of 30 December 2019 (the *Milleproroghe* Decree) provided that, for operators whose five-year regulatory

period had expired, any adjustment to motorway tolls for 2020 was to be deferred until the process of updating the operators' financial plans, to be drawn up in compliance with the Transport Regulator's determinations, had been completed. On 31 December 2019, the Grantor those notified the Company that, following its review, it was deferring application of the requested increase, and would therefore allow a toll increase of 0.00%. This decision was challenged by Autostrade per l'Italia and the litigation is currently pending. On 21 April 2020, Autostrade per l'Italia requested a date for the related hearing, but this has yet to be established.

In determinations issued on 31 December 2019, the Grantor also notified Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica that, in view of the provisions of the disputed Article 13 of the *Milleproroghe* Decree of 31 December 2019, "no toll increases would be applied from 1 January 2020". It should be noted that, under the agreements in force, Raccordo Autostradale Valle d'Aosta had submitted a proposal to increase tolls by 6.51%, Tangenziale di Napoli by 1.33%, and Autostrada Tirrenica by 41.03%, taking into account the difference between the companies' requests and the amounts recognised by the Grantor for the years 2014-2019. All of the above companies have brought an action to have the Grantor's provisions annulled. Updates on these actions are provided below.

With regard to Autostrade Meridionali, which had submitted a proposal for a 2.41% increase, in a memo dated 31 December 2019, the Grantor forwarded the decree adopted on the same date by the MIT and the MEF, which ruled that no increase would be applied, given that the transitional financial plan - which governs the contractual relationship for the period after the agreed expiry of the Arrangement in 2012 - has not yet been approved.

In the case of Traforo del Monte Bianco which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase of 1.54%. This is based on the sum of 0.59% (representing the average inflation rate recorded in Italy and France from 1 September 2018 to 31 August 2019), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, for which allocation of the additional revenue has yet to be decided.

Toll increases for 2021

With regard to the toll increase for 2021, on 15 October 2020, Autostrade per l'Italia sent the Grantor a letter setting out two alternative requests for toll increases: (i) one, relating to the "unlikely event that, as part of the overall agreed settlement of the dispute, the addendum being drawn up with the appended revised Financial Plan has not become effective by 31 December", to be determined on the basis of the toll increase formula provided for in the Single Concession Arrangement and amounting to 0.47%; and (ii) another one based on the new framework for toll increases (in line with the Financial Plan as updated at the date of the request), amounting to 1.75%, which could be examined and approved by the Grantor were the Financial Plan to be approved in the meantime.

Art. 13 of Law Decree 183 of 31 December 2020 (the so-called *Milleproroghe* Decree) provided that, in the case of motorway operators whose financial plans have expired:

- any adjustment to motorway tolls for 2020 and 2021 was to be deferred until the process of updating the operators' financial plans, to be drawn up in compliance with the Transport Regulator's determinations, had been completed;

- the deadline for finalisation of the above financial plans was to be extended to 31 July 2021, in place of the previous deadline 31 July 2020 established in the *Milleproroghe* Decree of December 2019.

In implementation of this legislation, the Grantor, in a letter dated 31 December 2020, informed Autostrade per l'Italia that the toll increase applicable from 1 January 2021 was equal to zero.

On 1 March 2021 - as the Company did last year to contest the rejection of the toll increase for 2020 - Autostrade per l'Italia challenged the Grantor's above measure before the Regional Administrative Court.

On 31 December 2020, the Grantor sent letters with similar content to the letter sent to Autostrade per l'Italia to the companies, Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli, Autostrada Tirrenica and Autostrade Meridionali. All the companies were informed that their toll increases for 2021 would be 0%, as opposed to the proposals submitted by the companies for increases of 12.30% in the case of Raccordo Autostradale Valle d'Aosta - taking into account the difference between the increase due to the company and the amount recognised by the Grantor for 2020- and 41.47% in the case of Autostrada Tirrenica - taking into account the difference between the increase due to the company and the amount recognised by the Grantor for the years 2014-2020.

Like Autostrade per l'Italia, on 15 October 2020, Tangenziale di Napoli sent the Grantor a letter setting out two alternative requests for toll increases: a first request, based on the toll increase formula provided for in the existing Concession Arrangement and the Addendum of 2018, equal to 1.60%; and a second, equal to 0.72%, calculated on the basis of the proposal for the new financial plan out forward in 2020, based on the tariff framework drawn up by the Transport Regulator. In this case too, on 31 December 2020, the Grantor announced that the toll increase for 2021 would be 0.00%.

All three companies have, like Autostrade per l'Italia, lodged appeals against the above decisions by the Grantor.

With regard to Autostrade Meridionali, the Grantor sent the operator the joint decree issued by the MIMS and the MEF on 31 December 2020, which established that the toll increase applicable from 1 January 2021 was to be zero, compared with the company's request for an increase of 2.52%.

This refusal was motivated by the company's failure to submit a transitional financial plan – being the financial plan covering the period between expiry of the concession and the effective date on which the motorway is to be handed over the new operator – drawn up on the basis of CIPE Resolution 38/2019, which has set the criteria to be used in drawing up financial plans for expired concessions, as described in greater detail below.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase 0.63%. This is based on the sum of -0.32% (representing the average inflation rate recorded in Italy and France from 1 September 2019 to 31 August 2020), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, for which allocation of the additional revenue has yet to be decided.

Proceeding initiated by the Antitrust Authority

On 16 June 2020, officials from the Antitrust Authority, assisted by the *Guardia di Finanza* (Finance Police), carried out an inspection at the Rome headquarters and the Cassino VI area office. The officials notified the commencement of proceedings pursuant to article 27.3 of the Consumer Code, with a view to ascertaining whether Autostrade per l'Italia had engaged in unfair commercial practice

by taking actions relating to the narrowing of carriageways and reduced speed limits on sections of the A/16 and A/14 motorways, with particular reference to information provided to motorway users regarding toll reductions and suspensions to compensate for any inconvenience caused.

Whilst believing that the violations of the Consumer Code alleged by the Antitrust Authority were unwarranted, on 31 July Autostrade per l'Italia submitted the commitments provided for in the regulations for investigations relating to consumer protection pursuant to art. 27, paragraph 7 of Legislative Decree 206 of 2005, with a view to improving the management and communication of information to motorway users regarding road conditions and refund procedures, in order to reach a rapid settlement of the proceeding.

However, the proposed commitments were rejected by the Authority in its decision of 24 September 2020, which also broadened the scope of the proceeding, extending the allegations made at the outset to include other motorway sections managed by Autostrade per l'Italia (A/14 Bologna/Taranto, A/26 Genoa Voltri Gravellona-Toce and, for the part falling under its responsibility, the A/7 Milan-Serravalle-Genoa, A/10 Genoa-Savona-Ventimiglia and A/12 Genoa-Rosignano). According to the Authority, the deterioration of the service provided by Autostrade per l'Italia on those sections of motorway constitutes a breach of art. 20 of the Consumer Code, because the increase in journey times arising from traffic disruption is not matched by appropriate toll reductions. It is also alleged that articles 24 and 25 of the above Code were breached, because road users were encouraged to access the motorway network and then obliged to pay the full toll amount despite the inconvenience suffered.

On 23 December 2020, the Antitrust Authority set out its preliminary findings, confirming and specifying the allegations already made against Autostrade per l'Italia. In reaffirming its rejection of the proposed commitments presented during the proceeding, the Authority dwelt on the prejudicial nature of Autostrade per l'Italia's conduct, deeming that it has demonstrated that the disruption caused to motorway users was not adequately compensated for by measures to eliminate, suspend or reduce tolls. The Antitrust Authority considers that Autostrade per l'Italia's conduct led to a significant deterioration in the quality of the service offered, and as such constitutes an unfair and aggressive commercial practice.

The deadline for concluding the proceeding has been deferred until 17 March 2021.

Award on the concession for the A3 Naples – Pompei – Salerno motorway

With regard to Autostrade Meridionali's appeal to the Campania Regional Administrative Court against the decision to award the SIS Consortium the new concession to operate the A3 Naples-Pompei-Salerno motorway, requesting its cancellation after suspension of the award, on 21 October 2020 the ruling in which the Campania Regional Administrative Court rejected the appeal filed by Autostrade Meridionali and, consequently, declared the appeal filed by SIS to be inadmissible, was published. Autostrade Meridionali challenged the above ruling of the Campania Regional Administrative Court by appealing to the Council of State on 9 November 2020. The scheduling of a hearing to discuss the appeal is pending.

Autostrade Meridionali – request for adoption of the Financial Plan

Following the ruling by the Campania Regional Administrative Court stating that it lacked territorial jurisdiction to hear the case brought by Autostrade Meridionali to verify the illegitimacy of the Ministry of Infrastructure and Sustainable Mobility's silence regarding the company's request to adopt a Financial Plan for the period 2013-2022, on 12 February 2020 Autostrade Meridionali resumed proceedings before the Lazio Regional Administrative Court, asking the Court to verify the

illegitimacy of the Grantor Ministry's continued silence regarding its requests for adoption of a Financial Plan and the proposed Financial Plan submitted by the company in a memorandum dated 24 May 2019, and, accordingly, to order the Grantor to take action on the merits. Subsequently, following the aforementioned Resolution 38/2019, the Grantor asked Autostrade Meridionali to incorporate the rate of return set out in the Resolution into the Financial Plan. The company appealed on additional grounds against the aforementioned Resolution 38/2019, and claimed that the Grantor's request was unlawful.

On 2 February 2021, the Lazio Regional Administrative Court published a ruling accepting Autostrade Meridionali's request, which: (i) annulled the Grantor's decision, as Resolution 38/2019 does not apply in cases where the rate of return is set in the Single Concession Arrangement, as is the case for Autostrade Meridionali; (ii) upheld the illegitimacy of the silence regarding Autostrade Meridionali's request, and ordered the Ministry of Infrastructure and Sustainable Mobility to adopt the final decision of the proceedings within 30 days of notification of the ruling on 2 February 2021.

Raccordo Autostradale Valle d'Aosta's toll increase for 2020

On 2 March 2020, Raccordo Autostradale Valle d'Aosta brought an action before Aosta Regional Administrative Court challenging the MIT's decision to award a toll increase of 0% for 2020 and to impose an obligation on the operator, in common with the other operators affected by the amendments to legislation introduced by art. 13 of the *Milleproroghe* Law Decree, to submit by 30 March 2020 a revised Financial Plan, in compliance with the new tariff framework introduced by the Transport Regulator. This process was to be completed by 31 July 2020 (this deadline was later extended until 31 July 2021 by Law Decree 183 of 31 December 2020, the *Milleproroghe* Decree for 2020).

On 29 June 2020, the above Court dismissed the challenge, ruling that the measures challenged were lawful, and that they did not represent a refusal to approve a toll increase for 2020, but rather a postponement of determination and application of the increase until the company's submission of a revised financial plan that complies with the Transport Regulator's determinations, as required by art. 13 of the *Milleproroghe* Law Decree for 2019.

The Court also ruled against the company's claim that the new regulations are in conflict with EU legislation and in breach of the constitution.

On 29 January 2021, Raccordo Autostradale Valle d'Aosta lodged an appeal before the Council of State against the above ruling of the Valle d'Aosta Regional Administrative Court.

Autostrada Tirrenica - judgement of the Court of Justice of 18 September 2019 and art. 35 of the *Milleproroghe* Decree

Following conversion into law of the *Milleproroghe* Decree, on 14 May 2020, Autostrade Tirrenica filed a legal challenge with Lazio Regional Administrative Court. The operator has requested the Court to rule on whether the articles in the operator's Concession Arrangement are still valid and in force, subject to granting relief in the form of non-application of art. 35, paragraphs 1 and 1-ter of Law Decree 162 of 30 December 2019, converted with amendments into Law 8 of 28 February 2020, or relief in relation to issues regarding the interpretation of EU law and connected issues relating to constitutional law.

The operator's challenge primarily requests the Court to confirm the validity and effectiveness of the provisions in the concession arrangement, having granted relief in the form of non-application of art.

35, paragraphs c(1) and c(1-ter) of the *Milleproroghe* Decree as it breaches numerous constitutional principles, in addition to certain basic EU principles, above all those regarding legal certainty and legitimate expectations forming the basis of the fundamental freedoms established by articles 49 et seq. and 63 et seq. of the Treaty on the Functioning of the European Union.

The challenge also requests the Court to rule on the validity and effectiveness of the provisions in the Single Concession Arrangement, following the referral of preliminary issues to the European Court, and of the issue of constitutional legitimacy to the Constitutional Court.

Autostrada Tirrenica – Toll increases for 2014, 2016, 2017 and 2018 – Lazio Regional Administrative Court ruling

With regard to the absence or partial application of toll increases for the years 2014, 2016, 2017 and 2018, following a request by Autostrada Tirrenica, and in view of the failure of the authorities to proceed, the Lazio Regional Administrative Court issued an order on 30 June 2020 to appoint an Acting Commissioner.

Following a decree from the Acting Commissioner relating to the ruling that recognised the toll increase due to the company for 2014, the company applied the increase of 2.54% with effect from 9 November 2020.

As a result of subsequent decrees issued by the Acting Commissioner relating to rulings on toll increases for 2016, 2017 and 2018, Autostrada Tirrenica applied a total increase of 11.30% from 28 December 2020.

Notwithstanding the foregoing, as the aforementioned decrees relating to the latter rulings (increases for 2016, 2017 and 2018) did not fully recognise the toll increases requested by the company, the latter filed challenges against the rulings to obtain the unrecognised portion.

With reference to 2019 and 2020, Autostrada Tirrenica, which was awarded a toll increase of 0% with regard to the requests made, amounting to 1.59% for 2019 and 3.39% for 2020, brought two legal challenges before the Lazio Regional Administrative Court, which were filed on 1 March 2019 for 2019, and 2 March 2020 for 2020.

2.13 Other information

Autostrade per l'Italia does not own, either directly or indirectly through trust companies or proxies, shares or units issued by parent companies. No transactions were carried out during the year involving treasury shares or shares or units issued by parent companies.

Autostrade per l'Italia does not operate branch offices.

With reference to CONSOB Ruling 2423 of 1993, regarding criminal proceedings or judicial investigations, the Company is not involved in proceedings, other than those described in note 10.7, "Significant legal and regulatory aspects", that may result in charges or potential liabilities with an impact on the consolidated financial statements.

The use of reserves to pay dividends is not provided for.

Corporate actions involving Autostrade per l'Italia

With regard to the potential corporate changes resulting from Atlantia's decision, announced on 24 September 2020, to put its investment in Autostrade per l'Italia up for sale, it should be noted that, were the transaction and the consequent change of control to take place, the company will be required to initiate a consent solicitation process in order to obtain the necessary waivers from financial institutions and bondholders. The waivers would regard provisions allowing the early repayment of certain bonds and loans and the withdrawal of the guarantees provided to lenders by Atlantia on Autostrade per l'Italia's behalf.

2.14 Events after 31 December 2020

Agreement to acquire control of Pavimental

On 29 January 2021, Autostrade per l'Italia, which already owned a 20% stake in Pavimental SpA, completed the purchase from Atlantia of a further 59.4% of the company, thus increasing its interest to 79.4%. The provisional consideration amounts to a total of approximately €11 million. Furthermore, on 22 January 2021, Aeroporti di Roma accepted Autostrade per l'Italia's binding offer to acquire the former's 20% interest in Pavimental. The transaction will complete once the relevant contract has been drawn up and certain conditions precedent have been fulfilled.

The total price paid in the two transactions is €14.7 million. At the end of the two transactions, Autostrade per l'Italia will thus own a 99.4% stake in Pavimental.

Bond issue

On 15 January 2021, Autostrade per l'Italia placed bonds worth €1bn with institutional investors. The new bond issue, listed on the Irish Stock Exchange's Global Exchange Market (MTF), matures on 15 January 2030 and pays coupon interest of 2%.

Weekly traffic performance from 1 January 2021 to 28 February 2021

The following table shows weekly traffic figures from the beginning of 2021, compared with the matching period of 2020 and 2019, for the network managed by Autostrade per l'Italia.

<i>Provisional data (change versus corresponding week)</i>	<i>Network managed by Autostrade per l'Italia Kilometres travelled 2021 vs 2020</i>	<i>Network managed by Autostrade per l'Italia Kilometres travelled 2021 vs 2019</i>
<i>Week 2</i>	-42.3%	-40.6%
<i>Week 3</i>	-26.0%	-25.4%
<i>Week 4</i>	-27.2%	-25.1%
<i>Week 5</i>	-22.3%	-17.3%
<i>Week 6</i>	-17.3%	-17.4%
<i>Week 7</i>	-21.0%	-21.4%
<i>Week 8</i>	-20.8%	-20.8%
<i>Week 9</i>	-8.9%	-24.6%
Year to 28 February 2021	-27.7%	-27.0%

2.15 Outlook and risks or uncertainties

With regard to the outlook and, more specifically, the risk factors and uncertainties to which it is subject, reference should be made to the “Introduction” and to section 2.14, “Events after 31 December 2020”, in which a number of factors that may have an impact on the outlook are described.

With regard to the restrictions on movement introduced in response to the spread of Covid-19, the continued imposition of these measures in early 2021 will continue to have a negative impact on traffic, even if less pronounced than in the previous year. Based on the figures available to date and assuming a gradual relaxation of the restrictions on movement from summer onwards, preliminary estimates and sensitivity analyses indicate an improved performance in 2021 with respect to 2020, although not such as to return motorway traffic to the pre-Covid levels seen in 2019. Under this scenario, we would expect to see traffic down by an overall annual rate of between 10% and 20% compared with the pre-crisis situation in 2019. As a result, we expect toll revenue for 2021 to amount to between €2.7bn (up 25% on 2020) and €2.4bn (up 10% on 2020)¹.

It should be noted, however, that the assumptions underlying such a sensitivity analysis are subject to change depending on events and on a number of risk factors and uncertainties not currently foreseeable.

Finally, in 2021, the Company will in any event continue to deliver on its demanding modernisation and upgrade programme for the infrastructure we manage, with over €1bn due to be spent on investment and maintenance, as provided for in the new Business Plan.

¹ Figures relating to Autostrade per l'Italia SpA, net of the surcharges payable to ANAS (accounted for in operating costs under the item “concession fees”).

2.16 Proposal to cover the loss for the year to be put to Autostrade per l'Italia SpA's Annual General Meeting for approval

Dear Shareholders,

In conclusion, we invite you:

- a) to approve the financial statements as at and for the year ended 31 December 2020, which report a loss for the year of €398,131,283.07, having taken note of the accompanying documents;
- b) to cover the loss for the year, amounting to €398,131,283.07, from retained earnings of €572,337,616.59.

For the Board of Directors

The Chairman

2.17 Reconciliation of the reclassified and statutory financial statements

Reconciliation of the reclassified and statutory consolidated financial statements

Reconciliations of the reclassified consolidated financial statements presented above with the matching consolidated income statement, statement of financial position and statement of cash flows, as prepared under international financial reporting standards (IFRS), are included below.

2. Report on operations | 2.17 Reconciliation of the reclassified and statutory financial statements

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€m	2020						2019					
	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items												
Toll revenue			2,791			2,791			3,690			3,690
Revenue from construction services			169						151			
Revenue from construction services - government grants and cost of materials and external services	(a)	147					(a)	132				
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	9					(b)	7				
Revenue from construction services: capitalised financial expenses	(c)	10					(c)	9				
Revenue from construction services provided by sub-operators	(d)	3					(d)	3				
Other revenue	(e)	236					(e)	390				
Other operating income				(e+d)		239			(e+d)		393	
Revenue from construction services provided by sub-operators	(d)			(d)	3		(d)		(d)	3		
Total revenue		3,196						4,231				
TOTAL OPERATING REVENUE						3,030						4,083
Raw and consumable materials		-88			-88			-228			-228	
Service costs		-1,488			-1,488			-1,068			-1,068	
Gain/(Loss) on sale of elements of property, plant and equipment		-			-			-			-	
Other operating costs		-423			-			-551			-	
Concession fees	(f)	-362					(f)	-473				
Lease expense		-9			-9			-5			-5	
Other		-52			-52			-73			-73	
Use of provisions for construction services required by contract				(j)	325				(j)	345		
Revenue from construction services: government grants and capitalised cost of materials and external services	(a)			(a)	147		(a)		(a)	132		
Use of provisions for renewal of motorway infrastructure	(i)			(i)	-		(i)		(i)	-		
COST OF MATERIALS AND EXTERNAL SERVICES						-1,165						-897
CONCESSION FEES				(f)		-362			(f)		-473	
Staff costs	(g)	-505		(g)			(g)	-531		(g)		
NET STAFF COSTS				(g+b+k)		-471			(g+b+k)		-500	
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						-403					-1,503	
Operating change in provisions		-418						-1,516				
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure		-190			-190			18			18	
(Provisions)/Uses of provisions for renewal of motorway infrastructure		-15			-15			-13			-13	
Provisions for renewal of motorway infrastructure	(h)	-15		(h)	-13		(h)	-13				
Uses of provisions for renewal of motorway infrastructure	(i)	-		(i)	-		(i)	-				
Provisions/(Uses) of provisions for risks and charges		-213			-213			-1,521			-1,521	
TOTAL NET OPERATING COSTS						-2,401					-3,373	
GROSS OPERATING PROFIT (EBITDA)						629					710	
Use of provisions for construction services required by contract			350						369			
Use of provisions for construction services required by contract	(j)	325					(j)	345				
Capitalised staff costs - construction services for which no additional economic benefits are received	(k)	25					(k)	24				
Amortisation and depreciation	(l)	-654					(l)	-634				
Depreciation of property, plant and equipment		-23						-23				
Amortisation of intangible assets deriving from concession rights		-605						-589				
Amortisation of other intangible assets		-26						-22				
(Impairment losses)/Reversals of impairment losses	(m)	-3		(m)			(m)	-6		(m)		
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(l+h+m)		-672			(l+h+m)		-653	
TOTAL COSTS		-3,229						-4,165				
OPERATING PROFIT/(LOSS)		-33						66				
OPERATING PROFIT/(LOSS) (EBIT)						-43					57	
Financial income		76						87				
Dividends received from investees	(n)	-					(n)	-				
Other financial income	(o)	76					(o)	87				
Financial expenses		-573						-553				
Financial expenses from discounting of provisions for construction services required by contract and other provisions	(p)	-18					(p)	-32				
Other financial expenses	(q)	-555					(q)	-521				
Foreign exchange gains/(losses)	(r)	-					(r)	-				
FINANCIAL INCOME/(EXPENSES)		-497						-466				
Net financial expenses				(c+n+o+p+q+r)		-487			(c+n+o+p+q+r)		-457	
Share of profit/(loss) of investees accounted for using the equity method		-8				-8		-3			-3	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-538				-538		-403			-403	
Income tax (expense)/benefit		128				128		135			135	
Current tax expense		-11						-305				
Differences on tax expense for previous years		7						3				
Deferred tax income and expense		132						437				
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-410				-410		-268			-268	
Profit/(Loss) from discontinued operations		1				1		-			-	
PROFIT/(LOSS) FOR THE YEAR		-409				-409		-268			-268	
of which:												
Profit/(Loss) attributable to owners of the parent		-407				-407		-282			-282	
Profit/(Loss) attributable to non-controlling interests		-2				-2		14			14	

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION WITH THE RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€m	31 December 2020					31 December 2019				
	Reported basis		Reclassified basis			Reported basis		Reclassified basis		
	Ref.	Main entries	Ref.	Sub-items	Main entries	Ref.	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items										
Non-current non-financial assets										
Property, plant and equipment	(a)	88			88	(a)	88			88
Intangible assets	(b)	17,432			17,432	(b)	17,727			17,727
Investments	(c)	73			73	(c)	82			82
Deferred tax assets	(d)	131			131	(d)	111			111
Other non-current assets	(e)	-			-	(e)	-			-
Total non-current non-financial assets (A)					17,724					18,008
Working capital										
Trading assets	(f)	545			545	(f)	559			559
Current tax assets	(g)	63			63	(g)	48			48
Other current assets	(h)	161			161	(h)	134			134
Investments held for sale or for distribution to shareholders or related to discontinued operations			(w)		6			(w)		4
Current portion of provisions for construction services required by contract	(i)	-732			-732	(i)	-449			-449
Current provisions	(j)	-2,525			-2,525	(j)	-2,259			-2,259
Trading liabilities	(k)	-1,320			-1,320	(k)	-1,360			-1,360
Current tax liabilities	(l)	-3			-3	(l)	-45			-45
Other current liabilities	(m)	-287			-287	(m)	-324			-324
Non-financial liabilities related to discontinued operations			(x)		-			(x)		-
Total working capital (B)					-4,092					-3,692
Gross invested capital (C=A+B)					13,632					14,316
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(n)	-1,808			-1,808	(n)	-2,312			-2,312
Non-current provisions	(o)	-1,365			-1,365	(o)	-1,222			-1,222
Deferred tax liabilities	(p)	-37			-37	(p)	-141			-141
Other non-current liabilities	(q)	-23			-23	(q)	-29			-29
Total non-current non-financial liabilities (D)					-3,233					-3,704
NET INVESTED CAPITAL (E=C+D)					10,399					10,612
Total equity (F)		1,842			1,842		2,220			2,220
Net debt/(Net funds)										
Non-current net debt/(net funds)										
Non-current financial liabilities	(r)	7,706			7,706	(r)	9,682			9,682
Non-current financial assets	(s)	-336			-336	(s)	-348			-348
Total non-current net debt/(net funds) (G)					7,370					9,334
Current net debt/(net funds)										
Current financial liabilities	(t)	3,631			3,631	(t)	1,168			1,168
Short-term borrowings		249		249		245		245		
Current derivative liabilities		-		-		1		1		
Intercompany current account payables due to related parties		0		0		28		28		
Current portion of medium/long-term borrowings		3,350		3,350		863		863		
Other current financial liabilities		32		32		31		31		
Current financial liabilities related to discontinued operations			(aa)	-			(aa)	-		
Cash and cash equivalents	(u)	-1,954		-1,954	(u)	-1,619		-1,619		
Cash		-1,424		-1,424		-954		-954		
Cash equivalents		-15		-15		5		5		
Intercompany current account receivables due from related parties		-515		-515		-660		-660		
Cash and cash equivalents related to discontinued operations			(y)	-			(y)	-		
Current financial assets	(v)	-490		-490	(v)	-491		-491		
Current financial assets deriving from concession rights		-411		-411		-410		-410		
Current financial assets deriving from government grants		-20		-20		-25		-25		
Current term deposits		-19		-19		-25		-25		
Current portion of other medium/long-term financial assets		-22		-22		-23		-23		
Other current financial assets		-18		-18		-8		-8		
Financial assets held for sale or related to discontinued operations			(z)	-			(z)	-		
Total current net debt/(net funds) (H)					1,187					-942
Total net debt ((I=G+H))					8,557					8,392
NET DEBT AND EQUITY (L=F+I)					10,399					10,612
Assets held for sale or related to discontinued operations	(y-z+w)	6				4				
Liabilities related to discontinued operations	(-x+aa)	-				-				
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)	18,060				18,356				
TOTAL CURRENT ASSETS	(f+g+h+u+v-y-z+w)	3,219				2,855				
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)	10,939				13,386				
TOTAL CURRENT LIABILITIES	(+j-k-l-m+t-x+aa)	8,498				5,605				

2. Report on operations | 2.17 Reconciliation of the reclassified and statutory financial statements

RECONCILIATION OF THE STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT WITH THE CONSOLIDATED STATEMENT OF CASH FLOWS

€m	Note	2020		2019	
		Consolidated statement of cash flows	Changes in consolidated net debt	Consolidated statement of cash flows	Changes in consolidated net debt
Reconciliation of items					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the year		-409	-409	-268	-268
Adjusted by:					
Amortisation and depreciation		654	654	634	634
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		395	395	1,442	1,442
Financial expenses from discounting of provisions for construction services required by contract and other provisions		18	18	32	32
Share of (profit)/loss of investees accounted for using the equity method		8	8	3	3
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		3	3	7	7
Net change in deferred tax (assets)/liabilities through profit or loss		-132	-132	-437	-437
Other non-cash costs (income)		-20	-20	23	23
Operating cash flow			517		1,436
Change in operating capital	(a)		2		-19
Other changes in non-financial assets and liabilities	(b)		-166		-42
Change in working capital and other changes	(a+b)	-164		-61	
Net cash generated from/(used in) operating activities (A)		353	353	1,375	1,375
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-516	-516	-517	-517
Purchases of property, plant and equipment		-22	-22	-20	-20
Purchases of other intangible assets		-37	-37	-22	-22
Capital expenditure			-575		-559
Government grants related to assets held under concession		-	-	2	2
Increase in financial assets deriving from concession rights (related to capital expenditure)		1	1	1	1
Purchases of investments		-	-	-3	-3
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		1	1	1	1
Net funds of consolidated companies transferred as a result of corporate transactions	(c)		-2		-
Net change in other non-current assets		-	-	-	-
Net change in current and non-current financial assets	(d)	16		54	
Net cash from/(used in) investment in non-financial assets (B)	(e)		-575		-558
Net cash generated from/(used in) investing activities (C)	(e+d-c)	-557		-504	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	(f)		-		-319
Dividends paid	(g)	-		-323	
Net equity cash inflows/(outflows) (D)					-319
Net cash generated during year (A+B+D)			-222		498
Increase in lease liabilities		4		4	
Redemption of bonds		-502		-593	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-144		-129	
Repayments of lease liabilities		-3		-3	
Net change in other current and non-current financial liabilities		-9		-20	
Net cash generated from/(used in) financing activities (E)		567		-1,064	
Change in fair value of hedging derivatives			-		-86
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-3		-3
Other changes			60		12
Other changes in net debt (F)			57		-77
(Decrease)/Increase in net debt during year (A+B+D+F)			-165		421
Net debt at beginning of year			-8,392		-8,813
Net debt at end of year			-8,557		-8,392
Increase/(Decrease) in cash and cash equivalents during year (A+C+E+G)		363		-193	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,591		1,784	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1,954		1,591	

Notes:

- a) the "Change in operating capital" shows the change in trade-related items directly linked to the Group's ordinary activities (in particular: inventories, trading assets and trading liabilities);
- b) this item shows the balance of cash flows not generated by operating activities, with an impact on profit/(loss) for the year of companies classified as "discontinued operations";
- c) this item includes the impact on net debt arising from corporate transactions;
- d) the "Net change in current and non-current financial assets" is not shown in the "Statement of changes in consolidated net debt", as it does not have an impact on net debt;
- e) "Net cash from/(used in) investment in non-financial assets" excludes changes in the financial assets and liabilities that do not have an impact on net debt;
- f) "Dividends declared by Group companies" regard the portion of dividends declared by the Parent Company and other Group companies attributable to non-controlling interests, regardless of the period of payment;
- g) "Dividends paid" refer to amounts effectively paid during the reporting period.

Reconciliation of Autostrade per l'Italia SpA's reclassified and statutory financial statements

Reconciliations of the reclassified income statement, the reclassified statement of financial position and the statement of changes in net debt with the matching statutory financial statements are included below.

RECONCILIATION OF AUTOSTRADE PER L'ITALIA SPA'S INCOME STATEMENT WITH THE RECLASSIFIED INCOME STATEMENT

€m	2020						2019					
	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items												
Toll revenue			2.569			2.569			3.404			3.404
Revenue from construction services			162						140			
Revenue from construction services - government grants and cost of materials and external services	(a)	142					(a)	122				
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	8					(b)	6				
Revenue from construction services: capitalised financial expenses	(c)	9					(c)	8				
Revenue from construction services provided by sub-operators	(d)	3					(d)	4				
Other revenue	(e)		175				(e)		312			
Other operating income				(e+d)		177				(e+d)		316
Total revenue			2.906			2.746			3.856			3.720
TOTAL OPERATING REVENUE												
Raw and consumable materials			-66			-66			-192			-192
Service costs			-1.447			-1.447			-1.025			-1.025
Gain/(Loss) on sale of elements of property, plant and equipment			-			-			-			-
Other operating costs			-398						-522			
Concession fees	(a)		-345				(a)		-450			
Lease expense			-5			-5			-5			-5
Other			-48			-48			-67			-67
Use of provisions for construction services required by contract				(g)		327				(g)		345
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)		142				(a)		122
COST OF MATERIALS AND EXTERNAL SERVICES						-1.097						-822
CONCESSION FEES				(a)		-345				(a)		-450
Staff costs	(f)		-394				(f)		-414			
NET STAFF COSTS				(f+b+h)		-362				(f+b+h)		-383
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						-399						-1.505
Operating change in provisions			-399						-1.505			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			-186			-186			15			15
(Provisions)/Uses of provisions for risks and charges			-213			-213			-1.520			-1.520
TOTAL NET OPERATING COSTS						-2.203						-3.160
GROSS OPERATING PROFIT (EBITDA)						543						560
Use of provisions for construction services required by contract			350						369			
Use of provisions for construction services required by contract	(g)	326					(g)	344				
Capitalised staff costs - construction services for which no additional economic benefits are received	(h)	24					(h)	25				
Amortisation and depreciation	(i)		-603				(i)		-586			
Depreciation of property, plant and equipment			-18						-18			
Depreciation of investment property			-1						-1			
Amortisation of intangible assets deriving from concession rights			-558						-546			
Amortisation of other intangible assets			-23						-20			
Depreciation of right to use property, plant and equipment			-3						-2			
(Impairment losses)/Reversals of impairment losses on current and non-current	(j)		-1				(j)		-7			
(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets	(l)						(l)					
(Impairment losses)/Reversals of impairment losses on other assets	(k)		-1				(k)		-7			
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(i+j+k)		-604				(i+j+k)		-593
TOTAL COSTS			-2.958						-3.882			
OPERATING PROFIT/(LOSS)			-52						-26			
OPERATING PROFIT/(LOSS) (EBIT)						-61						-33
Financial income			90						124			
Dividends received from investees			-						22			22
Reversal of impairment losses on financial assets and investments	(l)		-				(l)		-			
Other financial income	(m)		90				(m)		104			
Financial expenses			-565						-547			
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-15			-15			-29			-29
Impairment losses on financial assets and investments	(n)		-				(n)		-2			
Other financial expenses	(o)		-550				(o)		-516			
Foreign exchange gains/(losses)	(p)		-				(p)		-			
Reversals of impairment losses/(Impairment losses) on investments				(i+n)						(i+n)		-2
Other financial expenses, after other financial income				(m+o+p)		-460				(m+o+p)		-412
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		9				(c)		8
FINANCIAL INCOME/(EXPENSES)			-474						-420			
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			-526			-527			-446			-446
Income tax (expense)/benefit			129			129			155			155
Current tax expense			1						-273			
Differences on tax expense for previous years			4						-			
Deferred tax income and expense			124						428			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			-398			-398			-291			-291
Dividends, after the related taxation, from discontinued operations			-			-			-			-
PROFIT/(LOSS) FOR THE YEAR			-398			-398			-291			-291

2. Report on operations | 2.17 Reconciliation of the reclassified and statutory financial statements

RECONCILIATION OF AUTOSTRADE PER L'ITALIA SPA'S STATEMENT OF FINANCIAL POSITION WITH THE RECLASSIFIED STATEMENT OF FINANCIAL POSITION

€m	31 December 2020					31 December 2019				
	Reported basis		Reclassified basis			Reported basis		Reclassified basis		
	Ref.	Main entries	Ref.	Sub-items	Main entries	Ref.	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items										
Non-current non-financial assets										
Property, plant and equipment	(a)	79			79	(a)	82			82
Intangible assets	(b)	16,569			16,569	(b)	16,824			16,824
Investments	(c)	247			247	(c)	243			243
Other non-current assets	(d)	-			-	(d)	-			-
Total non-current non-financial assets (A)					16,895					17,149
Change in trading assets and liabilities and other assets and liabilities										
Trading assets	(e)	473			473	(e)	514			514
Current tax assets	(f)	53			53	(f)	40			40
Other current assets	(g)	128			128	(g)	110			110
Investments held for sale or for distribution to shareholders or related to discontinued operations			(v)		6			(v)		4
Current portion of provisions for construction services required by contract	(h)	-732			-732	(h)	-450			-450
Current provisions	(i)	-2,490			-2,490	(i)	-2,238			-2,238
Trading liabilities	(j)	-1,293			-1,293	(j)	-1,336			-1,336
Current tax liabilities	(k)	-			-	(k)	-36			-36
Other current liabilities	(l)	-157			-157	(l)	-205			-205
Liabilities related to discontinued operations			(w)		-			(w)		-
Total change in trading assets and liabilities and other assets and liabilities (B)					-4,012					-3,597
Gross invested capital (C=A+B)					12,883					13,552
Non-current non-financial liabilities										
Non-current portion of provisions for construction services required by contract	(m)	-1,808			-1,808	(m)	-2,312			-2,312
Non-current provisions	(n)	-1,081			-1,081	(n)	-955			-955
Deferred tax liabilities	(o)	-17			-17	(o)	-133			-133
Other non-current liabilities	(p)	-23			-23	(p)	-29			-29
Total non-current non-financial liabilities (D)					-2,929					-3,429
NET INVESTED CAPITAL (E=C+D)					9,954					10,123
Total equity (F)		1,095			1,095		1,463			1,463
Net debt/(Net funds)										
Non-current net debt/(net funds)										
Non-current financial liabilities	(q)	7,679			7,679	(q)	9,659			9,659
Non-current financial assets	(r)	-562			-562	(r)	-577			-577
Total non-current net debt/(net funds) (G)					7,117					9,082
Current net debt/(net funds)										
Current financial liabilities	(s)	3,410			3,410	(s)	1,040			1,040
Short-term borrowings		5		5			-		-	
Intercompany current account payables due to related parties		27		27			85		85	
Current portion of medium/long-term borrowings		3,346		3,346			860		860	
Other current financial liabilities		32		32			95		95	
Cash and cash equivalents	(t)	-1,602		-1,602	(t)	-1,379			-1,379	
Cash		-1,084		-1,084			-716		-716	
Intercompany current account receivables due from related parties		-518		-518			-663		-663	
Current financial assets	(u)	-66		-66	(u)	-83			-83	
Current financial assets deriving from government grants		-20		-20			-25		-25	
Current term deposits		-20		-20			-25		-25	
Current portion of other medium/long-term financial assets		-25		-25			-31		-31	
Other current financial assets		-1		-1			-2		-2	
Total current net debt/(net funds) (H)					1,742					-422
Total net debt (I=G+H)					8,859					8,660
NET DEBT AND EQUITY (L=F+I)					9,954					10,123
Investments held for sale or for distribution to shareholders or related to discontinued operations	(v)	6				(v)	4			
Liabilities related to discontinued operations	(-w)	-				(-w)	-			
TOTAL NON-CURRENT ASSETS	(a+b+c+d-r)	17,457				(a+b+c+d-r)	17,726			
TOTAL CURRENT ASSETS	(e+f+g-t+u+v)	2,328				(e+f+g-t+u+v)	2,130			
TOTAL NON-CURRENT LIABILITIES	(-m-n-o-p+q)	10,608				(-m-n-o-p+q)	13,088			
TOTAL CURRENT LIABILITIES	(-h-i-j-k-l+s-w)	8,082				(-h-i-j-k-l+s-w)	5,305			

RECONCILIATION OF AUTOSTRADE PER L'ITALIA SpA'S STATEMENT OF CHANGES IN NET DEBT WITH THE STATEMENT OF CASH FLOWS

€m	2020		2019		
	Statement of cash flows	Changes in net debt	Statement of cash flows	Changes in net debt	
Reconciliation of items	Note				
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the year		-398	-398	-291	-291
Adjusted by:					
Amortisation and depreciation		603	603	586	586
Operating change in provisions, including direct uses or provisions for risks and charges		378	378	1,434	1,434
Financial expenses from discounting of provisions for construction services required by contract and other provisions		15	15	29	29
(Reversal of impairment losses)/Impairment losses on investments		-	-	2	2
Impairment losses/(Reversal of impairment losses) on current and non-current assets		1	1	7	7
Net change in deferred tax (assets)/liabilities through profit or loss		-124	-124	-428	-428
Other non-cash costs (income)		-23	-23	22	22
Operating cash flow			452		1,361
Change in operating capital	(a)		17		-15
Other changes in non-financial assets and liabilities	(b)		-162		-48
Change in working capital and other changes	(a+b)	-145		-63	
Net cash generated from/(used in) operating activities (A)		307	307	1,298	1,298
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-509	-509	-506	-506
Purchases of property, plant and equipment		-20	-20	-19	-19
Purchases of other intangible assets		-31	-31	-18	-18
Capital expenditure			-560		-543
Government grants related to assets held under concession		-	-	2	2
Purchases of investments		-5	-5	-3	-3
Net change in current and non-current financial assets	(c)	35		50	
Net cash from/(used in) investment in non-financial assets (B)	(d)		-565		-544
Net cash generated from/(used in) investing activities (C)	(d-c)	-530		-494	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared	(e)		-		-311
Dividends paid	(f)			-311	
Net equity cash inflows/(outflows) (D)					-311
Net cash (used)/generated during year (A+B+D)			-258		443
Issuance of bonds		1,219		-	
Increase in lease liabilities		4		4	
Bond redemptions		-502		-593	
Repayments of medium/long term borrowings		-140		-125	
Repayments of lease liabilities		-3		-3	
Net change in other current and non-current financial liabilities		-74		72	
Net cash generated from/(used in) financing activities (E)		504		-956	
OTHER CHANGES IN NET DEBT					
Change in fair value of hedging derivatives			-		-86
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-		-3
Other changes in financial assets and liabilities			59		12
Other changes in net debt (F)			59		-77
Decrease/(Increase) in net debt during year (A+B+D+F)			-199		366
Net debt at beginning of year			-8,660		-9,026
Net debt at end of year			-8,859		-8,660
(Decrease)/Increase in cash and cash equivalents during year (A+C+E+G)		281		-152	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,294		1,446	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1,575		1,294	

Notes:

- a) the “Change in operating capital” shows the change in trade-related items directly linked to the Company’s ordinary activities (in particular: inventories, trading assets and trading liabilities);
- b) the “Other changes in non-financial assets and liabilities” shows the change in items of a non-trading nature (in particular: current tax assets and liabilities, other current assets and liabilities, current provisions for construction services required by contract and other provisions);
- c) the “Net change in current and non-current financial assets” is not shown in the “Statement of changes in net debt”, as it does not have an impact on net debt;
- d) “Net cash (used in)/from investment in non-financial assets” excludes changes in the financial assets and liabilities referred to in note c) that do not have an impact on net debt;
- e) “Dividends declared” regard the portion of dividends declared by the Company, regardless of the period of payment;
- f) “Dividends paid” refer to amounts effectively paid during the reporting period.



**CONSOLIDATED
FINANCIAL STATEMENTS
AS AT AND FOR
THE YEAR ENDED
31 DECEMBER 2020**



Consolidated financial statements

€000	Note	31 December 2020	of which related party transactions	31 December 2019	of which related party transactions
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	87,842		87,730	
Property, plant and equipment		86,407		85,201	
Investment property		1,435		2,529	
Intangible assets	7.2	17,432,447		17,727,337	
Intangible assets deriving from concession rights		11,280,470		11,586,985	
Goodwill and other intangible assets with indefinite lives		6,111,304		6,111,304	
Other intangible assets		40,673		29,048	
Investments	7.3	73,129		82,439	
Investments accounted for at cost or fair value		1,645		1,645	
Investments accounted for using the equity method		71,484		80,794	
Non-current financial assets	7.4	335,313		348,238	
Non-current financial assets deriving from government grants		158,680		165,463	
Non-current term deposits		154,532		161,319	
Other non-current financial assets		22,101		21,456	
Deferred tax assets	7.5	130,670		110,338	
Other non-current assets	7.6	104		164	
Total non-current assets		18,059,505		18,356,246	
Current assets					
Trading assets	7.7	544,902		559,325	
Inventories		70,516		60,737	
Contract work in progress		4,204		4,204	
Trade receivables		470,182	73,693	494,384	95,881
Cash and cash equivalents	7.8	1,954,352		1,619,600	
Cash		1,423,904		954,055	
Cash equivalents		14,643		5,125	
Intercompany current account receivables due from related parties		515,805	515,805	660,420	660,420
Current financial assets	7.4	490,230		490,922	
Current financial assets deriving from concession rights		410,953		409,584	
Current financial assets deriving from government grants		20,192		25,495	
Current term deposits		19,371		24,674	
Current portion of medium/long-term financial assets		21,532		22,798	
Other current financial assets		18,182		8,371	
Current tax assets	7.9	63,244	33,397	48,287	28,065
Other current assets	7.10	161,446	6,754	134,057	
Assets held for sale and related to discontinued operations	7.11	5,736		4,271	
Total current assets		3,219,910		2,856,462	
TOTAL ASSETS		21,279,415		21,212,708	

3. Consolidated financial statements as at and for the year ended 31 December 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	31 December 2020	of which related party transactions	31 December 2019	of which related party transactions
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		1,487,722		1,864,165	
Issued capital		622,027		622,027	
Reserves and retained earnings		1,272,858		1,524,032	
Profit/(Loss) for the year		-407,163		-281,894	
Equity attributable to non-controlling interests		354,729		356,259	
Issued capital and reserves		356,224		342,798	
Profit/(Loss) for the year		-1,495		13,461	
Total equity	7.12	1,842,451		2,220,424	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	1,808,116		2,311,749	
Non-current provisions	7.14	1,364,717		1,222,454	
Non-current provisions for employee benefits		83,613		89,588	
Non-current provisions for repair and replacement of motorway infrastructure		1,177,116		1,040,913	
Non-current provisions for renewal of motorway infrastructure		86,841		75,921	
Other non-current provisions		17,147		16,032	
Non-current financial liabilities	7.15	7,705,678		9,682,179	
Bond issues		7,124,161		7,024,847	
Medium/long-term borrowings		186,613		2,166,407	
Non-current derivative liabilities		392,826		490,925	
Other non-current financial liabilities		2,078	2,078	-	-
Deferred tax liabilities	7.5	36,573		141,009	
Other non-current liabilities	7.16	23,671		29,149	
Total non-current liabilities		10,938,755		13,386,540	
Current liabilities					
Trading liabilities	7.17	1,320,361		1,360,207	
Trade payables		1,320,361	269,523	1,360,207	288,351
Current portion of provisions for construction services required by contract	7.13	732,162		448,979	
Current provisions	7.14	2,525,441		2,259,287	
Current provisions for employee benefits		18,294		16,588	
Current provisions for repair and replacement of motorway infrastructure		747,634		676,057	
Current provisions for renewal of motorway infrastructure		7,850		2,750	
Other current provisions		1,751,663		1,563,892	
Current financial liabilities	7.15	3,631,057		1,167,908	
Bank overdrafts repayable on demand		1		2	
Short-term borrowings		249,458		244,999	
Current derivative liabilities		-		794	
Intercompany current account payables due to related parties		-		27,858	27,860
Current portion of medium/long-term financial liabilities		3,349,631		863,072	
Other current financial liabilities		31,967		31,183	
Current tax liabilities	7.9	2,979	2,577	45,031	26,618
Other current liabilities	7.18	286,209	16,166	324,236	18,028
Liabilities related to discontinued operations	7.11	-		96	
Total current liabilities		8,498,209		5,605,744	
TOTAL LIABILITIES		19,436,964		18,992,284	
TOTAL EQUITY AND LIABILITIES		21,279,415		21,212,708	

CONSOLIDATED INCOME STATEMENT

€000	Note	2020	of which related party transactions	2019	of which related party transactions
REVENUE					
Toll revenue	8.1	2,791,321		3,690,336	
Revenue from construction services	8.2	168,747		151,475	
Other operating income	8.3	236,373	94,422	389,339	146,338
TOTAL REVENUE		3,196,441		4,231,150	
COSTS					
Raw and consumable materials	8.4	-87,952		-227,859	
Service costs	8.5	-1,488,507	-370,304	-1,067,562	-313,875
Gain/(Loss) on sale of elements of property, plant and equipment		459		190	
Staff costs	8.6	-505,141	-20,019	-531,317	-22,301
Other operating costs	8.7	-423,895		-551,756	
Concession fees		-362,404		-473,193	
Lease expense		-9,014		-5,325	
Other		-52,477		-73,238	
Operating change in provisions	8.8	-417,534		-1,515,982	
(Provisions)/Uses of provisions for repair and replacement of motorway infrastructure		-189,165		17,649	
(Provisions)/Uses of provisions for renewal of motorway infrastructure		-14,911		-12,629	
(Provisions)/Uses of provisions for risks and charges		-213,458		-1,521,002	
Use of provisions for construction services required by contract	8.9	349,527		369,425	
Amortisation and depreciation		-653,617		-633,607	
Depreciation of property, plant and equipment		-23,129		-22,628	
Amortisation of intangible assets deriving from concession rights		-605,289		-589,332	
Amortisation of other intangible assets		-25,199		-21,647	
(Impairment losses)/Reversals of impairment losses		-2,920		-7,148	
TOTAL COSTS		-3,229,580		-4,165,616	
OPERATING PROFIT/(LOSS)		-33,139		65,534	
Financial income					
Dividends received from investees		75,874		86,876	
Other financial income		-		-	
Other financial income		75,874		86,876	
Financial expenses					
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-572,440		-552,892	
Other financial expenses		-17,642		-32,476	
Other financial expenses		-554,798	-16,200	-520,416	-15,140
Foreign exchange gains/(losses)		-379		141	
FINANCIAL INCOME/(EXPENSES)	8.10	-496,945		-465,875	
Share of (profit)/loss of investees accounted for using the equity method	7.3	-8,049		-3,335	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-538,133		-403,676	
Income tax (expense)/benefit					
Income tax (expense)/benefit	8.11	128,231		135,313	
Current tax expense		-11,650		-304,489	
Differences on current tax expense for previous years		7,418		3,261	
Deferred tax income and expense		132,463		436,541	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-409,902		-268,363	
Profit/(Loss) from discontinued operations		1,244		-70	
PROFIT/(LOSS) FOR THE YEAR		-408,658		-268,433	
<i>of which:</i>					
Profit/(Loss) attributable to owners of the parent		-407,163		-281,894	
Profit/(Loss) attributable to non-controlling interests		-1,495		13,461	
€					
		2020		2019	
Basic earnings/(loss) per share attributable to owners of the parent					
of which:	8.12	-0.66		-0.45	
- continuing operations		-0.66		-0.45	
- discontinued operations		-		-	
Diluted earnings/(loss) per share attributable to owners of the parent					
of which:	8.12	-0.66		-0.45	
- continuing operations		-0.66		-0.45	
- discontinued operations		-		-	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000		2020	2019
Profit/(Loss) for the year	(A)	-408,658	-268,433
Fair value gains/(losses) on cash flow hedges		-	-86,078
Tax effect of fair value gains/(losses) on cash flow hedges		-	10,150
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		99	16
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		187	-21
Other comprehensive income of investments accounted for using the equity method		333	-825
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	619	-76,758
Gains/(Losses) from actuarial valuations of provisions for employee benefits		-2,801	-3,725
Tax effect of gains/(Losses) from actuarial valuations of provisions for employee benefits		671	895
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-2,130	-2,830
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	26,542	43,788
Total other comprehensive income/(loss) for the year	(E=B+C+D)	25,031	-35,800
<i>of which attributable to discontinued operations</i>		-	-
Comprehensive income/(loss) for the year	(A+E)	-383,627	-304,233
<i>Of which attributable to owners of the parent</i>		-382,072	-317,666
<i>Of which attributable to non-controlling interests</i>		-1,555	13,433

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS	
	Issued capital	Cash flow hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro	Other reserves and retained earnings	Profit/(Loss) for the year after interim dividend			Total
Balance as at 31 December 2018	622,027	-125,499	39	-16	1,388,112	608,109	2,492,772	350,825	2,843,597
Comprehensive income/(loss) for the year	-	-32,140	16	-21	-3,627	-281,894	-317,666	13,433	-304,233
<u>Owner transactions and other changes</u>									
Autostrade per l'Italia SpA's final dividend (€0.50 per share)	-	-	-	-	-	-311,013	-311,013	-	-311,013
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	297,096	-297,096	-	-	-
Dividends paid by other Group companies to non-controlling Shareholders	-	-	-	-	-	-	-	-8,016	-8,016
Share-based incentive plans	-	-	-	-	72	-	72	17	89
Balance as at 31 December 2019	622,027	-157,639	55	-37	1,681,653	-281,894	1,864,165	356,259	2,220,424
Comprehensive income/(loss) for the year	-	26,542	99	187	-1,737	-407,163	-382,072	-1,555	-383,627
<u>Owner transactions and other changes</u>									
Transfer of remaining profit/(loss) for previous year to retained earnings	-	-	-	-	-281,894	281,894	-	-	-
Share-based incentive plans and other minor changes	-	-	-	-	5,629	-	5,629	25	5,654
Balance as at 31 December 2020	622,027	-131,097	154	150	1,403,651	-407,163	1,487,722	354,729	1,842,451

3. Consolidated financial statements as at and for the year ended 31 December 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	2020	of which related party transactions	2019	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the year		-408,658		-268,433	
Adjusted by:					
Amortisation and depreciation		653,617		633,607	
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		394,770		1,441,772	
Financial expenses from discounting of provisions for construction services required by contract and other provisions	8.10	17,642		32,476	
Share of (profit)/loss of investees accounted for using the equity method	7.3	8,049		3,335	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		3,009		7,148	
(Gain)/Loss on sale of non-current assets		-404		-190	
Net change in deferred tax (assets)/liabilities through profit or loss	8.11	-132,463		-436,541	
Other non-cash costs (income)		-18,772		22,694	
Change in working capital and other changes		-164,676	-35,936	-59,834	14,100
Net cash generated from/(used in) operating activities [a]	9.1	352,114		1,376,034	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-515,910		-517,355	
Purchases of property, plant and equipment	7.1	-21,546		-20,234	
Purchases of other intangible assets	7.2	-36,879		-21,825	
Government grants related to assets held under concession		116		1,823	
Increase in financial assets deriving from concession rights (related to capital expenditure)		1,369		1,271	
Purchases of investments		-		-2,808	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		1,293		611	
Net change in other non-current assets		60		121	
Net change in current and non-current financial assets		14,610		53,990	
Net cash generated from/(used in) investing activities [b]	9.1	-556,887		-504,406	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid		-		-322,774	
Issuance of bonds	7.15	1,218,864		-	
Increase in medium/long-term borrowings (excluding lease liabilities)		2,078	2,078	-	
Increase in lease liabilities	7.15	3,889		3,994	
Redemption of bonds	7.15	-501,728		-593,334	
Repayments of medium/long term borrowings (excluding finance lease liabilities)	7.15	-143,690		-128,541	
Repayments of lease liabilities	7.15	-3,269		-2,887	
Net change in other current and non-current financial liabilities		-8,760	823	-20,547	1,486
Net cash generated from/(used in) financing activities [c]	9.1	567,384		-1,064,089	
Increase/(Decrease) in cash and cash equivalents [a+b+c+d]	9.1	362,611		-192,461	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,591,740		1,784,201	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1,954,351		1,591,740	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000	Note	2020	2019
Income taxes paid		60,454	308,184
Interest and other financial income collected		46,132	45,008
Interest expense and other financial expenses paid		493,814	450,090
Foreign exchange gains collected		32	43
Foreign exchange losses incurred		65	27

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000	Note	2020	2019
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,591,740	1,784,201
Cash and cash equivalents	7.8	1,619,600	1,791,628
Bank overdrafts repayable on demand	7.15	-2	-2
Intercompany current account payables due to related parties	7.15	-27,858	-7,425
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1,954,351	1,591,740
Cash and cash equivalents	7.8	1,954,352	1,619,600
Bank overdrafts repayable on demand	7.15	-1	-2
Intercompany current account payables due to related parties	7.15	-	-27,858

Notes

1. Introduction

The core business of the Autostrade per l'Italia Group (hereinafter "the Group") is the operation of motorways under concessions granted by the relevant authorities. Under the related concession arrangements, the Group's operators are responsible for the construction, management, improvement and upkeep of motorway infrastructure. Further information on the Group's concession arrangements is provided in note 4, "Concessions".

The Parent Company, Autostrade per l'Italia SpA (hereinafter "Autostrade per l'Italia", "the Company" or "the Parent Company") is a public limited company incorporated in 2003. The Company's core business is the operation of Italian motorways under a concession granted by the Ministry of Infrastructure and Sustainable Mobility (the "MIMS", previously the Ministry of Infrastructure and Transport or the "MIT"), which assumed the role of Grantor previously fulfilled by ANAS SpA (Italy's Highways Agency) from 1 October 2012.

The Parent Company's registered office is at Via Bergamini, 50 in Rome and it does not have branch offices. The duration of the Company is until 31 December 2050.

88.06% of the Company's share capital is held by Atlantia SpA (also referred to as "Atlantia"), which is listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, and is responsible for management and coordination of the Company.

At the date of preparation of these consolidated financial statements, Sintonia SpA is the shareholder that holds a relative majority of the issued capital of Atlantia SpA. Sintonia SpA, which is in turn a subsidiary of Edizione Srl, does not exercise management and coordination of Atlantia.

These consolidated financial statements as at and for the year ended 31 December 2020 were approved by the Company's Board of Directors at its meeting of 4 March 2021.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2020 have been prepared in compliance with articles 2 and 3 of Law Decree 38/2005 and art. 154-ter "Financial reporting" in the Consolidated Finance Act ("CFA"). They have been prepared on the assumption that the Parent Company is a going concern, given that the Company's Board of Directors believes that there is a reasonable expectation that the Company, and the Group it heads, will continue to operate normally in the foreseeable future, and in any event over a period of at least twelve months from 31 December 2020. In assessing whether application of the going concern assumption was appropriate, the Board examined the various risk factors and uncertainties and conducted the assessment described in detail in the following section, "Going-concern uncertainties and assessment conducted by the Company" in note 2. On completion of the assessment, Autostrade per l'Italia's Board of Directors concluded that, whilst there are uncertainties regarding the future operations of the Company and the Group, these uncertainties are surmountable and, therefore, deemed it appropriate to prepare these consolidated financial statements on a going concern basis.

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting period. For the sake of simplicity, all the above standards and interpretations are hereinafter referred to as "IFRS".

Moreover, the measures introduced by the CONSOB, in application of paragraph 3 of article 9 of Law Decree 38/2005, relating to the preparation of financial statements, have also been taken into account.

The consolidated financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes, applying the historical cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the accounting policies for individual items described in note 3, "Accounting standards and policies applied". The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense, whilst the statement of cash flows has been prepared in application of the indirect method.

IFRS have been applied in accordance with the indications provided in the "Conceptual Framework for Financial Reporting", and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis in the normal course of business. As a result, the consolidated financial statements therefore show material amounts relating to related party transactions.

In this regard, it should be noted that:

- a) no non-recurring events or non-recurring, atypical or unusual transactions with either third or related parties, having a material impact on the Group's consolidated income statement, occurred during 2020. As a result, the consolidated financial statements only show material amounts relating to related party transactions;
- b) the consolidated financial statements as at and for the year ended 31 December 2020, (like those for the previous years ended 31 December 2018 and 31 December 2019), include the impact on profit or loss and on the financial position of the non-recurring event that took place in August 2018, relating to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway operated by Autostrade per l'Italia. The impact on the consolidated accounts for 2020 is described in note 6.2.

Amounts in the consolidated financial statements and in the notes are shown in thousands of euros, unless otherwise stated. The euro is the functional currency of the Parent Company and a number of its subsidiaries and the presentation currency for these consolidated financial statements.

With regard to the Covid-19 pandemic, in response to the Recommendation issued by the European Securities and Markets Authority (ESMA) on 28 October 2020, and Warning Notice 9/2020 issued by the CONSOB on 20 July 2020, in order to provide the market with relevant, reliable and transparent disclosure on the current and expected impact on the issuer's financial position, operating performance and cash flows, the disclosures in these notes have been supplemented where appropriate. In addition, note 6.1 has been included to describe the impact on the Group's operating performance of the restrictions on movement introduced by the Government in response to the Covid-19 pandemic.

Each component of the financial statements is compared with the corresponding amount for the comparative reporting period. The comparative amounts have not been restated or reclassified with respect to those previously presented in the financial statements as at and for the year ended 31 December 2019, as no events have occurred or material changes taken place in the accounting

standards applied that would result in the need to adjust or reclassify amounts for the previous year.

Going-concern uncertainties and assessment conducted by the Company

In compliance with the Italian Civil Code and the IFRS accounting standards (and as referred to in CONSOB Document 2 issued jointly with the Bank of Italy and ISVAP on 6 February 2009), in preparing the financial statements it is necessary to assess the ability of the Company and the Group to continue to operate as going concerns.

Paragraph 25 of IAS 1 states that “When preparing financial statements, management shall make an assessment of an entity’s ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern”.

Furthermore, paragraph 26 of IAS 1 requires that “in assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period”; and that “..management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate”.

Taking into account the material uncertainties already examined during preparation of the financial statements as at and for the year ended 31 December 2019, and described in that document, Autostrade per l’Italia’s Board of Directors examined all the existing risk factors at the date of preparation of the financial statements, as described in detail in notes 10.7, “Significant legal and regulatory aspects” and 10.9, “Events after 31 December 2020”, and in the following note 6, “Events and corporate actions”. The elements requiring careful assessment with regard to the Company’s ability to continue to operate as a going concern for a period of at least twelve months from the reporting date for these financial statements are grouped together and summarized below:

- a) relations and outstanding litigation between Autostrade per l’Italia and the Grantor, as described in greater detail in note 10.7, “Significant legal and regulatory aspects”;
- b) the Italian Government’s approval of the so-called *Milleproroghe* Decree, above all art. 35 of the Decree (the text of which is quoted in note 10.7, “Significant legal and regulatory aspects”), which, among other things, amends the legislation governing the “revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways”;
- c) the downgrade of Autostrade per l’Italia’s credit rating to below investment grade and of its outlook by the international agencies, Moody’s, Fitch and Standard & Poor’s, following enactment of art. 35 of the above *Milleproroghe* Decree. In this regard, it should be noted that:
 - (i) the downgrade to below investment grade could expose the Company to the risk that the European Investment Bank (“EIB”) and, in relation to its share of the debt, Cassa Depositi e Prestiti (“CDP”) might request additional protections, and, were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (€1.6 billion, including €1.3 billion guaranteed by Atlantia). The failure to satisfy a request for early repayment from the EIB or CDP, provided that it were lawful, could result in similar requests from the Company’s other creditors, including bondholders;
 - (ii) with regard to the financing obtained from Cassa Depositi e Prestiti, as it is not included in the loans referred to in point (i) and is not subject to early repayment in the event

of a downgrade (amounting to €0.4 billion), the Company is required to demonstrate, whilst the rating remains below investment grade, that it has remained within certain contractually agreed thresholds for a number of additional covenants, described in greater detail in note 7.15, "Financial liabilities". As a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the financing in question. This aspect, moreover, applies to other European infrastructure operators.

(iii) the restrictions on movement, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had a significant impact on operating revenue for 2020, and are expected to have an impact on the results for 2021. This situation has also had significant repercussions on the ability of Autostrade per l'Italia and the Group's other operators to generate sufficient cash to fund planned investment and to service debt.

With regard to points a) and b) above (relations with the Grantor and *Milleproroghe* Decree), as described in greater detail in note 10.7, "Significant legal and regulatory aspects", the Company submitted a new settlement proposal on 11 July 2020 with a view to bringing to an end the procedure for serious breach of the Concession Arrangement. The proposal, based on the results of numerous exchanges with the Government, the MIMS and the Ministry of the Economy and Finance, sets out key aspects of the settlement, described in more detail in note 6, "Events and corporate actions during the period" and in note 10.7, "Significant legal and regulatory aspects".

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government, noting, among other things, the parent's willingness to reduce its stake in Autostrade per l'Italia, subject to the approval of the respective boards of directors, and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government "*has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised*".

As described in greater detail in note 10.7, "Significant legal and regulatory aspects", following a series of meetings with representatives of the Government, Autostrade per l'Italia was sent draft versions of the Agreement bringing to an end the dispute over alleged serious breaches and of the Addendum to the Concession Arrangement. In response, on 8 October 2020, Autostrade per l'Italia communicated its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation.

In brief, based on the developments described above and the legal advice received by the Company, and given the advanced state of the talks aimed at finalising the settlement agreement, the Board of Directors concluded that it is not reasonably likely that the Government is close to deciding to revoke the concession arrangement, and believes, instead, that it is reasonably likely that an agreement will be reached. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

Regarding to point c) above (the downgrade and the Covid-19 pandemic) and, more generally, the downgrade, above all it should be noted that, at the date of preparation of these financial statements, neither the European Investment Bank or Cassa Depositi e Prestiti has requested the enforcement of any contractual rights and/or remedies. In addition, for the loans (described in greater detail above and amounting to €0.4 billion) where the minimum thresholds in the covenants have not been met, as a result of the sharp fall in operating revenue linked to the Covid-

19 pandemic, the lenders have granted the Company a suspension of the requirement to comply with the above thresholds, solely with reference to the measurement date of 31 December 2020. As a result, the contractual remedies available to the creditors cannot be exercised.

Again with regard to the financial position, and more generally, the uncertainty regarding Autostrade per l'Italia's ability to generate sufficient cash to fund planned investment and to service debt, it should be noted that the Company has returned to the credit market with two bond issues with a total nominal value of €2,250 million, the first on 4 December 2020 (€1,250 million maturing in 2028) and the second on 15 January 2021 (€1,000 million maturing in 2030).

The above bond issues, together with cash flow from continuing operations, enable the Company to fund its operations and capital expenditure.

Unless there is a further, unexpected deterioration in the economic scenario, the combination of the above actions should enable the Company to meet its reasonably expected funding needs, enabling it to meet its existing debt obligations and implementation of its investment and maintenance programmes.

Finally, in view of the changed environment and the Government's express willingness to reach a settlement, on 18 July 2020, Fitch upgraded the Company's rating to Rating Watch Evolving. On 23 July 2020, Moody's also upgraded the Company's outlook from "negative" to "developing". And on 12 August 2020, Standard & Poor's upgraded the outlook from "negative" to "developing".

The Board of Directors has thus deemed that the above risk factors and uncertainties, both individually and as a whole, present at the date of preparation of these financial statements are surmountable and, as a result, has concluded that these factors are not such as to raise doubts about the ability of the Company and the Group to continue to operate as going concern. For this reason, the financial statements as at and for the year ended 31 December 2020 have been prepared on a going concern basis.

Assessment of whether the going concern assumption is appropriate requires judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Board of Directors will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable it, should it prove necessary, to take the required corrective action.

3. Accounting standards and policies applied

A description follows of the more important accounting standards and policies employed by the Group for its consolidated financial statements as at and for the year ended 31 December 2020. These accounting standards and policies are consistent with those applied in preparation of the consolidated financial statements for the previous year, with the exception of the changes to IFRS effective from 2020, details of which are provided in the following section and which have not had an impact on financial statement items.

Reference should also be made to the paragraph, "Going-concern uncertainties and assessment conducted by the Company", in note 2.

Property, plant and equipment

Property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items and financial expenses incurred during construction of the asset.

The cost of assets with finite useful lives is systematically depreciated on a straight-line basis applying rates that represent the expected useful life of the asset. Each component of an asset with a cost that is significant in relation to the total cost of the item, and that has a different useful life, is accounted for separately. Land, even if undeveloped or annexed to residential and industrial buildings, is not depreciated as it has an indefinite useful life.

Investment property, which is held to earn rentals or for capital appreciation, or both, is recognised at cost measured in the same manner as property, plant and equipment. The relevant fair value of such assets has also been disclosed.

The bands of annual rates of depreciation used in 2020 are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	2.5% - 33.33%
Right to use buildings	5% - 50%
Plant and machinery	10% - 33%
Industrial and business equipment	4.5% - 33%
Other assets	8,6% - 33,33%
Right to use other assets	20% - 50%

Assets acquired under finance leases are initially accounted for as property, plant and equipment, and the underlying liability recorded in the balance sheet, at an amount equal to the relevant fair value or, if lower, the present value of the minimum payments due under the contract. Lease payments are apportioned between the interest element, which is charged to the income statement as incurred, and the capital element, which is deducted from the financial liability.

Property, plant and equipment is tested for impairment, as described below in the relevant note, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as described in the paragraph, "Impairment of assets and reversals".

Property, plant and equipment is derecognised on disposal. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in profit or loss in the period in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished. This condition is normally met when the intangible asset: (i) arises from a legal or contractual right, or (ii) is separable, meaning that it may be sold, transferred, licensed or exchanged, either individually or as an integral part of other assets. The asset is controlled by the entity if the entity has the ability to obtain future economic benefits from the asset and can limit access to it by others.

Internally developed assets are recognised as assets to the extent that: (i) the cost of the asset can be measured reliably; (ii) the entity has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the entity is able to demonstrate that the asset is capable of generating future economic benefits.

Intangible assets are stated at cost which, apart from concession rights, is determined in the same manner as the cost of property, plant and equipment. The cost of concession rights is recovered the form of payments received from road users and may include one or more of the following:

- a) the fair value of construction services and/or improvements carried out on behalf of the Grantor (measured as described in the standard on "Revenue") less finance-related amounts, consisting of (i) the amount funded by government grants, (ii) the amount that will be unconditionally paid by replacement operators on termination of the concession (so-called "takeover rights"), and/or (iii) any minimum level of tolls or revenue guaranteed by the Grantor. In particular, the following give rise to intangible assets deriving from concession rights:
 - 1) rights received as consideration for specific obligations to provide construction services for road widening and improvement for which the operator does not receive additional economic benefits. These rights are initially recognised at the fair value of the construction services to be provided in the future (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services), with a contra entry of an equal amount in "Provisions for construction services required by contract", accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) with a contra entry of an equal amount in "Provisions for construction services required by contract", accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period;
 - 2) rights received as consideration for construction and/or upgrade services rendered for which the operator receives additional economic benefits in the form of specific toll increases and/or significant increases in the expected number of users as a result of expansion/upgrade of the infrastructure;
 - 3) rights to infrastructure constructed and financed by service area concession holders which have reverted free of charge to Group companies on expiry of the related concessions;
- b) rights acquired from third parties, to the extent costs were incurred to acquire concessions from the Grantor or from third parties (the latter relating to the acquisition of control of a company that already holds a concession).

Concession rights, on the other hand, are amortised over the concession term in a pattern that reflects the estimated manner in which the economic benefits embodied in the right are consumed. In this regard, given that the concessions held by Autostrade per l'Italia and the Group's other operators relate to mature motorway infrastructure that entered service many years ago, and that has broadly stable levels of traffic over the long term, amortisation is charged on a straight-line basis.

Amortisation is charged from the date on which economic benefits begin to accrue.

In contrast, amortisation of other intangible assets with finite useful lives begins when the asset is ready for use, in relation to their residual useful lives.

The bands of annual rates of amortisation used in 2020 are shown in the table below by asset class.

Intangible assets	Rate of amortisation
Concession rights	On the commencement of generation of economic benefits for the entity, based on the residual term of the concession and, where significant, traffic projections.
Development costs	4.8% - 33.3%
Industrial patents and intellectual property rights	6.4% - 55%
Licences and similar rights	7.7% - 33.3%
Other assets	3.3% - 33.3%

Intangible assets are tested for impairment, as described below in the note on impairments and reversals, whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable, as described in the paragraph, "Impairment of assets and reversals". Gains and losses on the disposal of intangible assets are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and then recognised in profit or loss in the period in which the asset is disposed of.

Business combinations and goodwill

Acquisitions of companies and business units are accounting for using the acquisition method, as required by IFRS 3. For this purpose, identifiable assets liabilities acquired through business combinations are measured at their fair value at the acquisition date. The cost of an acquisition is measured as the fair value, at the date of exchange, of the assets acquired, liabilities assumed and any equity instruments issued by the Group in exchange for control. Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.

In compliance with IFRS 3, goodwill is initially measured as the positive difference between:

- a) the sum of:
 - 1) the acquisition cost, as defined above;
 - 2) the fair value at the acquisition date of any previous non-controlling interests held in the acquiree;
 - 3) the value of non-controlling interests held by third parties in the acquiree (at fair value or prorated to the current net asset value of the acquiree);
- b) the fair value, at the acquisition date, of the identifiable net assets acquired.

The goodwill, as measured on the acquisition date, is allocated to each of the substantially independent cash generating units or groups of cash generating units which are expected to benefit from the synergies of the business combination.

A negative difference between the amounts referred to in points a) and b) above is recognised as income in profit or loss in the year of acquisition.

Goodwill on acquisitions of non-controlling interests is included in the carrying amount of the relevant investments.

If the Group is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the paragraph, "Impairment of assets and reversals".

IFRS 3 was not applied retrospectively to acquisitions prior to January 2004. As a result, the carrying amount of goodwill on these acquisitions is that determined under Italian GAAP, which is the net carrying amount at this date, subject to impairment testing and the recognition of any impairment losses.

Acquisitions or disposals of companies and/or business units under common control are treated, in accordance with IAS 1 and IAS 8, on the basis of their economic substance, with confirmation of the fact that the purchase consideration is determined on the basis of fair value and that added value is generated for all the parties involved, resulting in significant measurable changes in the cash flows generated by the investments transferred before and after the transaction.

In this regard:

- a) if both requirements to be confirmed are met, such acquisitions of companies and/or business units are accounted for in accordance with IFRS 3, using the same treatment previously described for similar transactions with third parties. In such cases, the seller recognises any difference between the carrying amount of the assets and liabilities transferred and the related purchase consideration in profit or loss;
- b) in the other cases, the acquirer recognises the assets and liabilities transferred at the same carrying amounts at which they were accounted for in the financial statements of the seller prior to the transaction, recognising any difference with respect to the cost of the acquisition in equity. Accordingly, the seller recognises the difference between the carrying amount of the assets and liabilities transferred and the agreed purchase consideration in equity. In addition, income and expenses recognised in previous years in "other comprehensive income" in the statement of comprehensive income (relating, for example, to the cash flow hedge reserve or the reserve for translation of assets and liabilities denominated in functional currencies other than the euro) and relating to the assets and liabilities transferred are reclassified directly in the Group's equity.

In the case of the lease of a business, allowing the Group to acquire the right to use and manage businesses owned by third parties for a determinate period of time, the Group treats such arrangements as leases, as defined by IFRS 16. As a result, the assets and liabilities transferred to the Group are recognised on the basis of their carrying amount at the transfer date, whilst the right to use the business is recognised in intangible assets, measured on the basis of the present value of the minimum lease payments payable to the counterparty, accompanied by the recognition of a matching financial liability.

Investments

Investments in associates and joint ventures are accounted for using the equity method. The Group's share of post-acquisition profits or losses is recognised in the income statement for the accounting period to which they relate, with the exception of the effects deriving from other changes in the equity of the investee, excluding any owner transactions, when the Group's share is recognised directly in comprehensive income. In addition, when measuring the value of the investment, this method is also used to recognise the fair value of the investee's assets and liabilities and any goodwill, determined with reference to the acquisition date. Such assets and liabilities are subsequently measured in future years on the basis of the standards and accounting policies described in this note.

Provisions are made to cover any losses of an associate or joint venture exceeding the carrying amount of the investment, to the extent that the shareholder is required to comply with actual or constructive obligations to cover such losses.

Investments in unconsolidated subsidiaries and other companies, which qualify as equity instruments as defined by IFRS 9, are initially accounted for at cost at the settlement date, in that this represents fair value, plus any directly attributable transaction costs.

After initial recognition, these investments are measured at fair value, to the extent reliably determinable, through the statement of comprehensive income, with the exception of investments not held for trading and for which, as permitted by IFRS 9, the Group has exercised the option, at the time of purchase, to designate the investment at fair value through profit or loss, thus recognising any changes in a specific equity reserve.

In this last case, when realised, accumulated gains and losses in this reserve are not reclassified to profit or loss.

Impairment losses, identified as described in the section on “Impairment of assets and reversals”, are reversed in future periods if the circumstances that resulted in the loss no longer exist.

Inventories

Inventories, primarily consisting of stocks and spare parts used in the maintenance and assembly of plant, are measured at the lower of purchase or conversion costs and net realisable value obtained on their sale in the ordinary course of business. The purchase cost is determined using the weighted average cost method.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 and including, among other things, trade receivables and payables). Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents are recognised at face value. They include highly liquid on-demand deposits or very short-term instruments of excellent quality, which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the year.

As required by IFRS 9, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high.

Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the fair value of fair value hedges are recognised in profit or loss for the period. Accordingly, the hedged assets and liabilities are also measured at fair value through profit or loss. If an entity enters into a fair value hedge to hedge the exposure to changes in the fair value of an asset and/or liability whose changes in fair value are recognised in other comprehensive income, in keeping with the changes in the fair value of the derivative instrument, these changes are also recognised in other comprehensive income for the period.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised in profit or loss.

Financial assets

The classification and related measurement are driven by both the business model in which the financial asset is held and the contractual cash flow characteristics of the asset.

The financial asset is measured at amortised cost subject to both of the following conditions:

- a) the asset is held in conjunction with a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Receivables measured at amortised cost are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses (recognised in profit or loss) for amounts considered uncollectible. The estimate for uncollectible

amounts is based on the present value of expected cash-out flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering the amounts due. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Trade receivables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

Financial assets measured at amortised cost include the following receivables arising from assets held under concession:

- a) "takeover rights", being the amount that will be unconditionally paid by an incoming operator on termination of the concession;
- b) the present value of the minimum tolls guaranteed by the Grantor, representing an unconditional right to receive contractually guaranteed cash payments regardless of the extent to which the public uses the service;
- c) amounts due from public entities as grants or similar compensation relating to the construction of infrastructure (construction and/or upgrade services).

The financial asset is measured at fair value through other comprehensive income if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely represent a return on the financial asset.

Finally, any remaining financial assets, other than those described above, are classified as held for trading and measured at fair value through profit or loss.

No financial instruments were reclassified from one of the above categories to another in 2020.

Impairment of financial assets

Assessment of the recoverability of financial assets accounted for in the financial statements that are debt instruments measured at amortised cost is conducted by estimating expected credit losses (ECLs), based on expected cash flows. These flows, taking into account the estimated probability of a default occurring, are determined in relation to the expected time needed to recover the amount due, the estimated realizable value, any guarantees received, and the costs that the Group expects to incur in recovering the amounts due.

In the case of amounts due from counterparties where there has not been a significant increase in risk, ECLs are determined on the basis of expected losses in the 12 months after the reporting date.

In the case of trade and other receivables, the probability of a default is determined on the basis of internal customer ratings, which are periodically reviewed, including with reference to back-testing.

Financial liabilities

Financial liabilities are initially recognised at fair value, after any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with the exception of those for which the Group irrevocably elects, at the time of recognition, to measure at fair value through profit or loss, so as to eliminate or reduce the accounting mismatch at the time of measurement or recognition, compared with an asset also measured at fair value.

Trade payables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

If there is a modification of one or more terms of an existing financial liability (including as a result of its novation), it is necessary to conduct a qualitative and quantitative assessment in order to decide whether or not the modification is substantial with respect to the existing contractual terms. In the absence of substantial modifications, the difference between the present value of

the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss. As a result, the value of the financial liability is adjusted and the instrument's effective interest rate recalculated. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Derecognition of financial instruments

Financial instruments are derecognised in the financial statements when, following their sale or settlement, the Group is no longer involved in their management and has transferred all the related risks and rewards of ownership.

Fair value measurement and the fair value hierarchy

For all transactions or balances (financial or non-financial) for which an accounting standard requires or permits fair value measurement and which fall within the application of IFRS 13, the Group applies the following criteria:

- a) identification of the unit of account, defined as the level at which an asset or a liability is aggregated or disaggregated in an IFRS for recognition purposes;
- b) identification of the principal market or, in the absence of such a market, the most advantageous market in which the particular asset or liability to be measured could be traded; unless otherwise indicated, it is assumed that the market currently used coincides with the principal market or, in the absence of such a market, the most advantageous market;
- c) definition for non-financial assets of the highest and best use of the asset; unless otherwise indicated, highest and best use is the same as the asset's current use;
- d) definition of valuation techniques that are appropriate for the measurement of fair value, maximising the use of relevant observable inputs that market participants would use when determining the price of an asset or liability;
- e) determination of the fair value of assets, based on the price that would be received to sell an asset, and of liabilities and equity instruments, based on the price paid to transfer a liability in an orderly transaction between market participants at the measurement date;
- f) inclusion of non-performance risk in the measurement of assets and liabilities and above all, in the case of financial instruments, determination of a valuation adjustment when measuring fair value to include, in addition to counterparty risk (CVA - credit valuation adjustment), the own credit risk (DVA - debit valuation adjustment).

Based on the inputs used for fair value measurement, a fair value hierarchy for classifying the assets and liabilities measured at fair value, or the fair value of which is disclosed in the financial statements, has been identified:

- a) level 1: includes quoted prices in active markets for identical assets or liabilities;
- b) level 2: includes inputs other than quoted prices included within level 1 that are observable, such as the following: i) quoted prices for similar assets or liabilities in active markets; ii) quoted prices for similar or identical assets or liabilities in markets that are not active; iii) other observable inputs (interest rate and yield curves, implied volatilities and credit spreads);
- c) level 3: unobservable inputs used to the extent that observable data is not available. The unobservable inputs used for fair value measurement should reflect the assumptions that market participants would use when pricing the asset or liability being measured.

Definitions of the fair value hierarchy level in which individual financial instruments measured at fair value have been classified, or for which the fair value is disclosed in the financial statements, are provided in the notes to individual components of the financial statements.

There are no assets or liabilities classifiable in level 3 of the fair value hierarchy.

No transfers between the various levels of the fair value hierarchy took place during the year.

The fair value of derivative financial instruments is based on expected cash flows that are discounted at rates derived from the market yield curve at the measurement date and the curve for listed credit default swaps entered into by the counterparty and Group companies, to include the non-performance risk explicitly provided for by IFRS 13.

In the case of medium/long-term financial instruments, other than derivatives, where market prices are not available, the fair value is determined by discounting expected cash flows, using the market yield curve at the measurement date and taking into account counterparty risk in the case of financial assets and the own credit risk in the case of financial liabilities.

Provisions for construction services required by contract and other provisions

“Provisions for construction services required by contract” relate to specific contractual obligations having regard to motorway expansion and upgrading for which the operator receives no additional economic benefit in terms of a specific increase in tolls and/or a significant increase in expected use of the infrastructure. Since the performance of such obligations is treated as part of the consideration for the concession, an amount equal to the fair value of future construction services (equal to the present value of the services, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is initially recognised. The double entry is concession rights for works without additional economic benefits. The fair value of the residual liability for future construction services (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is periodically reassessed and changes to the measurement of the liabilities (such as, for example, changes to the estimated cash outflows necessary to discharge the obligation, a change in the discount rate or a change in the construction period) are recognised as a matching increase or reduction in the corresponding intangible asset. Any increase in provisions to reflect the time value of money is recognised as a financial expense.

The costs incurred during the year, in relation to the effective performance of motorway construction and/or upgrade services for which no additional economic benefits are received, are recognised by nature in individual items in the consolidated income statement. Matching entries are made in the consolidated income statement item, “Uses of provisions for construction services required by contract”, to represent the use of provisions previously made as an indirect adjustment of the costs incurred.

Other provisions are made when: (i) the Group has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount can be reliably estimated.

Provisions are measured on the basis of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value at a rate that reflects the market view of the time value of money and risks specific to the obligation, which from 2019 are based on the yield on the government securities of the country in which the obligation is to be settled. The costs incurred during the year to settle the obligation are accounted for as a direct reduction in the provisions previously made.

“Provisions for the repair and replacement of motorway infrastructure” cover the liability represented by the contractual obligation to repair and replace motorway infrastructure, as required by the concession arrangements entered into by the Group’s motorway operators and the respective grantors, with the aim of ensuring the serviceability and safety of the assets held under concession. These provisions are calculated on the basis of the usage and wear and tear of motorways at the end of the reporting period and, therefore, planned works, taking into account, if material, the time value of money. The provisions are discounted using the same criteria as applied to “Provisions”.

Routine maintenance costs are, in contrast, recognised in the income statement when incurred and are not, therefore, included in the provisions.

The provisions for cyclical maintenance include the estimated cost of a single cycle and are determined separately for each category of infrastructure (viaducts, flyovers, tunnels, safety barriers, motorway surfaces). The following process is applied for each category, based on specific

technical assessments, the available information, the current state of motorway traffic and existing materials and technologies:

- a) the duration of the cycle linked to the repair or replacement work is estimated;
- b) the serviceability of the infrastructure is assessed, classifying the various types of intervention based on the state of repair of the infrastructure and the number of years remaining until the scheduled maintenance work;
- c) the cost for each category is determined, based on the verifiable and documented evidence available at the time and comparable work;
- d) the total value of the work included in the relevant cycle is determined;
- e) the provisions at the reporting date are calculated, allocating the cost to the income statement in relation to the number of years remaining until the date of the scheduled maintenance work, in line with the above classification based on the state of repair of the infrastructure, discounting the resulting amount to present value at the measurement date using an interest rate with a duration in line with that of the expected cash flows.

The above effects are recognised in the following income statement items:

- a) the "Operating change in provisions", reflecting the impact of the revision of estimates as a result of technical assessments (the value of the works to be carried out and the expected timing of such works) and the change in the discount rate used compared with the previous year;
- b) "Financial expenses from discounting of provisions", reflecting the time value of money, calculated on the basis of the value of the provisions and the interest rate used to discount the provisions to present value at the prior year reporting date.

When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the consolidated income statement and the item "Operating change in provisions" reflects use of the provisions previously made.

In accordance with existing contractual obligations, "Provisions for the renewal of motorway infrastructure" reflect the present value of the estimated costs to be incurred over time in relation to the contractual obligation, resulting from the operator's concession arrangements, to carry out essential extraordinary maintenance work and to repair and replace the assets held under concession.

As these costs cannot be recognised as an increase in the value of the assets as they are from time to time incurred, given that the related assets (intangibles) do not meet the necessary accounting requirements, provisions are made in accordance with IAS 37, based on the degree to which the infrastructure is used. In this way, the provisions represent the likely cost that the operator will be required to incur in order to promptly comply with the obligation to ensure the serviceability and safety of the assets held under concession. Given that these are cyclical works, the value of the provisions recognised in the financial statements reflects the estimated costs to be incurred within the period of time represented by the first maintenance cycle covered by the plan, after the end of the reporting period, calculated analytically for each project, after taking into account the necessary discount factors. Works are classified among those to be included in the provisions and those relating to construction or upgrade services provided to the grantor. The different classification is based on the operator's assessment of the essential nature of the projects included in the approved investment programme, supported by the relevant technical units and with reference to the above criteria. When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the consolidated income statement and the item, "Operating change in provisions", reflects use of the provisions previously made.

Employee benefits

Short-term employee benefits, provided during the period of employment, are recognised on an accruals basis as the accrued liability at the end of the reporting period.

Liabilities deriving from other medium/long-term employee benefits are recognised in the vesting period, less any plan assets and advance payments made. They are determined on the basis of actuarial assumptions and, if material, recognised on an accruals basis in line with the period of service necessary to obtain the benefit.

Medium/long-term post-employment benefits in the form of defined benefit plans are recognised at the amount accrued at the end of the reporting period.

Post-employment benefits delivered at the same time or after the termination of employment in the form of defined benefit plans are recognised in the vesting period, less any plan assets and advance payments made. Such defined benefit plans primarily regard the obligation as determined on the basis of actuarial assumptions and recognised on an accruals basis in line with the period of service necessary to obtain the benefit. The obligation is calculated by independent actuaries. Any resulting actuarial gain or loss is recognised in full in other comprehensive income in the period to which it relates.

Non-current assets held for sale, assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations

Where the carrying amount of non-current assets held for sale, or of assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations is to be recovered primarily through sale rather than through continued use, these items are presented separately in the statement of financial position.

Immediately prior to being classified as held for sale or for distribution, each asset and liability is recognised under the specific IFRS applicable and subsequently accounted for at the lower of the carrying amount and fair value. Any impairment losses are recognised immediately in the income statement.

Disposal groups or operations held for sale or for distribution are recognised in profit or loss as discontinued operations provided when the following conditions are met:

- a) they represent a major line of business or geographical area of operation;
- b) they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation;
- c) they are subsidiaries acquired exclusively with a view to resale.

After tax gains and losses resulting from the management or sale or distribution of such operations are recognised as one amount in profit or loss with comparatives.

Revenue

Revenue is recognised when the fair value can be reliably measured and it is probable that the economic benefits associated with the transactions will flow to the Group. The amount recognised as revenue reflects the consideration to which the Group is entitled in exchange for goods transferred to the customer and services rendered. This revenue is recognised when the performance obligations under the contract have been satisfied.

Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

- a) toll revenue is accrued with reference to traffic volumes;
- b) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- c) the provision of services is prorated to the percentage of completion of the work, on the basis of the contract revenue and costs that can be reliably estimated with reference to the stage of completion of the contract, in accordance with the percentage of completion method, as determined by a survey of the works carried out or on a cost-to-cost basis. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue and profit in each reporting period in proportion to the stage of completion.

In addition to contract payments, contract revenues include variations, price revisions and any additional payments to the extent that their payment is probable and that their amount can be reliably measured. In the event that a loss is expected to be incurred on the

completion of a contract, this loss shall be immediately recognised in profit or loss regardless of the stage of completion of the contract. Any positive or negative difference between the accrued revenue and any advance payments is recognised in assets or liabilities in the statement of financial position, taking into account any impairment recognised in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers. When service revenue cannot be reliably determined, it is only recognised to the extent that expenses are considered to be recoverable;

- d) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract. This revenue includes amounts generated by the sub-concession of retail and office space to third parties within the airports and motorway networks operated by the Group and, as they substantially equate to the lease of portions of infrastructure, are subject to IFRS 16. This revenue, under existing contractual agreements, is partly dependent on the revenue earned by the sub-operator and, as a result, the related amount varies over time;
- e) interest income (and interest expense) is calculated with reference to amount of the financial asset or liability, in accordance with the effective interest method;
- f) dividend income is recognised when the right to receive payment is established.

Provision of the above services also includes construction and/or upgrade services provided to Grantors, in application of IFRIC 12, and relating to concession arrangements to which certain Group companies are party. These revenues represent the consideration for services provided and are measured at fair value, calculated on the basis of the total costs incurred (primarily consisting of the costs of materials and external services, the relevant employee benefits and attributable financial expenses, the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits) plus any arm's length profits realised on construction services provided by Group entities (insofar as they represent the fair value of the services). The double entry of revenue from construction and/or upgrade services is represented by a financial asset (concession rights and/or government grants) or an intangible asset deriving from concession rights.

Government grants

Government grants are accounted for at fair value when: (i) the related amount can be reliably determined and there is reasonable certainty that (ii) they will be received and that (iii) the conditions attaching to them will be satisfied.

Grants related to income are accounted for in the income statement for the accounting period in which they accrue, in line with the corresponding costs.

Grants received for investment in motorways and airports are accounted for as construction service revenue, as explained in the note on the accounting policy for "Revenue".

Any grants received to fund investment in property, plant and equipment are accounted for as a reduction in the cost of the asset to which they refer and result in a reduction in depreciation.

Income taxes

Income taxes are recognised on the basis of an estimate of tax expense to be paid, in compliance with the regulations in force, as applicable to each Group company.

Deferred tax assets and liabilities are determined on the basis of temporary differences between the carrying amounts of assets and liabilities as in the Company's books, resulting from application of the accounting policies described in note 3, and the corresponding tax bases, resulting from application of the tax regulations in force in the country relevant to each subsidiary, as follows:

- a) deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised;
- b) deferred tax liabilities are always recognised, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are calculated on the basis of the tax rate expected to be in effect at the time the related temporary differences will reverse, taking into account any legislation enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer considered probable that there will be sufficient future taxable profits against which the asset can be fully or partially utilised.

Current and deferred tax assets and liabilities are recognised in profit or loss, with the exception of those relating to items recognised directly in equity, and for which the related taxation is also recognised in equity.

In 2020, Atlantia the parent, Atlantia SpA, again operated a tax consolidation arrangement in which Autostrade per l'Italia and certain of its Italian-registered subsidiaries participate.

Income tax payables reported under current tax liabilities in the statement of financial position, less any advance payments of taxes, also include the portion relating to IRES included in the Atlantia's tax consolidation arrangement. Any overpayments are recognised as current tax assets.

Share-based payments

The cost of services provided by Directors and/or employees remunerated through share-based incentive plans, and settled through the award of financial instruments, is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date (vesting period, any consideration due and conditions of exercise, etc.), of the rights and the plan's underlying securities. The obligation is determined by independent actuaries. The cost of these plans is recognised in profit or loss, with a contra-entry in equity, over the vesting period, based on a best estimate of the number of options that will vest.

The cost of any services provided by Directors and/or employees and remunerated through share-based payments, but settled in cash, is instead measured at the fair value of the liability assumed and recognised in profit or loss, with a contra entry in liabilities, over the vesting period, based on a best estimate of the number of options that will vest. Fair value is remeasured at the end of each reporting period until such time as the liability is settled, with any changes recognised in profit or loss.

Impairment of assets and reversals

At the end of the reporting period, the Group tests property, plant and equipment, intangible assets, financial assets and investments (other than those measured at fair value) for impairment. If there are indications that these assets have been impaired, the value of such assets is estimated in order to verify the recoverability of the carrying amounts and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment.

If it is not possible to estimate the recoverable amounts of individual assets, the recoverable amount of the cash-generating unit ("CGU") to which a particular asset belongs or has been allocated, as is the case of goodwill, is estimated.

This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business. In estimating an operating CGU's future cash flows, after-tax cash flows and discount rates are used because the results are substantially the same as pre-tax computations.

Impairments are recognised in profit or loss in a variety of classifications depending on the nature of the impaired asset. If there are indications, at the end of the reporting period, that an

impairment loss recognised in previous years has been reduced, in full or in part, the recoverability of the carrying amount is tested and any reversal of the impairment loss determined. The reversal may under no circumstances exceed the amount of the impairment losses previously recognised. Losses are reversed if the circumstances that resulted in the loss no longer exist, provided that the reversal does not exceed the cumulative impairment losses previously recognised, unless the impairment loss relates to goodwill and investments measured at cost, where the related fair value cannot be reliably determined.

Impairments of goodwill may not be reversed.

Estimates and judgements

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are primarily used in determining amortisation and depreciation, in the impairment testing of assets (including financial assets) and in estimating provisions for construction services required by contract and other provisions, employee benefits, the fair value of financial assets and liabilities, the percentage of completion of the performance of services that generate revenue and current and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the financial statements.

Translation of foreign currency items

The reporting package of each consolidated enterprise is prepared using the functional currency of the economy in which the enterprise operates. Transactions in currencies other than the functional currency are recognised by application of the exchange rate at the transaction date. Assets and liabilities denominated in currencies other than the functional currency are, subsequently, remeasured by application of the exchange rate at the end of the reporting period. Any exchange differences on remeasurement are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost are translated using the exchange rate at the date of initial recognition.

Translation of the liabilities, assets, goodwill and consolidation adjustments shown in the reporting packages of consolidated companies with functional currencies other than the euro is made at the closing rate of exchange, whereas the average rate of exchange is used for income statement items to the extent that they approximate the transaction date rate or the rate during the period of consolidation, if lower. All resultant exchange differences are recognised directly in comprehensive income and reclassified to profit or loss upon the loss of control of the investment and the resulting deconsolidation.

Earnings per share

Basic earnings per share is computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the accounting period.

Diluted earnings per share is computed by dividing profit attributable to owners of the parent by the above weighted average, also taking into account the effects deriving from the subscription, exercise or conversion of all potential shares that may be issued as a result of the exercise of any outstanding rights.

New accounting standards and interpretations, or revision and amendment of existing standards, effective from 1 January 2020

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, effective from 2020. Such changes have not had

an impact on amounts in the financial statements for the year, as there were no material changes applicable.

Amendment to IFRS 16 – Leases Covid-19-Related Rent Concessions

On 28 May 2020, the IASB published the document “Amendment to IFRS 16 - Leases Covid-19-Related Rent Concessions”, effective for annual accounting periods beginning on or after 1 June 2020. The changes introduced by the new paragraphs 46A and 46B have added a practical expedient to the paragraph on “Lease modifications”, allowing the lessee to not consider rent concessions, relating to the impact of Covid-19, as a modification of the original terms and conditions of the lease. The above changes must, therefore, be accounted for as if the contract had not been modified, recognising the impact of the rent concessions for which the lessee has applied the practical expedient introduced by paragraph 46A in profit or loss. This expedient applies to Covid-19-related relief reducing rentals falling due by 30 June 2021 and does not regard lessors. The amendment only applies to rent concessions granted as a direct consequence of the Covid-19 pandemic and only when a series of conditions, indicated in paragraph 46B, have been met. Finally, the new paragraph 60A requires lessees applying the expedient to disclose the fact in their financial statements.

Amendments to IFRS 3 – Business Combinations

On 22 October 2018, the IASB published “Definition of a Business (Amendments to IFRS 3)”, to amend IFRS 3 in such a way as to clarify the definition of a business for the proper application of the standard.

In particular, the amendment clarifies that an output is not the necessary condition to identify a business in the presence of a set of activities/processes and assets. However, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced “ability to create outputs” with “contribution to the ability to create outputs” to clarify that a business can exist also without all the inputs and processes necessary to create an output.

Moreover, the amendment has introduced an optional concentration test, to determine whether an acquired set of activities and assets is a business.

Amendments to IFRS 9, IAS 39 and IFRS 7 on “Interest Rate Benchmark Reform”

On 26 September 2019, the IASB published the document entitled “Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)”, which has amended certain of the requirements for the application of hedge accounting, introducing temporary exemptions to such requirements. This is to mitigate the impact of uncertainty over the reform of IBOR, which is still in progress, on future cash flows, whilst awaiting completion of the process. The amendment was made necessary following the report, “Reforming Major Interest Rate Benchmarks”, in which the European Financial Stability Board issued recommendations designed to strengthen existing interest rate benchmarks and other potential benchmarks based on interbank rates and identify alternative near-risk-free rates. The amendment also requires entities to disclose the hedging relationships directly impacted by the uncertainties caused by the reform and to which the above exemptions apply. It also permits entities to continue to meet the requirements of IFRS assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform.

Amendments to IAS 1 – Presentation of Financial Statements and to IAS 8 – Accounting Policies, Change in Accounting estimates and Errors

On 31 October 2018, the IASB published “Definition of Material (Amendments to IAS 1 and IAS 8)”. The document introduced an amendment to the definition of “material”. The amendment clarifies the definition of “material” and introduces the concept of “obscured information”, in

addition to the concepts of “omitted” and “misstated” information already present in the two amended standards. The amendment clarifies that information is “obscured” if it is provided in such a way as to produce for general users of financial statements an effect similar to that which would be produced if such information had been omitted or misstated.

New accounting standards and interpretations, or revision and amendment of existing standards, that have either yet to come into effect or are yet to be endorsed

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, that have yet to come into effect as at 31 December 2020, and that may in the future be applied in the Group’s consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7 on “Interest Rate Benchmark Reform (phase 2)”

On 27 August 2020, the IASB published the document entitled “Interest Rate Benchmark Reform - phase 2- (Amendments to IFRS 9, IAS 39 and IFRS 7)”, to take into account the consequences of the effective replacement of existing benchmark interest rates with alternative benchmark rates. These amendments require a specific accounting treatment to spread changes in the value of financial instruments or lease contracts, due to replacement of the interest rate benchmark over time, thus avoiding a sudden impact on profit or loss, and prevent unnecessary discontinuations of hedging relationships as a consequence of the replacement of the interest rate benchmark.

Amendments to IAS 1 – Presentation of Financial Statements - Classification of liabilities as current or non-current

On 23 January 2020, the IASB published a document entitled “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”, with the amendments to applicable to annual accounting periods beginning on or after 1 January 2023, unless otherwise decided at the time of endorsement by the European Commission. The IASB has clarified the criteria to be used in order to determine if a liability is to be classified as current or non-current. The amendments aim to enable consistent application of the requirements, helping entities to determine if debt, and other liabilities with an uncertain settlement date, should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also clarify the classification requirements for debt a company might settle by converting it into equity.

Amendments to IFRS 3 – Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements to IFRS Standards 2018-2020

On 14 May 2020 the IASB issued a document entitled “Amendments to (i) IFRS 3 Business Combinations; (ii) IAS 16 Property, Plant and Equipment; (iii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets (iv) Annual Improvements to IFRS Standards 2018-2020”. The amendments applicable to annual accounting periods beginning on or after 1 January 2022, unless otherwise decided at the time of endorsement by the European Commission. In particular:

- (i) with the “Amendments to IFRS 3 - Business Combinations”, the IASB has updated references to the revised Conceptual Framework, without this resulting in changes to the requirements in the standard;
- (ii) with the “Amendments to IAS 16 - Property, Plant and Equipment”, the IASB has introduced a number of clarifications, prohibiting entities from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, entities must recognise such sales proceeds and related cost in profit or loss;

- (iii) with the “Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets”, the IASB has clarified which costs an entity shall consider in assessing whether a contract is onerous;
- (iv) finally, with the “Annual Improvements to IFRS Standards 2018–2020”, changes have been made to: (1) IFRS 1 - First-time Adoption of IFRS, simplifying the first-time adoption of IFRS by a subsidiary after its parent has already adopted them, in terms of measuring cumulative translation difference; (2) IFRS 9 - Financial Instruments, clarifying that, when conducting the “10 per cent” test, provided for in paragraph B3.3.6 of IFRS 9, to assess if the modifications made to a financial liability are material (and, thus, resulting in derecognition), an entity must include only fees paid or received between the entity and the lender.

The Autostrade per l’Italia Group is assessing the potential impact, which cannot currently be reasonably estimated, of future application of all the newly issued standards as well as the revisions and amendments of existing standards.

4. Concessions

The Group’s core business is the operation of motorways under concessions held by Group companies. The purpose of the concessions is the construction and operation of motorway infrastructure (in Italy and abroad).

Essential information regarding the concessions held by Group companies is set out below. Further details of events of a regulatory nature, linked to the Group’s concession arrangements, during the year are provided in note 10.7, “Significant legal and regulatory aspects”.

Existing concessions establish the right for motorway operators to demand tolls from motorway users. Tolls are revised annually through a toll formula contained in the specific individual concession arrangements. On the other hand, operators have an obligation to pay concession fees, to expand and modernise the motorway infrastructure operated under the concessions, and to maintain and operate the motorways. Concessions are not automatically renewed on expiry but are publicly re-tendered in accordance with laws as may be in effect from time to time. This consequently entails the handover free of charge of all assets in a good state of repair by the operator to the Grantor, unless the concession provides for a payment by a replacement operator of the residual carrying amount of assets to be handed over.

The only changes to the motorway concessions held by the Group’s Italian companies with respect to 2019 are as follows:

- a) **Five-yearly update of Autostrade per l’Italia’s financial plan:** as described in greater detail in note 10.7, “Significant legal and regulatory aspects”, following a series of talks, on 3 December 2020, Autostrade per l’Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the Ministry of Infrastructure and Sustainable Mobility and the Ministry of the Economy and Finance, together with the draft Addendum to the Concession Arrangement and the other annexes to this document;
- b) **award of the concession for the A3 Naples – Pompei – Salerno motorway:** With regard to Autostrade Meridionali’s appeal to the Campania Regional Administrative Court against the decision to award the SIS Consortium the new concession to operate the A3 Naples-Pompei-Salerno motorway, requesting its cancellation after suspension of the award, on 21 October 2020 the ruling in which the Campania Regional Administrative Court rejected the appeal filed by Autostrade Meridionali was published. Autostrade Meridionali has challenged the above ruling of the Campania Regional Administrative Court by appealing to the Council of State. Further information is provided in note 10.7, “Significant legal and regulatory aspects”.

The process of revising the financial plans of Raccordo Autostradale Valle d’Aosta, Autostrada Tirrenica and Tangenziale di Napoli is still in progress.

With regard to Autostrade per l'Italia's concession, the Company is engaged in the implementation of a programme of investment in "Major Works" (including the works envisaged by the 1997 Agreement, the IV Addendum of 2002 and other investment), as provided for in the Company's financial plan updated in December 2013. The works being carried out essentially regard the upgrade of existing sections of motorway and of the related feeder roads. The total value of these works as at 31 December 2020 is approximately €17.8 billion, including €11.1 billion already completed as at 31 December 2020 (€10.9 billion as at 31 December 2019).

Operator	Section of motorway	Kilometres in service	Expiry date
Autostrade per l'Italia	A1 Milan – Naples	803.5	
	A4 Milan – Brescia	93.5	
	A7 Genoa – Serravalle	50.0	
	A8/9 Milan – Lakes	77.7	
	A8/A26 link road	24.0	
	A10 Genoa – Savona	45.5	
	A11 Florence – Pisa North	81.7	
	A12 Genoa – Sestri Levante	48.7	
	A12 Rome – Civitavecchia	65.4	
	A13 Bologna – Padua	127.3	
	A14 Bologna – Taranto	781.4	
	A16 Naples – Canosa	172.3	
	A23 Udine – Tarvisio	101.2	
	A26 Genoa – Gravellona Toce	244.9	
	A27 Mestre – Belluno	82.2	
	A30 Caserta – Salerno	55.3	
	TOTAL	2,854.6	31 Dec 2038
Autostrade Meridionali ⁽¹⁾	A3 Naples – Salerno	51.6	31 Dec 2012
Raccordo Autostradale Valle d'Aosta	A5 Aosta – Monte Bianco	32.3	31 Dec 2032
Tangenziale di Napoli	Tangenziale di Napoli	20.2	31 Dec 2037
Autostrada Tirrenica	A12 Livorno – Civitavecchia	54.8	31 Dec 2046
Società Italiana per azioni per il Traforo del Monte Bianco	Mont Blanc tunnel	5.8	31 Dec 2050

(1) In compliance with the concession arrangement, in December 2012 the Grantor requested Autostrade Meridionali to continue operating the motorway after 1 January 2013, in accordance with the terms and conditions of the existing arrangement, whilst awaiting the conclusion of the tender process that will select the new operator.

5. Scope of consolidation

In addition to the Parent Company, Autostrade per l'Italia, companies are consolidated when Autostrade per l'Italia SpA exercises control. Control over an entity is exercised when the Parent Company is exposed to or has the right to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are consolidated using the line-by-line method and are listed in Annex 1.

All entities over which control is exercised are consolidated from the date on which the Group gains control. Entities are deconsolidated from the date on which the Group ceases to exercise control, as defined above.

Companies are, in part, consolidated on the basis of the specific reporting packages prepared by each consolidated company, as of the end of the reporting period and in compliance with the IFRS accounting policies adopted by the Group. Companies are consolidated according to the following criteria and procedures:

- use of the line-by-line method, entailing the reporting of non-controlling interests in equity and profit or loss and the recognition of all assets, liabilities, revenues and costs, regardless of percentage ownership;
- elimination of intercompany assets, liabilities, revenues and costs, including the reversal of unrealised profits and losses on transactions between consolidated companies and recognition of the consequent deferred taxation;
- reversal of intercompany dividends and reallocation to the relevant opening equity reserves;

- d) netting of the carrying amount of investments in consolidated companies against the corresponding amount of equity, with any resultant positive and/or negative differences being debited/credited to the relevant balance sheet accounts (assets, liabilities and equity), as determined on the acquisition date of each investment and adjusted for subsequent variations. Following the acquisition of control, any acquisition of further interests from non-controlling shareholders, or the sale of interests to such shareholders not resulting in the loss of control, are accounted for as owner transactions and the related changes recognised directly in equity; any resulting difference between the amount of the change in equity attributable to non-controlling interests and cash and cash equivalents exchanged are recognised directly in equity attributable to owners of the Parent;
- e) translation of the reporting packages of consolidated companies in functional currencies other than the euro applying the method previously described in the policy regarding the “Translation of foreign currency items”, included in note 3.

The scope of consolidation as at 31 December 2020 has changed with respect to 31 December 2019, following the consolidation of Tecne Gruppo Autostrade per l'Italia SpA, established by its sole shareholder, Autostrade per l'Italia, in July 2020. From 1 December 2020, this company manages the motorway engineering business unit (providing design and project management services in Italy and overseas) belonging to the associate, Spea Engineering SpA, under a lease arrangement. At the time of the transfer to Tecne under the lease arrangement, the business unit's assets and liabilities were of immaterial value.

With regard to the subsidiary, Autostrade Meridionali, whose concession to operate the Naples – Pompei – Salerno motoway expired on 31 December 2012 and for which, as described in note 10.7, the process of selecting a new operator is in progress, it should be noted that the incoming operator will be required (i) to pay the company a takeover right (as described in note 7.4) equal to the carrying amount of unamortised capital expenditure during the final years of the concession, and (ii) to acquire and assume all existing contractual rights and obligations entered into by the outgoing operator, with the exception of those of a financial nature, and responsibility for all pending disputes and litigation. Despite this, given that, as at 31 December 2020 not all the conditions established in IFRS 5 has been met in order to consider the transfer of the above rights and obligations to a new operator highly probable, the operator's assets and liabilities have continued to be classified, in the Group's consolidated consolidated financial statements, on the same basis as in previous years. This reflects the fact that the requirements for classification in “Non-current assets held for sale and assets/liabilities related to discontinued operations”, described in the related paragraph of note 3, have not been met.

6. Events and corporate actions

6.1 Impact of the Covid-19 pandemic

As also recommended in ESMA recommendation “ESMA 32-63-972”, this section provides a summary of the impact on the issuer of the health emergency caused by the Covid-19 pandemic and the responses of Autostrade per l'Italia and the other Group companies. A description of the uncertainties arising as a result of the health emergency is provided in the section, “Going concern uncertainty and assessment conducted by the Company”, in note 2, “Basis of preparation of the consolidated financial statements”.

As previously noted, the spread of the Covid-19 epidemic, the Italian Government's declaration of a health emergency and the resulting restrictions on movement had a significant impact on the performance of traffic throughout the network. This had an impact on the toll revenue and other operating income (lower income from service area royalties) earned by Autostrade per l'Italia and the other Group companies, with the resulting reductions amounting to approximately €920 million and €88 million, respectively (a total of €893 million after the related concession fees), compared with pre-pandemic estimates.

In response, Group companies took rapid steps to implement cost efficiencies, whilst not reducing expenditure on the maintenance and safety of the Group's infrastructure, and adopted the measures made available by the authorities in order to protect their workers. These included use of the ordinary wage guarantee fund or *CIGO* and other instruments that have enabled the Parent Company and the Group's other operators to reduce their staff costs by a total of €30 million. In addition, Autostrade per l'Italia has adopted a series of financial initiatives designed to support service area operators, resulting an overall increase of €4 million in the Group's operating costs. Based on the figures and simulations conducted, the estimated overall impact of the Covid-19 pandemic and the Group's response on profit for the period attributable to owners of the parent amounts to approximately €875 million (€595 million after the related taxation).

6.2 Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa and resulting impact on the financial statements

With regard to the tragic collapse of a section of the Polcevera road bridge (the "road bridge") on the A10 Genoa-Ventimiglia motorway operated by da Autostrade per l'Italia (the "operator") on 14 August 2018, the impact of this event on the accounts in 2020 and 2019 is described below. Developments relating to legal and regulatory aspects are described below in note 10.7, "Significant legal and regulatory aspects".

The accounting approach adopted in 2020, as described in greater detail below, is in line with the approach adopted in the preparation of the Annual Report for the year ended 31 December 2019, to which reference should be made.

In particular, it should be noted that an obligation on the part of Autostrade per l'Italia to reconstruct the bridge was identified. In this regard, in accordance with the accounting treatment applicable had the operator proceeded directly to carry out reconstruction based on the terms of the Single Concession Arrangement (rather than responsibility for these activities being assigned by law to a Special Commissioner appointed by the Government), a series of expenses resulting from the events in question were already recognised in the consolidated income statements for 2018 and 2019, as detailed in the notes to relevant financial statements.

As described in the above notes, with regard to the method of accounting for risks and charges connected with "direct" and "indirect" damages, the following should be noted:

- a) so-called "direct damages", meaning damages directly linked to the events as a direct and immediate consequence of the collapse of the road bridge and regardless of any theoretical hypothesis on the cause of the collapse, may be divided into two types:
 - (i) the costs connected with demolition and reconstruction, including the payment of compensation to the businesses located beneath the road bridge, for which the Parent Company has made provision in the "Provisions for the repair and replacement of motorway infrastructure"; and (ii) the charges related to the compensation paid to the victims' families and to the injured, which have been accounted for in "Other provisions for risks and charges";
- b) with regard to so-called "indirect damages" hypothetically identified in relation to the collapse, it should be noted that, as regards determination of the probability of an adverse outcome and, as a result, identification of the accounting category provided for in IAS 37 (provisions or a contingent liability) with which it is reasonable to associate the legal risks in question, the Company's considerations are based on, and are in consistent with, a series of technical and legal opinions from professionals specialising in the related areas, in which the circumstances surrounding the collapse of the road bridge and the related disputes have been analysed in detail in order to estimate the probability of an adverse outcome for Autostrade per l'Italia and the expected value of any liabilities in the event of such an outcome.

With regard to the “indirect damages”, the opinions received provide useful, if not decisive, elements on which Autostrade per l’Italia has based its judgement as to how to account for the charges, as either provisions or a contingent liability. This means assessing the degree to which it is likely that an adverse outcome will occur as a result of the disputes and the possibility of arriving with reasonable certainty at an estimate of the size of the loss connected with the occurrence of this event.

The above technical and legal opinions have demonstrated that it is currently impossible to construct an ex-ante hypothesis, and that it will be necessary to assess the concrete evidence that may emerge from time to time, and that, as to any identification of the entity responsible for the event, the Parent Company has not been identified as being responsible for the occurrence of the event in any final court or out-of-court ruling.

Thus, based on the fact that:

- a) it is not possible to construct an ex-ante hypothesis regarding Autostrade per l’Italia’s responsibility for the occurrence of the event, nor, as a result, regarding whether or not any damages are due or the size of any damages;
- b) at the present time, there are further causes of uncertainty regarding whether or not any damages are due, or the size of any damages payable by the Company, in view of the disputes arising as a result of the assessments currently being conducted by the Company’s insurance providers in relation to the collapse of the road bridge;

and that, from an accounting point of view, the conditions set out in paragraph 14 of IAS 37 have not been met, it is not possible to recognise provisions in “Other provisions for risks and charges”.

In addition, the Company continued to implement the decision to exempt road users in the Genoa area from the payment of tolls, resulting in an estimated overall reduction in toll revenue in the three-year period 2018-2020 of approximately €70 million, including €44 million attributable to 2020.

In keeping with the above accounting treatment, in 2020 Autostrade per l’Italia:

- a) recognised costs of €147,373 thousand, as a result of requests from the Special Commissioner to fund reconstruction of the road bridge. This amount is entirely covered by use of “Provisions for the repair and replacement of motorway infrastructure” previously set aside in the consolidated financial statements as at and for the year ended 31 December 2018, and its impact on the income statement has been offset by indirect use of the above provisions in the “Operating change in provisions”;
- b) paid a total of €12,116 thousand in the form of compensation for a number of the families of victims impacted by the collapse of the road bridge, in grants for small businesses and firms hit by the collapse and to cover the cost of consultants’ fees and legal expenses linked to actions undertaken to protect the Autostrade per l’Italia’s rights and those of its employees who are under investigation;
- c) made further provisions of €10 million to the “Other provisions for risks and charges” following an updated estimate of the charges to be incurred in order to cover the cost of consultants’ fees and legal expenses linked to actions undertaken to protect the Company’s rights and those of its employees who are under investigation.

As at 31 December 2020, no further proceeds that may in future be collected on other insurance policies relating to the Polcevera road bridge have been recognised, as they do not meet the requirements of IFRS.

As at 31 December 2020, the following provisions have been recognised in the financial statements in relation to the above charges:

- a) “Provisions for the repair and replacement of motorway infrastructure”, totalling €24,688 thousand;

- b) “Other provisions for risks and charges”, amounting to €16,122 thousand.

Following the collapse of the road bridge, the Ministry of Infrastructure and Sustainable Mobility (the “MIMS”) formally accused the Company of certain breaches of its contractual obligations under the Single Concession Arrangement, as described in note 10.7.

As described in that note, and in the section, “Going-concern uncertainties and assessment conducted by the Company” in the above note 2, “Basis of preparation of the consolidated financial statements”, to which reference should be made, Autostrade per l'Italia, without prejudicing any determination of liability for the collapse, proceeded to enter into discussions with the Government, the MIMS and the Ministry of the Economy and Finance with the aim of agreeing on a resolution of the dispute, in return for the subsidiary’s withdrawal of certain legal actions challenging aspects of the legislation introduced by the Government, which in some respects were in breach of Autostrade per l'Italia’s rights.

Following numerous meetings and exchanges of correspondence, on 11, 13, 14 and 15 July 2020, Autostrade per l'Italia sent the Ministry letters in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, out forward a new comprehensive proposal with respect to the one submitted in March, as described in more detail in note 10.7.

Above all, on 8 October 2020, Autostrade per l'Italia communicated its willingness to sign the draft agreement received from the Government’s representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation.

The Company has, among other things, given a commitment to assume sole responsibility for meeting expenditure totalling €3,400 million, an increase of €500 million compared with the proposal submitted on 5 March 2020. This sum breaks down as follows:

- a) a sum of €1,500 million to be used to finance toll discounts for road users;
- b) €1,200 million to fund additional work on the infrastructure operated under concession in the regulatory period 2020-2024 that will not be recovered through tolls;
- c) €700 million for the construction of the new Polcevera road bridge and to cover any related costs.

With regard to the commitments in point b), the commitment relating to expenditure of €1.2 billion to be financed by the company and not recovered through tolls has replaced the commitment to spend €1.2 billion on “extraordinary” maintenance. This maintenance work was included in the Financial Plan submitted to the Grantor under the new overall proposal for an agreed settlement, based on application of the new tariff framework introduced by the transport regulator (“ART”), and on the commitments assumed and investment expenditure agreed between the company and the Grantor. This document also reflects all the obligations and contractual terms and conditions agreed by the parties and included in the draft settlement agreement. The Financial Plan, therefore, also reflects the sum of €1.2 billion regarding the extraordinary maintenance plan, requested by the MIMS, and to be recovered through tolls. This extraordinary plan is additional to the operator’s “ordinary” maintenance commitments (both under the Single Concession Agreement and under ART’s new tariff framework), as it relates to specific requests from the Grantor regarding improved maintenance standards. As noted previously, this extraordinary maintenance plan, now recovered through a specific tariff component, was included in the expenses to be funded at its own expense by Autostrade per l'Italia in the previous version of the settlement agreement.

With regard to the expenses incurred in relation to demolition and/or reconstruction of the road bridge referred to in point c), in accordance with the previously noted requirements, amounts representing a probable outflow and that can be reliably estimated were already included in the measurement of the related “Provisions for the repair and replacement of motorway infrastructure” in the financial statements as at and for the year ended 31 December 2018.

In these consolidated financial statements as at and for the year ended 31 December 2020, the Group has made a further provision to “Other current provisions for risks and charges”, amounting to €190 million. This represents an adjustment to the provisions already made as at 31 December 2019 (€1,500 million) and is in line with the new proposal for an agreement. This approach is based on the requirements of IAS 37 have been met, above all based on the fact that the Company has assumed a specific current constructive obligation that has been indicated to the counterparty, resulting from the event represented by the collapse of the road bridge.

As a result of the above, in the preparation of the consolidated financial statements as at and for the year ended 31 December 2020, given that the changes to the provisions of the Single Concession Arrangement and adoption of the new Financial Plan, reflecting the terms of the settlement agreement, have yet to be approved and finalised, the Group has deemed it necessary to retain the current approach to accounting for the commitments and rights deriving from the existing Single Concession Arrangement, whilst reflecting the expected overall cost of €3.4 billion to be borne by the subsidiary. This accounting treatment is in continuity and consistent with the approach adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2019, thereby ensuring the consistency and continuity of the accounting treatment and the comparability of the financial statements over time.

Based on the above, in the consolidated financial statements as at and for the year ended 31 December 2020, the Company has recognised the total costs deriving from the settlement agreement, to the extent of the €3.4 billion to be incurred at the subsidiary’s own expense.

These costs, also taking in to account the provisions of the existing Single Concession Arrangement, have been accounted for in the following components of the income statement and statement of financial position:

- a) €1.5 billion in provisions for risks and charges, reflecting the Company’s commitment to discount the tolls charged to road users;
- b) €0.7 billion recognised, as at 31 December 2020, in provisions, net of amounts already incurred for this type of commitment;
- c) €1.2 billion, based on the rights and obligations in the existing Single Concession Arrangement, has been included in “Provisions for the repair and replacement of assets to be handed over free of charge” (net of sums already spent through to 31 December 2020), reflecting the Company’s new and renewed commitment to carry out increased maintenance work by 2024 (in relation to the extraordinary maintenance plan referred to previously, which will be recovered through tolls only following approval of the new Single Concession Arrangement and the new Financial Plan).

With regard to point c), it was decided, in continuity with the financial statements for previous years and in accordance with the requirements of the existing Single Concession Arrangement, to recognise the maintenance commitments assumed by the Company without taking into account the fact that the cost of this “extraordinary” maintenance will subsequently be recovered through tolls under the new Financial Plan. This reflects the fact that:

- a) the Company has in any event begun carrying out the related maintenance activities, without applying limitations regarding the need for such activities to be covered by additional tariff components in its favour;
- b) the overall cost of €3.4 billion to be incurred by the Company at its own expense in order to settle the dispute over serious breaches of its concession arrangement has, in any event, been reflected in the financial statements, thereby ensuring that the Company’s commitments have been recognised;
- c) whilst the sum of €1.2 billion relating to the above “extraordinary” maintenance (the cost of which, under the new terms, will be recovered through a tariff component for construction services, and will thus resemble new construction services for which additional economic benefits are received) has been replaced by a similar amount of investment that will not be

recovered through tolls, this element has no impact on the overall amount of the costs reflected in the financial statements in relation to the agreed settlement bringing to an end the dispute.

This approach reflects the fact that, had the cost of this “extraordinary” maintenance, totalling €1.2 billion, not been included in “Provisions for the repair and replacement of assets to be handed over free of charge” – on the basis that the cost is to be recovered through tolls under the terms of the new Financial Plan – improper significance would have been given to the new rules and tariff mechanisms in the consolidated financial statements as at and for the year ended 31 December 2020, which may only be reflected once they have received final approval by the respective authorities and have, thus, become effective.

The presentation in the consolidated financial statements as at and for the year ended 31 December 2020 of the Company’s commitment to invest in new infrastructure without recovering the cost through tolls, amounting to the same sum of €1.2 billion, would have reduced the clarity of the accounts, with the risk of providing users with unreliable information. This would be due to the need to jointly present both the commitments resulting from the remaining investment to be carried out under the Single Concession Arrangement still in force, as at 31 December totalling approximately €2.5 billion (and that with approval of the settlement agreement and the new Financial Plan will no longer have to be presented, as it will no longer be required), and the above amount of €1.2 billion resulting from the new agreement which, as noted above, has yet to come into effect. In addition, investment included in this category and already carried out up to 31 December 2020 would not have been adequately presented in the accounts, as based on the mechanisms in the existing Single Concession Arrangement the cost of this investment is recovered through tolls.

Based on the above, the Company believes that the accounting presentation used is the most appropriate manner in which to reflect both the existing obligations and rights resulting from the existing concession agreement, and the substantial effects and overall costs deriving from the draft settlement agreement submitted to the MIMS, and in which to best present, in continuity with previous years, the complexities of the current situation.

It should be noted that, based on the analyses and simulations conducted, taking into account the provisions recognised in the financial statements (as described above) and the amounts already spent by the company up to 31 December 2020 on the various items (represented by the “extraordinary” maintenance referred to above and investment that under the new agreement and the new Financial Plan will not be covered by tolls), adoption of the provisions of the settlement agreement and the terms of the new Financial Plan with effect from 1 January 2020 (alongside the related tariff mechanisms) would not have a material impact at that date. This fact is confirmation of the correctness of the accounting treatment adopted by the company.

In order to provide full disclosure, the following table shows the impact of the expenses recognised in the various items in the consolidated income statements for 2020 and 2019 as a result of the collapse of the road bridge.

CONSOLIDATED INCOME STATEMENT

€000	2020	2019
REVENUE		
Toll revenue	-	-
Revenue from construction services	-	-
Other operating income	-	38,000
TOTAL REVENUE	-	38,000
COSTS		
Raw and consumable materials	-	-114,930
Service costs	-152,144	-94,507
Gain/(Loss) on sale of elements of property, plant and equipment	-	-
Staff costs	-	-
Other operating costs	-753	-21,932
Concession fees	-	-
Lease expense	-50	-71
Other	-703	-21,861
Operating change in provisions	-52,627	-1,286,662
(Provisions)/Uses of provisions for repair and replacement of motorway infrastructure	147,373	225,338
(Provisions)/Uses of provisions for renewal of motorway infrastructure	-	-
(Provisions)/Uses of provisions for risks and charges	-200,000	-1,512,000
Use of provisions for construction services required by contract	-	-
Amortisation and depreciation	-	-
Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets deriving from concession rights	-	-
Amortisation of other intangible assets	-	-
(Impairment losses)/Reversals of impairment losses	-	-
TOTAL COSTS	-205,524	-1,518,031
OPERATING PROFIT/(LOSS)	-205,524	-1,480,031
Financial income		
Dividends received from investees	-	-
Other financial income	-	-
Financial expenses		
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-	-
Other financial expenses	-	-
Foreign exchange gains/(losses)	-	-
FINANCIAL INCOME/(EXPENSES)	-	-
Share of (profit)/loss of investees accounted for using the equity method	-	-
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	-205,524	-1,480,031
Income tax (expense)/benefit	65,356	475,519
Current tax expense	28,886	23,674
Differences on current tax expense for previous years	-	-
Deferred tax income and expense	36,470	451,845
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	-140,168	-1,004,512
Profit/(Loss) from discontinued operations	-	-
PROFIT/(LOSS) FOR THE YEAR	-140,168	-1,004,512
<i>of which:</i>		
Profit/(Loss) attributable to owners of the parent	-140,168	-1,004,512
Profit/(Loss) attributable to non-controlling interests	-	-

7. Notes to the consolidated statement of financial position

The following notes provide information on items in the consolidated statement of financial position as at 31 December 2020. Comparative amounts as at 31 December 2019 are shown in brackets.

Details of amounts in the consolidated statement of financial position deriving from related party transactions are provided in note 10.5, "Related party transactions".

7.1 Property, plant and equipment - €87,842 thousand (€87,730 thousand)

As at 31 December 2020, plant and equipment amounts to €87,842 thousand, broadly in line with the carrying amount as at 31 December 2019, totalling €87,730 thousand.

The following table provides details of property, plant and equipment at the beginning and end of the period, showing the original cost and accumulated depreciation at the end of the period.

€000	31 December 2020			31 December 2019		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	359,294	-285,477	73,817	353,080	-277,847	75,233
Right to use property, plant and equipment	18,305	-5,715	12,590	12,542	-2,574	9,968
Total property, plant and equipment	377,599	-291,192	86,407	365,622	-280,421	85,201
Investment property	7,690	-6,255	1,435	8,889	-6,360	2,529
Property, plant and equipment	385,289	-297,447	87,842	374,511	-286,781	87,730

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in 2020.

€000	Carrying amount as at 31 December 2019	CHANGES DURING THE YEAR				Carrying amount as at 31 December 2020
		Additions	Depreciation	Reductions due to disposals	Reclassifications and other adjustments	
Property, plant and equipment						
Land	2,857	-	-	-	-	2,857
Buildings	20,615	885	-1,349	-	613	20,764
Plant and machinery	552	278	-89	-208	11	544
Industrial and business equipment	23,262	7,947	-11,039	-309	2,735	22,596
Other assets	16,041	7,565	-6,694	-	-	16,912
payments	11,906	984	-	-	-2,746	10,144
Total	75,233	17,659	-19,171	-517	613	73,817
Right to use property, plant and equipment						
Right to use buildings	7,579	3,207	-2,279	-584	2,796	10,719
Right of use plant and machinery	-	534	-178	-	-	356
Right to use equipment and other assets	2,389	146	-1,020	-	-	1,515
Total	9,968	3,887	-3,477	-584	2,796	12,590
Total property, plant and equipment	85,201	21,546	-22,648	-1,101	3,409	86,407
Investment property						
Land	191	-	-	-	-	191
Buildings	2,338	-	-481	-	-613	1,244
Total	2,529	-	-481	-	-613	1,435
Total property, plant and equipment	87,730	21,546	-23,129	-1,101	2,796	87,842

Right-of-use assets relating to property, plant and equipment amount to €12,590 thousand as at 31 December 2020 and primarily regard:

- the rental of properties for use as guest accommodation and for office use (€10,719 thousand);
- long-term lease contracts for motor vehicles (€1,515 thousand).

The effective duration of the contracts is between 2 and 20 years, after taking into account extension options available to the Group.

Changes during the year include the recognition of right-of-use assets in the form of leased buildings connected with Tecne's lease of the business unit owned by the associate, Spea Engineering SpA, as described above (€2,796 million).

Investment property of €1,435 thousand as at 31 December 2020 refers to land and buildings not used in operations and is stated at cost. The total fair value of these assets is estimated to be €20 million, based on independent appraisals and information on property markets relevant to these types of investment property.

There were no significant changes in the expected useful lives of these assets during 2020.

Finally, as at 31 December 2020, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €17,432,447 thousand (€17,727,337 thousand)

This item consists of:

- a) assets deriving from concession rights, totalling €11,280,470 thousand (€11,586,985 thousand as at 31 December 2019), and regarding the following categories:
 - (i) rights deriving from the performance of construction services for which no additional economic benefits are received, totalling €7,154,350 thousand;
 - (ii) rights deriving from construction services for which additional economic benefits are received, totalling €3,938,578 thousand;
 - (iii) rights deriving from construction services carried out by service area operators, totalling €104,039 thousand, represented by assets that were handed over free of charge to the Group's operators on expiry of the related sub-concessions;
 - (iv) rights acquired from third parties (€83,503 thousand), essentially reflecting the fair value of concession rights recognised following acquisitions of motorway operators in previous years;
- b) goodwill and other intangible assets with indefinite lives, totalling €6,111,304 thousand and unchanged with respect to the previous year;
- c) other intangible assets of €40,673 thousand.

€000	31 December 2020				31 December 2019			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	19,456,524	-8,060,006	-116,048	11,280,470	19,157,749	-7,454,716	-116,048	11,586,985
Goodwill and other intangible assets with indefinite lives	6,111,304	-	-	6,111,304	6,111,304	-	-	6,111,304
Other intangible assets	346,266	-305,593	-	40,673	309,443	-280,395	-	29,048
Intangible assets	25,914,094	-8,365,599	-116,048	17,432,447	25,578,496	-7,735,111	-116,048	17,727,337

Intangible assets recorded a net decrease of €294,890 thousand in 2020. The following table shows intangible assets at the beginning and end of the period and changes during 2020 in the different categories of intangible assets.

€000	Carrying amount as at 31 December 2019	CHANGES DURING THE YEAR					Carrying amount as at 31 December 2020
		Additions due to completion of construction services, purchases and capitalisations	Amortisation	Changes due to revised present value of contractual obligations	Reductions due to disposals	Reclassifications and other adjustments	
Intangible assets deriving from concession rights							
Acquired concession rights	91,294	-	-7,791	-	-	-	83,503
Concession rights accruing from construction services for which no additional economic benefits are received	7,413,112	-	-390,158	131,512	-	-116	7,154,350
Concession rights accruing from construction services for which additional economic benefits are received	3,975,397	166,113	-201,562	-	-	-1,370	3,938,578
Concession rights accruing from construction services provided by sub-operators	107,182	2,635	-5,778	-	-	-	104,039
Total	11,586,985	168,748	-605,289	131,512	-	-1,486	11,280,470
Goodwill and other intangible assets with indefinite lives							
Goodwill	6,111,234	-	-	-	-	-	6,111,234
Trademarks	70	-	-	-	-	-	70
Total	6,111,304	-	-	-	-	-	6,111,304
Other intangible assets							
Development costs	13,344	18,588	-14,367	-	-	2,039	19,604
Industrial patents and intellectual property rights	6,915	14,064	-10,043	-	-	700	11,636
Concessions and licenses	1,308	157	-789	-	-	-	676
Right to use intangible assets	-	2,884	-	-	-	-	2,884
Intangible assets under development and advance payments	7,481	1,186	-	-	-56	-2,738	5,873
Total	29,048	36,879	-25,199	-	-56	1	40,673
Intangible assets	17,727,337	205,627	-630,488	131,512	-56	-1,485	17,432,447

There were no significant changes in the expected useful lives of intangible assets during the period.

In 2020, the Group invested a total of €515,910 thousand in assets held under concession (€517,355 thousand in 2019) essentially in relation to:

- a) the use of provisions for construction services required by contract and for which no additional economic benefits are received and other provisions, totalling €349,527 thousand;
- b) an increase in intangible assets deriving from concession rights due to construction services for which additional benefits are received, totalling €166,113 thousand.

In accordance with IFRIC 12 and as described in note 3, "Accounting standards and policies applied", operating and financial expenses in connection with those assets were recognised in income by nature, as was the fair value of construction and upgrade services rendered (classified in "Revenue from construction services" and "Use of provisions for construction services required by contract").

Research and development expenditure of approximately €0.4 million has been recognised in the consolidated income statement for 2020. These activities are carried out in order to improve infrastructure, the services offered, safety levels and environmental protection and in relation to the inhouse development of software and IT systems.

"Goodwill and other intangible assets with indefinite lives" amounts to €6,111,304 thousand. The balance consists of the carrying amount of the goodwill (impairment tested at least once a year rather than amortised) recognised following the transfer of motorway assets from the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia), as part of the Autostrade Group's reorganisation in 2003. This goodwill was determined in accordance with prior accounting standards under the exemption permitted by IFRS 1 and is the carrying amount as at 1 January 2004, the Atlantia Group's IFRS transition date.

With regard to the recoverability of goodwill, allocated entirely to the CGU represented by Autostrade per l'Italia, and of the concession rights attributable to this CGU (given the overall significance of these items), these assets have been tested for impairment in accordance with IAS 36. In the case of the other Group companies, partly on the basis of the approach recommended in ESMA recommendation 32-63-1041, "European common enforcement priorities for 2020 annual financial reports", dated 28 October 2020, and the "Guidelines on post-Covid-19 impairment testing", published by the Italian Accounting Standards Setter (OIV) in July 2020, the impact of the Covid-19 pandemic was also taken into account when testing for impairment at the end of 2020. On this basis, the intangible assets and invested capital recognised in the financial statements and allocated to each CGU were tested for impairment.

The impairment tests were examined by the Board of Directors and conducted using the Unlevered Discounted Cash Flow approach, determining value in use by discounting expected net operating cash flows for each CGU. In estimating operating cash flows, reference was made to the updated long-term business plans, where available, of the individual companies, which in the case of operators contain traffic, investment, revenue and cost projections for the full term of the related concessions. The use of long-term plans covering the entirety of the respective concession terms is deemed more appropriate than the approach provisionally suggested by IAS 36 (namely, a limited explicit projection period and the estimated terminal value), given the intrinsic nature of the related concession arrangements, above all with regard to the regulations governing each sector and the predetermined duration of the arrangements.

In terms of the methodology used in impairment testing, the following should be noted:

- a) in line with the approach adopted in previous years, each operator is a separate CGU since the cash flows generated by the sections of motorway operated under concession arrangements are largely independent of cash flows generated by other assets. Subsidiaries that do not hold concessions are also treated as a separate CGU;
- b) with regard to impairment testing of the CGU to which goodwill has been allocated, the CGU represented by Autostrade per l'Italia has been tested for impairment.

In estimating cash flows and determining the discount rate to be used, reference was primarily made to publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

In the case of the Autostrade per l'Italia CGU, projected operating cash flows were determined taking into account the current and future impact of the health emergency. In this way, the tests and sensitivity analyses conducted are deemed capable of providing a basis for assessing the further potential impact of the above pandemic. In line with the description in note 2 regarding "Going-concern uncertainties and assessment conducted by the Company", and above all the developments described in the note that have led the Board of Directors to consider the possibility of the Government revoking the Company's concession as remote, and that it is therefore likely that an agreed settlement will be reached, value in use was estimated using the long-term plan, through to the end of the concession term, drawn up by the Company on the basis of the regulatory framework set out in the Financial Plan submitted to the Grantor on 3 December 2020,

as described in greater detail in note 10.7. The plan was drawn up (i) on the basis of the regulatory mechanisms introduced by the Transport Regulator in Resolution 71/2019, governing the tariff regime applicable to the tolls charged under Autostrade per l'Italia's Single Concession Arrangement, and (ii) considering, in addition to the above impact of the Covid-19 pandemic, the expense of €3.4 billion to be borne by the Company under the draft agreement drawn up with representatives of the Government. This plan also incorporates traffic, investment, revenue and cost projections for the full term of the related concession and recovery of the net losses incurred between March and June 2020 as a result of Covid-19 through the application of average annual toll increases, as described below. With regard to the impact of Covid-19, it is expected that traffic will return to pre-pandemic levels in 2022.

The key assumptions in the long-term plan, on the basis of which the related cash flows were estimated, are:

- CAGR for traffic in the period 2019-2038: 1.3%;
- annual toll increases for the period 2021-2024: 1.64%; 1.85% per year in the remaining period (2025-2038);
- inflation rate: 0.8% fixed until 2038;
- discount rate: 5.5%, determined on the basis of IAS 36. The discount rate differs from the return on invested capital and on construction and/or operating services provided for in the Company's Single Concession Arrangement, which reflects specific regulatory mechanisms.

With regard to the other CGUs tested for impairment, the financial plans of the CGUs represented by Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica were drawn up on the basis of those submitted to the Grantor in November 2020 and prepared on the basis of the Transport Regulator's relevant determinations, for which the approval process is still in progress. These plans include recovery of the net losses incurred between March and June 2020 as a result of Covid-19 through the application of average annual toll increases, and also reflect the current and future impact of the above health emergency.

For the CGUs other than Autostrade per l'Italia, cash flows were discounted at a rate of 5.5%, with the exception of Raccordo Autostradale Valle d'Aosta, for which a rate of 6.1% was used. The discount rates used for the motorway operators differ from the returns on invested capital and on construction and/or operating services provided for in the various companies' respective concession arrangements, which reflect specific regulatory and/or legislative mechanisms.

The impairment tests confirmed that the goodwill and concession rights accounted for in the financial statements as at and for the year ended 31 December 2020 are fully recoverable.

In addition to the above impairment tests, sensitivity analyses were conducted on the recoverable values, increasing the indicated discount rates by 1%, determined as the sole element, in view of the performance of tariffs under a regulatory framework designed to cover any losses incurred, representative of a stress test of the possible medium/long-term effects of the ongoing health emergency.

The results of the sensitivity analyses conducted confirmed that all the assets recognised in the financial statements are fully recoverable.

In the case of Raccordo Autostradale Valle d'Aosta, the test indicates a potential reversal of the earlier impairment loss following submission of the operator's financial plan to the Grantor in October 2020. On 5 February 2021, the Grantor notified the operator of its initial observations based on the analysis conducted by the Transport Regulator. Although the impairment test, based on the cash flows resulting from the above plan, indicate the potential for a full reversal of the remaining impairment loss, amounting to €115,143 thousand, until the approval process has been completed it has been decided not to proceed with the reversal.

In the case of Autostrade Meridionali, the operator's motorway concession expired on 31 December 2012. The operator is continuing to operate the relevant motorway, whilst awaiting the conclusion of the tender process that will select the new operator. With regard to the award of the new concession for the A3 Naples-Salerno motorway, the SIS Consortium has, as things stand, been provisionally awarded the concession and Autostrade Meridionali, having obtained access to the tender documents, filed a legal challenge opposing the award on 3 March 2020. This was rejected by Campania Regional Administrative Court on 21 October 2020. In response, Autostrade Meridionali has appealed to the Council of State, where the appeal is pending. Further information is provided in note 10.7, "Significant legal and regulatory aspects".

If a new operator takes over the concession, they will be required (i) to pay the company compensation (the takeover right) equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, and (ii) to acquire and assume all existing contractual rights and obligations entered into by the outgoing operator, with the exception of those of a financial nature, and responsibility for all pending disputes and litigation. The value of the CGU's net invested capital, which is not of a significant amount, is recoverable. Further details are provided in note 7.4, "Financial assets".

7.3 Investments - €73,129 thousand (€82,439 thousand)

As at 31 December 2020, this item is down €9,310 thousand, essentially reflecting a combination of the following:

- recognition of the Group's share of the profit or loss of investees accounted for using the equity method, represent by a loss of €8,049 thousand and essentially attributable to Spea;
- a reduction of €1,465 thousand, reflecting reclassification of the investment in Pedemontana Veneta to assets held for sale following approval of the company's final liquidation accounts in December 2020.

The following table shows carrying amounts at the beginning and end of the period, grouped by category, and changes in investments in 2020.

€000	31 December 2019 Opening balance	CHANGES DURING THE YEAR				31 December 2020 Closing balance
		Returns of capital	Measurement using equity method		Reclassification s and other changes	
			Profit or loss	Other comprehensive income		
Investments accounted for at fair value	1,645	-	-	-	-	1,645
Investments accounted for using the equity method:						
- associates	79,794	-316	-8,049	520	-1,465	70,484
- joint ventures	1,000	-	-	-	-	1,000
Investments	82,439	-316	-8,049	520	1,465	73,129

The equity method is used to measure interests in associates and joint ventures, based on the most recent approved financial statements made available by the companies. In the event that financial statements for the year ended 31 December 2020, were unavailable, the above information was supplemented and, where necessary, restated in accordance with Group accounting policies.

In accordance with IAS 36, as a result of the event represented by the Covid-19 pandemic, an indicator of potential impairment of the investments in Pavimental and Spea was identified and the related impairment tests were therefore conducted.

The assumptions used as the basis for the quantification of cash flows and discount rates were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

In carrying out the impairment test for these companies, which essentially provides support services to the Atlantia Group's operators (in connection with their construction and maintenance activities), it was deemed appropriate to estimate value in use on the basis of the Unlevered Discounted Cash Flow approach. Value in use was thus determined on the basis of the present value of the companies' expected net operating cash flows, after deducting the value of existing net debt. For this purpose, the explicit projection period used coincided with the one applied to the operators to which the companies provide their services.

The discount rate used was 6%.

The impairment test did not show any evidence of the need to recognise impairment losses on the carrying amounts of the investments, confirming the recoverability of the amount previously recognised following measurement of the investment using the equity method.

The following table shows an analysis of the Group's principal investments as at 31 December 2020, including the Group's percentage interest and the relevant carrying amount. There are no investments in associates and joint ventures that are individually material with respect to total consolidated assets, operating activities and geographical area and, therefore, the additional disclosures required in such cases by IFRS 12 are not presented.

€000	31 December 2020		31 December 2019	
	% interest	Closing balance	% interest	Closing balance
Investments accounted for at fair value:				
Tangenziale Esterna	0.25%	1,162	0.25%	1,162
Uirnet	1.40%	427	1.51%	427
Other minor investments	-	56	-	56
Total investments accounted for at fair value		1,645		1,645
Investments accounted for using the equity method:				
- associates				
Tangenziali Esterne di Milano	27.45%	57,844	27.45%	58,420
Spea Engineering	20.00%	8,088	20.00%	13,224
Pavimental	20.00%	2,931	20.00%	3,791
Pedemontana Veneta (liquidated)	29.77%	-	29.77%	1,781
Bologna & Fiera Parking	36.81%	1,557	36.81%	2,514
Other minor investments	-	64	-	64
- joint ventures				
Geie del Traforo del Monte Bianco	50.00%	1,000	50.00%	1,000
Total investments accounted for using the equity method		71,484		80,794
Investments		73,129		82,439

Annex 1 provides a list of the Group's investments as at 31 December 2020.

7.4 Financial assets

(non-current) €335,313 thousand (€348,238 thousand)
 (current) €490,230 thousand (€490,922 thousand)

The following analysis shows the composition of other financial assets at the beginning and end of the period, together with the current and non-current portions.

€000	Note	31 December 2020			31 December 2019		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Takeover rights		410,953	410,953	-	409,584	409,584	-
Financial assets deriving from concession rights	(1)	410,953	410,953	-	409,584	409,584	-
Financial assets deriving from government grants related to construction services	(1)	178,872	20,192	158,680	190,958	25,495	165,463
Term deposits	(1)	173,903	19,371	154,532	185,993	24,674	161,319
Derivative assets	(2)	19,762	19,762	-	20,878	20,878	-
Other medium/long-term financial assets	(1)	23,871	1,770	22,101	23,376	1,920	21,456
Other medium/long-term financial assets		43,633	21,532	22,101	44,254	22,798	21,456
Other current financial assets	(1)	18,182	18,182	-	8,371	8,371	-
Total		825,543	490,230	335,313	839,160	490,922	348,238

(1) These assets are held within a hold to collect business model and, as such, are measured at amortised cost.

(2) These assets primarily include derivative financial instruments classified as hedges under level 2 of the fair value hierarchy.

Financial assets deriving from concession rights include the takeover right attributable to Autostrade Meridionali (€410,953 thousand as at 31 December 2020), being the amount payable by a replacement operator on termination of the concession for the company's unamortised capital expenditure during the final years of the outgoing operator's concession. Certain legislative developments took place in 2019 that could have a significant impact on the value of these rights. However, as described in full in note 10.7, on 2 February 2021, the Lazio Regional Administrative Court published a ruling accepting Autostrade Meridionali's request for a judgement declaring that the changes in legislation do not apply to the operator. The Court also confirmed the subsidiary's right to adopt a financial plan enabling it to recover all the costs incurred in the period following expiry of the previous concession through to its replacement by the new operator. Financial assets deriving from government grants to finance infrastructure works and term deposits are down following the Grantor's specific release of grants in relation to the effective completion of works and the progress of work on the designs for the A1 Milan-Naples in relation to certain lots making up the *Variante di Valico* and the upgrade of the motorway interchange serving Florence.

The financial assets recognised in the financial statements and described in this note were not subject to a significant increase in credit risk during the period.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €130,670 thousand (€110,338 thousand)

Deferred tax liabilities - €36,573 thousand (€141,009 thousand)

The amount of deferred tax assets and liabilities both eligible and ineligible for offset is shown below, with respect to temporary timing differences between consolidated carrying amounts and the corresponding tax bases at the end of the period.

€000	31 December 2020	31 December 2019
Deferred tax assets	1,833,885	1,636,047
Deferred tax liabilities eligible for offset	-1,703,215	-1,525,709
Deferred tax assets less deferred tax liabilities eligible for offset	130,670	110,338
Deferred tax liabilities not eligible for offset	-36,573	-141,009
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	94,097	-30,671

Changes in the Group's deferred tax assets and liabilities during the period, based on the nature of the temporary differences giving rise to them, are summarised in the following table.

€000	31 December 2019	CHANGES DURING THE YEAR					31 December 2020
		Provisions	Releases	Provisions (releases) on other components of comprehensive income	Change in prior year estimates	Change in scope of consolidation	
Deferred tax assets on:							
IFRIC 12 by Autostrade per l'Italia	372,520	-	-23,700	-	-4	-	348,816
Provisions	1,118,388	488,971	-275,579	-	-1,207	-	1,330,573
Impairments and depreciation of non-current assets	13,501	-	-958	-	-131	-	12,412
Derivative liabilities	54,231	-	-	-9,148	-	-	45,083
Impairment of receivables and inventories	5,538	1,148	-617	-	-33	-	6,036
Tax loss carryforwards	513	12,432	-	-	-	-	12,945
Other temporary differences	71,356	11,101	-3,864	620	-1,209	16	78,020
Total	1,636,047	513,652	-304,718	-8,528	-2,584	16	1,833,885
Deferred tax liabilities on:							
Off-balance sheet amortisation of goodwill	-1,634,026	-75,406	-	-	-	-	-1,709,432
Other temporary differences	-32,692	-762	2,089	817	192	-	-30,356
Total	-1,666,718	-76,168	2,089	817	192	-	-1,739,788
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-30,671	437,484	-302,629	-7,711	-2,392	16	94,097

The balance of net deferred tax assets, totalling €94,097 thousand as at 31 December 2020, primarily consists of the following:

- deferred tax assets of €1,330,573 thousand on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years and the above-mentioned provisions determined on the basis of the further expenses to be incurred as a result of the current talks with the Government and the MIMS with the aim of resolving the ongoing dispute;
- the residual balance of Autostrade per l'Italia's deferred tax assets accounted for as a result of recognition of the impact on taxation of the carrying amounts accounted for in application of IFRIC 12 amounting to €348,816 thousand;
- deferred tax liabilities recognised from 2003 as a result of the deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l'Italia, totalling € 1,709,432 thousand.

The difference of €124,768 thousand between net deferred tax assets as at 31 December 2020 and net deferred tax liabilities as at 31 December 2019 (€30,671 thousand) essentially reflects the following:

- a) the recognition of deferred tax assets (€213,392 thousand) on the non-deducted portion of provisions relating to the repair and replacement of motorway infrastructure and the updated estimate of the further expenses to be incurred as a result of the draft settlement agreement with the Government;
- b) the net release (€23,704 thousand) of deferred tax assets, representing the accrued portion of the total amount resulting from the application of IFRIC 12;
- c) the recognition of deferred tax assets (€12,432 thousand), essentially by Autostrade per l'Italia, in relation to tax losses eligible to be carried forward;
- d) the recognition of deferred tax liabilities (€75,406 thousand) on the above deduction of tax amortisation of goodwill.

7.6 Other non-current assets - €104 thousand (€164 thousand)

This item is unchanged with respect to 31 December 2019.

7.7 Trading assets - €544,902 thousand (€559,325 thousand)

As at 31 December 2020, trading assets include:

- a) inventories of €70,516 thousand (€60,737 thousand as at 31 December 2019), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- b) contract assets of €4,204 thousand (unchanged with respect to 31 December 2019);
- c) trade receivables of €470,182 thousand (€494,384 thousand as at 31 December 2019), consisting of the following items.

€000	31 December 2020	31 December 2019
Trade receivables due from:		
Motorway users	245,493	274,498
Sub-operators at motorway service areas	47,147	74,271
Sundry customers	122,026	118,387
Gross trade receivables	414,666	467,156
Allowance for bad debts	(52,721)	(48,083)
Other trading assets	108,237	75,311
Net trade receivables	470,182	494,384

Trade receivables, after the allowance for bad debts, are down €24,202 thousand, essentially as a result of the decrease in trade receivables (€52,490 thousand) due to the restrictions on movement introduced in response to the spread of Covid-19 and the support provided by the Company to oil and food service providers operating under sub-concessions at service areas. This reduction is partially offset by an increase in other trading assets (€32,926 thousand) as a result of the increase in advances paid for work on assets held under concession.

The following table shows an ageing schedule for amounts due from customers and other trade receivables.

€000	Total receivables as at 31 December 2020	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	414,666	294,824	28,912	19,424	71,506

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services.

The following table shows movements in the allowance for bad debts for trade receivables during 2020, determined with reference to the management and measurement of receivables and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

€000	31 December 2019	Additions	Uses	31 December 2020
Allowance for bad debts	48,083	5,073	-435	52,721

Group companies continuously monitor trade receivables to produce specific estimates of the percentage of receivables subject to expected credit losses, based on all the information in their possession.

Operators estimate expected losses on trade receivables in the form of uncollected motorway tolls on the basis of historical data relating to stratified losses and collections registered following the issue of unpaid tolls notices.

In the case of trade receivables other than uncollected motorway tolls, which are not subject to specific estimates, portfolio assessment is continuously updated based on weighted customer ratings, calculated taking into account the following parameters:

- a) analysis of historical collections and losses;
- b) analysis of overdue amounts as a proportion of the total receivables being analysed;
- c) application of a default rate based on the segmentation of customers in the portfolio by business sector.

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents - €1,954,352 thousand (€1,619,600 thousand)

This item includes cash in hand and investments maturing within the short term and has increased €334,752 thousand compared with 31 December 2019.

Detailed explanations of the cash flows resulting in the reduction in the Group's cash in 2020 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9 Current tax assets and liabilities

Current tax assets - €63,244 thousand (€48,287 thousand)

Current tax liabilities - €2,979 thousand (€45,031 thousand)

Current tax assets and liabilities at the beginning and end of the period are detailed below.

€000	Current tax assets		Current tax liabilities	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
IRES	43,020	28,332	2,614	44,738
IRAP	16,496	16,003	365	293
Taxes attributable to foreign operations	3,728	3,952	-	-
	63,244	48,287	2,979	45,031

As at 31 December 2020, the Group reports net current tax assets of €60,265 thousand, up €57,009 thousand compared with 31 December 2019 (€3,256 thousand). This primarily reflects a reduction of €42,052 thousand in current tax liabilities linked to (i) the significant reduction in the IRES and IRAP tax bases of Group companies as a result of the impact of the spread of Covid-19, and (ii) payment, for the previous year, of the IRES surtax of 3.5% on the earnings of motorway, airport, port and railway operators under art.1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law).

7.10 Other current assets - €161,446 thousand (€134,057 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. The composition of this item is shown below.

€000	31 December 2020	31 December 2019	Increase/ (Decrease)
Receivables due from end users and insurance companies for damages	14,822	17,732	-2,910
Receivable from public entities	2,089	29,795	-27,706
Tax credits other than for income tax	86,186	42,072	44,114
Receivables from social security institutions	689	922	-233
Amounts due from staff	1,759	1,729	30
Accrued income of a non-trading nature	409	432	-23
Payments on account to suppliers and other current assets	58,464	44,613	13,851
Other current assets, gross	164,418	137,295	27,123
Allowance for bad debts	-2,972	-3,238	266
Other current assets, net	161,446	134,057	27,389

The balance is up €27,389 thousand compared with 31 December 2019, primarily reflecting:

- a) an increase in tax credits other than for income tax (€44,114 thousand) relating to VAT on the invoices received in relation to demolition and reconstruction of the Polcevera road bridge (€25,972 thousand) and refundable VAT (€17,181 thousand);
- b) a reduction in amounts receivable from public entities (€27,706 thousand), essentially due to the recovery of advances paid to the Special Commissioner in relation to demolition and reconstruction of the Polcevera road bridge, reflecting the state of progress of work on construction of the new Polcevera road bridge.

The allowance for bad debts, totalling €2,972 thousand as at 31 December 2020, (€3,238 thousand as at 31 December 2019), essentially refers to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by Autostrade per l'Italia.

7.11 Assets held for sale or related to discontinued operations - €5,736 thousand (€4,271 thousand)

Liabilities related to discontinued operations - € - (€96 thousand)

The following table shows the composition of these assets and liabilities held for sale or related to discontinued operations according to their nature (trading, financial or other).

€000	31 December 2020	31 december 2019	Increase/ (Decrease)
Non-current non-financial assets	5,736	4,271	1,465
Current non-financial assets	-	-	-
Total assets held for sale or related to discontinued operations	5,736	4,271	1,465
Trading liabilities and other current non-financial liabilities	-	76	-76
Current financial liabilities	-	20	-20
Total liabilities related to discontinued operations	-	96	-96

Assets held for sale or related to discontinued operations, amounting to €5,736 thousand as at 31 December 2020 and essentially include:

- a) the remaining 2% interest Strada dei Parchi, amounting to €4,271 thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company;
- b) the 29.77% interest in Pedemontana Veneta, amounting to €1,465 thousand.

7.12 Equity - €1,842,451 thousand (€2,220,424 thousand)

The issued capital of the Parent Company, Autostrade per l'Italia SpA, as at 31 December 2020 is fully subscribed and paid-in and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure has not undergone any changes compared with 2019.

Equity attributable to owners of the parent, totalling €1,487,722 thousand, is down €376,443 thousand compared with 31 December 2019. This essentially reflects the comprehensive loss for 2020 of €382,072 thousand, consisting of the loss for the year (€407,163 thousand) and other comprehensive income of €25,091 thousand. The latter essentially relates to the reclassification to profit or loss of a portion of the cash flow hedge reserve, accounted for as at 31 December 2019, relating to the cash flows generated by the underlying financial instruments. This reserve, classified as not qualifying for hedge accounting as at 31 December 2019, was released as interest on the originally hedged underlying financial liabilities became payable.

Equity attributable to non-controlling interests of €354,729 thousand is broadly in line with the figure as at 31 December 2019 (€356,259 thousand).

Autostrade per l'Italia aims to manage its capital in order to create value for shareholders, ensure the Company remains a going concern, safeguard the interests of stakeholders and guarantee efficient access to external sources of funding to adequately support the growth of the Group's businesses and fulfil the commitments given in concession arrangements.

7.13 Provisions for construction services required by contract

(non-current) €1,808,116 thousand (€2,311,749 thousand)

(current) €732,162 thousand (€448,979 thousand)

Provisions for construction services required by contract represent the present value of motorway infrastructure construction and/or upgrade services that Autostrade per l'Italia is required to provide and for which no additional economic benefits are received in terms of specific toll increases and/or significant increases in traffic.

The following table shows provisions for construction services required by contract and for which no additional economic benefits are received at the beginning and end of the year and changes During 2020, showing the non-current and current portions.

€000	31 December 2019			CHANGES DURING THE YEAR			31 December 2020		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions and other changes	Uses to finance works	Carrying amount	non-current portion	current portion
Provisions for construction services required by contract	2,760,728	2,311,749	448,979	131,512	-2,435	-349,527	2,540,278	1,808,116	732,162

The provisions are down €220,450 thousand compared with 31 December 2019, essentially as a result of the following:

- the use of provisions for construction services for which no additional economic benefits are received performed during 2020 (€349,527 thousand);
- the increase, with a matching increase in intangible assets deriving from concession rights, due to a revised estimate of the works still to be carried, totalling €131,512 thousand (including €36,368 thousand due to the change in current and future interest rates used as at 31 December 2020, compared with those used as at 31 December 2019).

7.14 Provisions

(non-current) - €1,364,717 thousand (€1,222,454 thousand)

(current) - €2,525,441 thousand (€2,259,287 thousand)

As at 31 December 2020, provisions amount to €3,890,158 thousand (€3,481,741 thousand as at 31 December 2019). The following table shows details of provisions by type, showing the non-current and current portions.

€000	31 December 2020			31 December 2019		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	101,907	83,613	18,294	106,176	89,588	16,588
Provisions for repair and replacement of motorway infrastructure	1,924,750	1,177,116	747,634	1,716,970	1,040,913	676,057
Provisions for renewal of motorway infrastructure	94,691	86,841	7,850	78,671	75,921	2,750
Other provisions	1,768,810	17,147	1,751,663	1,579,924	16,032	1,563,892
Total provisions	3,890,158	1,364,717	2,525,441	3,481,741	1,222,454	2,259,287

The following table shows provisions at the beginning and end of the period and changes in 2020.

€000	31 December 2019	CHANGES DURING THE YEAR						31 December 2020
	Carrying amount	Operating provisions	Financial provisions	Uses	Actuarial gains/(losses) recognised in comprehensive income	Reclassifications and other changes	Change in scope of consolidation	Carrying amount
Provisions for employee benefits								
Post-employment benefits	106,176	1,303	353	-12,419	2,801	460	3,233	101,907
Total	106,176	1,303	353	-12,419	2,801	460	3,233	101,907
Provisions for repair and replacement of motorway infrastructure								
Provisions for repair and replacement of motorway infrastructure	1,716,970	1,100,703	18,615	-911,538	-	-	-	1,924,750
Provisions for renewal of motorway infrastructure	78,671	15,181	1,109	-270	-	-	-	94,691
Other provisions for risks and charges								
Provisions for disputes, liabilities and sundry charges	1,579,924	213,457	-	-24,336	-	-205	-30	1,768,810
Total	1,579,924	213,457	-	-24,336	-	-205	-30	1,768,810
Total provisions	3,481,741	1,330,644	20,077	-948,563	2,801	255	3,203	3,890,158

PROVISIONS FOR EMPLOYEE BENEFITS

(non-current) - €83,613 thousand (€89,588 thousand)

(current) - €18,294 thousand (€16,588 thousand)

As at 31 December 2020, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The reduction of €4,269 thousand primarily reflects uses of provisions for benefits and advances paid during the year (€12,419 thousand), only partially offset by the effect of the transfer of the provisions for employees transferred from Spea to Tecne at the date of execution of the contract for the lease of the related business unit (€3,233 thousand).

The actuarial model used to measure provisions for post-employment benefits is based on both demographic and economic assumptions.

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2020 are summarized below.

Financial assumptions	
Annual discount rate(*)	-0.02%
Annual inflation rate	0.80%
Annual rate of increase in post-employment benefits	2.10%
Annual rate of increase in real salaries	0.65%
Annual turnover rate	from 1% to 4%
Duration (years)	from 6 to 13

The annual discount rate used to determine the present value of the obligation was determined with reference to the average yield curve based on the Iboxx Corporate AA index on the valuation date for durations of 7-10 years, reflecting the estimated period of service to be provided by plan members.

Demographic assumptions	
Mortality	Government General Accounting Office projections
Disability	INPS tables by age and sex
Retirement age	Mandatory state pension retirement age

The following table shows a sensitivity analysis of provisions for post-employment benefits at the end of the year based on assumed changes in the individual rates used in the actuarial assumptions.

Sensitivity analysis as at 31 December 2020						
€000	Change in assumption					
	Turnover rate		Inflation rate		Discount rate	
	+ 1 %	- 1 %	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Autostrade per l'Italia Group's provisions for post-employment benefits	101,393	102,472	102,845	100,989	100,466	103,396

PROVISIONS FOR THE REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE
(non-current) - €1,177,116 thousand (€1,040,913 thousand)
(current) - €747,634 thousand (€676,057 thousand)

This item regards the present value of provisions for the repair and replacement of motorway infrastructure operated under concession, in accordance with the contractual commitments of the Group's operators and designed to ensure the serviceability and safety of the assets. The provisions, including the current and non-current portions, are up €207,780 thousand on 31 December 2019. This reflects net provisions made during the year, amounting to €189,165 thousand, which, after stripping out the impact of uses linked to work on the demolition and reconstruction of the Polcevera road bridge (€147,373 thousand from provisions made in previous years), reflects new provisions of €336,538 thousand to fund the improvement maintenance programme to be carried in the period 2020-2024. Further information on this latter aspect is provided in note 6.2.

PROVISIONS FOR THE RENEWAL OF MOTORWAY INFRASTRUCTURE
(non-current) - €86,841 thousand (€75,921 thousand)
(current) - €7,850 thousand (€2,750 thousand)

Provisions for the renewal of motorway infrastructure, including the non-current and current portions, amount to €94,691 thousand (€78,671 thousand as at 31 December 2019) and reflect the present value of the estimated costs to be incurred over time in relation to the contractual obligation, resulting from Società Italiana per Azioni per il Traforo del Monte Bianco's concession arrangement, to carry out essential extraordinary maintenance work in order to ensure the serviceability and safety of the assets held under concession. Compared with 31 December 2019 the provisions are up €16,020 thousand, essentially due to operating provisions made during the year.

OTHER PROVISIONS

(non-current) - €17,147 thousand (€16,032 thousand)
(current) - €1,751,663 thousand (€1,563,892 thousand)

These provisions essentially regard estimates of liabilities, at the end of the period, including the estimated expenses provisioned for contract reserves relating to contractors who carry out maintenance work on the motorway infrastructure operated under concession. The overall amount is up €188,886 thousand for the combined effects of:

- provisions of €213,457 thousand, including €190,000 thousand reflecting an updated estimate of the additional costs that will be incurred in relation to the discussions with the Government and the MIMS aimed at resolving the ongoing dispute, as described in note 6.2;
- direct uses of €24,336 thousand, primarily to pay compensation for a number of the families of victims directly impacted by the collapse of a section of the Polcevera road bridge, and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect

the Company's rights and those of its employees who are under investigation (totalling €11,956 thousand).

Further information on developments in the principal disputes outstanding as at 31 December 2020 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €7,705,678 thousand (€9,682,179 thousand)

(current) €3,631,057 thousand (€1,167,908 thousand)

MEDIUM-LONG TERM FINANCIAL LIABILITIES

(non-current) €7,705,678 thousand (€9,682,179 thousand)

(current) €3,349,631 thousand (€863,072 thousand)

As at 31 December 2020, medium/long-term financial liabilities amount to €11,055,309 thousand. These liabilities essentially consist of bonds issued by Autostrade per l'Italia since 2015, the bonds involved in the issuer substitution, completed at the end of 2016, and bank borrowings.

The following two tables provide an analysis of medium/long-term financial liabilities, showing:

a) an analysis of the balance by face value and maturity (current and non-current portions);

(€000)	Note	31 December 2020						31 December 2019			
		Face value	Carrying amount	of which		Term		Face value	Carrying amount	of which	
				Current portion	Non-current portion	between 13 and 60 months	after 60 months			Current portion	Non-current portion
Bond issues	(1)(2)(3)	8,410,132	8,198,554	1,074,393	7,124,161	3,320,088	3,804,073	7,658,075	7,526,401	501,554	7,024,847
Bank borrowings	(3)	2,003,101	1,982,986	1,982,986	-	-	-	2,143,262	2,114,486	139,807	1,974,679
Other borrowings		206,631	198,707	23,030	175,677	170,280	5,397	222,244	212,626	28,202	184,424
Lease liabilities		13,639	13,639	2,703	10,936	7,486	3,450	10,157	10,157	2,853	7,304
Medium/long-term borrowings	(2)(3)	2,223,371	2,195,332	2,008,719	186,613	177,766	8,847	2,375,663	2,337,269	170,862	2,166,407
Derivative liabilities	(4)		487,130	94,304	392,826	231,038	161,788		490,925	-	490,925
Accrued expenses on medium/long-term financial liabilities (2)			172,215	172,215	-	-	-		190,656	190,656	-
Other financial liabilities			2,078		2,078	2,078	-		-	-	-
Other medium/long-term financial liabilities			174,293	172,215	2,078	2,078	-		190,656	190,656	-
Total			11,055,309	3,349,631	7,705,678	3,730,970	3,974,708	10,545,251	863,072	9,682,179	

(1) The par value of the bonds denominated in pounds sterling and yen is shown at the exchange rate applicable to the related Cross Currency Swaps.

(2) These financial instruments are held within a hold to collect business model and, as such, are measured at amortised cost.

(3) Further details of hedged financial liabilities are contained in note 9.2, "Financial risk management".

(4) These instruments are classified as hedges that do not qualify for hedge accounting in accordance with the requirements of IFRS9 and are classified in level 2 of the fair value hierarchy. Further details are provided in note 9.2.

b) type of interest rate, maturity and fair value;

3. Consolidated financial statements as at and for the year ended 31 December 2020 |
7. Notes to the consolidated statement of financial position

€000	Maturity	31 December 2020		31 December 2019	
		Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond issues					
- listed fixed rate	from 2021 to 2038	8,198,554	8,518,866	7,526,401	7,593,730
		8,198,554	8,518,866	7,526,401	7,593,730
Bank borrowings					
- fixed rate	from 2021 to 2036	1,265,891	1,440,740	1,382,797	1,539,488
- floating rate	from 2021 to 2034	717,095	725,070	731,689	741,978
		1,982,986	2,165,810	2,114,486	2,281,466
Other borrowings					
- non-interest bearing	(3) from 2021 to 2028	198,707	198,707	212,626	212,626
		198,707	198,707	212,626	212,626
Lease liabilities					
Medium/long-term borrowings		13,639	13,639	10,157	10,157
		13,639	13,639	10,157	10,157
Derivative liabilities					
Accrued expenses on medium/long-term financial liabilities		487,130	487,130	490,925	490,925
Other financial liabilities		172,215	172,215	190,656	190,656
Other medium/long-term financial liabilities		2,078	2,078	-	-
		174,293	174,293	190,656	190,656
Total		11,055,309	11,558,445	10,545,251	10,779,560

(1) The amounts shown in the table for medium/long-term financial liabilities include both the non-current and current portions.

(2) The fair value shown is classified in level 2 of the fair value hierarchy, with the exception of lease liabilities, the fair value of which is classified in level 3 of the hierarchy.

(3) This item primarily includes Autostrade per l'Italia's debt and the amount payable to the Central Guarantee Fund by Autostrada Tirrenica.

- c) a comparison of the face value of each liability (bond issues and medium/long-term borrowings) and the related carrying amount, by issue currency, showing the corresponding average and effective interest rates;

€000	31 December 2020				31 December 2019	
	Face value	Carrying amount	Average interest rate applied to 31 December 2020	Effective interest rate as at 31 December 2020	Face value	Carrying amount
Euro (EUR)	9,734,327	9,603,900	3.28%	3.06%	9,134,562	9,011,817
Sterling (GBP)	750,000	589,427	5.99%	2.20%	750,000	643,684
Yen (JPY)	149,176	200,559	5.30%	3.39%	149,176	208,169
Total	10,633,503	10,393,886	3.53%		10,033,738	9,863,670

- d) movements during the period in the carrying amounts of outstanding bond issues and medium/long-term borrowings.

€000	Carrying amount as at 31 December 2019	New borrowings	Repayments	Currency translation differences and other changes	Carrying amount as at 31 December 2020
Bond issues	7,526,401	1,218,864	-501,728	-44,983	8,198,554
<i>Bank borrowings</i>	2,114,486	-	-140,163	8,663	1,982,986
<i>Other borrowings</i>	212,626	-	-3,527	-10,392	198,707
<i>Lease liabilities</i>	10,157	3,889	-3,269	2,862	13,639
Medium/long-term borrowings	2,337,269	3,889	-146,959	1,133	2,195,332
Total	9,863,670	1,222,753	-648,687	-43,850	10,393,886

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including Interest Rate Swaps (IRSs) and Cross Currency Swaps (CCIRSs). The fair value of the non-current portion of hedging instruments as at 31 December 2020 is recognised in "Derivative liabilities", whilst the current portion is recognised in the "Current portion of medium/long-term financial liabilities". More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2, "Financial risk management".

BOND ISSUES

(non-current) €7,124,161 thousand (€7,024,847 thousand)
 (current) €1,074,393 thousand (€501,554 thousand)

This item consists of bonds issued by Autostrade per l'Italia, including:

- a) bonds transferred from Atlantia to Autostrade per l'Italia following the issuer substitution carried out in December 2016 (a total of €3,253,749 thousand as at 31 December 2020);
- b) bonds issued to institutional investors (€4,200,685 thousand as at 31 December 2020) in 2015, 2016, 2017, and 2020;
- c) bonds issued to retail investors (totalling €744,120 thousand as at 31 December 2020).

As at 31 December 2020, the balance is up €672,153 thousand compared with 31 December 2019, essentially reflecting the issue, in December 2020, of bonds with a par value of €1,250,000 thousand, paying coupon interest of 2% and maturing in 2038, partially offset by the redemption, in March 2020, of bonds with a par value of €501,728 thousand, guaranteed by Atlantia and paying coupon interest of 4.375%.

Limited to the private placement in Japanese yen (amounting to 20,000,000 thousand yen, equal to €200,559 thousand as at 31 December 2020), the terms of the issue require compliance with certain minimum thresholds contained in the following financial covenants (to be calculated each year following approval of the consolidated and separate financial statements, and based on the consolidated accounts):

- (I) debt-service coverage ratio;
- (II) Ratio of consolidated operating cash flow to total net debt at the end of each financial year;
- (III) Autostrade per l'Italia's equity.

Breach of the covenants would constitute a default event.

With regard to the situation as at 31 December 2020, as a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the financing in question. This aspect, moreover, applies to other European infrastructure operators. In this regard, the Company requested and was granted covenant holidays by its creditors, solely in relation to the measurement date of 31 December 2020.

It should also be noted that, with regard to the future ownership of Autostrade per l'Italia, and above all were control of the Company to be transferred to a new entity different from Atlantia, this would constitute a trigger event that could result in a request for early repayment, under the terms of certain bonds held by institutional investors. In this case, it would be necessary to obtain the prior consent of the above investors in order to complete the transaction.

Finally, on 26 February 2021, Autostrade per l'Italia repaid debt guaranteed by Atlantia with nominal value of €595 million, thereby extinguishing a bond issue.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €186,613 thousand (€2,166,407 thousand)
 (current) €2,008,719 thousand (€170,862 thousand)

The balance of this item, including both current and non-current portions, primarily consists of the Group's bank borrowings as at 31 December 2020, amounting to €1,982,986 thousand.

The reduction of €141,937 thousand in medium/long-term borrowings compared with 31 December 2019 essentially reflects the repayment of loans from the European Investment Bank (“EIB”) and from Cassa Depositi e Prestiti (“CDP”), amounting to €140,163 thousand.

It should be noted that, solely for the purposes of IAS 1, as at 31 December 2020, all borrowings from the EIB and CDP, amounting to €1,983 million, have been reclassified to the current portion of medium/long-term borrowings. It continues to be the case, however, that the downgrade of the Company’s rating to below investment grade in January 2020 gives the European Investment Bank and, in relation to its share of the debt, CDP the right to request additional protections. Only were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt. At the date of preparation of this Annual Report, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment.

With regard to the rating agencies’ expressed reason for the downgrade (*i.e.* approval of art. 35 of the *Milleproroghe* Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company’s request, and the many legal opinions on this matter, and the upgrade of the outlook by the three rating agencies in July and August 2020, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution.

With regard to the financing obtained from Cassa Depositi e Prestiti not included in the above borrowings, and not subject to early repayment in the event of a downgrade, in addition to compliance with the minimum ratio for “Operating Cash Flow available for Debt Service” and the “Debt-service coverage ratio” (DSCR), the Company is required to demonstrate, whilst the rating remains below investment grade, that it has remained within certain contractually agreed thresholds for a number of additional covenants (on a consolidated basis):

- (I) debt-service coverage ratio;
- (II) ratio of consolidated operating cash flow to total net debt at the end of each financial year.

Were these covenants to be breached by the Company, it would be necessary to provide appropriate independent bank guarantees. With regard to the situation as at 31 December 2020, as a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the borrowings in question. This aspect, moreover, applies to other European infrastructure operators. In this regard, after the end of the year, the Company requested and was granted covenant holidays by its creditors.

The loan agreements require compliance with a minimum threshold for “Operating cash flow available for Debt Service” and “Debt service coverage ratio” (DSCR). Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements.

Autostrade per l’Italia is in compliance with these covenants as at 31 December 2020.

In December 2019, the Company signed a Standstill Agreement with the European Investment Bank, under which the maturity date has been moved from March 2020 to September 2021, and the minimum ratings required have been cut to BBB- (investment grade).

DERIVATIVE LIABILITIES

(non-current) €392,826 thousand (€490,925 thousand)

(current) €94,304 thousand (-)

As at 31 December 2020, this item includes derivative financial instruments entered into with a number of banks to hedge the Group's exposure to interest rate and foreign currency risk on certain medium/long-term financial liabilities, partly with regard to future financial liabilities to be entered into by Autostrade per l'Italia.

The overall reduction in this item compared with 31 December 2020, amounting to €3,795 thousand, essentially reflects a combination of the following:

- a) an increase of €39,447 thousand in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps essentially reflecting lower interest rates as at 31 December 2020 compared with 31 December 2019;
- b) an increase of €12,968 thousand in fair value losses on Forward-Starting Interest Rate Swaps, with €90,334 thousand of these swaps unwound in December 2020 at the time of the bond issue;
- c) an increase of €34,125 thousand in fair value losses on the Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen, resulting from the change in fair value (€3,300 thousand, reflecting the combined effect of movements in the foreign-currency and euro interest rates), following the issuer substitution, recognised in financial income and foreign exchange losses (€37,425 thousand) linked primarily to the decline in the value of sterling against the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2020 total €131,444 thousand. These swaps have a total notional value of €1,350 million, a weighted average duration of six years and eight months and a weighted average fixed rate of approximately 1.039%. Their purpose is to hedge highly likely future financial liabilities to be entered in order to meet funding requirements.

Finally, following completion of the above bond issue in January 2021 (see note 10.9, "Events after 31 December 2020"), a portion of the derivatives outstanding as at 31 December 2020, with a notional value of €1,000 million, were settled. Fair value losses as at 31 December 2020, amounting to €94,304 thousand, have been reclassified to the "Current portion of medium/long-term financial liabilities" as at 31 December 2020.

As at 31 December 2020, all outstanding derivatives are classified as not qualifying for hedge accounting. Further details are provided in note 9.2, "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) €2,078 thousand (-)

(current) €172,215 thousand (€190,65 thousand)

The balance of this item, including the current and non-current portions, is down €16,363 thousand. This essentially reflects a reduction in accrued expenses on bond issues (€16,317 thousand).

SHORT-TERM FINANCIAL LIABILITIES - €281,426 thousand (€304,836 thousand)

An analysis of short-term financial liabilities is shown below.

€000	31 December 2020	31 December 2019
Bank overdrafts repayable on demand	1	2
Short-term borrowings	249,458	244,999
Current derivative liabilities ⁽¹⁾	-	794
Intercompany current account payables due to related parties	-	27,858
Other current financial liabilities	31,967	31,183
Short-term financial liabilities	281,426	304,836

(1) These liabilities include derivative instruments that do not qualify for hedge accounting and are classified in Level 2 of the fair value hierarchy.

This item, totalling €281,426 thousand as at 31 December 2020 is down €23,410 thousand, essentially following a decrease in current account payables (€27,858 thousand).

With regard to the Autostrade Meridionali's short-term borrowings, in July 2020, the facility provided by Intesa San Paolo – amounting to up to €300 million, with €245 million used as at 31 December 2020 – was extended until 31 December 2024. From an accounting viewpoint, this loan is classified in the current portion of medium/long-term borrowings, given its link – which is also contractual – with expected collection of the amount receivable as a result of the operator's takeover right.

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

An analysis of the various components of net debt is shown below with amounts payable to and receivable from related parties, as required by CONSOB Ruling DEM/6064293 of 28 July 2006, in accordance with European Securities and Markets Authority ("ESMA") Recommendation of 20 March 2013 (which does not entail the deduction of non-current financial assets from debt).

€m	31 December 2020	of which related party transactions	31 December 2019	of which related party transactions
Cash	-1,424		-954	
Cash equivalents and intercompany current account receivables due from related parties	-530	-516	-665	-660
Cash and cash equivalents related to discontinued operations	-		-	
Cash and cash equivalents (A)	-1,954		-1,619	
Current financial assets ⁽¹⁾ (B)	-490		-491	
Bank overdrafts repayable on demand	-		-	
Current portion of medium/long-term financial liabilities	3,350		863	
Other financial liabilities	281		305	28
Current financial assets (C)	3,631		1,168	
Posizione finanziaria netta corrente (D=A+B+C)	1,187		-942	
Medium/long-term borrowings	187		2,166	
Bond issues	7,124		7,025	
Other non-current borrowings	395	2	491	
Non-current financial liabilities (E)	7,706		9,682	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)	8,893		8,740	
Non-current financial assets (G)	-336		-348	
Net debt (H=F+G)	8,557		8,392	

(1) Includes financial assets held for sale or related to discontinued operations.

7.16 Other non-current liabilities - €23,671 thousand (€29,149 thousand)

The balance as at 31 December 2020 amounts to €23,671 thousand and is substantially in line with the figure for 31 December 2019. The following table shows a breakdown of this item.

€000	31 December 2020	31 December 2019
Accrued expenses of a non-trading nature	23,192	24,615
Payable to staff	-	4,055
Amounts payable for expropriations	405	405
Other payables	74	74
Other non-current liabilities	23,671	29,149

7.17 Trading liabilities - €1,320,361 thousand (€1,360,207 thousand)

An analysis of trading liabilities is shown below.

€000	31 December 2020	31 December 2019
Amounts payable to suppliers	749,646	615,841
Payable to operators of interconnecting motorways	511,129	660,178
Tolls in the process of settlement	58,991	83,461
Accrued expenses, deferred income and other trading liabilities	595	727
Trading liabilities	1,320,361	1,360,207

Trading liabilities, totalling €1,320,361 thousand, are down €39,846 thousand compared with 31 December 2019. This is primarily due to the net impact of the following:

- a) a reduction in amounts payable to the operators of interconnecting motorways (€149,049 thousand) and in tolls in the process of settlement (€24,470 thousand), linked to the reduced amount payable by Autostrade per l'Italia as a result of the decline in traffic during 2020 caused by Covid-19;
- b) an increase in amounts payable to suppliers (€133,805 thousand), primarily reflecting maintenance carried out in the final quarters of the comparative periods.

The carrying amount of trading liabilities approximates to fair value.

7.18 Other current liabilities - €286,209 thousand (€324,236 thousand)

An analysis of other current liabilities is shown below.

€000	31 December 2020	31 December 2019
Taxation other than income taxes	11,503	18,453
Amounts payable to staff	42,770	49,243
Concession fees payable	46,187	86,827
Social security contributions payable	22,517	25,796
Amounts payable for expropriations	1,500	1,684
Amounts payable to public entities	99	23
Other payables	161,633	142,210
Other current liabilities	286,209	324,236

The balance as at 31 December 2020 amounts to €286,209 thousand, a reduction of €38,027 thousand compared with 31 December 2019. This essentially reflects a reduction of €40,640 thousand in concession fees payable, reflecting the reduction in traffic resulting from the above restrictions on movement imposed by the Government in response to the Covid-19 pandemic.

8. Notes to the consolidated income statement

This section includes the notes to amounts in the income statement, with negative components of the income statement shown with a “-” sign in the headings and tables and amounts for 2019 shown in brackets.

Details of amounts in the consolidated income statement deriving from related party transactions are provided in note 10.5, “Related party transactions”.

8.1 Toll revenue - €2,791,321 thousand (€3,690,336 thousand)

Toll revenue of €2,791,321 thousand is down €899,015 thousand on 2019 (€3,690,336 thousand), primarily due to the significant fall in traffic using the network from the end of February 2020, amounting to decline of 27.1% (a fall of 24% after taking into account the positive effect of the traffic mix). This essentially reflects the negative impact of the limitations and restrictions on movement imposed by the Government in response to the spread of Covid-19.

With regard to revenue in general, the following table shows a breakdown of revenue depending on whether or not it is recognised at a point in time or over time, as required by IFRS 15.

€m	2020				2019			
	IFRS 15		Outside scope of IFRS 15	Total revenue	IFRS 15		Outside scope of IFRS 15	Total revenue
	At a point in time	Over time			At a point in time	Over time		
Net toll revenue	2,791	-	-	2,791	3,690	-	-	3,690
Revenue from construction services	-	169	-	169	-	151	-	151
Other operating income	96	13	127	236	124	13	253	390
Total revenue	2,888	182	127	3,196	3,814	164	253	4,231

8.2 Revenue from construction services - €168,747 thousand (€151,475 thousand)

An analysis of this revenue is shown below.

€000	2020	2019	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	166,113	147,757	18,356
Revenue from construction services provided by sub-operators	2,634	3,718	-1,084
Revenue from construction services	168,747	151,475	17,272

Revenue from construction services essentially consists of construction services for which additional benefits are received and financial assets deriving from concession rights, represented by the fair value of the consideration due in return for the construction and upgrade services rendered in relation to assets held under concession during the year.

Revenue from construction services is up €17,272 thousand compared with 2019. This is essentially due to an increase in revenue from construction services for which additional benefits are received.

In 2020,, the Group carried out additional construction services for which no additional benefits are received, amounting to €349,527 thousand, net of the related government grants, for which the Group made use of a portion of the specifically allocated “Provisions for construction services required by contract”. Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 8.9, “Use of provisions for construction services required by contract”. Details of total investment in assets held under concession during the year are provided in note 7.2, “Intangible assets”.

8.3 Other operating income - €236,373 thousand (€389,339 thousand)

An analysis of other operating income is provided below.

€000	2020	2019	Increase/ (Decrease)
Revenue from sub-concessions	84,540	171,828	-87,288
Maintenance revenue	15,540	19,409	-3,869
Other revenue from motorway operation	19,296	22,075	-2,779
Revenue from the sale of technology devices and services	48,386	58,795	-10,409
Refunds	18,127	21,870	-3,743
Damages and compensation	15,970	52,895	-36,925
Advertising revenue	1,387	1,906	-519
Other income	33,127	40,561	-7,434
Other operating income	236,373	389,339	-152,966

Other operating income of €236,373 thousand and is down €152,966 thousand compared with 2019, primarily due to:

- a) a sharp decline in revenue from sub-concessions, which is down €87,288 thousand, following a reduction in sales and measures taken by Autostrade per l'Italia to support oil and food service providers affected by the Covid-19 emergency;
- b) insurance proceeds recognised in damages and compensation in 2019 in relation to the events of 14 August 2018 (€37,500 thousand).

8.4 Raw and consumable materials - -€87,952 thousand (-€227,859 thousand)

This item consists of purchases of materials and the change in inventories of raw and consumable materials.

€000	2020	2019	Increase/ (Decrease)
Construction materials	-11,707	-8,457	-3,250
Electrical and electronic materials	-43,974	-49,147	5,173
Lubricants and fuel	-9,288	-10,981	1,693
Other raw and consumable materials	-32,841	-165,708	132,867
Cost of materials	-97,810	-234,293	136,483
Change in inventories of raw, ancillary and consumable materials and goods for resale	9,779	6,246	3,533
Capitalised cost of raw materials	79	188	-109
Raw and consumable materials	-87,952	-227,859	139,907

This item has decreased by €139,907 thousand, primarily due to the costs incurred in 2019 for the purchase of civil properties and industrial buildings, as requested by the Special Commissioner in implementation of the provisions of art. 1-bis and art. 4-bis of Law Decree 109, converted with amendments into Law 130 of 16 November 2018 (€114,913 thousand).

8.5 Service costs - -€1,488,507 thousand (-€1,067,562 thousand)

An analysis of service costs is provided below.

€000	2020	2019	Increase/ (Decrease)
Construction and similar	-1,115,035	-761,933	-353,102
Professional services	-204,420	-153,276	-51,144
Transport and similar	-21,710	-23,898	2,188
Utilities	-39,623	-39,007	-616
Insurance	-20,699	-20,342	-357
Statutory Auditors' fees	-722	-685	-37
Other services	-86,298	-68,421	-17,877
Service costs	-1,488,507	-1,067,562	-420,945

The increase in service costs, amounting to €420,945 thousand, essentially reflects an increase in construction services and similar costs and in the cost of professional services, linked to the increased costs incurred by Autostrade per l'Italia in relation to surveillance, inspections, maintenance and the safety of motorway infrastructure, partly linked to implementation of the improvement maintenance plan for network infrastructure, due to be carried out in the period 2020-2024.

The item, "Construction and similar", includes the costs relating to the progress of work on demolition and reconstruction of the Polcevera road bridge (€146,673 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure made as at 31 December 2018 in order to rebuild the Polcevera road bridge.

8.6 Staff costs - -€505,141 thousand (-€531,317 thousand)

Staff costs break down as follows:

€000	2020	2019	Increase/ (Decrease)
Wages and salaries	-339,967	-361,730	21,763
Social security contributions	-100,578	-108,968	8,390
Payments to supplementary pension funds, INPS and for post-employment benefits	-21,536	-21,607	71
Directors' remuneration	-2,404	-1,282	-1,122
Other staff costs	-41,948	-39,365	-2,583
Gross staff costs	-506,433	-532,952	26,519
Capitalised staff costs attributable to assets not held under concession	1,292	1,635	-343
Staff costs	-505,141	-531,317	26,176

Staff costs of €505,141 thousand are down €26,176 thousand compared with 2019 (€531,317 thousand). This essentially reflects:

- a) a reduction in the fair value of management incentive plans, partially offset by the implementation of a broad share-based payment scheme for employees of the Atlantia Group;
- b) a reduction of 112 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the reduction in activity brought about by the Covid-19 emergency

and the absence of seasonal toll collectors at Autostrade per l'Italia in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of additional personnel for a number of departments, primarily at Autostrade per l'Italia, and the consolidation of Tecne from 1 December 2020;

- c) a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund by a number of Group companies and other effects of the Covid-19 emergency, partially offset by an increase in costs following renewal of the national collective labour agreement;
- d) an increase in the cost of early retirement incentives.

The following table shows the average number of employees (by category and including agency staff).

Average workforce	2020	2019	Increase/ (Decrease)
Senior managers	103	95	8
Middle managers and administrative staff	3,124	3,004	120
Toll collectors	1,983	2,178	-195
Manual workers	1,411	1,456	-45
Total	6,621	6,733	-112

Information on equity-settled and cash-settled share-based incentive plans for certain Directors and employees of Group companies is provided in note 10.6, "Disclosures regarding share-based payments".

8.7 Other operating costs - -€423,895 thousand (-€551,756 thousand)

Other operating costs for 2020, details of which are shown in the table below, are down €127,861 thousand compared with the comparative period. This essentially regards a reduction in concession fees (€110,789 thousand), linked to the performance of traffic, toll revenue and sub-concession arrangements.

€000	2020	2019	Increase/ (Decrease)
Concession fees	-362,404	-473,193	110,789
Lease expense	-9,014	-5,325	-3,689
Grants and donations	-25,663	-25,449	-214
Direct and indirect taxes	-8,217	-11,342	3,125
Other	-18,597	-36,447	17,850
Other costs	-52,477	-73,238	20,761
Other operating costs	-423,895	-551,756	127,861

8.8 Operating change in provisions - -€417,534 thousand (-€1,515,982 thousand)

This item reflects the impact on profit or loss of operating changes (new provisions and uses) in provisions, excluding those for employee benefits, made by the Company during the period in order to meet the legal and contractual obligations that it is presumed will require the use of financial resources in future years.

The negative balance of €417,534 thousand in 2020 essentially consists of:

- a) the operating change in provisions for risks and charges, totalling €213,458 thousand, essentially reflecting provisions of €190,000 thousand to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIMS aimed at resolving the ongoing dispute, as described in note 6.2;
- b) the operating change in the provisions for the repair and replacement of motorway infrastructure (€189,165 thousand), which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€147,373 thousand paid from provisions made in previous years), results in net provisions of €336,538 thousand. These provisions relate to the improvement maintenance plan due to be carried out in the period 2020-2024.

8.9 Use of provisions for construction services required by contract - € 349,527 thousand (€369,425 thousand)

This item, which is broadly in line with the previous year, regards the use of provisions for construction services required by contract, relating to services for which no additional economic benefits are received rendered during the year, less accrued government grants (recognised in revenue from construction services, as explained in note 8.2, "Revenue from construction services"). The item represents the indirect adjustment to construction costs classified by nature and incurred by Autostrade per l'Italia, whose concession arrangement provides for such obligations.

Further information on construction services performed in 2020 is provided above in notes 7.2, "Intangible assets", and 8.2, "Revenue from construction services".

8.10 Financial income/(expenses) - -€496,945 thousand (-€465,875 thousand)

Financial income - €75,874 thousand (€86,876 thousand)

Financial expenses - -€572,440 thousand (-€552,892 thousand)

Foreign exchange gains/(losses) - -€379 thousand (€141 thousand)

An analysis of financial income and expenses is shown below.

€000	2020	2019	Increase/ (Decrease)
Dividends received from investees	-	-	-
Financial income accounted for as an increase in financial assets	954	952	2
Income from derivative financial instruments	45,726	57,580	-11,854
Interest and fees receivable on bank and post office deposits	612	1,352	-740
Other	28,582	26,992	1,590
Other financial income	75,874	86,876	-11,002
Financial income (a)	75,874	86,876	-11,002
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-17,642	-32,476	14,834
Interest on medium/long-term borrowings	-65,954	-70,052	4,098
Losses on derivative financial instruments	-215,892	-168,006	-47,886
Interest on bonds	-240,886	-260,309	19,423
Interest expense accounted for as an increase in financial liabilities	-3,785	-3,596	-189
Interest and fees payable on bank and post office deposits	-2,253	-723	-1,530
Other	-26,028	-17,730	-8,298
Other financial expenses	-554,798	-520,416	-34,382
Total financial expenses (b)	-572,440	-552,892	-19,548
Foreign exchange gains	37,593	34,752	2,841
Foreign exchange losses	-37,972	-34,611	-3,361
Foreign exchange gains/(losses) (c)	-379	141	-520
Financial income/(expenses) (a+b+c)	-496,945	-465,875	-31,070

“Other financial expenses”, after “Other financial income”, amount to €478,924 thousand and are up €45,384 thousand compared with 2019 (€433,540 thousand), essentially reflecting a combination of the following:

- a) an increase in net financial expenses on derivatives, essentially due to an increase in fair value losses on derivative instruments compared with the previous year (€59,740 thousand);
- b) a reduction in expenses incurred on bond issues in 2020 (€19,423 thousand), primarily linked to repayment, in March 2020, of bonds with a nominal value of €501,728 thousand.

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €17,642 thousand in 2020 (€32,476 thousand in 2019). The reduction of €14,834 thousand primarily reflects a decline in the discount rates applied in the two comparative periods.

8.11 Income tax (expense)/benefit - €128,231 thousand (€135,313 thousand)

A comparison of the net tax charges for the two comparative periods is shown below.

€000	2020	2019	Increase/ (Decrease)
IRES	-12,889	-256,280	243,391
IRAP	-2,629	-50,326	47,697
Current tax benefit of tax loss carry-forwards	3,868	2,117	1,751
Current tax expense	-11,650	-304,489	292,839
Recovery of previous years' income taxes	7,529	4,990	2,539
Previous years' income taxes	-111	-1,729	1,618
Differences on current tax expense for previous years	7,418	3,261	4,157
Provisions	513,652	741,225	-227,573
Releases	-304,718	-219,786	-84,932
Changes in prior year estimates	-2,584	34,329	-36,913
Deferred tax income	206,350	555,768	-349,418
Provisions	-76,168	-100,971	24,803
Releases	2,089	1,132	957
Changes in prior year estimates	192	-19,388	19,580
Deferred tax expense	-73,887	-119,227	45,340
Deferred tax income/(expense)	132,463	436,541	-304,078
Income tax (expense)/benefit	128,231	135,313	-7,082

The income tax benefit for 2020 amounts to €128,231 thousand (€135,313 thousand in 2019), having declined €7,082 thousand. The above change primarily reflects:

- a) a reduction of €349,418 thousand in net provisions for deferred tax assets. The figure for 2019 included the impact on deferred taxation of provisions for risks and charges based on the expenses to be incurred in relation to the talks in progress with the Government and the MIMS aimed at resolving the dispute between the parties (€1,500,000 thousand);
- b) reduced current tax expense in 2020 (€292,839 thousand), reflecting the pre-tax result. It should be noted that in 2020, due to the impact of Covid-19, almost all companies reported tax losses.

The following table shows the reconciliation of the IRES charge calculated at the statutory tax rate and the effective charge in the comparative periods.

€000	2020			2019		
	Taxable income	Tax	Tax rate	Taxable income	Tax	Tax rate
Profit/(Loss) before tax from continuing operations	-538,133			-403,676		
IRES tax expense computed using statutory rate applied by Parent Company		-147,988	27.5%		-111,012	27.5%
Temporary differences deductible in future years	1,821,709	500,970	-93.1%	2,449,311	673,560	-166.9%
Temporary differences taxable in future years	-245,445	-67,497	12.5%	-351,960	-96,789	24.0%
Reversal of prior year temporary differences	-1,022,163	-281,095	52.2%	-773,742	-212,779	52.7%
Permanent differences	10,250	4,631	-0.9%	1,589	1,182	-0.3%
IRAP		2,629			50,326	
Total		11,650	-2.16%		304,489	-75.43%

8.12 Earnings/(Loss) per share

The following statement shows a breakdown of the calculation of earnings per share for the two comparative periods. In the absence of options or convertible financial instruments issued by the Parent Company, diluted earnings per share coincides with the figure for basic earnings per share.

	2020	2019
Weighted average of shares outstanding	622,027,000	622,027,000
Weighted average of shares outstanding	622,027,000	622,027,000
Profit/(Loss) for the year attributable to owners of the parent (€000)	-407,163	-281,894
Earnings/(Loss) per share (€)	-0.66	-0.45
Profit/(Loss) from continuing operations attributable to owners of the parent (€000)	-408,407	-281,824
Basic earnings/(loss) per share from continuing operations (€)	-0.66	-0.45
Profit/(Loss) from discontinued operations attributable to owners of the parent (€000)	1,244	-70
Basic earnings/(loss) per share from discontinued operations (€)	0.00	-0.00

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in 2020, compared with 2019, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during 2020 resulted in an increase of €362,611 thousand in cash and cash equivalents (compared with a reduction of €192,461 thousand in 2019).

Cash flows from operating activities amount to €352,114 thousand in 2020, down €1,023,920 thousand compared with 2019 (€1,376,034 thousand). This primarily reflects the negative impact on traffic of the restrictions on movement imposed by the authorities in response to the spread of Covid-19, and the related measures adopted by the Company to support oil and food service providers operating under sub-concessions at service areas.

Cash used in investing activities amounts to €556,887 thousand, up on the figure for 2019. This primarily reflects increased investment in other intangible assets (€15,054 thousand).

Cash from financing activities in 2020 amounts to €567,384 thousand, compared with an outflow of €1,064,089 thousand in 2019. The change of €1,631,473 thousand primarily reflects the following:

- a) the bond issue (€1,218,864 thousand) in December 2020;
- b) dividends paid to shareholders in 2019 (€322,774 thousand), whilst no dividends were paid in 2020;
- c) a reduction in bond redemptions and repayments of bank borrowings in 2020 compared with 2019 (down €91,606 thousand).

The following table shows net cash flows generated from discontinued operations, including the contributions of the French company, Tech Solutions Integrators, in the two periods. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€m	2020	2019
Net cash generated from/(used in) operating activities	1	-
Net cash generated from/(used in) investing activities	-	-
Net cash generated from/(used in) financing activities	-1	-

9.2 Financial risk management

The Autostrade per l'Italia Group's financial risk management objectives and policies

In the normal course of business, the Group is exposed to:

- a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund the Group's operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Group's financial risk management strategy is derived from and consistent with the business goals set by Atlantia's Board of Directors, as contained in the long-term plans approved annually by the Board, taking into account Atlantia's role in the management and coordination of Autostrade per l'Italia.

Market risk

The adopted strategy for each type of risk aims, wherever possible, to eliminate interest rate and currency risks and minimise borrowing costs, whilst taking account of stakeholders' interests, as defined in the Financial Policy as approved by the Board of Directors of the parent, Atlantia.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the long-term plan from the effect of exposure to currency and interest rate risks, in the latter case identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

As at 31 December 2020, the Group's holdings of derivatives, described below, do not qualify for the application of hedge accounting, in accordance with IFRS 9.

Information on the fair value measurement of derivative financial instruments is provided in note 3, "Accounting standards and policies applied".

Amounts in currencies other than the euro are converted using the closing exchange rates published by the European Central Bank.

As at 31 December 2020, the non-hedge accounting transaction linked to a derivative embedded in a short-term loan obtained by Autostrade Meridionali, with a notional value of €245,000 thousand, no longer exists.

The residual average term to maturity of the Group's debt as at 31 December 2020 is approximately five years and four months. The average cost of the Group's medium/long-term borrowings in 2019 was 3.5%. Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

This risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into interest rate swaps (IRSs), which were reclassified as no longer qualifying for hedge accounting in the year ended 31 December 2019;
- b) fair value risk: the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. As at 31 December 2020, the Group is not a party to derivatives classified as fair value hedges.

The cash flow hedges entered into and the underlying financial liabilities have matching terms to maturity and notional amounts. As noted above, these instruments have been reclassified as no longer qualifying for hedge accounting and, as a result, the cash flow hedge reserve has been frozen and will be released when the interest flows from the originally hedged financial liability crystallise.

The Forward-Starting Interest Rate Swaps outstanding as at 31 December 2020 have also been reclassified as no longer qualifying for hedge accounting. However, in the belief that future debt issues underlying these instruments are possible, the cash flow hedge reserve has been frozen in equity and the related gains or losses will be taken to profit or loss when the interest flows from the originally hedged financial liability crystallise.

As a result of the hedges entered into, 98% of interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

- a) economic exposure incurred through purchases and sales denominated in currencies other than the individual companies' functional currency;
- b) translation exposure through equity investments in subsidiaries and associates whose financial statements are denominated in a currency other than the Group's functional currency;
- c) transaction exposure incurred by making deposits or obtaining loans in currencies other than the individual companies' functional currency.

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Company's functional currency. Although the Cross Currency Swaps associated with the sterling and yen denominated bonds, transferred to Autostrade per l'Italia as a result of the issuer substitution that took place at the end of 2016, have the function of hedging currency risk, they do not meet all the requirements for classification as hedges under IFRS 9. As a result, they are classified, from an accounting point of view, as non-hedge accounting.

9% of the Group's debt is denominated in currencies other than the euro (sterling and yen). Taking account of the Cross Currency Swaps linked to the foreign currency bonds, the Group's net debt is, therefore, effectively not exposed to currency risk on translation.

The following table summarises outstanding derivative financial instruments as at 31 December 2020 (compared with 31 December 2019) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000		31 December 2020		31 December 2019	
Type	Purpose of hedge	Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
<i>Non-hedge accounting derivatives (1)</i>					
Cross Currency Swaps	Currency and interest rate risk	-262,143	899,176	-228,018	899,176
Derivatives embedded in loans	Interest rate risk			-794	245,000
Interest Rate Swaps	Interest rate risk	-93,543	737,209	-89,349	760,465
Forward-Starting Interest Rate Swaps	Interest rate risk	-131,444	1,350,000	-173,558	2,350,000
		-487,130	2,986,385	-491,719	4,254,641
	Total	-487,130	2,986,385	-491,719	4,254,641
	of which:				
	fair value (asset)			-	
	fair value (liability)	-487,130		-491,719	

(1) The fair value of cash flow hedges excludes accruals at the measurement date.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Group is exposed would have had on the consolidated income statement for 2020 and on equity as at 31 December 2020. The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the year, assuming, in terms of the impact on the income statement, a 1% (100 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 100 bps shift in the curve was assumed to have occurred at the measurement date.

The results of the analyses were:

- in terms of interest rate risk, an unexpected and unfavourable 1% shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €158,223 thousand, before the related taxation, essentially attributable to the derivatives reclassified as no longer qualifying for hedge accounting;
- in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the consolidated income statement, totalling €14,300 thousand, linked to the movement in fair value losses on Cross Currency Swaps in sterling and yen, which, as noted previously, are accounted for using non-hedge accounting.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund the payment of liabilities as they fall due.

The key factors contributing to the Company's liquidity risk are, on the one hand, the generation/use of cash from and for operating and investing activities and, on the other, its debt obligations and cash outflows.

As at 31 December 2020, the Group has lines of credit amounting to €1,355 million with a weighted average residual term to maturity of approximately four years and six months and a weighted average residual drawdown period of approximately one year and five months.

With regard to these lines of credit, talks are still ongoing with Cassa Depositi e Prestiti in relation to Autostrade per l'Italia's request for the disbursement of funds made on 3 April 2020, under the credit facility agreed on 15 December 2017. As of today's date, a total of €1,300 million has yet to be used.

Details of drawn and undrawn committed lines of credit are shown below.

€000				31 December 2020		
Borrower	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
Autostrade per l'Italia	Linea Committed a medio-lungo termine Cassa Depositi e Prestiti	31 Dec 2021	13 Dec 2027	1,100	400	700
Autostrade per l'Italia	Linea Revolving Cassa Depositi e Prestiti	2 Oct 2022	31 Dec 2022	600		600
Autostrade Meridionali	Finanziamento a breve termine Banco di Napoli	30 Jun 2024	31 Dec 2024	300	245	55
				Lines of credit	2,000	1,355

The following schedules show the distribution of payments falling due on medium/long-term financial liabilities as at 31 December 2020 and as at 31 December 2019.

The amounts in the above tables include interest payments and exclude the impact of any offset agreements. The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available. The distribution for transactions with amortisation schedules is based on the date on which each instalment falls due.

(€000)	31 December 2020					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities						
Bond issues (A)	8,198,554	-9,474,301	-1,306,711	-765,432	-3,190,261	-4,211,897
Medium/long-term borrowings (1)						
Total bank borrowings	1,982,986	-2,464,782	-192,401	-179,081	-454,247	-1,639,053
Total other borrowings and lease liabilities	211,629	-45,269	-6,619	-5,740	-14,648	-18,262
Total medium/long-term borrowings (B)	2,194,615	-2,510,051	-199,020	-184,821	-468,895	-1,657,315
Total non-derivative financial liabilities (C)= (A)+(B)	10,393,169	-11,984,352	-1,505,731	-950,253	-3,659,156	-5,869,212
Derivatives (2)						
Interest rate swaps (3) (5)	224,987	-252,008	-120,059	-21,964	-53,047	-56,938
Cross Currency Swaps (4)	262,143	-273,205	-14,509	-208,398	-11,077	-39,221
Total derivatives	487,130	-525,213	-134,568	-230,362	-64,124	-96,159

(1) Future cash flows relating to floating rate medium/long-term loans have been projected on the basis of the latest established rate and held constant to final maturity.

(2) As at 31 December 2020, expected contractual flows are linked to the originally hedged outstanding and highly likely future financial liabilities, entered into to meet the Group's financing requirements through to 2021.

(3) Future cash flows relating to differentials on interest rate swaps (IRSs) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

(4) Expected future cash flows from differentials on cross currency swaps have been projected on the basis of the exchange rate fixed at the measurement date.

(5) Cash flows from the Forward-Starting Interest Rate Swaps unwound at the same time as the bond issue of January 2021 have been classified as falling due within 12 months.

(€000)	31 December 2019					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities						
Bond issues (A)	7,526,401	-8,846,146	-737,583	-1,288,841	-2,826,093	-3,993,629
Medium/long-term borrowings (1)						
Total bank borrowings	2,114,486	-2,671,653	-202,213	-192,567	-486,216	-1,790,658
Total other borrowings	222,783	-48,439	-6,583	-5,498	-14,571	-21,787
Total medium/long-term borrowings (B)	2,337,269	-2,720,092	-208,796	-198,065	-500,787	-1,812,445
Total non-derivative financial liabilities (C)= (A)+(B)	9,863,670	-11,517,799	-939,796	-1,481,407	-3,312,310	-5,784,287
Derivatives (2)						
Interest rate swaps (3)	262,907	-363,669	-43,200	-51,519	-141,708	-127,242
Cross Currency Swaps (4)	228,018	-241,339	-12,400	-12,378	-181,795	-34,766
Total derivatives	490,925	-605,008	-55,600	-63,897	-323,503	-162,008

(1) Future cash flows relating to floating rate medium/long-term loans have been projected on the basis of the latest established rate and held constant to final maturity.

(2) As at 31 December 2019, expected contractual flows are linked to the originally hedged outstanding and highly likely future financial liabilities, entered into to meet the Group's financing requirements through to 2021.

(3) Future cash flows relating to differentials on interest rate swaps (IRSs) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

(4) Expected future cash flows from differentials on cross currency swaps have been projected on the basis of the exchange rate fixed at the measurement date.

With regard to Autostrade per l'Italia's financial position, as already described in detail in the paragraph, "Going-concern uncertainties and assessment conducted by the Company", in note 2, "Basis of preparation of the consolidated financial statements", the recent bond issues completed in December 2020 and January 2021 (amounting to a total nominal value of €2,250

thousand) have enabled Autostrade per l'Italia to build up solid cash reserves, thereby significantly mitigating liquidity risk in the short to medium term. The above bond issues, together with cash flow from continuing operations, should enable the Company to meet its reasonably expected operating and capital expenditure requirements in 2021 and 2022.

Credit risk

The Group manages credit risk essentially through recourse to counterparties with high credit ratings, with no significant credit risk concentrations as required by Financial Policy.

Credit risk deriving from outstanding derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions. There are no margin agreements providing for the exchange of cash collateral if a certain fair value threshold is exceeded.

Provisions for impairment losses on individually material items, on the other hand, are established when there is objective evidence that the Group will not be able to collect all or any of the amount due. The amount of the provisions takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of any security and guarantee deposits received from customers. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made. Details of the allowance for bad debts for trade receivables are provided in note 7.7, "Trading assets".

10. Other information

10.1 Operating and geographical segments

The following table shows an analysis of the Autostrade per l'Italia Group's revenue and non-current assets by geographical area.

€m	Revenue (*)		Non-current assets (**)	
	2020	2019	31 December 2020	31 December 2019
Italy	3,189	4,219	17,593	17,897
Poland	2	2	-	-
France	1	3	-	-
Other countries	4	7	-	-
Total	3,196	4,231	17,593	17,897

(*) Revenue does not include income from discontinued operations.

(**) In accordance with IFRS 8, non-current assets do not include non-current financial assets or deferred tax assets.

Other than the "Italian motorways" segment (including the motorway concessions held by the Italian companies), the Autostrade per l'Italia Group does not include other operating segments that exceed the materiality threshold established by IFRS 8. As a result, the Group no longer presents the segment information required by this standard.

10.2 Disclosures of non-controlling interests in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 31 December 2020 (with the relevant comparatives as at 31 December 2019) is provided below. The complete list of the Group's investments as at 31 December 2020 is provided in Annex 1, "The Autostrade per l'Italia Group's scope of consolidation and investments".

Non-controlling interests in consolidated companies	Country	31 December 2020		31 december 2019	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
Autostrade Meridionali SpA	Italy	58.98%	41.02%	58.98%	41.02%
Società Italiana per Azioni per il Traforo del Monte Bianco	Italy	51.00%	49.00%	51.00%	49.00%
Raccordo Autostradale Valle d'Aosta SpA	Italy	24.46%	75.54%	24.46%	75.54%
Società Autostrada Tirrenica SpA	Italy	99.99%	0.01%	99.99%	0.01%

There are no consolidated companies deemed to be material for the Autostrade per l'Italia Group, in terms of the percentage interest held by non-controlling interests, for the purposes of the financial disclosures required by IFRS 12.

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 31 December 2020. These include the following:

- bank guarantees provided by Tangenziale di Napoli (€22,352 thousand) to the Ministry of Infrastructure and Sustainable Mobility, as required by the covenants in the relevant concession arrangement;
- sureties provided to a number of companies as a result of the indirect consequences of the collapse of the Polcevera road bridge on 14 August 2018. These sureties guarantee the companies' claims set out in an application for a pre-trial preventive seizure order by Spinelli Srl, Terminal Rinfuse Genova Srl and Centro Servizi Derna Srl. The sureties amount to a total of €9,600 thousand.

Shares in the investees, Tangenziale Esterna and Bologna & Fiera Parking, have also pledged to the respective providers of financing.

10.4 Reserves

As at 31 December 2020, Group companies have recognised contract reserves quantified by contractors in relation to:

- a) investing activities, totalling €888 million (€908 million as at 31 December 2018). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in the cost of intangible assets deriving from concession rights;
- b) non-investing activities, amounting to approximately €35 million, the estimated future cost of which is covered by existing provisions in the consolidated financial statements.

10.5 Related party transactions

This section describes the Autostrade per l'Italia Group's principal transactions with related parties, identified as such according to the criteria in the procedure for related party transactions adopted by the parent, Atlantia, in application of art. 2391-*bis* of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as amended. The Procedure, which is available for inspection at www.atlantia.it, establishes the criteria to be used in identifying related parties, in distinguishing between transactions of greater and lesser significance and in applying the rules governing the above transactions of greater and lesser significance, and in fulfilling the related reporting requirements.

The following table shows material amounts in the income statement and statement of financial position generated by the Autostrade per l'Italia Group's related party transactions, broken down by nature of the transaction (trading or financial), including those with Directors, Statutory Auditors and key management personnel at Autostrade per l'Italia.

€m	Principal trading transactions with related parties																	
	Assets					Income					Expenses							
	Trading and other assets		Liabilities			Trading and other income		Trading and other expenses			Trading and other income		Trading and other expenses					
Trade receivables	Current tax assets	Other trading assets	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other non-current liabilities	Liabilities related to discontinued operations	Total	Other operating income	Total	Revised consumable materials	Service costs	Staff costs	Other operating costs	Total	
31 December 2020																		
Sintonia	-	7.1	-	-	7.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Alitalia	3.3	26.3	0.4	-	30.0	0.7	2.6	-	-	3.3	3.8	3.8	-	0.2	-	-	-	0.2
Total parents	3.3	33.4	0.4	-	37.1	0.7	2.6	-	-	3.3	3.8	3.8	-	0.2	-	-	-	0.2
Pavimental	10.5	-	-	-	10.5	144.5	-	5.6	-	150.1	0.5	0.5	-	308.3	-	-	-	308.3
Spes Engineering	13.9	-	6.4	-	20.3	51.2	-	-	-	51.2	0.8	0.8	-	45.2	-	-	-	0.1
Total associates	24.4	-	6.4	-	30.8	195.7	-	5.6	-	201.3	1.3	1.3	-	353.5	-	-	-	0.1
Aeris group	1.8	-	-	-	1.8	48.9	-	-	-	48.9	5.6	5.6	-	0.3	-	-	-	0.3
Allegri Italia	14.5	-	-	-	14.5	4.7	-	-	-	4.7	34.3	34.3	-	5.3	-	-	-	0.1
Infoblu	0.5	-	-	-	0.5	0.7	-	-	-	0.7	0.4	0.4	-	0.3	-	-	-	0.3
AG Concessões	2.7	-	-	-	2.7	-	-	1.6	-	1.6	-	-	-	-	-	-	-	-
Austrade Brasil	0.2	-	-	-	0.2	-	-	-	-	0.2	-	-	-	-	-	-	-	-
Austrade del Atlantico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Austrade Holding del Sur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aeroporti di Roma group	1.5	-	-	-	1.5	0.4	-	-	-	0.4	0.4	0.4	-	-	-	-	-	-
Stalport group	0.1	-	-	-	0.1	-	-	-	-	-	1.7	1.7	-	-	-	-	-	-
Azurra Aeroporti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Società Gestioni Valli	1.6	-	-	-	1.6	-	-	-	-	-	1.3	1.3	-	-	-	-	-	-
Aeroporto Bologna	0.1	-	-	-	0.1	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-
Telepass	21.9	-	-	-	21.9	12.5	-	0.1	-	12.6	45.2	45.2	0.3	8.9	-	-	-	0.4
Telepass Pay	0.5	-	-	-	0.5	2.3	-	-	-	2.3	0.3	0.3	-	1.8	-	-	-	0.1
Other affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total affiliates	45.4	-	-	-	45.4	69.5	-	2.1	-	71.6	89.3	89.3	0.3	16.6	-	-	-	0.6
SAT Lavori (in liquidation)	0.6	-	-	-	0.6	3.6	-	-	-	3.6	-	-	-	-	-	-	-	-
Total other companies	0.6	-	-	-	0.6	3.6	-	-	-	3.6	-	-	-	-	-	-	-	-
ASTRI pension fund	-	-	-	-	-	-	-	6.3	-	6.3	6.3	6.3	-	16.3	-	-	-	16.3
CAPIDI pension fund	-	-	-	-	-	-	-	1.4	-	1.4	-	-	-	2.5	-	-	-	2.5
Total pension funds	-	-	-	-	-	-	-	7.7	-	7.7	-	-	-	18.8	-	-	-	18.8
Key management personnel	-	-	-	-	-	-	-	0.8	-	0.8	-	-	-	1.2	-	-	-	1.2
Total key management personnel (1)	-	-	-	-	-	-	-	0.8	-	0.8	-	-	-	1.2	-	-	-	1.2
TOTAL	73.7	33.4	6.8	-	113.90	269.5	2.6	16.2	-	283.3	94.4	94.4	0.3	370.3	20.0	0.7	-	391.3
31 December 2019																		
Sintonia	-	6.3	-	-	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Alitalia	5.2	21.8	-	-	27.0	2.3	26.6	-	-	29.3	4.1	4.1	-	0.7	-	-	-	0.7
Total parents	5.2	28.1	-	-	33.3	2.3	26.6	-	-	29.3	4.1	4.1	-	0.7	-	-	-	0.7
Pavimental	0.8	-	-	-	0.8	131.2	-	5.5	-	136.7	0.3	0.3	-	239.2	-	-	-	0.1
Spes Engineering	16.3	-	-	-	16.3	70.5	-	-	-	70.5	0.6	0.6	-	60.6	-	-	-	60.6
Total associates	17.1	-	-	-	17.1	201.7	-	5.5	-	207.2	0.9	0.9	-	299.8	-	-	-	0.1
Aeris group	3.1	-	-	-	3.1	63.7	-	-	-	63.7	9.0	9.0	-	0.2	-	-	-	0.2
Allegri Italia	31.3	-	-	-	31.3	2.7	-	-	-	2.7	75.3	75.3	0.5	1.0	-	-	-	1.6
Infoblu	0.8	-	-	-	0.8	0.8	-	-	-	0.8	0.5	0.5	-	0.6	-	-	-	0.6
AG Concessões	2.5	-	-	-	2.5	-	-	1.5	-	1.5	-	-	-	-	-	-	-	-
Austrade Brasil	0.2	-	-	-	0.2	-	-	-	-	0.2	-	-	-	-	-	-	-	-
Austrade del Atlantico	0.1	-	-	-	0.1	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-
Austrade Holding del Sur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants	-	-	-	-	-	-	-	0.2	-	0.2	-	-	-	-	-	-	-	-
Aeroporti di Roma group	3.4	-	-	-	3.4	0.9	-	-	-	0.9	0.9	0.9	-	-	-	-	-	-
Stalport group	1.5	-	-	-	1.5	0.8	-	-	-	0.8	0.8	0.8	-	-	-	-	-	-
Azurra Aeroporti	1.7	-	-	-	1.7	-	-	-	-	-	2.4	2.4	-	-	-	-	-	-
Società Gestioni Valli	0.1	-	-	-	0.1	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-
Aeroporto Bologna	1.0	-	-	-	1.0	-	-	-	-	-	5.3	5.3	-	-	-	-	-	-
Telepass	26.6	-	-	-	26.6	11.5	-	-	-	11.5	53.6	53.6	0.2	10.4	-	-	-	0.3
Telepass Pay	0.6	-	-	-	0.6	0.4	-	-	-	0.4	0.5	0.5	-	0.4	-	-	-	0.4
Other affiliates	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total affiliates	73.0	-	-	-	73.0	80.8	-	1.9	-	82.7	141.8	141.8	0.7	12.6	-	-	-	0.4
SAT Lavori (in liquidation)	0.6	-	-	-	0.6	3.6	-	-	-	3.6	-	-	-	0.8	-	-	-	0.9
Total other companies	0.6	-	-	-	0.6	3.6	-	-	-	3.6	-	-	-	0.8	-	-	-	0.9
ASTRI pension fund	-	-	-	-	-	-	-	5.9	-	5.9	-	-	-	16.1	-	-	-	16.1
CAPIDI pension fund	-	-	-	-	-	-	-	1.1	-	1.1	-	-	-	1.9	-	-	-	1.9
Total pension funds	-	-	-	-	-	-	-	7.0	-	7.0	-	-	-	18.0	-	-	-	18.0
Key management personnel	-	-	-	-	-	-	-	3.6	1.3	4.9	-	-	-	4.3	-	-	-	4.3
Total key management personnel (1)	-	-	-	-	-	-	-	3.6	1.3	4.9	-	-	-	4.3	-	-	-	4.3
TOTAL	95.9	28.1	-	-	124.0	288.4	26.6	16.0	1.3	334.3	146.9	146.9	0.7	313.9	22.3	0.6	-	337.5

(1) Autostrade per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel as a whole. Expenses for each period include emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans) for Autostrade per l'Italia staff and staff of the relevant subsidiaries.

Principal financial transactions with related parties															
€m	Assets					Liabilities					Income		Expenses		
	Financial assets					Financial liabilities					Financial income		Financial expenses		
	Current financial assets deriving from government grants	Intercompany current account receivables	Other current financial assets	Total	Medium/long-term borrowings	Intercompany current account payables	Current portion of medium/long-term financial liabilities	Other current financial liabilities	Other non-current financial liabilities	Total	Other financial income	Total	Other financial expenses	Total	
	31 December 2020														
Atlania	-	-	-	-	-	2.2	-	0.8	-	-	-	-	-	9.0	9.0
Total parents	-	-	-	-	-	2.2	-	0.8	-	-	-	-	-	3.0	3.0
Pavimental	-	-	-	130.8	-	-	-	-	-	-	-	-	-	0.5	-
Pedemontana Veneta (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	-	-	1.3	1.3	-	-	-	-	0.8	2.1	2.9	-	-	-	-
Total associates	-	-	1.3	132.1	-	-	-	-	0.8	2.1	2.9	-	-	0.5	-
Autogrill	0.5	-	-	0.5	-	-	-	-	-	-	-	-	-	-	-
Telepass	-	-	385.0	385.0	-	-	-	-	-	-	-	-	-	-	7.2
Total affiliates	0.5	-	385.0	385.5	-	-	-	-	-	-	-	-	-	-	7.2
TOTAL	0.5	515.8	1.3	517.6	2.2	-	0.8	0.8	2.1	5.9	1.2	1.2	16.2	16.2	
	31 December 2019														
Atlania	-	-	-	-	-	2.3	24.5	0.8	-	-	-	-	-	27.6	5.8
Total parents	-	-	-	-	-	2.3	24.5	0.8	-	-	-	-	-	27.6	5.8
Pavimental	-	-	95.3	95.3	-	-	-	-	-	-	-	-	-	0.8	-
Pedemontana Veneta (in liquidation)	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-
Spea Engineering	-	-	1.3	1.3	-	-	-	-	-	-	-	-	-	-	-
Total associates	-	-	95.3	96.8	-	-	-	-	-	-	-	-	-	0.8	-
Autogrill	0.5	-	-	0.5	-	-	-	-	-	-	-	-	-	-	-
Telepass	-	-	565.1	565.1	-	3.4	-	-	-	3.4	3.4	-	-	9.3	9.3
Total affiliates	0.5	-	565.1	565.6	-	3.4	-	-	-	3.4	3.4	-	-	9.3	9.3
TOTAL	0.5	660.4	1.5	662.4	2.3	27.9	0.8	0.8	-	31.0	0.8	0.8	15.1	15.1	

Related party transactions do not include transactions of an atypical or unusual nature, and are conducted on an arm's length basis.

The principal transactions entered into by the Group with related parties are described below.

The Autostrade per l'Italia Group's transactions with its parents

As a result of the tax consolidation arrangement headed by Atlantia, in which Autostrade per l'Italia and certain of its Italian subsidiaries participate, as at 31 December 2020 the Group has recognised tax liabilities and assets due to and from Atlantia of €26.3 million and €2.6 million, respectively.

As at 31 December 2020, the Group reports tax assets due from the parent, Sintonia (which in 2012 absorbed Schemaventotto), totalling €7.1 million, relating to amounts receivable in the form of tax rebates applied for by Schemaventotto for income tax (IRES) paid during the period when this company headed the tax consolidation arrangement.

In terms of trading relations, the Company provides Atlantia with administrative services and support for activities not relating to the core business (training, welfare, procurement and IT).

The Autostrade per l'Italia Group's transactions with other related parties

The Group reports trading liabilities payable to the associates, Pavimental and Spea. As at 31 December 2020, trade payables due to these companies total €144.5 million and €51.2 million. These payables essentially regard maintenance and construction services provided by these companies to the Group's operators and regarding motorway infrastructure. In addition, the Group reports costs of €308.3 million and €45.2 million Bosra payable to Pavimental and Spea in return for the above services provided.

Trade receivables due from the affiliate, Telepass amount to €21.9 million as at 31 December 2020. These primarily regard the fact that Telepass collects tolls on the Group's behalf through its Viacard and Telepass payment systems.

With regard to relations between the Autostrade per l'Italia Group's motorway operators and the Autogrill group (considered a related party as it is under the common control of Edizione Srl), as at 31 December 2020, Autogrill holds 95 food service concessions for service areas along the Group's motorway network. In 2020, the Group earned revenue of approximately €34.3 million on transactions with Autogrill, including €26.8 million in royalties deriving from the management of service areas. In this regard, as mentioned above, as part of initiatives designed to support oil and food service providers operating under sub-concessions during the Covid-19 emergency, Autostrade per l'Italia waived its right to the payment of royalties and fees by Autogrill between March and May. As at 31 December 2020, trading assets receivable from Autogrill amount to €14.5 million. This recurring income is generated by contracts entered into over several years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders.

Transactions of a financial nature as at 31 December 2020 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account receivables of €130.8 million due from Pavimental, whilst the amount due from Telepass totals €385 million.

10.6 Disclosures regarding share-based payments

In order to incentivise and foster the loyalty of directors and/or employees holding key positions and responsibilities within Atlantia or in Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Group's growth and boosting management efficiency, a number of share incentive plans based on Atlantia's shares have been introduced in previous years. The plans entail payment in the form of shares or cash and are linked to the achievement of predetermined corporate objectives. The beneficiaries of these plans include a number of Directors and employees of Autostrade per l'Italia, or that have been seconded to the Company, and of its subsidiaries.

There were no changes, during 2020, in the share-based incentive plans already adopted by the Group as at 31 December 2019, which regard the above directors and/or employees of the Parent Company and/or its subsidiaries.

On 29 May 2020, based on a proposal from Atlantia's Board of Directors dated 24 April 2020, the Annual General Meeting of Atlantia's shareholders approved a new incentive scheme for all the permanent employees of the Atlantia Group's Italian companies. Under the scheme, each employee was to receive 75 shares in Atlantia (already held in treasury) free of charge. The acceptance period was initially to run from 5 October to 2 November 2020, with the deadline later extended until 6 November 2020. The plan did not include a vesting period, so that the rights immediately vested and were awarded at the end of the acceptance period. The shares will be subject to a lock-up period of three years from the allotment date, with the shares to be held on deposit in a securities escrow account; during this lock-up period, any dividends paid will be paid to beneficiaries, who will have the right to vote at general meetings. At the end of the acceptance period, 6,408 employees of Autostrade per l'Italia and its subsidiaries had opted to participate in the plan, resulting in the allotment of a total of 480,600 shares. The unit fair value at the acceptance date was computed by an independent expert as €11.74.

Details of each plan are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended, and in Atlantia's Remuneration Report prepared pursuant to art. 123-ter of the Consolidated Finance Act. These documents, to which reference should be made, are published in the "Remuneration" section of Atlantia's website at www.atlantia.it.

The following table shows the main aspects of the Autostrade per l'Italia Group's existing cash-settled incentive plans, including the options and units awarded to directors and employees of Autostrade per l'Italia and its subsidiaries and changes during 2020 (in terms of new awards and the exercise, conversion or lapse of rights). The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

	Number of options/units awarded	Vesting date	Exercise/Grant date	Exercise price (€)	Fair value of each option or unit at grant date (€)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2014 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2020									
- 9 May 2014 grant	1,566,736	9 May 2017	9 May 2020	N/A (*)	2.88	3,0 - 6,0	1.10%	28.9%	5.47%
- deconsolidation of companies	-125,222								
- 8 May 2015 grant	1,436,941	8 May 2018	08 May 2021	N/A (*)	2.59	3,0 - 6,0	1.01%	25.8%	5.32%
- 10 June 2016 grant	1,617,292	10 June 2019	10 June 2022	N/A (*)	1.89	3,0 - 6,0	0.61%	25.3%	4.94%
- transfers/secondments	-530,512								
- options exercised	-1,964,959								
- options lapsed	-706,305								
Total	1,293,971								
Changes in options in 2020									
- options exercised	-47,578								
Options outstanding as at 31 December 2020	1,246,393								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2020									
- 12 May 2017 grant	882,917	15 June 2020	1 July 2023	N/A (*)	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	732,785	15 June 2021	1 July 2024	N/A (***)	2.91	5,91	2.35%	21.9%	4.12%
- June 7 2019 grant	561,821	June 15 2022	July 1 2025	N/A (*)	2.98	6,06	1.72%	24.3%	4.10%
- transfers/secondments	-139,812								
- options lapsed	-249,737								
Total	1,787,974								
Changes in options in 2020									
- transfers/secondments	124,768								
- options lapsed	-855,935								
Options outstanding as at 31 December 2020	1,056,807								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2020									
- 12 May 2017 grant	79,305	15 June 2020	1 July 2023	N/A	23.18	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	73,007	15 June 2021	1 July 2024	N/A	24.5	5,91	2.35%	21.9%	4.12%
- June 7 2019	57,540	June 15 2022	July 1 2025	N/A (*)	2.98	6,06	1.72%	24.3%	4.10%
- transfers/secondments	-14,665								
- options lapsed	-19,144								
Total	176,043								
Changes in units in 2020									
- transfers/secondments	13,215								
- options lapsed	-77,135								
Units outstanding as at 31 December 2020	112,123								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

2014 Phantom Share Option Plan

Description

On 16 April 2014, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2014 Phantom Share Option Plan", subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 13 June 2014. The plan entails the award of phantom share options free of charge in three annual award cycles (2014, 2015 and 2016), being options that give beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant three-year period.

In accordance with the Terms and Conditions of the plan, the options granted will only vest if, at the end of the vesting period (equal to three years from the date on which the options were awarded to the beneficiaries by the Board of Directors), a minimum operating/financial performance target for (alternatively) the Group, the Company or for one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), has been met or exceeded. The vested options may be exercised from, in part, the first day immediately following the vesting period, with the remaining part exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years after the end of the vesting period (without prejudice to the Terms and Conditions of the plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2020

47,578 phantom options were exercised in 2020. The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2020 (both, at such date, already in the exercise period) as €0.06 and €1.14 respectively, in place of the unit fair values at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan". The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if, at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in 2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2020

On 11 June 2020, Atlantia's Board of Directors Atlantia's Board of Directors Atlantia's Board of Directors noted that the hurdles provided for in the terms and conditions with regard to the first cycle of the plan had not been met. As a result, the related options have lapsed. A total of 784,599 options lapsed in 2020.

The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2020 (both, at such date, still in the vesting period) as €1.58 and €1.52, respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan", subsequently also approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 8 June 2017. The Plan entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July immediately following

the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

Changes in units in 2020

On 11 June 2020, Atlantia's Board of Directors noted that the hurdles provided for in the terms and conditions with regard to the first cycle of the plan had not been met. As a result, the related units have lapsed. A total of 77,135 units lapsed in 2020.

The unit fair values of the remaining units awarded under the second and third award cycles were remeasured as at 31 December 2020 (both, at such date, still in the vesting period) as €15.28 and €14.60, respectively, in place of the unit fair values at the grant date.

The prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 31 December 2020: €14.64;
- b) price as at 6 November 2020 (the grant date for new options or units, as described): €14.29;
- c) the weighted average price for 2020: €15.02;
- d) the weighted average price for the period 7 November 2020 – 31 December 2020: €15.01.

In accordance with the requirements of IFRS 2, as a result of the existing plans, in 2020, the Group recognised a reduction in staff costs of €2,879 thousand, based on the accrued fair value of the options and units awarded and the related changes, including €5,642 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2020 have been recognised in other current and non-current liabilities, based on the assumed exercise date.

10.7 Significant legal and regulatory aspects

This section describes the main disputes outstanding and key regulatory aspects of importance to the Group's operators through to the date of approval of these consolidated financial statements.

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia collapsed on 14 August 2018, causing the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report for the year ended 31 December 2020. The most significant legal and regulatory implications arising from this incident are described below.

Talks with the Government regarding the dispute over alleged serious breaches

Following the collapse of the road bridge, the Grantor formally accused Autostrade per l'Italia of certain breaches of its contractual obligations under the Single Concession Arrangement. Autostrade per l'Italia replied to this accusation with counterarguments.

From July 2019, talks have been underway with representatives of the Government with the aim of reaching a negotiated settlement and Autostrade per l'Italia, whilst denying any responsibility for the above collapse, has submitted a series of improved proposals in the public interest.

In the course of the talks with the Grantor, whilst confident that a settlement of the dispute for serious breaches can be reached, Autostrade per l'Italia has, however, stated that it continues to have the option to exercise the rights granted to it under the Concession Arrangement.

Following numerous meetings and exchanges of correspondence designed to arrive at the content of a potential settlement agreement that would be in the public interest, Autostrade per l'Italia sent letters on 11, 13, 14 and 15 July 2020 (the latter two also signed by the parent, Atlantia) in which, whilst continuing to deny any of the alleged breaches in relation to its management of the Polcevera road bridge, the company put forward new comprehensive proposal. This proposal: (i) sets the level of expenditure to be funded at Autostrade per l'Italia's own expense at €3.4 billion, to be used to finance reductions in tolls, investment in infrastructure without any return for the Company and the demolition and reconstruction of the road bridge and the related expenses; (ii) contains a commitment from Autostrade per l'Italia to apply the tariff regime set out in the Transport Regulator's determinations 16 and 71 of 2019, with an investment programme of €13.2 billion; (iii) provides for the amendment of art. 9 of the Concession Arrangement, clearly defining the causes of termination, whilst continuing to limit application of the compensation regime introduced by art. 35 of Law Decree 162 of 2019, converted into Law 8 of 2020, to cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network; (iv) provided details of the transaction designed to allow third-party investors to acquire interest in Autostrade per l'Italia, subject to approval by the respective boards of directors (of Atlantia and Autostrade per l'Italia), resulting in the transfer of control of Autostrade per l'Italia from Atlantia to a publicly owned entity, accompanied by amendment of the governance rules, whilst respecting the rights of the operator's existing minority shareholders.

In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government *"has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to resubmit the Financial Plan that the Company had submitted on 8 April 2020, having revised it to reflect the proposed measures.

Subsequently, after a series of meetings with representatives of the Government, in September 2020, Autostrade per l'Italia received the texts of the Settlement Agreement bringing to a close the dispute over alleged breaches of the concession arrangement and of the Addendum. The Company was also sent the Government's observations on the proposed Financial Plan submitted by the Company on 23 July 2020 in accordance with the Grantor's requests.

The text of the Agreement received on 23 September 2020 requires the following commitments from Autostrade per l'Italia:

- a commitment amounting to €3,400 million, to be funded entirely at the company's own expense and without any related return, to finance reductions in tolls for the benefit of road users (€1,500 million), additional work on the infrastructure operated under concession during the regulatory period 2020-2024 (€1,200 million) and work on reconstruction of the Polcevera road bridge and all other related expenses (€700 million);
- a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021. This annual increase was later reduced to 1.64%, as described in greater detail in the following paragraph;
- a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree;

- a commitment to waive the favourable effects of any court judgements annulling implementation of the above provisions of the *Milleproroghe* Law Decree, or the Transport Regulator's above determinations.

The Agreement received also calls for acceptance of a condition making effectiveness of the Agreement dependent on completion of the corporate reorganisation following a positive conclusion of talks between Atlantia and Cassa Depositi e Prestiti ("CDP") (art. 10 (ii) of the Agreement).

On 8 October 2020, Autostrade per l'Italia sent the Government's representatives a letter expressing its willingness to sign the above text of the Settlement Agreement, subject solely to removal of the previously mentioned condition precedent.

In terms of the draft Addendum sent by the Government's representatives on 2 September 2020, Autostrade per l'Italia responded on 21 November 2020, expressing a willingness to immediately sign the version of the Addendum received.

Briefly, the draft Addendum provides for:

- a survey of all the investment commitments, with the addition of those considered priority under art. 15 of the Concession Arrangement;
- application of the tariff framework set out in the Transport Regulator's above determinations;
- a reformulation of the articles regarding breaches committed by the Operator and termination of the Concession Arrangement only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility, with compensation to be determined in accordance with the above art. 35 of Law Decree 162/2019, using ITA GAAP accounting standards, and be paid by the new operator at the time of the handover of the infrastructure by Autostrade per l'Italia;
- an obligation on Autostrade per l'Italia's part to conduct feasibility studies for new projects;
- an extraordinary maintenance plan, with the related binding timescale.

On 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the Ministry of Infrastructure and Sustainable Mobility (the "MIMS") and the Ministry of the Economy and Finance (the "MEF"), together with the other annexes to the Addendum, requesting the Grantor to pass this latter document on to the Interministerial Committee for Economic Planning ("CIPE") with the changes and amendments previously announced during earlier meetings.

On 29 December 2020, Autostrade per l'Italia reiterated its request to receive *"the amended Addendum, with the related annexes, with due urgency, bearing in mind the time that has passed and the commitment demonstrated by the parties, in order to enable it to finalise the document and submit it to the CIPE for its approval"*. With regard to the Agreement, the subsidiary confirmed what was written in its previous letter of 8 October 2020, in which it expressed a willingness to sign the Settlement Agreement attached to the letter from the Government dated 23 September without any changes, with the sole exception of removal of the condition precedent contained in art. 10 (ii).

On 31 January 2021, European Commission sources confirmed that the Commission had initiated an *"administrative dialogue"* with Italy *"certain aspects of the new legislation governing motorway concession arrangements, introduced by Law Decree 162 of 31 December 2019"* (the so-called *Milleproroghe* Decree), raising concerns regarding the compatibility of certain provisions

introduced by the Decree with EU law, following the Decree's unilateral imposition *in pejus* of changes to Autostrade per l'Italia's Single Concession Arrangement.

Finally, in a letter dated 1 March 2021, the Company again urged the Government to proceed with the finalisation of all the documents necessary before submission of the Addendum and its annexes to the CIPE, subject to removal of the previously mentioned condition precedent contained in the Settlement Agreement.

Extraordinary tunnel inspections – Ministerial Circular no. 6736/61A1 of 19 July 1967 – Launch of a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement

With reference to the announcement of 22 July 2020 to launch the procedure of serious breach pursuant to art. 8 of the Single Concession Arrangement, regarding the checks carried out by Autostrade per l'Italia on tunnels around the network it operates, with particular regard to those in the Liguria region, on 21 August 2020, Autostrade per l'Italia submitted its counterarguments to the Grantor, asking the latter to dismiss the proceedings on the grounds that the alleged serious breach did not take place, whilst requesting a hearing in order to provide further clarifications.

The counterarguments submitted by Autostrade per l'Italia contain a detailed and accurate report, in which the progress of discussions and correspondence with the Grantor regarding inspection methods for motorway tunnels is reviewed. These counterarguments sought to unequivocally demonstrate, on the one hand, the uniform interpretation of the relative legislation made by the operating companies and the Grantor until May 2020, and on the other hand, the continual changes in the Grantor's interpretation of the above legislation between the end of May and July 2020 and, in any event, Autostrade per l'Italia's prompt compliance with the requirements - which moreover were contradictory - laid down by the Grantor with regard to tunnel inspections during this latter period.

On 23 February 2021, a hearing, called by the Grantor, was held at which Autostrade per l'Italia submitted additional documentation to support its position.

In a specific reference in the Agreement regarding a negotiated settlement of the procedure for alleged serious breaches referred to in the above paragraph, it is pointed out that this challenge does not entail possible termination and/or revocation consequences for the Single Concession Arrangement, notwithstanding the potential application of the penalties provided for in the Single Concession Arrangement, as amended by the draft Addendum to the Arrangement.

Investigation of the collapse of a section of the Polcevera road bridge by the Public Prosecutor's Office in Genoa

The above-mentioned collapse of a section of the Polcevera road bridge on the A10 Genoa–Ventimiglia motorway, on 14 August 2018, has resulted in criminal action being brought before the Court of Genoa against 39 personnel, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa. The investigation relates, among other things, to the offences of "accessory to culpable collapse", "violation of transport safety regulations aggravated by culpable disaster" and "culpable vehicular homicide".

As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to Law Decree 231/2001, relating to "Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations".

Two pre-trial hearings were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial

report prepared by experts on 31 July 2019, followed by a hearing to examine it on 20 September 2019.

With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, on 21 December 2020, the experts filed a relevant technical report, which provided evidence of:

- deficiencies in the design that did not adequately take particular construction requirements into account;
- defects arising during construction;
- shortcomings in the checks carried out during construction by project managers and in the tests carried out prior to the bridge's opening;
- shortcomings in checks and maintenance work which, if they had been carried out correctly - in the opinion of the experts - would most likely have prevented the disaster from occurring;
- the hypothesis that a coil could have fallen from a lorry while it was passing over the joint between pylon 9 and the buffer beam (as argued by the defence consultants) should most likely be excluded.

The first three pieces of evidence, according to the experts, would have led to severe corrosion of the secondary and primary cable stays of pylon 9 on the Genoa/sea side, given that, in their opinion, *"the inspection and monitoring systems implemented were inadequate to identify the problems affecting the collapsed part of the bridge"*.

During the hearings at the beginning of February 2021, the experts explained the content of the first six sections of the report.

The preliminary investigating magistrate then adjourned the pre-trial hearing for 15 days to allow the technical consultants of the persons under investigation to acquire and analyse the software used by the experts to calculate the resistance of the cable stays used in the Morandi road bridge.

Finally, during the hearings of 18, 19 and 20 February, the experts completed the presentation of their report, the public prosecutor decided that they did not have any questions and counsel for Autostrade per l'Italia and the accused proceeded to cross-examine the experts appointed by the preliminary investigating magistrate.

Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the Genoa and Rome offices of Autostrade per l'Italia and a number of Group companies in order to seize technical documents (i.e., designs, calculation reports, test certificates) and organisational documents (i.e., service orders and organisational arrangements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The new line of investigation, which derives from two accidents that occurred on 6 November 2016 and 17 January 2017 due to the collapse of the aforementioned barriers positioned respectively on the Rio Rezza and Rio Castagna bridges on the A12, involves investigation of former managers and managers and employees with technical expertise working for Autostrade per l'Italia, in relation to the offences of public procurement fraud and endangerment of transport safety.

Finally, the documents relating to the review of the precautionary measures mentioned below show that the public prosecutors also plan to charge the five accused with the misuse of public funds.

On 11 November 2020, the preliminary investigating magistrate in Genoa imposed precautionary measures on four former managers and two engineers still employed by Autostrade per l'Italia SpA.

As regards the two personnel still employed, the Company has suspended them, whilst reserving the right to take further action once the full facts are known.

In this regard, having completed a further investigation and taken the relevant disciplinary action, the Company proceeded to dismiss one of the employees, whilst the other is subject to a further suspension from work.

An initial examination of the above court order, which refers to evidence gathered as a result of wiretapping and electronic surveillance, a report prepared by the technical expert appointed by the Public Prosecutor's Office and a summary of witness statements, has revealed the following:

- that, due to design defects, an underestimation of the effects caused by wind and the use of materials anchoring the barriers to the ground that did not comply with European standards, the "Integautos" barriers constituted a hazard as they were at risk of flipping over;
- that there is a suspicion of fraud linked to a breach of the contractual relationship with the Grantor, given the failure to communicate the problems identified on the network and the resulting temporary repairs (*i.e.*, removal of the upper sections).

In view of the seriousness of the alleged offences, the Company, once an exhaustive reconstruction of the events has been completed, reserves the right to take any and all steps necessary in order to safeguard its reputation through the appropriate channels.

Lastly, counsel for all the accused affected by the above precautionary measures have requested a review of the order or have appealed against it. These motions have been in part upheld.

Investigation by the Public Prosecutor's Office in Genoa of alleged false statements regarding several of the network's bridges

As part of this investigation into a series of allegations regarding false statements made by a public officer in an official document, four executives and a company employee at the time of the events are under investigation. According to the charge, certain reports prepared by the technicians responsible for testing, monitoring and design were improperly drafted in order to make the maintenance conditions of the road bridges appear better than they actually were. In September 2019, the preliminary investigating magistrate issued an injunction applying a personal precautionary measure (house arrest) and a prohibitive measure (suspension from work for a period of 12 months) against, among others, two of the above-mentioned Autostrade per l'Italia managers. In opposition to these measures, counsel for the persons under investigation proposed a review, which led to the house arrest measure being replaced with suspension from practising a public service for one year and a ban on exercising any professional activity similar to the one carried out previously for one year, while the prohibitive measure was confirmed, and following the subsequent rejection of the appeal before the Court of Cassation became enforceable. Once the company became aware of the prohibitive injunctions, it promptly initiated disciplinary proceedings against the four executives under investigation, which then led to the dismissal of three of them, and the suspension from work of the other one. The investigation is ongoing.

Five-yearly update of Autostrade per l'Italia's financial plan

Following the Transport Regulator's introduction of the new tariff framework, on 8 April 2020, Autostrade per l'Italia submitted the Financial Plan to the Grantor, ahead of the deadline

extended by the Grantor in art. 103 of Law Decree 103 of 17 March 2020, whilst continuing to stand by its earlier opposition and reservations in this regard.

This was followed by a letter dated 15 July 2020, after agreement had been reached on the measures suitable to satisfy the public interest, in relation to settlement of the dispute with the MIMS over alleged serious breaches of the Concession Arrangement. In the letter, the MIMS requested Autostrade per l'Italia to submit the revised Financial Plan by 23 July 2020. As requested, on 23 July, the Company submitted the above Financial Plan.

In a letter dated 3 August 2020, the MIT set out its conclusions regarding the proposed Financial Plan submitted by Autostrade per l'Italia on 23 July 2020, setting out the changes to be made. In subsequent letters, the first dated 1 September 2020 and the second 14 September 2020, Autostrade per l'Italia submitted further versions of the Financial Plan to the Government and the Grantor, taking into account the observations made by the Grantor and the following talks with personnel from the MEF.

On 14 October 2020, the Transport Regulator published the opinion provided to the MIMS in accordance with art. 43 of Law Decree 201 of 2011 regarding the update of the Financial Plan. The regulator's opinion expresses certain reservations regarding the Plan drawn up by the Company, which, though it substantially applies the Tariff Framework devised by the Transport Regulator, includes a number of clear differences in terms of application that could potentially be reflected in the level of the tolls charged to road users.

In its letter dated 22 October 2020, the Grantor, in response to the proposed Financial Plan submitted by Autostrade per l'Italia on 14 September 2020 and the regulator's opinion, requested the Company to amend the proposed plan and to provide clarifications, details and documentation regarding a number of concerns raised by the regulator.

On 19 November 2020, Autostrade per l'Italia sent the MIMS, the MEF and the Cabinet Office a new version of the Financial Plan, reflecting the indications in the above letter from the Grantor dated 22 October. The Plan made reference to the sum of €3.4 billion included in the Agreement reached with representatives of the Government, setting out the various items of expenditure and the related timescale. The new Plan also reflected the Government's request to include the measure designed to make up for lost revenue in the period between March and June 2020 due to Covid-19, to be recovered by raising the average annual toll increase to 1.64%, deeming this to cover the amount necessary in order to recover the losses incurred. A decision has, on the other hand, yet to be made on how the motorway sector as a whole will recover the revenue lost in the subsequent period due to Covid-19.

Finally, following later talks, as noted above, on 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the MIMS and the MEF, together with the Addendum to the Concession Arrangement and the other annexes to this document.

Legal action over failure to approve the five-yearly update of the Financial Plan

With determination no. 50/2020 of January 3, 2020, the Grantor, in compliance with judgement 13789 of 2 December 2019 handed down by Lazio Regional Administrative Court, informed Autostrade per l'Italia that the proposed update of its financial plan, submitted on 15 June 2018, was unacceptable. In response, on 3 March 2020, Autostrade per l'Italia brought an action before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the *Milleproroghe* Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for

flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. A date for the hearing to discuss the case is awaited.

Declaratory action before the Lazio Regional Administrative Court regarding the validity and effectiveness of articles 8, 9 and 9-bis of the Single Concession Arrangement

Following enactment of the law converting Law Decree 162 of 2019, on 4 March 2020, Autostrade per l'Italia appealed to the Lazio Regional Administrative Court to ascertain - after non-application of art. 35 of the above Decree, or after referring matters of interpretation of European law and incidental matters of constitutional legitimacy - the validity and applicability of articles 8, 9 and 9-bis of the Single Concession Arrangement that governs Autostrade per l'Italia's concession.

On 3 April 2020, Autostrade per l'Italia filed a request to expedite the scheduling of a hearing, which has yet to be determined.

Legal challenges against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

With reference to Autostrade per l'Italia's legal challenges of the Special Commissioner's measures before the Liguria Regional Administrative Court, following the injunctions of 6 December 2019 - whereby the Liguria Regional Administrative Court referred the matters of constitutional legitimacy raised by Autostrade per l'Italia to the Constitutional Court - in a ruling of 27 July 2020, the latter Court deemed these matters to be partly unfounded and partly inadmissible.

In response to this ruling, on 9 October 2020, requests were filed with the Liguria Regional Administrative Court for hearings to be scheduled in order to proceed with the actions.

The hearing to discuss all the challenges, originally scheduled for 10 February 2021, at the request of the Attorney General, has been scheduled for 15 December 2021.

With regard to the appeals brought by the Cabinet Office, the MIMS and the Special Commissioner before the Council of State on 5 January 2020, challenging the Liguria Regional Administrative Court's ruling on the preliminary questions proposed by the authorities as part of the related judgements at first instance, on 30 September 2020, with the support of the Attorney General and the cross-appellants, Autostrade per l'Italia filed a request to have the hearing postponed. This request is motivated by the fact that an agreed settlement of the dispute launched by the MIMS on 16 August 2018 is being defined, which, if finalised, would entail lack of interest and therefore waiver of the legal actions brought. Therefore, the Council of State has postponed the hearing to a date to be determined.

Legal action challenging the Ministry Infrastructure and Sustainable Mobility's decision regarding the fees payable for sub-concessions

With regard to the legal challenge brought by Autostrade per l'Italia, requesting clarification of the rights provided for in articles 3 and 17 of the Single Concession Arrangement, regarding the sub-concession fees payable to the Grantor for activities carried out at areas appurtenant to the motorway network, on 22 October 2020, the Court of Rome published its judgement upholding Autostrade per l'Italia's challenge. The judgement states that the percentage fee payable by Autostrade per l'Italia to the Grantor for sub-concessions should be established on the basis of the above Single Concession Arrangement (being between 5% and 20%, depending on whether the services had already been consented to on the date of execution of the Arrangement or subsequent to its execution). This percentage is to be applied to revenue effectively received in return for the sub-concessions granted to the providers of motorway services and not to the

amounts originally agreed with sub-operators in the related sub-concession arrangements, as argued by the Grantor. The latter amounts are higher than the former due to the discounts granted Autostrade per l'Italia, from 2012, in order to support motorway service providers following the economic crisis of the previous years.

Autostrade per l'Italia's toll increase for 2019

With regard to the toll increase for 2019 of 0.81%, as authorised by the MIMS and the MEF and voluntarily deferred for the whole of 2019, Autostrade per l'Italia has repeatedly volunteered to extend the deferral, the latest extension postponing application of the increase through to 31 May 2021.

Toll increases for 2020

On 15 October 2019, Autostrade per l'Italia requested a toll increase of 1.21%, calculated on the basis of the existing Single Concession Arrangement. The review conducted by the Grantor led to the award of a toll increase of 1.19%, a reduction of 0.02% in the "X investment" component, as set out in the report dated 18 December 2019. Subsequently, article 13, paragraph 3 of Law Decree 162 of 30 December 2019 (the *Milleproroghe* Decree) provided that, for operators whose five-year regulatory period had expired, any adjustment to motorway tolls for 2020 was to be deferred until the process of updating the operators' financial plans, to be drawn up in compliance with the Transport Regulator's determinations, had been completed. On 31 December 2019, the Grantor those notified the Company that, following its review, it was deferring application of the requested increase, and would therefore allow a toll increase of 0.00%. This decision was challenged by Autostrade per l'Italia and the litigation is currently pending. On 21 April 2020, Autostrade per l'Italia requested a date for the related hearing, but this has yet to be established.

In determinations issued on 31 December 2019, the Grantor also notified Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrada Tirrenica that, in view of the provisions of the disputed Article 13 of the *Milleproroghe* Decree of 31 December 2019, "*no toll increases would be applied from 1 January 2020*". It should be noted that, under the agreements in force, Raccordo Autostradale Valle d'Aosta had submitted a proposal to increase tolls by 6.51%, Tangenziale di Napoli by 1.33%, and Autostrada Tirrenica by 41.03%, taking into account the difference between the companies' requests and the amounts recognised by the Grantor for the years 2014-2019. All of the above companies have brought an action to have the Grantor's provisions annulled. Updates on these actions are provided below.

With regard to Autostrade Meridionali, which had submitted a proposal for a 2.41% increase, in a memo dated 31 December 2019, the Grantor forwarded the decree adopted on the same date by the MIT and the MEF, which ruled that no increase would be applied, given that the transitional financial plan - which governs the contractual relationship for the period after the agreed expiry of the Arrangement in 2012 - has not yet been approved.

In the case of Traforo del Monte Bianco which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase of 1.54%. This is based on the sum of 0.59% (representing the average inflation rate recorded in Italy and France from 1 September 2018 to 31 August 2019), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, for which allocation of the additional revenue has yet to be decided.

Toll increases for 2021

With regard to the toll increase for 2021, on 15 October 2020, Autostrade per l'Italia sent the Grantor a letter setting out two alternative requests for toll increases: (i) one, relating to the

"unlikely event that, as part of the overall agreed settlement of the dispute, the addendum being drawn up with the appended revised Financial Plan has not become effective by 31 December", to be determined on the basis of the toll increase formula provided for in the Single Concession Arrangement and amounting to 0.47%; and (ii) another one based on the new framework for toll increases (in line with the Financial Plan as updated at the date of the request), amounting to 1.75%, which could be examined and approved by the Grantor were the Financial Plan to be approved in the meantime.

Art. 13 of Law Decree 183 of 31 December 2020 (the so-called *Milleproroghe* Decree) provided that, in the case of motorway operators whose financial plans have expired:

- any adjustment to motorway tolls for 2020 and 2021 was to be deferred until the process of updating the operators' financial plans, to be drawn up in compliance with the Transport Regulator's determinations, had been completed;
- the deadline for finalisation of the above financial plans was to be extended to 31 July 2021, in place of the previous deadline 31 July 2020 established in the *Milleproroghe* Decree of December 2019.

In implementation of this legislation, the Grantor, in a letter dated 31 December 2020, informed Autostrade per l'Italia that the toll increase applicable from 1 January 2021 was equal to zero.

On 1 March 2021 - as the Company did last year to contest the rejection of the toll increase for 2020 - Autostrade per l'Italia challenged the Grantor's above measure before the Regional Administrative Court.

On 31 December 2020, the Grantor sent letters with similar content to the letter sent to Autostrade per l'Italia to the companies, Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli, Autostrada Tirrenica and Autostrade Meridionali. All the companies were informed that their toll increases for 2021 would be 0%, as opposed to the proposals submitted by the companies for increases of 12.30% in the case of Raccordo Autostradale Valle d'Aosta - taking into account the difference between the increase due to the company and the amount recognised by the Grantor for 2020- and 41.47% in the case of Autostrada Tirrenica - taking into account the difference between the increase due to the company and the amount recognised by the Grantor for the years 2014-2020.

Like Autostrade per l'Italia, on 15 October 2020, Tangenziale di Napoli sent the Grantor a letter setting out two alternative requests for toll increases: a first request, based on the toll increase formula provided for in the existing Concession Arrangement and the Addendum of 2018, equal to 1.60%; and a second, equal to 0.72%, calculated on the basis of the proposal for the new financial plan out forward in 2020, based on the tariff framework drawn up by the Transport Regulator. In this case too, on 31 December 2020, the Grantor announced that the toll increase for 2021 would be 0.00%.

All three companies have, like Autostrade per l'Italia, lodged appeals against the above decisions by the Grantor.

With regard to Autostrade Meridionali, the Grantor sent the operator the joint decree issued by the MIMS and the MEF on 31 December 2020, which established that the toll increase applicable from 1 January 2021 was to be zero, compared with the company's request for an increase of 2.52%.

This refusal was motivated by the company's failure to submit a transitional financial plan – being the financial plan covering the period between expiry of the concession and the effective date on which the motorway is to be handed over to the new operator – drawn up on the basis of CIPE Resolution 38/2019, which has set the criteria to be used in drawing up financial plans for expired concessions, as described in greater detail below.

In the case of Traforo del Monte Bianco, which operates under a different regulatory regime, the Intergovernmental Committee for the Mont Blanc Tunnel awarded a toll increase 0.63%. This is based on the sum of -0.32% (representing the average inflation rate recorded in Italy and France from 1 September 2019 to 31 August 2020), and an additional extraordinary increase of 0.95% based on the principle of application of parallel increases to be agreed upon for the Frejus and Mont Blanc tunnels requested by the Frejus company and also applicable to the Italian company, Traforo del Monte Bianco, for which allocation of the additional revenue has yet to be decided.

Proceeding initiated by the Antitrust Authority

On 16 June 2020, officials from the Antitrust Authority, assisted by the *Guardia di Finanza* (Finance Police), carried out an inspection at the Rome headquarters and the Cassino VI area office. The officials notified the commencement of proceedings pursuant to article 27.3 of the Consumer Code, with a view to ascertaining whether Autostrade per l'Italia had engaged in unfair commercial practice by taking actions relating to the narrowing of carriageways and reduced speed limits on sections of the A/16 and A/14 motorways, with particular reference to information provided to motorway users regarding toll reductions and suspensions to compensate for any inconvenience caused.

Whilst believing that the violations of the Consumer Code alleged by the Antitrust Authority were unwarranted, on 31 July Autostrade per l'Italia submitted the commitments provided for in the regulations for investigations relating to consumer protection pursuant to art. 27, paragraph 7 of Law Decree 206 of 2005, with a view to improving the management and communication of information to motorway users regarding road conditions and refund procedures, in order to reach a rapid settlement of the proceeding.

However, the proposed commitments were rejected by the Authority in its decision of 24 September 2020, which also broadened the scope of the proceeding, extending the allegations made at the outset to include other motorway sections managed by Autostrade per l'Italia (A/14 Bologna/Taranto, A/26 Genoa Voltri Gravellona-Toce and, for the part falling under its responsibility, the A/7 Milan-Serravalle-Genoa, A/10 Genoa-Savona-Ventimiglia and A/12 Genoa-Rosignano). According to the Authority, the deterioration of the service provided by Autostrade per l'Italia on those sections of motorway constitutes a breach of art. 20 of the Consumer Code, because the increase in journey times arising from traffic disruption is not matched by appropriate toll reductions. It is also alleged that articles 24 and 25 of the above Code were breached, because road users were encouraged to access the motorway network and then obliged to pay the full toll amount despite the inconvenience suffered.

On 23 December 2020, the Antitrust Authority set out its preliminary findings, confirming and specifying the allegations already made against Autostrade per l'Italia. In reaffirming its rejection of the proposed commitments presented during the proceeding, the Authority dwelt on the prejudicial nature of Autostrade per l'Italia's conduct, deeming that it has demonstrated that the disruption caused to motorway users was not adequately compensated for by measures to eliminate, suspend or reduce tolls. The Antitrust Authority considers that Autostrade per l'Italia's conduct led to a significant deterioration in the quality of the service offered, and as such constitutes an unfair and aggressive commercial practice.

The deadline for concluding the proceeding has been deferred until 17 March 2021.

Competition for the concession of the A3 Naples – Pompei – Salerno motorway

With regard to Autostrade Meridionali's appeal to the Campania Regional Administrative Court against the decision to award the SIS Consortium the new concession to operate the A3 Naples-Pompei-Salerno motorway, requesting its cancellation after suspension of the award, on 21

October 2020 the ruling in which the Campania Regional Administrative Court rejected the appeal filed by Autostrade Meridionali and, consequently, declared the appeal filed by SIS to be inadmissible, was published. Autostrade Meridionali challenged the above ruling of the Campania Regional Administrative Court by appealing to the Council of State on 9 November 2020. The scheduling of a hearing to discuss the appeal is pending.

Autostrade Meridionali – request for adoption of the Financial Plan

Following the ruling by the Campania Regional Administrative Court stating that it lacked territorial jurisdiction to hear the case brought by Autostrade Meridionali to verify the illegitimacy of the Ministry of Infrastructure and Sustainable Mobility's silence regarding the company's request to adopt a Financial Plan for the period 2013-2022, on 12 February 2020 Autostrade Meridionali resumed proceedings before the Lazio Regional Administrative Court, asking the Court to verify the illegitimacy of the Grantor Ministry's continued silence regarding its requests for adoption of a Financial Plan and the proposed Financial Plan submitted by the company in a memorandum dated 24 May 2019, and, accordingly, to order the Grantor to take action on the merits. Subsequently, following the aforementioned Resolution 38/2019, the Grantor asked Autostrade Meridionali to incorporate the rate of return set out in the Resolution into the Financial Plan. The company appealed on additional grounds against the aforementioned Resolution 38/2019, and claimed that the Grantor's request was unlawful.

On 2 February 2021, the Lazio Regional Administrative Court published a ruling accepting Autostrade Meridionali's request, which: (i) annulled the Grantor's decision, as Resolution 38/2019 does not apply in cases where the rate of return is set in the Single Concession Arrangement, as is the case for Autostrade Meridionali; (ii) upheld the illegitimacy of the silence regarding Autostrade Meridionali's request, and ordered the Ministry of Infrastructure and Sustainable Mobility to adopt the final decision of the proceedings within 30 days of notification of the ruling on 2 February 2021.

Raccordo Autostradale Valle d'Aosta's toll increase for 2020

On 2 March 2020, Raccordo Autostradale Valle d'Aosta brought an action before Aosta Regional Administrative Court challenging the MIT's decision to award a toll increase of 0% for 2020 and to impose an obligation on the operator, in common with the other operators affected by the amendments to legislation introduced by art. 13 of the *Milleproroghe* Law Decree, to submit by 30 March 2020 a revised Financial Plan, in compliance with the new tariff framework introduced by the Transport Regulator. This process was to be completed by 31 July 2020 (this deadline was later extended until 31 July 2021 by Law Decree 183 of 31 December 2020, the *Milleproroghe* Decree for 2020).

On 29 June 2020, the above Court dismissed the challenge, ruling that the measures challenged were lawful, and that they did not represent a refusal to approve a toll increase for 2020, but rather a postponement of determination and application of the increase until the company's submission of a revised financial plan that complies with the Transport Regulator's determinations, as required by art. 13 of the *Milleproroghe* Law Decree for 2019.

The Court also ruled against the company's claim that the new regulations are in conflict with EU legislation and in breach of the constitution .

On 29 January 2021, Raccordo Autostradale Valle d'Aosta lodged an appeal before the Council of State against the above ruling of the Valle d'Aosta Regional Administrative Court .

Autostrada Tirrenica - judgement of the Court of Justice of 18 September 2019 and art. 35 of the *Milleproroghe* Decree

Following conversion into law of the *Milleproroghe* Decree, on 14 May 2020, Autostrada Tirrenica filed a legal challenge with Lazio Regional Administrative Court. The operator has requested the Court to rule on whether the articles in the operator's Concession Arrangement are still valid and in force, subject to granting relief in the form of non-application of art. 35, paragraphs 1 and 1-ter of Law Decree 162 of 30 December 2019, converted with amendments into Law 8 of 28 February 2020, or relief in relation to issues regarding the interpretation of EU law and connected issues relating to constitutional law.

The operator's challenge primarily requests the Court to confirm the validity and effectiveness of the provisions in the concession arrangement, having granted relief in the form of non-application of art. 35, paragraphs c(1) and c(1-ter) of the *Milleproroghe* Decree as it breaches numerous constitutional principles, in addition to certain basic EU principles, above all those regarding legal certainty and legitimate expectations forming the basis of the fundamental freedoms established by articles 49 et seq. and 63 et seq. of the Treaty on the Functioning of the European Union.

The challenge also requests the Court to rule on the validity and effectiveness of the provisions in the Single Concession Arrangement, following the referral of preliminary issues to the European Court, and of the issue of constitutional legitimacy to the Constitutional Court.

Autostrada Tirrenica – Toll increases for 2014, 2016, 2017 and 2018 – Lazio Regional Administrative Court ruling

With regard to the absence or partial application of toll increases for the years 2014, 2016, 2017 and 2018, following a request by Autostrada Tirrenica, and in view of the failure of the authorities to proceed, the Lazio Regional Administrative Court issued an order on 30 June 2020 to appoint an Acting Commissioner.

Following a decree from the Acting Commissioner relating to the ruling that recognised the toll increase due to the company for 2014, the company applied the increase of 2.54% with effect from 9 November 2020.

As a result of subsequent decrees issued by the Acting Commissioner relating to rulings on toll increases for 2016, 2017 and 2018, Autostrada Tirrenica applied a total increase of 11.30% from 28 December 2020.

Notwithstanding the foregoing, as the aforementioned decrees relating to the latter rulings (increases for 2016, 2017 and 2018) did not fully recognise the toll increases requested by the company, the latter filed challenges against the rulings to obtain the unrecognised portion.

With reference to 2019 and 2020, Autostrada Tirrenica, which was awarded a toll increase of 0% with regard to the requests made, amounting to 1.59% for 2019 and 3.39% for 2020, brought two legal challenges before the Lazio Regional Administrative Court, which were filed on 1 March 2019 for 2019, and 2 March 2020 for 2020.

Litigation regarding the competitive tender for oil services at the Novate Nord service area

With regard to the appeal lodged with the Council of State by EG Italia SpA, challenging the ruling handed down by Lombardy Regional Administrative Court, which set aside the award to the appellant of the concession for oil services at the Novate Nord service area (following a legal challenge brought by Tamoil Italia SpA, the second ranked bidder), following discussion of the case on 25 June 2020, the Council reserved judgement.

The judgement handed down on 26 January 2021 has upheld the appeal against the ruling at first instance and, as a result, set aside the ruling handed down by Lombardy Regional Administrative Court. This judgement confirms that the conduct of the tender committee was lawful.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

The trial before a single judge at the Court of Avellino has been completed, with a judgement at first instance regarding the accident that occurred on 28 July 2013 on the Acqualonga Viaduct, involving a coach travelling on the A16 Naples-Canosa motorway. The accused included a total of twelve managers and former managers and employees of the Autostrade per l'Italia, who were charged with being accessories to culpable multiple manslaughter and criminal negligence.

Specifically, at the hearing held on 11 January 2019, the judge acquitted the accused who at the time of the accident held the roles of Autostrade per l'Italia's Chief Executive Officer, General Manager for Operations & Maintenance, Head of the "Road Surfaces and Safety Barriers" unit, Head of the "Safety Barriers, Laboratories and RD" operations unit and the two Coordinators at the Cassino VI area office not guilty pursuant to art. 530, paragraph 1 of the code of criminal procedure, as they are innocent of the crime of which they were accused. Instead, the then managers and heads of operations at the Cassino VI area office were found guilty.

The Public Prosecutor and the lawyers defending the accused who have been found guilty have lodged appeals. The initial hearings held on 7 January 2021 and 28 January 2021 were taken up by the reading of the reporting judge's opinion and of the appeal documents filed by the accused and by Autostrade per l'Italia as being civilly liable. The next hearing was then scheduled for 25 February 2021 to hear requests for the re-examination of the witnesses.

At the hearing held on 25 February 2021, the Public Prosecutor requested the rehearing of nine witnesses who had already appeared at the first instance hearing, as well as the acquisition of certain documents from other proceedings. The defence counsel for Autostrade per l'Italia, which was sued as civilly liable, requested a new expert's report, a new examination of the expert witnesses and the acquisition of a new technical report refuting certain technical aspects contained in the expert's report ordered at first instance. The defence counsel of the defendants from the area office made similar requests for renewal, as well as for acquisition of the correspondence between Autostrade per l'Italia and the MIT regarding the replacement of Liebig anchor bolts with threaded starter bars. Finally, all the defence counsels opposed the requests for renewal made by the Public Prosecutor, and also requested a deadline for the defence to comment on the documents whose acquisition had been requested, which had only been filed during the hearing. The Court of Appeal granted the request for a deadline and adjourned the hearing until 25 March 2021.

In addition to the criminal proceedings, a number of civil actions have been brought by persons not party to the criminal trial. These actions have been combined by the Civil Court of Avellino.

Autostrade per l'Italia's legal counsel appealed the judgement handed down by the Court of Avellino, which had ruled that Autostrade per l'Italia and Mr Gennaro Lametta, the owner of the agency that hired the bus insured with Reale Mutua, were concurrently and jointly liable (50% each).

At a hearing on 1 December 2020, the two appeal cases brought by Autostrade per l'Italia and the owner of the agency were merged and the Court, deeming it unnecessary to notify Autostrade per l'Italia's appeal, also with regard to some of the parties who failed to appear in court for the first instance proceedings, scheduled the hearing for presentation of the conclusions on 17 May 2022.

Investigation by the Public Prosecutor's Office in Avellino regarding the anchorages for the New Jersey safety barriers installed on road bridges on A16, A14 and A1

On 2 May 2019, a notice of investigation was received by 3 of Autostrade per l'Italia's executives, the two people who held the role of Head of the Cassino VI area office and the Head of the "Road Surfaces and Safety Barriers" unit, in relation to the offences provided for in and punishable in accordance with articles 110 and 434 of the criminal code (*"culpable collapse or other culpable*

disasters”). This was accompanied by a seizure order for the New Jersey barriers installed on 12 road ridges on the A16. The anchorages for these barriers underwent changes following the accident on the Acqualonga viaduct in July 2013, which, according to the technical experts appointed by the local Public Prosecutor, have reduced the overall performance of the barriers.

Since July 2019, the Company’s area offices have launched a series of additional inspections throughout the network, with the exception of the road bridges on the A16 covered by the seizure order. The aim was to subject the anchorages of the safety barriers installed on the network to specific tests, the result of which provided reassurance about the overall performance of the barriers.

Following this, between September and November 2019, the preliminary investigating magistrate in Avellino seized further New Jersey barriers installed on a number of viaducts on the A14, A16 and A1, whilst the local Public Prosecutor has placed the current Head of the Pescara VII area office, their predecessor and three managers from the area office V between 2014 and today under investigation.

Autostrade per l’Italia has decided to bring forward implementation of its existing upgrade plan for the New Jersey barriers installed on bridges throughout the network in order to carry out work on those on the A14, A16 and A1 that have been seized. The related design and scheduling have been submitted to inspectors at the MIMS for validation.

The Company has thus successfully requested the Public Prosecutor’s Office in Avellino to release the barriers from seizure so as to carry out the work on the barriers according to the design and schedule agreed with the MIMS’s inspectors.

On 17 July 2020, the Public Prosecutor’s Office, again in response to a specific request from the Company’s legal counsel, authorised the Company to reorganise the motorway layout close to the viaducts on the A14 and A16 by creating two lanes for each carriageway. This was done to avoid a repetition of the serious disruption and queues of traffic seen on the sections in question, issues that were likely to worsen during the imminent summer holiday season and the equally likely significant increase in traffic. The Company then continued to use this new layout until work began on replacing the barriers on the bridges in question.

Lastly, in October, November and December 2020, at the request of the Company’s legal counsel, the Public Prosecutor’s Office, following approval from the Grantor for the first detailed designs for the barriers installed on 6 bridges on the A14, A16 and A1, authorised the release from seizure of the areas in which work on replacing the barriers was to take place.

The investigation is ongoing.

Investigation by the Public Prosecutor’s Office in Vasto of the alleged inclusion of false data in the technical documentation relating to the Giustina Viaduct (A14)

This criminal investigation is linked to the previous one and follows the provision of evidence gathered by the Public Prosecutor’s Office in Genoa to the Public Prosecutor’s Office in Vasto, which has jurisdiction.

On 26 June 2020, the Public Prosecutor asked the preliminary investigating magistrate at the Court of Vasto for an extension of the deadline for completing the preliminary investigation to 3 February 2021. The people under investigation are the former Head of Operational Maintenance and Investment, the former Director of local office VIII and Autostrade per l’Italia’s then Sole Project Manager, who are accused of making false statements by a public officer in a public office.

Criminal proceedings brought relating to the event that took place in the Bertè tunnel on the A26 motorway on 30 December 2019

Documents relating to the roles and responsibilities of departments within Autostrade per l’Italia, in relation to tunnel maintenance and relations between the company and the Ministry of

Infrastructure and Transport regarding such matters, were seized, on behalf of the Public Prosecutor's Office, by the *Guardia di Finanza* (Finance Police) at the Rome offices of Autostrade per l'Italia and at the relevant Local Area Office.

Initially, the Head of the Genoa I Area Office I was notified that they were under investigation for the offence of dereliction of duty.

Finally, the preliminary investigating magistrate in Genoa issued an order extending the deadline for completion of the preliminary investigation to 22 July 2021. The order indicates that, in addition to the Head of the relevant area office, who is now also being investigated for the offences of public procurement fraud, endangerment of transport safety and the negligent removal or omission of occupational safety protections, a further 5 former managers and 3 employees in technical roles at Autostrade per l'Italia are under investigation, solely with regard to the above offence of public procurement fraud.

Criminal trial before the Court of Rome relating to the award of contracts

The trial regards charges of acts in breach of official duties and abuse of office brought against the Sole Project Manager and the Project Manager for Operating Investments in relation to work on construction of the Florence North, San Giovanni Valdarno and Rosignano toll stations and the Capannori flyover. Both the accused are employees of Autostrade per l'Italia and have been the subject of disciplinary action.

At the end of the preliminary hearing, at which Autostrade per l'Italia, previously identified as the injured party, filed a civil action against the above employees, the accused were remanded for trial before the Court of Rome.

At the hearing held on 9 October 2020, the court rejected all objections, whilst reserving judgement on the request to cite Autostrade per l'Italia as civilly liable (as the employer of the accused). The related decision was postponed until the hearing of 25 January 2021, which was then adjourned until 12 April 2021 due to lack of evidence for the citation of two of the persons civilly liable.

Lastly, it should be noted that the statute of limitations is close to lapsing for all the above offences.

Claim for damages from the Ministry of the Environment

The criminal case brought before the Court of Florence regarded alleged violations of environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico* (offences provided for and punished in accordance with art. 260, "organised trafficking in waste", in relation to art. 186, paragraph 5 "use of soil and rocks from excavation work as by-products and not as waste" in the Consolidated Law on the Environment no. 152/06; art. 256, paragraph 1(a) and (b) "unauthorised management of waste" and paragraph three, "fly tipping" of the Consolidated Law). The trial at first instance has come to an end with the full acquittal of Autostrade per l'Italia's Joint General Manager for Network Development and Project Manager, as the court ruled that "there was no case to answer".

The Public Prosecutor's office in Florence has filed a *per saltum* appeal against the judgement with the Supreme Court.

The hearing scheduled for 9 June 2020 was adjourned until 19 January 2021.

At the end of this hearing, the Supreme Court upheld the *per saltum* appeal, thereby annulling the acquittal ruling, and referred the case back to the Court of Appeal of Florence for a new trial. Filing of the grounds for this ruling is pending.

Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental

On 27 August 2014, a worker employed by Pavimental SpA – the company contracted by Autostrade per l'Italia to carry out work on a section of carriageway on the A1 – was involved in a fatal accident whilst at work. In response, the Public Prosecutor's Office in Prato has brought criminal charges against, among other people, Autostrade per l'Italia's Sole Project Manager, who is charged with reckless homicide due to the violation of occupational health and safety regulations.

The trial is in progress. The hearing initially scheduled for 5 May 2020 was first adjourned until 26 May and then again until 8 and 29 April 2021, in order to complete the testimony from the witnesses called by the prosecution and begin to hear the witnesses for the defence.

Investigation by the Public Prosecutor's Office in Ancona following the collapse of the motorway bridge on the SP10 crossing the A14 Bologna-Taranto motorway

On 9 March 2017, the collapse of a bridge on the SP10, as it crosses the A14 motorway at km 235+794, caused the deaths of the driver and a passenger in a car and injuries to three workers employed by a sub-contractor of Pavimental SpA, to which Autostrade per l'Italia had previously awarded the contract for the widening to three lanes of the Rimini North–Porto Sant'Elpidio section of the A14 Bologna-Bari-Taranto motorway. Criminal proceedings have been brought regarding the offences provided for and punished by Articles 113, 434, paragraph 2, and 449 of the criminal code ("accessory to culpable collapse"), 113 and 589, last paragraph, of the Italian Criminal Code ("accessory to multiple negligent homicide"), 113 and 589-*bis*, paragraph 1, and the last paragraph of the criminal code, ("accessory to vehicular homicide"). In addition, Autostrade per l'Italia is under investigation pursuant to art. 25-*septies* of Law Decree 231/2001 ("culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations").

On 7 October 2019, the preliminary investigating magistrate issued a dismissed the charges against 4 of Autostrade per l'Italia's managers.

The criminal proceedings thus continued solely against the 3 employees of Autostrade per l'Italia and the company itself pursuant to Law Decree 231/2001.

At a preliminary hearing on 15 October 2020, the preliminary hearing judge, accepting the Public Prosecutor's request, indicted all the defendants, both natural and legal persons.

The hearing to discuss the case has been scheduled for 21 September 2021.

Proceedings involving Autostrade per l'Italia, Craft Srl and Alessandro Patané

Autostrade per l'Italia and Autostrade Tech impleaded by ANAS SpA in the case brought by Alessandro Patané

On 13 October 2020, ANAS SpA impleaded both Autostrade per l'Italia and Autostrade Tech in the action brought against it and the Ministry of Internal Affairs by Alessandro Patané. The action regards Mr Patané's claim against the defendants for improper use of the SICVe (Vergilius) system and the related software, amounting to a total of €21 million in damages.

The first hearing was held on 18 June 2020. ANAS appeared to implead Autostrade per l'Italia and Autostrade Tech in order to be relieved of liability and held harmless.

ANAS, Autostrade per l'Italia and Autostrade Tech have all requested the case to be suspended, in view of the pendant litigation before the Court of Appeal of Rome involving Mr Patanè, regarding the ownership of the software, and CRAFT, regarding infringement of the plaintiff's patent.

On 14 January 2021, the court scheduled a hearing for 15 September 2021 for the admission of preliminary evidence. The court also noted that the Ministry of Internal Affairs had failed to appear.

Proceeding before the Court of Appeal in Rome

In judgement 120/2019, the Court of Appeal rejected the request for a declaration that Mr Patanè's claims regarding the SICVe software are without grounds given that ownership of the software has not been proven. The court also turned down Mr Patanè's cross-appeal. Autostrade per l'Italia and Autostrade Tech have appealed the judgement before the Supreme Court.

The Supreme Court has scheduled the hearing for 15 June 2021 in order to allow Mr Patanè to file an action for fraud in relation to certain documents filed by Autostrade per l'Italia.

Tax disputes regarding ground tax and ground rent (TOSAP and COSAP)

In recent years, city councils and provincial authorities notified Autostrade per l'Italia of numerous demands for the payment of considerable sums in the form of ground tax (*Tassa per l'Occupazione di Spazi ed Aree Pubbliche* or TOSAP) and ground rent (*Canone per l'Occupazione di Spazi ed Aree Pubbliche* or COSAP). The levies are allegedly payable in return for the occupation of public land owned by the relevant councils and provincial authorities by motorway infrastructure (road bridges, viaducts and underpasses, etc.). Assessment proceedings by the local authorities were further intensified following a number of judgements handed down by the Supreme Court, which found against the Company. As the Company is not in agreement with the basis for the judgements, the relevant demands have been appealed and provisions have been made to cover the sums involved in "Other provisions for risks and charges". In spite of the Supreme Court ruling, recent judgements on the merits have found in the company's favour, ignoring the rulings of the Supreme Court.

10.8 Law 124 of 4 August 2017 – Annual markets and competition law

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 has introduced a number of measures designed to ensure the transparency of the government grants system.

In the Company's case, the legislation translates into the obligation to disclose in the notes to its financial statements (paragraph 126) the grants received from:

- a) the government bodies and entities referred to in article 2-bis of Law Decree 33 of 14 March 2013;
- b) companies directly or indirectly controlled, in law or in fact, by government bodies, including companies listed on regulated markets and their investees;
- c) publicly owned companies, including those that issue listed shares and other entities.

The legislation provides for significant penalties for failure to comply with the disclosure requirement, involving repayment of the grants received (paragraph 125).

Based on the assessment conducted, in the view of the Group's companies, the only type of grant received that qualifies for application of the disclosure requirements is represented by the government grants used to finance investment in the Group's motorway network.

The following table summarises the grants collected/released in relation to "Financial assets deriving from government grants".

€000		
Grantor	Grant collected	Description
Anas SpA for the Ministry of Infrastructure and Sustainable Mobility	12,086	Collection of term deposits following disbursement of grants by banks in relation to loans entered into in order to activate the grants provided by laws 662/96, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional benefits are received
Anas SpA	1,507	A1 Roma-Naples, Rome South trunk road – Upgrade of the interchange with the Rome's orbital motorway - IFRIC 12 construction services for which no additional benefits are received
Tarvisio City Council	38	Grant to fund installation of noise barriers - IFRIC 12 construction services for which no additional benefits are received
Cap Holding SpA	78	4th free-flow lane Fiorenza-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional benefits are received
European Commission through the Coordinator (RWS-NL)	46	Grant for participation in the MOVE/C3/SUE/2015-547/CEF Datex II project involving the development of protocols and guidelines for the unified and integrated management of motorway radio control rooms
Total	13,755	

10.9 Events after 31 December 2020

Agreement to acquire control of Pavimental

On 29 January 2021, Autostrade per l'Italia, which already owned a 20% stake in Pavimental SpA, completed the purchase from Atlantia of a further 59.4% of the company, thus increasing its interest to 79.4%. The provisional consideration amounts to a total of approximately €11 million. Furthermore, on 22 January 2021, Aeroporti di Roma accepted Autostrade per l'Italia's binding offer to acquire the former's 20% interest in Pavimental. The transaction will complete once the relevant contract has been drawn up and certain conditions precedent have been fulfilled.

The total price paid in the two transactions is €14.7 million. At the end of the two transactions, Autostrade per l'Italia will thus own a 99.4% stake in Pavimental.

Bond issue

On 15 January 2021, Autostrade per l'Italia placed bonds worth €1bn with institutional investors. The new bond issue, listed on the Irish Stock Exchange's Global Exchange Market (MTF), matures on 15 January 2030 and pays coupon interest of 2%.

Weekly traffic performance from 1 January 2021 to 28 February 2021

The following table shows weekly traffic figures from the beginning of 2021, compared with the matching period of 2020 and 2019, for the network managed by Autostrade per l'Italia.

<i>Provisional data (change versus corresponding week)</i>	<i>Network managed by Autostrade per l'Italia Kilometres travelled 2021 vs 2020</i>	<i>Network managed by Autostrade per l'Italia Kilometres travelled 2021 vs 2019</i>
<i>Week 2</i>	-42.3%	-40.6%
<i>Week 3</i>	-26.0%	-25.4%
<i>Week 4</i>	-27.2%	-25.1%
<i>Week 5</i>	-22.3%	-17.3%
<i>Week 6</i>	-17.3%	-17.4%
<i>Week 7</i>	-21.0%	-21.4%
<i>Week 8</i>	-20.8%	-20.8%
<i>Week 9</i>	-8.9%	-24.6%
Year to 28 February 2021	-27.7%	-27.0%

Annexes to the consolidated financial statements

Annex 1 - The Autostrade per l'Italia Group's scope of consolidation and investments as at 31 December 2020

Annex 2 - Disclosures of the fees paid to the Independent Auditors

The above annexes have not been audited.

Annex 1

The Autostrade per l'Italia Group's scope of consolidation and investments as at 31 December 2020

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2020 (%)	TOTAL GROUP INTEREST (%)	NOTE
PARENT COMPANY								
AUTOSTRADE PER L'ITALIA SpA	ROME	Motorway operator	EURO	62,027,000				
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
ADMOWING SpA	ROME	Other activities	EURO	1,000,000	Autostrade per l'Italia SpA	100%	100%	
AUTOSTRADE MERIDIONALI SpA	NAPLES	Motorway operator	EURO	9,096,250	Autostrade per l'Italia SpA	58.98%	58.98%	(1)
AUTOSTRADE TECH SpA	ROME	Motorway services	EURO	1,120,000	Autostrade per l'Italia SpA	100%	100%	
ESEDIESTE SOCIETA' DI SERVIZI SpA	ROME	Administrative services	EURO	500,000	Autostrade per l'Italia SpA	100%	100%	
GIOVE CLEAR SpA	ROME	Motorway services	EURO	10,000	Autostrade per l'Italia SpA	100%	100%	
RACCORDO AUTOSTRADALE VALLE D'AOSTA SpA	AOSTA	Motorway operator	EURO	343,805,000	Autostrade per l'Italia SpA	47.97%	24.46%	(2)
SOCIETA' AUTOSTRADA TIRRENICA P.A.	ROME	Motorway operator	EURO	24,469,800	Societa' Italiana per Azioni per il Tirreno del Monte Bianco	99.93%	99.99%	(3)
SOCIETA' ITALIANA PER AZIONI PER IL TRAFORO DEL MONTE BIANCO (AOSTA)	PRE' SAINT DIDIER (AOSTA)	Motorway operator	EURO	198,769,200	Autostrade per l'Italia SpA	51.00%	51.00%	
TANGENZIALE DI NAPOLI SpA	NAPLES	Motorway operator	EURO	108,077,490	Autostrade per l'Italia SpA	100%	100%	
TECNIE GRUPPO AUTOSTRADE PER L'ITALIA SpA	ROME	Engineering, research and design services	EURO	100,000	Autostrade per l'Italia SpA	100%	100%	

(1) The company is listed on Borsa Italiana SpA's Expand market.

(2) The percentage interest is calculated with reference to all shares in issue, whereas the 58.00% of voting rights is calculated with reference to ordinary voting shares.

(3) On 28 December 2015, Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 31 December 2020 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.93%).

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2020	NOTE
INVESTMENTS ACCOUNTED FOR AT COST OF FAIR VALUE							
Other investments							
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	Other activities	EURO	11,756,695	Società Autostrada Tirrenica Pa	0.43%	
TANGENZIALE ESTERNA SpA	MILAN	Motorway operator	EURO	464,945,000	Autostrade per l'Italia SpA	0.25%	
UIRNET SpA	ROME	Other activities	EURO	1,142,000	Autostrade per l'Italia SpA	1.401%	
AUTOSTRADA HOLDING DO SUR SA	SANTIAGO (CHILE)	Motorway operator	CHILEAN PESO	51,496,805,692	Autostrade per l'Italia SpA	0.00%	(1)

(1) The company's shares are held as follows: Autostrade dell'Atlantico Srl (1,000,000 shares) and Autostrade per l'Italia SpA (1 share).

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 31 DECEMBER 2020	NOTE
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD							
<i>Associates</i>							
PAVIMENTAL SPA	ROME	Design, construction and maintenance	EURO	10,116,452	Autostrade per l'Italia SpA	20.00%	
SPEA ENGINEERING SPA	ROME	Design, construction and maintenance	EURO	6,966,000	Autostrade per l'Italia SpA	20.00%	
BOLOGNA & FIERA PARKING SPA	BOLOGNA	Other concessions	EURO	2,715,200	Autostrade per l'Italia SpA	36.81%	
PEDEMONTANA VENETA SPA	VERONA	Motorway operator	EURO	6,000,000	Autostrade per l'Italia SpA	29.77%	(1)
TANGENZIALI ESTERNE DI MILANO SPA	MILAN	Design, construction and maintenance	EURO	220,344,608	Autostrade per l'Italia SpA	27.45%	
Joint ventures							
GEIE DEL TRAFORO DEL MONTE BIANCO	COURMAYEUR (AOSTA)	Motorway services	EURO	2,000,000	Società Italiana per Azioni per il Traforo del Monte Bianco	50.00%	

(1) On 4 December 2020, the general meeting of Pedemontana Veneta's shareholders approved the final liquidation accounts. As at 31 December 2020, the company has been struck off the Companies' Register.

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/ CONSORTIUM FUNDS AS AT 31 DECEMBER 2020 (UNITS)	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUNDS AS AT 31 DECEMBER 2020
CONSORTIA						
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	ROME	Electricity procurement	EURO	114,853	Autostrade per l'Italia SpA Tangenziale di Napoli SpA Società Italiana per Azioni per il Trifone del Monte Bianco Raccordo Autostrada Valle d'Aosta SpA Società Autostrade Tirrenica Pa Autostrade Meridionali SpA	27.05% 1.93% 1.81% 1.08% 0.48% 0.97%
CONSORZIO MIDRA	FLORENCE	Scientific research for technological devices	EURO	73,989	Autostrade Tech SpA	33.33%
COSTRUZIONI IMPIANTI/AUTOSTRADALI SCARL (IN LIQUIDATION)	ROME	Construction of public works and infrastructure	EURO	10,000	Autostrade Tech SpA	20.00%
SAEE ROADS S.C.A.R.L.	TORTONA	Integrated engineering services	EURO	10,000	Autostrade Tech SpA	17.22%
SAT LAVORI SCARL (IN LIQUIDATION)	ROME	Construction consortium	EURO	100,000	Società Autostrada Tirrenica pA	1.00%
SMART MOBILITY SYSTEMS SCARL	TORTONA	Integrated engineering services	EURO	10,000	Autostrade Tech SpA	24.50%
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS STRADA DEI PARCHI SpA	ROME	Motorway operation and construction	EURO	48,114,240	Autostrade per l'Italia SpA	2.00%

Annex 2

Disclosures of the fees paid to the Independent Auditors

Disclosures pursuant to art.149-duodecies of the CONSOB Regulation for Issuers

€000

Autostrade per l'Italia SpA

Type of service	Provider of service	Note	Fees
Audit	Parent Company's auditor		374
Other services	Network of the Parent Company's auditor	(1)	118
Total			492

Subsidiaries

Type of service	Provider of service	Note	Fees
Audit	Parent Company's auditor		217
Other services	Parent Company's auditor	(2)	64
Total subsidiaries			281

Total Autostrade per l'Italia Group			773
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**SEPARATE FINANCIAL
STATEMENTS AS AT AND
FOR THE YEAR ENDED
31 DECEMBER 2020**



Financial statements

STATEMENT OF FINANCIAL POSITION (1)

€	31 December 2020	31 December 2019
ASSETS		
Non-current assets		
Property, plant and equipment	79,141,189	81,676,945
Property, plant and equipment	72,706,132	74,147,668
Investment property	6,435,057	7,529,277
Intangible assets	16,568,312,319	16,823,978,877
Intangible assets deriving from concession rights	10,425,810,905	10,690,142,677
Goodwill and other intangible assets with indefinite lives	6,111,199,083	6,111,199,363
Other intangible assets	31,302,331	22,636,837
Investments	247,464,315	243,100,192
Non-current financial assets	562,071,326	576,791,566
Non-current financial assets deriving from government grants	154,340,922	161,123,526
Non-current term deposits	154,340,921	161,123,525
Other non-current financial assets	253,389,483	254,544,515
Other non-current assets	60,624	121,248
Total non-current assets	17,457,049,773	17,725,668,828
Current assets		
Trading assets	472,577,261	514,257,311
Inventories	56,634,807	53,247,104
Contract work in progress	4,204,491	4,204,491
Trade receivables	411,737,963	456,805,716
Cash and cash equivalents	1,601,663,108	1,378,535,018
Cash	1,083,229,056	715,492,947
Cash equivalents	59,231	128,190
Intercompany current account receivables due from related parties	518,374,821	662,913,881
Current financial assets	66,377,816	82,410,619
Current financial assets deriving from government grants	20,192,599	25,495,195
Current term deposits	19,371,279	24,673,875
Current portion of medium/long-term financial assets	25,463,938	30,699,645
Other current financial assets	1,350,000	1,541,904
Current tax assets	53,367,222	39,539,174
Other current assets	127,952,246	109,672,640
Investments held for sale or for distribution to shareholders or as discontinued operations	6,057,504	4,271,004
Total current assets	2,327,995,157	2,128,685,766
TOTAL ASSETS	19,785,044,930	19,854,354,594

(1) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Autostrade per l'Italia SpA's statement of financial position is shown in the statement of financial position, expressed in thousands of euros, on the following pages. The impact is also described in further detail in note 9.3.

STATEMENT OF FINANCIAL POSITION

€	31 December 2020	31 December 2019
EQUITY AND LIABILITIES		
Equity		
Issued capital	622,027,000	622,027,000
Reserves and retained earnings	871,399,802	1,132,233,304
Profit/(Loss) for the year	-398,131,283	-291,332,648
Total equity	1,095,295,519	1,462,927,656
Non-current liabilities		
Non-current portion of provisions for construction services required by contract	1,808,115,535	2,311,748,565
Non-current provisions	1,080,683,713	954,624,630
Non-current provisions for employee benefits	66,916,897	74,915,431
Non-current provisions for repair and replacement of motorway infrastructure	1,013,766,816	879,709,199
Non-current financial liabilities	7,679,256,179	9,658,657,954
Bond issues	7,124,161,486	7,024,847,251
Medium/long-term borrowings	162,269,021	2,142,886,098
Non-current derivative liabilities	392,825,672	490,924,606
Net deferred tax liabilities	17,200,645	133,412,449
Other non-current liabilities	23,183,687	28,592,295
Total non-current liabilities	10,608,439,759	13,087,035,894
Current liabilities		
Trading liabilities	1,292,504,405	1,336,420,113
Trade payables	1,292,504,405	1,336,420,113
Current portion of provisions for construction services required by contract	732,161,150	448,978,970
Current provisions	2,489,576,387	2,238,452,151
Current provisions for employee benefits	11,974,879	11,481,872
Current provisions for repair and replacement of motorway infrastructure	729,270,498	660,700,268
Current provisions for the risk of fines and penalties under the Single Concession Arrangement	14,290,662	5,937,061
Other current provisions	1,734,040,348	1,560,332,950
Current financial liabilities	3,409,844,025	1,039,393,446
Bank overdrafts repayable on demand	180	724
Short-term borrowings	5,000,000	-
Intercompany current account payables due to related part	26,942,816	84,852,792
Current portion of medium/long-term financial liabilities	3,345,895,548	859,535,669
Other current financial liabilities	32,005,481	95,004,262
Current tax liabilities	-	35,813,736
Other current liabilities	157,223,685	205,332,628
Liabilities related to discontinued operations	-	-
Total current liabilities	8,081,309,652	5,304,391,043
TOTAL LIABILITIES	18,689,749,411	18,391,426,937
TOTAL EQUITY AND LIABILITIES	19,785,044,930	19,854,354,594

INCOME STATEMENT ⁽²⁾

€	2020	2019
REVENUE		
Toll revenue	2,569,385,531	3,403,978,909
Revenue from construction services	162,432,453	140,263,385
Other operating income	174,296,067	312,204,204
TOTAL REVENUE	2,906,114,051	3,856,446,498
COSTS		
Raw and consumable materials	-66,150,734	-192,126,694
Service costs	-1,447,037,759	-1,025,137,719
Gains/(losses) on sale of property, plant and equipment	442,628	176,538
Staff costs	-394,276,148	-414,309,169
Other operating costs	-397,237,247	-521,804,764
Concession fees	-344,794,864	-449,817,933
Lease expense	-4,759,842	-3,795,149
Other	-47,682,541	-68,191,682
Operating change in provisions	-398,249,807	-1,504,981,274
Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure	-185,359,296	14,855,005
(Provisions)/Uses of provisions for risks and charges	-212,890,511	-1,519,836,279
Use of provisions for construction services required by contract	349,526,751	369,424,371
Amortisation and depreciation	-602,531,402	-586,578,860
Depreciation of property, plant and equipment	-17,816,973	-18,095,299
Depreciation of right-of-use assets classified in property, plant and equipment	-3,433,436	-2,576,609
Depreciation of investment property	-481,415	-517,412
Amortisation of intangible assets deriving from concession rights	-558,159,737	-545,764,358
Amortisation of other intangible assets	-22,639,841	-19,625,182
(Impairment losses)/Reversals of impairment losses on current and non-current assets	-2,224,361	-6,639,552
TOTAL COSTS	-2,957,738,079	-3,881,977,123
OPERATING PROFIT/(LOSS)	-51,624,028	-25,530,625
Financial income	89,920,146	125,650,855
Dividends received from investees	-	22,278,513
Other financial income	89,920,146	103,372,342
Financial expenses	-565,326,354	-546,774,063
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-15,133,907	-28,910,254
Impairment losses on financial assets and investments	-	-2,004,454
Other financial expenses	-550,192,447	-515,859,355
Foreign exchange gains/(losses)	-33,473	-8,054
FINANCIAL INCOME/(EXPENSES)	-475,439,681	-421,131,262
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	-527,063,709	-446,661,887
Income tax (expense)/benefit	128,932,426	155,329,239
Current tax expense	973,212	-272,974,927
Differences on current tax expense for previous years	3,897,862	136,695
Deferred tax income and expense	124,061,352	428,167,471
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	-398,131,283	-291,332,648
Dividends, after related taxation, from discontinued operations	-	-
PROFIT/(LOSS) FOR THE YEAR	-398,131,283	-291,332,648

(2) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions and components of income deriving from non-recurring transactions on Autostrade per l'Italia SpA's income statement is shown in the income statement, expressed in thousands of euros, on the following pages. The impact is also described in further detail in note 9.3.

STATEMENT OF CASH FLOWS (3)

€	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the year	-398,131,283	-291,332,648
Adjusted by:		
Amortisation and depreciation	602,531,402	586,578,860
Operating change in provisions	377,609,781	1,434,219,517
Financial expenses from discounting of provisions for construction services required by contract (Reversal of impairment losses)/Impairment losses on non-current financial assets and investments	15,133,907	28,910,254
Impairment losses/(Reversal of impairment losses) on current and non-current assets	-	2,004,454
(Gains)/Losses on sale of non-current assets	2,313,146	6,639,552
Net change in deferred tax (assets)/liabilities through profit or loss	-442,628	-176,538
Other non-cash costs (income)	-124,061,352	-428,167,471
Change in working capital and other changes	-23,183,576	22,635,888
Net cash generated from/(used in) operating activities [a]	-145,598,842	-63,120,382
Net cash generated from/(used in) operating activities [a]	306,170,555	1,298,191,486
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Investment in assets held under concession	-509,324,204	-505,969,974
Purchases of property, plant & equipment	-20,055,087	-19,309,340
Purchases of other intangible assets	-31,305,055	-18,458,823
Government grants related to assets held under concession	116,156	1,822,337
Purchases of investments	-5,100,000	-2,809,401
Proceeds from sales of property, plant and equipment, intangible assets and investments	1,033,636	271,931
Net change in other non-current assets	60,624	121,247
Net change in current and non-current financial assets	34,751,760	50,284,315
Net cash generated from/(used in) investing activities [b]	-529,822,170	-494,047,708
Net cash generated from/(used in) investing activities [b]	-529,822,170	-494,047,708
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	-	-311,013,500
Issuance of bonds	1,218,864,447	-
Increase in lease liabilities	3,887,868	3,994,201
Bond redemptions	-501,728,000	-593,334,000
Repayments of medium/long term borrowings	-140,162,636	-125,143,761
Repayment of lease liabilities	-3,221,496	-2,838,947
Net change in other current and non-current financial liabilities	-72,949,958	72,538,453
Net cash generated from/(used in) financing activities [c]	504,690,225	-955,797,553
Net cash generated from/(used in) financing activities [c]	504,690,225	-955,797,553
Increase/ (decrease) in cash and cash equivalents [a+b+c]	281,038,610	-151,653,775
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,293,681,502	1,445,335,277
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	1,574,720,112	1,293,681,502

(3) As required by CONSOB Resolution 15519 of 27 July 2006, the impact of related party transactions on Autostrade per l'Italia SpA's statement of cash flows is shown in the statement of cash flows, expressed in thousands of euros, on the following pages.

STATEMENT OF FINANCIAL POSITION

€	Note	31 December 2020	of which related party transactions	31 December 2019	of which related party transactions
ASSETS					
Non-current assets					
Property, plant and equipment	6.1	79,141		81,677	
Property, plant and equipment		72,706		74,148	
Investment property		6,435		7,529	
Intangible assets	6.2	16,568,314		16,823,981	
Intangible assets deriving from concession rights		10,425,811		10,690,143	
Goodwill and other intangible assets with indefinite lives		6,111,201		6,111,201	
Other intangible assets		31,302		22,637	
Investments	6.3	247,464		243,101	
Non-current financial assets	6.4	562,072		576,792	
Non-current financial assets deriving from government grants		154,341		161,124	
Non-current term deposits		154,341		161,124	
Other non-current financial assets		253,390	234,132	254,544	235,536
Other non-current assets	6.5	61		121	
Total non-current assets		17,457,052		17,725,672	
Current assets					
Trading assets	6.6	472,577		514,257	
Inventories		56,635		53,247	
Contract work in progress		4,204		4,204	
Trade receivables		411,738	64,837	456,806	93,141
Cash and cash equivalents	6.7	1,601,663		1,378,535	
Cash		1,083,229		715,493	
Cash equivalents		59		128	
Intercompany current account receivables due from related parties		518,375	518,375	662,914	662,914
Current financial assets	6.4	66,378		82,411	
Current financial assets deriving from government grants		20,193		25,495	
Current term deposits		19,371		24,674	
Current portion of medium/long-term financial assets		25,464	4,536	30,700	8,575
Other current financial assets		1,350		1,542	
Current tax assets	6.8	53,367	29,504	39,540	24,321
Other current assets	6.9	127,952		109,672	
Investments held for sale or for distribution to shareholders or as discontinued operations	6.10	6,057		4,271	
Total current assets		2,327,994		2,128,686	
TOTAL ASSETS		19,785,046		19,854,358	

STATEMENT OF FINANCIAL POSITION

€	Note	31 December 2020	of which related party transactions	31 December 2019	of which related party transactions
EQUITY AND LIABILITIES					
Equity					
Issued capital		622,027		622,027	
Reserves and retained earnings		871,400		1,132,234	
Profit/(Loss) for the year		-398,131		-291,333	
Total equity	6.11	1,095,296		1,462,928	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	6.12	1,808,116		2,311,749	
Non-current provisions	6.13	1,080,684		954,625	
Non-current provisions for employee benefits		66,916		74,916	
Non-current provisions for repair and replacement of motorway infrastructure		1,013,768		879,709	
Non-current financial liabilities	6.14	7,679,256		9,658,658	
Bond issues		7,124,161		7,024,847	
Medium/long-term borrowings		162,269		2,142,886	
Non-current derivative liabilities		392,826		490,925	
Net deferred tax liabilities	6.15	17,206		133,418	
Other non-current liabilities	6.16	23,184		28,592	
Total non-current liabilities		10,608,446		13,087,042	
Current liabilities					
Trading liabilities	6.17	1,292,504		1,336,420	
Trade payables		1,292,504	317,386	1,336,420	326,314
Current portion of provisions for construction services required by contract	6.12	732,162		448,979	
Current provisions	6.13	2,489,576		2,238,452	
Current provisions for employee benefits		11,975		11,482	
Current provisions for repair and replacement of motorway infrastructure		729,270		660,700	
Current provisions for the risk of fines and penalties under the Single Concession		14,291		5,937	
Other current provisions		1,734,040	-	1,560,333	11,185
Current financial liabilities	6.14	3,409,844		1,039,393	
Bank overdrafts repayable on demand		0		1	
Short-term borrowings		5,000	-	-	
Intercompany current account payables due to related part		26,943	26,943	84,853	84,853
Current portion of medium/long-term financial liabilities		3,345,896		859,535	
Other current financial liabilities		32,005	32,005	95,004	95,004
Current tx liabilities	6.8	-	-	35,815	6,767
Other current liabilities	6.18	157,218	14,920	205,329	17,006
Liabilities related to discontinued operations	6.10	-		-	
Total current liabilities		8,081,304		5,304,388	
TOTAL LIABILITIES		18,689,750		18,391,430	
TOTAL EQUITY AND LIABILITIES		19,785,046		19,854,358	

INCOME STATEMENT

€000	Note	2020	of which related party transactions	2019	of which related party transactions
REVENUE					
Toll revenue	7.1	2,569,386		3,403,979	
Revenue from construction services	7.2	162,432		140,263	
Other operating income	7.3	174,296	54,826	312,204	99,006
TOTAL REVENUE		2,906,114		3,856,446	
COSTS					
Raw and consumable materials	7.4	-66,149	-5,742	-192,127	6,720
Service costs	7.5	-1,447,039	-415,430	-1,025,138	-345,840
Gains/(losses) on sale of property, plant and equipment		443		177	
Staff costs	7.6	-394,276	-11,749	-414,309	-11,894
Other operating costs	7.7	-397,237		-521,805	
Concession fees		-344,795		-449,818	
Lease expense		-4,760		-3,795	
Other		-47,682		-68,192	
Operating change in provisions	7.8	-398,249		-1,504,982	
Uses of provisions/(Provisions) for repair and replacement of motorway infrastructure		-185,360		14,854	
(Provisions)/Uses of provisions for risks and charges		-212,889		-1,519,836	
Use of provisions for construction services required by contract	7.9	349,527		369,425	
Amortisation and depreciation	7.10	-602,532		-586,578	
Depreciation of property, plant and equipment		-17,815		-18,095	
Depreciation of right-of-use assets classified in property, plant and equipment		-3,436		-2,577	
Depreciation of investment property		-481		-517	
Amortisation of intangible assets deriving from concession rights		-558,160		-545,763	
Amortisation of other intangible assets		-22,640		-19,626	
(Impairment losses)/Reversals of impairment losses on current and non-current assets	7.11	-2,225		-6,640	
TOTAL COSTS		-2,957,737		-3,881,977	
OPERATING PROFIT/(LOSS)					
		-51,623		-25,531	
Financial income					
Dividends received from investees		89,920		125,651	
Reversals of impairment losses on financial assets and investments		-		22,278	
Other financial income		89,920	17,767	103,373	18,826
Financial expenses					
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-565,328		-546,774	
Impairment losses on financial assets and investments		-15,135		-28,910	
Other financial expenses		-		-2,004	
Foreign exchange gains/(losses)		-550,193	-16,689	-515,860	-15,392
		-33		-8	
FINANCIAL INCOME/(EXPENSES)	7.12	-475,441		-421,131	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS					
		-527,064		-446,662	
Income tax (expense)/benefit					
Current tax expense	7.13	128,933		155,329	
Differences on current tax expense for previous years		973		-272,975	
Deferred tax income and expense		3,898		137	
		124,062		428,167	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-398,131		-291,333	
Dividends, after related taxation, from discontinued operations		-		-	
PROFIT/(LOSS) FOR THE YEAR		-398,131		-291,333	
€					
	Note	2020		2019	
Basic earnings/(loss) per share					
of which:	7.14	-0.64		-0.47	
from continuing operations		-0.64		-0.47	
from discontinued operations		-		-	
Diluted earnings/(loss) per share					
of which:	7.14	-0.64		-0.47	
from continuing operations		-0.64		-0.47	
from discontinued operations		-		-	

STATEMENT OF COMPREHENSIVE INCOME

€000	Note	2020	2019
Profit/(Loss) for the year	(A)	-398,131	-291,333
Fair value gains/(losses) on cash flow hedges	6.11	-	-86,078
Tax effect of fair value gains/(losses) on cash flow hedges		-	10,150
Other comprehensive income/(loss) reclassifiable to profit or loss for the year	(B)	-	-75,928
Gains/(Losses) from actuarial valuations of provisions for employee benefits	6.13	-2,219	-3,257
Tax effect of gains/(Losses) from actuarial valuations of provisions for employee benefits		532	782
Other comprehensive income/(loss) not reclassifiable to profit or loss for the year	(C)	-1,687	-2,475
Other reclassifications of the cash flow hedge reserve after tax		26,542	43,788
Reclassifications of other components of comprehensive income to profit or loss for the year	(D)	26,542	43,788
Total other comprehensive income/(loss) for the year	(E=B+C+D)	24,855	-34,615
Comprehensive income/(loss) for the year	(A+E)	-373,276	-325,948

STATEMENT OF CHANGES IN EQUITY

€000

	Issued capital	Reserves and retained earnings				Reserves and retained earnings	Profit for the year after interim dividends	Total equity
		Share premium reserve	Legal reserve	Cash flow hedge reserve	Other reserves and retained earnings			
Balance as at 31 December 2018	622,027	216,070	124,406	-125,497	644,371	859,350	618,412	2,099,789
Comprehensive income for the year	-	-	-	-32,140	-2,475	-34,615	-291,333	-325,948
Owner transactions and other changes	-	-	-	-	-	-	-	-
Final dividend for 2018 (€0.50 per share, AGM of 18 April)	-	-	-	-	-	-	-311,013	-311,013
Transfer of profit/(loss) for 2018 to retained earnings (AGM of 18 April)	-	-	-	-	307,399	307,399	-307,399	-
Share-based incentive plans	-	-	-	-	100	100	-	100
Balance as at 31 December 2019	622,027	216,070	124,406	-157,637	949,395	1,132,234	-291,333	1,462,928
Comprehensive income for the year	-	-	-	26,542	-1,687	24,855	-398,131	-373,276
Owner transactions and other changes	-	-	-	-	-	-	-	-
Transfer of profit/(loss) for 2019 to retained earnings (AGM of 29 May)	-	-	-	-	-291,333	-291,333	291,333	-
Share-based incentive plans	-	-	-	-	5,643	5,643	-	5,643
Balance as at 31 December 2020	622,027	216,070	124,406	-131,095	662,019	871,400	-398,131	1,095,296

STATEMENT OF CASH FLOWS

€000	Note	2020	of which related party transactions	2019	of which related party transactions
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the year		-398,131		-291,333	
Adjusted by:					
Amortisation and depreciation	7.10	602,532		586,578	
Operating change in provisions		377,610		1,434,222	
Financial expenses from discounting of provisions for construction services required by contract	7.12	15,135		28,910	
(Reversal of impairment losses)/Impairment losses on non-current financial assets and investments	7.12	-	-	2,004	2,004
Impairment losses/(Reversal of impairment losses) on current and non-current assets (Gains)/Losses on sale of non-current assets	7.11	2,314		6,640	
		-443		-177	
Net change in deferred tax (assets)/liabilities through profit or loss	7.13	-124,062		-428,167	
Other non-cash costs (income)		-23,182		22,634	
Change in working capital and other changes		-145,603	-5,016	-63,121	-6,459
Net cash generated from/(used in) operating activities [a]	8.1	306,170		1,298,190	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	6.2	-509,324		-505,970	
Purchases of property, plant & equipment	6.1	-20,055		-19,310	
Purchases of other intangible assets	6.2	-31,305		-18,459	
Government grants related to assets held under concession	6.2	116		1,823	
Purchases of investments	6.3	-5,100	-5,100	-2,809	-170
Proceeds from sales of property, plant and equipment, intangible assets and investments		1,034		272	
Net change in other non-current assets		60		121	
Net change in current and non-current financial assets		34,753	8,680	50,285	-4,872
Net cash generated from/(used in) investing activities [b]	8.1	-529,821		-494,047	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Dividends paid		-		-311,013	
Issuance of bonds	6.14	1,218,864		-	
Increase in lease liabilities	6.14	3,889		3,994	
Bond redemptions	6.14	-501,728		-593,334	
Repayments of medium/long term borrowings	6.14	-140,163		-125,144	
Repayment of lease liabilities	6.14	-3,221		-2,840	
Net change in other current and non-current financial liabilities		-72,951	-63,020	72,539	96,528
Net cash generated from/(used in) financing activities [c]	8.1	504,690		-955,798	
Increase/ (decrease) in cash and cash equivalents [a+b+c]	8.1	281,039		-151,655	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,293,681		1,445,336	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		1,574,720		1,293,681	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000		2020	2019
Income taxes paid(refunded)		44,069	284,590
Interest income and other financial income collected		57,125	62,519
Interest expense and other financial expenses paid		490,927	447,275
Dividends received	7.12	-	22,278
Foreign exchange gains collected		31	3
Foreign exchange losses incurred		65	10

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000		2020	2019
Net cash and cash equivalents at beginning of year		1,293,681	1,445,336
Cash and cash equivalents	6.7	1,378,535	1,494,463
Bank overdrafts repayable on demand	6.14	-1	-
Intercompany current account payables due to related parties	6.14	-84,853	-49,127
Net cash and cash equivalents at end of year		1,574,720	1,293,681
Cash and cash equivalents	6.7	1,601,663	1,378,535
Bank overdrafts repayable on demand	6.14	-	-1
Intercompany current account payables due to related parties	6.14	-26,943	-84,853

NOTES

1. Introduction

Autostrade per l'Italia (or the "Company") is a public limited company incorporated in 2003 with its registered office at Via Bergamini, 50 in Rome. The Company does not have branch offices. The duration of the Company is until 31 December 2050.

The Company's core business is the operation of motorways under a concession granted by the Ministry of Infrastructure and Sustainable Mobility (the "MIMS", previously the Ministry of Infrastructure and Transport or the "MIT"), which assumed the role of Grantor previously fulfilled by ANAS SpA (Italy's Highways Agency) from 1 October 2012. Under the concession arrangements, the Company and its motorway subsidiaries are responsible for the construction, management, improvement and upkeep of sections of motorway in Italy. Further information on the Company's concession arrangement is provided in note 4, "Concession arrangement".

88.06% of the Company's share capital is held by Atlantia SpA (also referred to as "Atlantia"), which is listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, and is responsible for management and coordination of the Company.

At the date of preparation of these separate financial statements, Sintonia SpA is the shareholder that holds a relative majority of the issued capital of Atlantia. Neither Sintonia SpA nor its direct parent, Edizione Srl, manages or coordinates Atlantia.

These separate financial statements as at and for the year ended 31 December 2020 were approved by the Company's Board of Directors at its meeting of 4 March 2021.

The Company, which holds significant controlling interests in other companies, also prepares consolidated financial statements for the Group, published together with these separate financial statements.

2. Basis of preparation

These separate financial statements as at and for the year ended 31 December 2020, have been prepared on a going concern basis and in accordance with articles 2 and 4 of Legislative Decree 38/2005 and art. 154-ter "Financial reporting" in the Consolidated Finance Act ("CFA"). They have been prepared on the assumption that the Company is a going concern, given that the Company's Board of Directors believes that there is a reasonable expectation that the Company will continue to operate normally in the foreseeable future, and in any event over a period of at least twelve months from 31 December 2020. In assessing whether application of the going concern assumption was appropriate, the Board examined the various risk factors and uncertainties and conducted the assessment described in detail in the following section, "Going-concern uncertainties and assessment conducted by the Company" in note 2. On completion of the assessment, the Company's Board of Directors concluded that, whilst there are uncertainties regarding the future operations of the Company, these uncertainties are surmountable and, therefore, deemed it appropriate to prepare these financial statements on a going concern basis. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in force on the balance sheet date, as issued by the International Accounting Standards Board and endorsed by the European Commission. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and previous interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting

period. For the sake of simplicity, all standards and interpretations are hereinafter referred to as “IFRS”.

Moreover, the measures introduced by the CONSOB, in application of paragraph 3 of article 9 of Legislative Decree 38/2005, relating to the preparation of financial statements, have also been taken into account.

The financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes, applying the historical cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the accounting policies for individual items described in note 3, “Accounting standards and policies applied”.

The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense, whilst the statement of cash flows has been prepared in application of the indirect method.

IFRS have been applied in accordance with the “Conceptual Framework for Financial Reporting”, and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis in the normal course of business.

In this regard, it should be noted that:

- a) no non-recurring, atypical or unusual transactions, having a material impact on the Company’s income statement, were entered into during 2020, either with third or related parties. As a result, the financial statements therefore only show material amounts in thousands of euros relating to related party transactions;
- b) the financial statements as at and for the year ended 31 December 2020, (like those for the previous years ended as at 31 December 2018 and 31 December 2019, include the impact on profit or loss and on the financial position of the non-recurring event that took place in August 2018, relating to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway operated by the Company. The impact on the accounts for 2020 is described in note 5.

Amounts in the statement of financial position, the income statement and the statement of cash flows are shown in euros, whilst amounts in the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and these notes are shown in thousands of euros, unless otherwise indicated. With regard CONSOB Resolution 15519 of 27 July 2006 relating to the format for financial statements, a specific supplementary statement of financial position, income statement and statement of cash flows, with amounts in thousands of euros, showing material related party transactions, has been included.

The euro is both the Company’s functional currency and its presentation currency.

With regard to the Covid-19 pandemic, in response to the Recommendation issued by the European Securities and Markets Authority (ESMA) on 28 October 2020, and Warning Notice 9/2020 issued by the CONSOB on 20 July 2020, in order to provide the market with relevant, reliable and transparent disclosure on the current and expected impact on the issuer’s financial position, operating performance and cash flows, the disclosures in these notes have been

supplemented where appropriate. In addition, note 5.1 has been included to describe the impact on the Company's operating performance of the restrictions on movement introduced by the Government in response to the Covid-19 pandemic.

Each component of the financial statements is compared with the corresponding amount for the comparative reporting period. The comparative amounts have not been restated or reclassified with respect to those previously presented in the financial statements as at and for the year ended 31 December 2019, as no events have occurred or material changes taken place in the accounting standards applied that would result in the need to adjust or reclassify amounts for the previous year.

Going-concern uncertainties and assessment conducted by the Company

In compliance with the Italian Civil Code and the IFRS accounting standards (and as referred to in CONSOB Document 2 issued jointly with the Bank of Italy and ISVAP on 6 February 2009), in preparing the financial statements it is necessary to assess the ability of the Company and the Group to continue to operate as going concerns.

Paragraph 25 of IAS 1 states that "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern".

Furthermore, paragraph 26 of IAS 1 requires that "In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period"; and that "...management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate".

Taking into account the material uncertainties already examined during preparation of the financial statements as at and for the year ended 31 December 2019, and described in that document, Autostrade per l'Italia's Board of Directors examined all the existing risk factors at the date of preparation of the financial statements, as described in detail in notes 9.5, "Significant legal and regulatory aspects", and 9.7, "Events after 31 December 2020", and in the following note 5, "Events and corporate actions". The elements requiring careful assessment with regard to the Company's ability to continue to operate as a going concern for a period of at least twelve months from the reporting date for these financial statements are grouped together and summarized below:

- a) relations and outstanding litigation between Autostrade per l'Italia and the Grantor, as described in greater detail in note 9.5, "Significant legal and regulatory aspects";
- b) the Italian Government's approval of the so-called *Milleproroghe* Decree, above all art. 35 of the Decree (the text of which is quoted in note 9.5 "Significant legal and regulatory aspects"), which, among other things, amends the legislation governing the "revocation, forfeiture or termination of road or motorway concessions, including those for toll roads and motorways";
- c) the downgrade of Autostrade per l'Italia's credit rating to below investment grade and of its outlook by the international agencies, Moody's, Fitch and Standard & Poor's, following enactment of art. 35 of the above *Milleproroghe* Decree. In this regard, it should be noted that:
 - i. the downgrade to below investment grade could expose the Company to the risk that the European Investment Bank ("EIB") and, in relation to its share of Olvera the debt, Cassa Depositi e Prestiti ("CDP") might request additional protections, and,

- were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (€1.6 billion, including €1.3 guaranteed by Atlantia). The failure to satisfy a request for early repayment from the EIB or CDP, provided that it were lawful, could result in similar requests from the Company's other creditors, including bondholders;
- ii. with regard to the financing obtained from Cassa Depositi e Prestiti, as it is not included in the borrowings referred to in point (i) and is not subject to early repayment in the event of a downgrade (amounting to €0.4 billion), the Company is required to demonstrate, whilst the rating remains below investment grade, that it has remained within certain contractually agreed thresholds for a number of additional covenants, described in greater detail in note 6.14, "Financial liabilities". As a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the financing in question. This aspect, moreover, applies to other European infrastructure operators.
 - d) the restrictions on movement, recently introduced in response to the emergency caused by the spread of the Covid-19 virus, have led to a sharp fall in traffic volumes and have had a significant impact on operating revenue for 2020, and are expected to have an impact on the results for 2021. This situation has also had significant repercussions on the ability of Autostrade per l'Italia and the Group's other operators to generate sufficient cash to fund planned investment and to service debt.

With regard to points a) and b) above (relations with the Grantor and *Milleproroghe* Decree), as described in greater detail in note 9.5, "Significant legal and regulatory aspects", the Company submitted a new settlement proposal on 11 July 2020 with a view to bringing to an end the procedure for serious breach of the Concession Arrangement. The proposal, based on the results of numerous exchanges with the Government, the MIMS and the Ministry of the Economy and Finance (the "MEF"), sets out key aspects of the settlement, described in more detail in note 5, "Events and corporate actions during the period" and in note 9.5, "Significant legal and regulatory aspects".

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government, noting, among other things, the parent's willingness to reduce its stake in Autostrade per l'Italia, subject to the approval of the respective boards of directors, and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government "*has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised*".

As described in greater detail in note 9.5, "Significant legal and regulatory aspects", following a series of meetings with representatives of the Government, Autostrade per l'Italia was sent draft versions of the Agreement bringing to an end the dispute over alleged serious breaches and of the Addendum to the Concession Arrangement. In response, on 8 October 2020, Autostrade per l'Italia communicated its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation.

In brief, based on the developments described above and the legal advice received by the Company, and given the advanced state of the talks aimed at finalising the settlement agreement, the Board of Directors concluded that it is not reasonably likely that the Government is close to deciding to revoking the concession arrangement, and to believe, instead, that it is reasonably likely that an agreement will be reached. Should such a decision be taken, the Board of Directors believes that it has strong arguments in its favour.

With regard to points c) and d) above (the downgrade and the Covid-19 pandemic) and, more generally, the downgrade, it should be noted that, at the date of preparation of these financial statements, neither the European Investment Bank or Cassa Depositi e Prestiti has requested the enforcement of any contractual rights and/or remedies. In addition, for the loans (described in greater detail above and amounting to €0.4 billion) where the minimum thresholds in the covenants have not been met, as a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the lenders have granted the Company a suspension of the requirement to comply with the above thresholds, solely with reference to the measurement date of 31 December 2020. As a result, the contractual remedies available to the creditors cannot be exercised.

Again with regard to the financial position, and more generally, the uncertainty regarding Autostrade per l'Italia's ability to generate sufficient cash to fund planned investment and to service debt, it should be noted that the Company has returned to the credit market with two bond issues with a total nominal value of €2,250 million, the first on 4 December 2020 (€1,250 million maturing in 2028) and the second on 15 January 2021 (€1,000 million maturing in 2030).

The above bond issues, together with cash flow from continuing operations, enable the Company to fund its operations and capital expenditure.

Unless there is a further, unexpected deterioration in the economic scenario, the combination of the above actions should enable the Company to meet its reasonably expected funding needs, enabling it to meet its existing debt obligations and implementation of its investment and maintenance programmes.

Finally, in view of the changed environment and the Government's express willingness to reach a settlement, on 18 July 2020, Fitch upgraded the Company's rating to Rating Watch Evolving. On 23 July 2020, Moody's also upgraded the Company's outlook from "negative" to "developing". And on 12 August 2020, Standard & Poor's upgraded the outlook from "negative" to "developing".

The Board of Directors has thus deemed that the above risk factors and uncertainties, both individually and as a whole, present at the date of preparation of these financial statements are surmountable and, as a result, has concluded that these factors are not such as to raise doubts about the ability of the Company to continue as a going concern. For this reason, the financial statements as at and for the year ended 31 December 2020 have been prepared on a going concern basis.

Assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable.

The Board of Directors will continue to monitor changes in the conditions taken into account in assessing whether the going concern basis continues to be appropriate. This will enable it, should it prove necessary, to take the required corrective action.

3. Accounting standards and policies applied

A description follows of the more important accounting standards and policies employed by the Company for its financial statements as at and for the year ended 31 December 2020. These accounting standards and policies are consistent with those applied in preparation of the financial statements for the previous year, with the exception of the changes to IFRS effective from 2020, details of which are provided in the following section and which have not had an impact on financial statement items.

Reference should also be made to the paragraph, "Going-concern uncertainties and assessment conducted by the Company", in note 2.

Property, plant and equipment

Property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items and financial expenses incurred during construction of the asset. As permitted by IFRS 1, assets acquired through business combinations prior to 1 January 2004 are stated at previous amounts, as determined under Italian GAAP for those business combinations and representing deemed cost.

The cost of assets with finite useful lives is systematically depreciated on a straight-line basis applying rates that represent the expected useful life of the asset. Each component of an asset with a cost that is significant in relation to the total cost of the item, and that has a different useful life, is accounted for separately. Land, even if undeveloped or annexed to residential and industrial buildings, is not depreciated as it has an indefinite useful life.

Investment property, which is held to earn rentals or for capital appreciation, or both, is recognised at cost measured in the same manner as property, plant and equipment. The relevant fair value of such assets has also been disclosed.

The bands of annual rates of depreciation used in 2020, are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	3% - 16.7%
Right to use buildings	5% - 50%
Industrial and business equipment	10% - 25%
Other assets	12% - 20%
Other right-of-use assets	20% - 50%

Assets acquired under finance leases are initially accounted for as property, plant and equipment, and the underlying liability recorded in the balance sheet, at an amount equal to the relevant fair value or, if lower, the present value of the minimum payments due under the contract. Lease payments are apportioned between the interest element, which is charged to the income statement as incurred, and the capital element, which is deducted from the financial liability. Property, plant and equipment is tested for impairment, as described below in the relevant note, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as described in the specific paragraph, "Impairment of assets and reversals".

Property, plant and equipment is derecognised on disposal. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in profit or loss in the period in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished. This condition is normally met when the intangible asset: (i) arises from a legal or contractual right, or (ii) is separable, meaning that it may be sold, transferred, licensed or exchanged, either individually or as an integral part of other assets. The asset is controlled by the entity if the entity has the ability to obtain future economic benefits from the asset and can limit access to it by others.

Internally developed assets are recognised as assets to the extent that: (i) the cost of the asset can be measured reliably; (ii) the entity has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the entity is able to demonstrate that the asset is capable of generating future economic benefits.

Intangible assets are stated at cost which, apart from concession rights, is determined in the same manner as the cost of property, plant and equipment. The cost of concession rights is recovered in the form of payments received from road users and includes the following:

- a) the fair value of construction services and/or improvements carried out on behalf of the Grantor (measured as described in the standard on "Revenue") less finance-related amounts, consisting of the amount funded by government grants. In particular, the following give rise to intangible assets deriving from concession rights:
 - 1) rights received as consideration for specific obligations to provide construction services for road widening and improvement for which the operator does not receive additional economic benefits. These rights are initially recognised at the fair value of the construction services to be provided in the future (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services), with a contra entry of an equal amount in "Provisions for construction services required by contract", accounted for in liabilities in the statement of financial position. In addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the fair value of the part of the construction services still to be rendered at the end of the reporting period (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services);
 - 2) rights received as consideration for construction and/or upgrade services rendered for which the operator receives additional economic benefits in the form of specific toll increases and/or significant increases in the expected number of users as a result of expansion/upgrade of the infrastructure;
- b) rights to infrastructure constructed and financed by service area concession holders which have reverted free of charge to the Company on expiry of the related concessions.

Concession rights, on the other hand, are amortised over the concession term in a pattern that reflects the estimated manner in which the economic benefits embodied in the right are consumed. For this purpose, given that the Company does not expect to obtain material increases in traffic over the concession term, amortisation is calculated on a straight-line basis from the accounting period in which the rights in question begin to generate economic benefits. Amortisation of other intangible assets with finite useful lives begins when the asset is ready for use and is based on remaining economic benefits to be obtained in relation to their residual useful lives.

The bands of annual rates of amortisation used 2020 are shown in the table below by asset class.

Intangible assets	Rate of amortisation
Concession rights	On the commencement of generation of economic benefits for the entity, based on the residual term of the concession (5.26% for concessions whose amortisation commenced from 2020)
Development costs	20% - 33.3%
Industrial patents and intellectual property rights	10% - 33.3%
Licences and similar rights	3.3% - 33.3%

Intangible assets are tested for impairment, as described below in the note on impairments and reversals, whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable, as described in the paragraph, "Impairment of assets and reversals". Gains and losses on the disposal of intangible assets are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and then recognised in profit or loss in the period in which the asset is disposed of.

Business combinations and goodwill

Acquisitions of companies and business units are accounted for using the acquisition method, as required by IFRS 3. For this purpose, identifiable assets and liabilities acquired through business combinations are measured at their fair value at the acquisition date. The cost of an acquisition is measured as the fair value, at the date of exchange, of the assets acquired, liabilities assumed and any equity instruments issued by the Company in exchange for control.

Ancillary costs directly attributable to the business combination are recognised as an expense in the income statement when incurred.

In compliance with IFRS 3, goodwill is initially measured as the positive difference between 1) the acquisition cost, plus the fair value at the acquisition date of any previous non-controlling interests held in the acquiree, and 2) the fair value of net assets acquired. The goodwill, as measured on the date of acquisition, is allocated to each of the substantially independent cash generating units or groups of cash generating units which are expected to benefit from the synergies of the business combination. When the expected benefits regard more than one CGU, the goodwill is allocated to all the CGUs.

A negative difference between the cost of the acquisition, as increased by the above components, and the fair value of the net assets acquired is recognised as income in profit or loss in the year of acquisition.

Goodwill on acquisitions of investments is included in the carrying amount of the relevant investment.

If the Company is not in possession of all the information necessary to determine the fair value of the assets acquired and the liabilities assumed, these are recognised on a provisional basis in the year in which the business combination is completed and retrospectively adjusted within twelve months of the acquisition date.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the paragraph, "Impairment of assets and reversals".

IFRS 3 was not applied retrospectively to acquisitions prior to 1 January 2004. As a result, the carrying amount of goodwill on these acquisitions is that determined under Italian GAAP, which is the net carrying amount at this date, subject to impairment testing and the recognition of any impairment losses.

Investments

Investments in subsidiaries, associates and joint ventures are accounted for at cost and include any directly related transaction costs. Impairment losses are identified in accordance with IAS 36, as described below in the note on "Impairment of assets and reversals (impairment testing)". The impairment is reversed in the event the circumstances giving rise to the impairment cease to exist; the reversal may not exceed the original carrying amount of the investment. Provisions are made to cover any losses of an associate or joint venture exceeding the carrying amount of the investment, to the extent that the shareholder is required to comply with actual or constructive obligations to cover such losses.

Investments in other companies, which qualify as equity instruments as defined by IFRS 9, are initially accounted for at cost at the settlement date, in that, this represents fair value, including any directly attributable transaction costs.

After initial recognition, these investments are measured at fair value through the statement of comprehensive income, with the exception of investments not held for trading and for which, as permitted by IFRS 9, the Company has exercised the option, at the time of purchase, to designate the investment at fair value through other comprehensive income, thus recognising any changes in a specific equity reserve.

Acquisitions or disposals of companies and/or business units between companies belonging to the same group (entities or businesses under common control) are treated, in accordance with IAS 1 and IAS 8, on the basis of their economic substance, with confirmation of the fact that the purchase consideration is determined on the basis of fair value and that added value is generated for all the parties involved, resulting in significant measurable changes in the cash flows generated by the investments transferred before and after the transaction. In this regard:

- a) in the case of the disposal of an intra-group investment, if both requirements to be confirmed are met, the difference between the purchase consideration received and the carrying amount of the investment transferred is recognised in profit or loss. In the other cases, the difference is recognised directly in equity;
- b) in the case of acquisitions of intra-group investments, if both requirements to be confirmed are met, such investments are recognised at cost (as defined above); in the other cases, the investment is accounted for at the same amount at which it was accounted for in the financial statements of the transferee. The difference between the purchase consideration paid and this amount is recognised as an increase/reduction in the value of the investment held in the transferee, or in equity if the transferee is an affiliated company in which no equity is held.

Inventories

Inventories, primarily consisting of stocks and spare parts used in the maintenance and assembly of plant, are measured at the lower of purchase or conversion costs and net realisable value obtained on their sale in the ordinary course of business. The cost of purchase is to be determined using the weighted average cost formula.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 and including, among other things, trade receivables and payables). Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents are recognised at face value and include highly liquid demand or very short-term instruments of excellent quality which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the year.

As required by IAS 39, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high.

Changes in the fair value of cash flow hedges hedging assets and liabilities (including those that are pending and highly likely to arise in the future) are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the value of fair value hedged assets or liabilities are recognised in profit or loss for the period. Analogously, the hedged assets and liabilities are restated at fair value through profit or loss.

If an entity enters into a fair value hedge to hedge the exposure to changes in the fair value of an asset and/or liability whose changes in fair value are recognised in other comprehensive income, in keeping with the changes in the fair value of the derivative instrument, these changes are also recognised in other comprehensive income for the period.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised in profit or loss.

Financial assets

The classification and related measurement are driven by both the business model in which the financial asset is held and the contractual cash flow characteristics of the asset.

The financial asset is measured at amortised cost subject to both of the following conditions:

- a) the asset is held in conjunction with a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Receivables measured at amortised cost are initially recognised at the fair value of the underlying asset, after any directly attributable transaction proceeds. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses (recognised in profit or loss) for amounts considered uncollectible. The estimate for uncollectible amounts is based on the present value of expected cash-out flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering the amounts due. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Trade receivables subject to normal commercial terms and conditions are not discounted to present value.

Financial assets measured at amortised cost include the following receivables arising from assets held under concession:

- a) "takeover rights", being the amount that will be unconditionally paid by an incoming operator on termination of the concession;
- b) amounts due from public entities as grants or similar compensation relating to the construction of infrastructure (construction and/or upgrade services).

The financial asset is measured at fair value through other comprehensive income if the objectives of the business model are to hold the financial asset to collect the contractual cash flows, or to sell it, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that solely represent a return on the financial asset.

Finally, any remaining financial assets, other than those described above, are classified as held for trading and measured at fair value through profit or loss.

No financial instruments were reclassified from one of the above categories to another in 2020.

Impairment of financial assets

Assessment of the recoverability of financial assets that are debt instruments measured at amortised cost is conducted by estimating expected credit losses (ECLs), based on expected cash flows. These flows, taking into account the estimated probability of a default occurring, are determined in relation to the expected time needed to recover the amount due, the estimated realizable value, any guarantees received, and the costs that the Company expects to incur in recovering the amounts due.

In the case of amounts due from counterparties where there has not been a significant increase in risk, ECLs are determined on the basis of expected losses in the 12 months after the reporting date. In other cases, the expected losses are estimated through to the end of the financial instrument's life.

In the case of trade and other receivables, the probability of a default is determined on the basis of internal customer ratings, which are periodically reviewed, including with reference to back-testing.

Financial liabilities

Financial liabilities are initially recognised at fair value, after any directly attributable transaction cost. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method with the exception of those for which the Company irrevocably elects, at the time of recognition, to measure at fair value through profit or loss, so as to eliminate or reduce the accounting mismatch at the time of measurement or recognition, compared with an asset also measured at fair value.

Trade payables subject to normal commercial terms and conditions, or that do not include significant financial components, are not discounted to present value.

If there is a modification of one or more terms of an existing financial liability (including as a result of its novation), it is necessary to conduct a qualitative and quantitative assessment in order to decide whether or not the modification is substantial with respect to the existing contractual terms. In the absence of substantial modifications, the difference between the present value of the modified cash flows (determined using the instrument's effective interest rate at the date of modification) and the carrying amount of the instruments is accounted for in profit or loss. As a result, the value of the financial liability is adjusted and the instrument's effective interest rate recalculated. If the modifications are substantial, the existing instrument is derecognised and the fair value of the new instrument is recognised, with the related difference recognised in profit or loss.

Derecognition of financial instruments

Financial instruments are derecognised in the financial statements when, following their sale or settlement, the Company is no longer involved in their management and has transferred all the related risks and rewards of ownership.

Fair value measurement and the fair value hierarchy

For all transactions or balances (financial or non-financial) for which an accounting standard requires or permits fair value measurement and which fall within the application of IFRS 13, the Company applies the following criteria:

- a) identification of the “unit of account”, defined as the level at which an asset or a liability is aggregated or disaggregated in an IFRS for recognition purposes;
- b) identification of the principal market or, in the absence of such a market, the most advantageous market in which the particular asset or liability to be measured could be traded; unless otherwise indicated, it is assumed that the market currently used coincides with the principal market or, in the absence of such a market, the most advantageous market;
- c) definition for non-financial assets of the highest and best use of the asset; unless otherwise indicated, highest and best use is the same as the asset's current use;
- d) definition of valuation techniques that are appropriate for the measurement of fair value, maximising the use of relevant observable inputs that market participants would use when determining the price of an asset or liability;
- e) determination of the fair value of assets, based on the price that would be received to sell an asset, and of liabilities and equity instruments, based on the price paid to transfer a liability in an orderly transaction between market participants at the measurement date;
- f) inclusion of non-performance risk in the measurement of assets and liabilities and above all, in the case of financial instruments, determination of a valuation adjustment when measuring fair value to include, in addition to counterparty risk (CVA - credit valuation adjustment), the own credit risk (DVA - debit valuation adjustment).

Based on the inputs used for fair value measurement, a fair value hierarchy for classifying the assets and liabilities measured at fair value, or the fair value of which is disclosed in the financial statements, has been identified:

- a) level 1: includes quoted prices in active markets for identical assets or liabilities;
- b) level 2: includes inputs other than quoted prices included within level 1 that are observable, such as the following: i) quoted prices for similar assets or liabilities in active markets; ii) quoted prices for similar or identical assets or liabilities in markets that are not active; iii) other observable inputs (interest rate and yield curves, implied volatilities and credit spreads);
- c) level 3: unobservable inputs used to the extent that observable data is not available. The unobservable inputs used for fair value measurement should reflect the assumptions that market participants would use when pricing the asset or liability being measured.

Definitions of the fair value hierarchy level in which individual financial instruments measured at fair value have been classified, or for which the fair value is disclosed in the financial statements, are provided in the notes to individual components of the financial statements.

There are no assets or liabilities classifiable in level 3 of the fair value hierarchy. No transfers between the various levels of the fair value hierarchy took place during the year.

The fair value of derivative financial instruments is based on expected cash flows that are discounted at rates derived from the market yield curve at the measurement date and the curve

for listed credit default swaps entered by the counterparty and the Company, to include the non-performance risk explicitly provided for by IFRS 13.

In the case of medium/long-term financial instruments, other than derivatives, where market prices are not available, the fair value is determined by discounting expected cash flows, using the market yield curve at the measurement date and taking into account counterparty risk in the case of financial assets and the own credit risk in the case of financial liabilities.

Provisions for construction services required by contract and other provisions

“Provisions for construction services required by contract” relate to specific contractual obligations having regard to motorway expansion and upgrading for which the operator receives no additional economic benefit. Since the performance of such obligations is treated as part of the consideration for the concession, an amount equal to the fair value of future construction services (equal to the present value of the services, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is initially recognised. The double entry is concession rights for works without additional economic benefits. The fair value of the residual liability for future construction services (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services) is periodically reassessed and changes to the measurement of the liabilities (such as, for example, changes to the estimated cash outflows necessary to discharge the obligation, a change in the discount rate or a change in the construction period) are recognised as a matching increase or reduction in the corresponding intangible asset. Any increase in provisions to reflect the time value of money is recognised as a financial expense. The costs incurred during the year, in relation to the effective performance of motorway construction and/or upgrade services for which no additional economic benefits are received, are recognised by nature in individual items in the income statement. Matching entries are made in the income statement item, “Uses of provisions for construction services required by contract”, to represent the use of provisions previously made as an indirect adjustment of the costs incurred.

Provisions are made when: (i) the Company has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount can be reliably estimated.

Provisions are measured on the basis of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value at a rate that reflects the market view of the time value of money and the risks specific to the obligation, which are based on the yield on the government securities of the country in which the obligation is to be settled. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense. The costs incurred during the year to settle the obligation are accounted for as a direct reduction in the provisions previously made.

“Provisions for the repair and replacement of motorway infrastructure” cover the liability represented by the contractual obligation to repair and replace assets to be handed over, as required by the concession arrangements entered into with the Grantor, with the aim of ensuring the serviceability and safety of the assets held under concession. These provisions are calculated on the basis of the usage and wear and tear of motorways at the end of the reporting period, taking into account, if material, the time value of money. The provisions are discounted using the same criteria as applied to “Provisions”.

Routine maintenance costs are, in contrast, recognised in the income statement when incurred and are not, therefore, included in the provisions.

The provisions for cyclical maintenance include the estimated cost of a single cycle and are determined separately for each category of infrastructure (viaducts, flyovers, tunnels, safety barriers, motorway surfaces). The following process is applied for each category, based on specific technical assessments, the available information, the current state of motorway traffic and existing materials and technologies:

- a) the duration of the cycle linked to the repair or replacement work is estimated;

- b) the serviceability of the infrastructure is assessed, classifying the various types of intervention based on the state of repair of the infrastructure and the number of years remaining until the scheduled maintenance work;
- c) the cost for each category is determined, based on the verifiable and documented evidence available at the time and comparable work;
- d) the total value of the work included in the relevant cycle is determined;
- e) the provisions at the reporting date are calculated, allocating the cost to the income statement in relation to the number of years remaining until the date of the scheduled maintenance work, in line with the above classification based on the state of repair of the infrastructure, discounting the resulting amount to present value at the measurement date using an interest rate with a duration in line with that of the expected cash flows.

The above effects are recognised in the following income statement items:

- a) the “Operating change in provisions”, reflecting the impact of the revision of estimates as a result of technical assessments (the value of the works to be carried out and the expected timing of such works) and the change in the discount rate used compared with the previous year;
- b) “Financial expenses from discounting of provisions”, reflecting the time value of money, calculated on the basis of the value of the provisions and the interest rate used to discount the provisions to present value at the prior year reporting date.

When the cost of the works is actually incurred, the cost is recognised by nature in individual items in the income statement and the item “Operating change in provisions” reflects use of the provisions previously made.

Employee benefits

Short-term employee benefits, provided during the period of employment, are recognised on an accruals basis as the accrued liability at the end of the reporting period.

Liabilities deriving from medium/long-term employee benefits are recognised in the vesting period, less any plan assets and advance payments made. They are determined on the basis of actuarial assumptions and, if material, recognised on an accruals basis in line with the period of service necessary to obtain the benefit.

Medium/long-term post-employment benefits in the form of defined benefit plans are recognised at the amount accrued at the end of the reporting period.

Post-employment benefits delivered at the same time or after the termination of employment in the form of defined benefit plans are recognised in the vesting period, less any plan assets and advance payments made. Such defined benefit plans primarily regard the obligation as determined on the basis of actuarial assumptions and recognised on an accruals basis in line with the period of service necessary to obtain the benefit. The obligation is calculated by independent actuaries. Any resulting actuarial gain or loss is recognised in full in other comprehensive income in the period to which it relates.

Non-current assets held for sale, assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations

Where, at the end of the period, it is highly likely that the carrying amount of non-current assets held for sale, or of assets and liabilities included in disposal groups or held for distribution to shareholders and/or related to discontinued operations is to be recovered primarily through sale

rather than through continued use, these items are presented separately in the statement of financial position.

Immediately prior to being classified as held for sale or for distribution, each asset and liability is recognised under the specific IFRS applicable and subsequently accounted for at the lower of the carrying amount and fair value. Any impairment losses are recognised immediately in the income statement.

Disposal groups or operations held for sale or for distribution are recognised in profit or loss as discontinued operations provided when the following conditions are met:

- a) they represent a major line of business or geographical area of operation;
- b) they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation;
- c) they are subsidiaries acquired exclusively with a view to resale.

After tax gains and losses resulting from the management or sale or distribution of such operations are recognised as one amount in profit or loss with comparatives.

Revenue

Revenue is recognised when the fair value can be reliably measured and it is probable that the economic benefits associated with the transactions will flow to the Company. The amount recognised as revenue reflects the consideration to which the Company is entitled in exchange for goods transferred to the customer and services rendered. This revenue is recognised when the performance obligations under the contract have been satisfied.

Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

- a) toll revenue is accrued with reference to traffic volumes;
- b) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- c) the provision of services is prorated to the percentage of completion of the work, on the basis of the contract revenue and costs that can be reliably estimated with reference to the stage of completion of the contract, in accordance with the percentage of completion method, as determined by a survey of the works carried out or on a cost-to-cost basis. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue and profit in each reporting period in proportion to the stage of completion.

In addition to contract payments, contract revenues include variations, price revisions and any additional payments to the extent that their payment is probable and that their amount can be reliably measured. In the event that a loss is expected to be incurred on the completion of a contract, this loss shall be immediately recognised in profit or loss regardless of the stage of completion of the contract.

Any positive or negative difference between the accrued revenue and any advance payments is recognised in assets or liabilities in the statement of financial position, taking into account any impairment recognised in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers. When service revenue cannot be reliably determined, it is only recognised to the extent that expenses are considered to be recoverable;

- d) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract. This revenue includes amounts generated by the sub-concession of retail and office space to third parties within the motorway infrastructure operated by the Company and, as they substantially equate to the lease of portions of infrastructure, are subject to IFRS 16. This revenue, under existing contractual agreements, is partly dependent on the revenue earned by the sub-operator and, as a result, the related amount varies over time;
- e) interest income (and interest expense) is calculated with reference to amount of the financial asset or liability, in accordance with the effective interest method;
- f) dividend income is recognised when the right to receive payment is established.

Provision of the above services also includes construction and/or upgrade services provided to Grantors, in application of IFRIC 12, and relating to concession arrangements to which the Company is party. These revenues represent the consideration for services provided and are measured at fair value, calculated on the basis of the total costs incurred (primarily consisting of the costs of materials and external services, the relevant employee benefits and attributable financial expenses, the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits). The double entry of revenue from construction and/or upgrade services is represented by a financial asset (deriving from government grants) or an intangible asset deriving from concession rights.

Government grants

Government grants are accounted for at fair value when: (i) the related amount can be reliably determined and there is reasonable certainty that (ii) they will be received and that (iii) the conditions attaching to them will be satisfied.

Grants related to income are accounted for in the income statement for the accounting period in which they accrue, in line with the corresponding costs.

Grants received for investment in motorways are accounted for as construction service revenue, as explained in the note on the accounting policy for "Revenue".

Any grants received to fund investment in property, plant and equipment and/or intangible assets (other than concession rights) are accounted for as a reduction in the cost of the asset to which they refer and result in a reduction in depreciation.

Income taxes

Income taxes are recognised on the basis of an estimate of tax expense to be paid, in compliance with the regulations in force.

Deferred tax assets and liabilities are determined on the basis of temporary differences between the carrying amounts of assets and liabilities as in the Company's books (resulting from application of the accounting policies described in note 3), and the corresponding tax bases (resulting from application of the tax regulations in force), as follows:

- a) deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised;
- b) deferred tax liabilities are always recognised (unless the liability derives from the initial recognition of goodwill).

Deferred tax assets and liabilities are calculated on the basis of the tax rate expected to be in effect at the time the related temporary differences will reverse, taking into account any legislation enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer considered probable that there will be sufficient future taxable profits against which the asset can be fully or partially utilised.

Current and deferred tax assets and liabilities are recognised in profit or loss, with the exception of those relating to items recognised directly in equity, and for which the related taxation is also recognised in equity.

In 2020, the parent, Atlantia SpA, again operated a tax consolidation arrangement in which Autostrade per l'Italia participates. For this purpose, relations between Atlantia and participating companies are regulated by a specific contract. This contract establishes that participation in the tax consolidation arrangement may not, under any circumstances, result in economic or financial disadvantages for the participating companies compared with the situation that would have arisen

had they not participated in the arrangement. Should such disadvantages arise, they are to be offset by a corresponding indemnity to be paid to the participating companies concerned.

Income tax expense is recognised in current tax liabilities in the statement of financial position, less any payments on account, and includes the portion of IRES transferred to Atlantia under the tax consolidation arrangement. Any tax credits are recognised in current tax assets.

Share-based payments

The cost of services provided by directors and/or employees remunerated through share-based incentive plans, and settled through the award of financial instruments, is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date (vesting period, any consideration due and conditions of exercise, etc.), of the rights and the plan's underlying securities. The obligation is determined by independent actuaries. The cost of these plans is recognised in profit or loss, with a contra-entry in equity, over the vesting period, based on a best estimate of the number of options that will vest. In case the beneficiaries are administrators and employees of subsidiaries the cost is determined as an increase in the value of the related investment.

The cost of any services provided by Directors and/or employees and remunerated through share-based payments, but settled in cash, is instead measured at the fair value of the liability assumed and recognised in profit or loss, with a contra entry in liabilities, over the vesting period, based on a best estimate of the number of options that will vest. Fair value is remeasured at the end of each reporting period until such time as the liability is settled, with any changes recognised in profit or loss. If the beneficiaries are the directors or employees of subsidiaries, where the Company has an obligation to settle the transaction, the cost is recognised as an increase in the value of the investment.

Impairment of assets and reversals

At the end of the reporting period, the Company tests property, plant and equipment, intangible assets, financial assets and investments for impairment.

If there are indications that these assets have been impaired, the recoverable amounts of such assets are estimated in order to verify and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment.

If it is not possible to estimate the recoverable amounts of individual assets, the recoverable amount of the cash-generating unit to which a particular asset belongs is estimated.

This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business. In estimating an operating CGU's future cash flows, after-tax cash flows and discount rates are used because the results are substantially the same as pre-tax computations.

Impairments are recognised in profit or loss in a variety of classifications depending on the nature of the impaired asset.

If there are indications, at the end of the reporting period, that an impairment loss recognised in previous years has been reduced, in full or in part, the recoverability of the carrying amount is tested and any reversal of the impairment loss determined. The reversal may under no circumstances exceed the amount of the impairment loss previously recognised. Impairment losses on goodwill are never reversed.

Estimates and judgements

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are primarily used in determining amortisation and depreciation, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the financial statements.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognised by application of the exchange rate of the transaction date. Assets and liabilities denominated in currencies other than the euro are, subsequently, remeasured by application of the closing exchange rate. Any exchange differences on remeasurement are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historic cost are translated using the exchange rate of the date of initial recognition.

Earnings per share

Basic earnings per share is computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the accounting period.

Diluted earnings per share is computed by dividing profit attributable to owners of the parent by the above weighted average, also taking into account the effects deriving from the subscription, exercise or conversion of all potential shares that may be issued as a result of the exercise of any outstanding rights.

New accounting standards and interpretations, or revision and amendment of existing standards, effective from 1 January 2020

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, effective from 1 January 2020. Such changes have not had an impact on amounts in the financial statements for the year, as there were no material changes applicable.

Amendment to IFRS 16 – “Leases Covid-19 -Related Rent Concessions”

On 28 May 2020, the IASB published the document “Amendment to IFRS 16 - Leases Covid-19-Related Rent Concessions”, effective for annual accounting periods beginning on or after 1 June 2020. The changes introduced by the new paragraphs 46A and 46B have added a practical expedient to the paragraph on “Lease modifications”, allowing the lessee to not consider rent concessions, relating to the impact of Covid-19, as a modification of the original terms and conditions of the lease. The above changes must, therefore, be accounted for as if the contract had not been modified, recognising the impact of the rent concessions for which the lessee has applied the practical expedient introduced by paragraph 46A in profit or loss. This expedient applies to Covid-19-related relief reducing rentals falling due by 30 June 2021 and does not regard lessors. The amendment only applies to rent concessions granted as a direct consequence of the Covid-19 pandemic and only when a series of conditions, indicated in paragraph 46B, have been

met. Finally, the new paragraph 60A requires lessees applying the expedient to disclose the fact in their financial statements.

Amendments to IFRS 3 – Business Combinations

On 22 October 2018, the IASB published “Definition of a Business (Amendments to IFRS 3)”, to amend IFRS 3 in such a way as to clarify the definition of a business for the proper application of the standard.

In particular, the amendment clarifies that an output is not the necessary condition to identify a business in the presence of a set of activities/processes and assets. However, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced “ability to create outputs” with “contribution to the ability to create outputs” to clarify that a business can exist also without all the inputs and processes necessary to create an output.

Moreover, the amendment has introduced an optional concentration test, to determine whether an acquired set of activities and assets is a business.

Amendments to IFRS 9, IAS 39 and IFRS 7 on “Interest Rate Benchmark Reform”

On 26 September 2019, the IASB published the document entitled “Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)”, which has amended certain of the requirements for the application of hedge accounting, introducing temporary exemptions to such requirements. This is to mitigate the impact of uncertainty over the reform of IBOR, which is still in progress, on future cash flows, whilst awaiting completion of the process. The amendment was made necessary following the report, “Reforming Major Interest Rate Benchmarks”, in which the European Financial Stability Board issued recommendations designed to strengthen existing interest rate benchmarks and other potential benchmarks based on interbank rates and identify alternative near-risk-free rates. The amendment also requires entities to disclose the hedging relationships directly impacted by the uncertainties caused by the reform and to which the above exemptions apply. It also permits entities to continue to meet the requirements of IFRS assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform.

Amendments to IAS 1 – Presentation of Financial Statements and to IAS 8 – Accounting Policies, Change in Accounting estimates and Errors

On 31 October 2018, the IASB published “Definition of Material (Amendments to IAS 1 and IAS 8)”. The document introduced an amendment to the definition of “material”. The amendment clarifies the definition of “material” and introduces the concept of “obscured information”, in addition to the concepts of “omitted” and “misstated” information already present in the two amended standards. The amendment clarifies that information is “obscured” if it is provided in such a way as to produce for general users of financial statements an effect similar to that which would be produced if such information had been omitted or misstated.

New accounting standards and interpretations, or revision and amendment of existing standards, that have either yet to come into effect or are yet to be endorsed

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, this section describes new accounting standards and interpretations, and amendments of existing standards and interpretations that are already applicable, that have yet to come into effect as at 31 December 2020, and that may in the future applied in Company’s financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7 on "Interest Rate Benchmark Reform (phase 2)"

On 27 August 2020, the IASB published the document entitled "Interest Rate Benchmark Reform - phase 2- (Amendments to IFRS 9, IAS 39 and IFRS 7)", to take into account the consequences of the effective replacement of existing benchmark interest rates with alternative benchmark rates. These amendments require a specific accounting treatment to spread changes in the value of financial instruments or lease contracts, due to replacement of the interest rate benchmark over time, thus avoiding a sudden impact on profit or loss, and prevent unnecessary discontinuations of hedging relationships as a consequence of the replacement of the interest rate benchmark.

Amendments to IAS 1 – Presentation of Financial Statements - Classification of liabilities as current or non-current

On 23 January 2020, the IASB published a document entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", with the amendments to applicable to annual accounting periods beginning on or after 1 January 2023, unless otherwise decided at the time of endorsement by the European Commission. The IASB has clarified the criteria to be used in order to determine if a liability is to be classified as current or non-current. The amendments aim to enable consistent application of the requirements, helping entities to determine if debt, and other liabilities with an uncertain settlement date, should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also clarify the classification requirements for debt a company might settle by converting it into equity.

Amendments to IFRS 3 – Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements to IFRS Standards 2018-2020

On 14 May 2020 the IASB issued a document entitled "Amendments to (i) IFRS 3 Business Combinations; (ii) IAS 16 Property, Plant and Equipment; (iii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets (iv) Annual Improvements to IFRS Standards 2018-2020". The amendments applicable to annual accounting periods beginning on or after 1 January 2022, unless otherwise decided at the time of endorsement by the European Commission. In particular:

- (i) with the "Amendments to IFRS 3 - Business Combinations", the IASB has updated references to the revised Conceptual Framework, without this resulting in changes to the requirements in the standard;
- (ii) with the "Amendments to IAS 16 - Property, Plant and Equipment", the IASB has introduced a number of clarifications, prohibiting entities from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, entities must recognise such sales proceeds and related cost in profit or loss;
- (iii) with the "Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets", the IASB has clarified which costs an entity shall consider in assessing whether a contract is onerous;
- (iv) finally, with the "Annual Improvements to IFRS Standards 2018–2020", changes have been made to: (1) IFRS 1 - First-time Adoption of IFRS, simplifying the first-time adoption of IFRS by a subsidiary after its parent has already adopted them, in terms of measuring cumulative translation difference; (2) IFRS 9 - Financial Instruments, clarifying that, when conducting the "10 per cent" test, provided for in paragraph B3.3.6 of IFRS 9, to assess if the modifications made to a financial liability are material (and, thus, resulting in

derecognition), an entity must include only fees paid or received between the entity and the lender.

The Company is assessing the potential impact, which cannot currently be reasonably estimated, of future application of all the newly issued standards as well as the revisions and amendments of existing standards.

4. CONCESSIONS

The Single Concession Arrangement executed by the Company and ANAS (whose role as Grantor was assumed by the Ministry of Infrastructure and Sustainable Mobility from 1 October 2012) on 12 October 2007 and approved by Law 101/2008. Its purpose is the construction and operation of the motorways for which the concession is granted. The Single Concession Arrangement terminates on 31 December 2038.

Very briefly, the concession gives the Company, on the one hand, the right to retain tolls collected from motorway users, less the concession fees payable to ANAS, with such tolls being revised annually based on a toll formula contained in the Single Concession Arrangement, while, on the other hand, requiring the Company to upgrade and modernise the motorway infrastructure operated under concession and provide maintenance and operating services.

At the end of the concession term, the operator shall hand over the motorway operated under the concession and the related assets free of charge to the Grantor in a good state of repair and unencumbered.

On 24 December 2013 the Grantor and Autostrade per l'Italia signed an Addendum to the Single Concession Arrangement. This document contained the five-yearly revision of the financial plan annexed to the Arrangement, as provided for by art. 11 of the Arrangement. The above Addendum was approved by a ministerial decree of 30 December 2013 and was registered with the Italian Court of Auditors on 29 May 2014.

Five-yearly update of Autostrade per l'Italia's financial plan

Following the Transport Regulator's introduction of the new tariff framework, on 8 April 2020, Autostrade per l'Italia submitted the Financial Plan to the Grantor, ahead of the deadline extended by the Grantor in art. 103 of Law Decree 103 of 17 March 2020, whilst continuing to stand by its earlier opposition and reservations in this regard.

This was followed by a letter dated 15 July 2020, after agreement had been reached on the measures suitable to satisfy the public interest, in relation to settlement of the dispute with the Ministry of Infrastructure and Sustainable Mobility (the "MIMS") over alleged serious breaches of the Concession Arrangement. In the letter, the MIMS requested Autostrade per l'Italia to submit the revised Financial Plan by 23 July 2020. As requested, on 23 July, the Company submitted the above Financial Plan.

In a letter dated 3 August 2020, the MIT set out its conclusions regarding the proposed Financial Plan submitted by Autostrade per l'Italia on 23 July 2020, setting out the changes to be made. In subsequent letters, the first dated 1 September 2020 and the second 14 September 2020, Autostrade per l'Italia submitted further versions of the Financial Plan to the Government and the Grantor, taking into account the observations made by the Grantor and the following talks with personnel from the Ministry of the Economy and Finance (the "MEF").

On 14 October 2020, the Transport Regulator published the opinion provided to the MIMS in accordance with art. 43 of Law Decree 201 of 2011 regarding the update of the Financial Plan. The regulator's opinion expresses certain reservations regarding the Plan drawn up by the Company, which, though it substantially applies the Tariff Framework devised by the Transport Regulator, includes a number of clear differences in terms of application that could potentially be reflected in the level of the tolls charged to road users.

In its letter dated 22 October 2020, the Grantor, in response to the proposed Financial Plan submitted by Autostrade per l'Italia on 14 September 2020 and the regulator's opinion, requested the Company to amend the proposed plan and to provide clarifications, details and documentation regarding a number of concerns raised by the regulator.

On 19 November 2020, Autostrade per l'Italia sent the MIMS, the MEF and the Cabinet Office a new version of the Financial Plan, reflecting the indications in the above letter from the Grantor dated 22 October. The Plan made reference to the sum of €3.4 billion included in the Agreement reached with representatives of the Government, setting out the various items of expenditure and the related timescale. The new Plan also reflected the Government's request to include the measure designed to make up for lost revenue in the period between March and June 2020 due to Covid-19, to be recovered by raising the average annual toll increase to 1.64%, deeming this to cover the amount necessary in order to recover the losses incurred. A decision has, on the other hand, yet to be made on how the motorway sector as a whole will recover the revenue lost in the subsequent period due to Covid-19.

Finally, following later talks, as noted above, on 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the MIMS and the MEF, together with the Addendum to the Concession Arrangement and the other annexes to this document.

Legal action over failure to approve the five-yearly update of the Financial Plan

On 3 January 2020, the Grantor, in compliance with judgement 13789 of 2 December 2019 handed down by Lazio Regional Administrative Court, informed Autostrade per l'Italia that the proposed update of its financial plan, submitted on 15 June 2018, was unacceptable. In response, on 3 March 2020, Autostrade per l'Italia brought an action before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the *Milleproroghe* Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. A date for the hearing to discuss the case is awaited.

Agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna

With regard to the agreement on the upgrade of the existing motorway system/ring road interchange serving Bologna, already signed by Autostrade per l'Italia, the MIMS, Emilia-Romagna Regional Authority, the Bologna Metropolitan Authority and Bologna City Council on 15 April 2016, the related Services Conference took place on 16 June 2020. During the Conference, the public bodies concerned requested a number of changes, which were largely accepted by the MIMS. Owners of the property affected by the project have also been served with the related expropriation orders. The revised final design was then submitted to the Services Conference and completion of the EIA pre-screening process by the Ministry of the Environment is awaited, as is scheduling of the final Services Conference, which it is hoped will take place by the end of March 2021.

For further information on talks with the MIMS, aimed at reaching an agreed settlement of the dispute with the MIMS over serious breaches of the Company's concession arrangement, is provided in note 9.5 "Significant legal and regulatory aspects".

With regard to the existing concession, the Company is engaged in the implementation of a programme of investment in "Major Works" (including the works envisaged by the 1997 Agreement, the IV Addendum of 2002 and other investment). The investment programme, which

forms part of the Company's financial plan, updated to December 2013, essentially regards the upgrade of existing motorways.

The total value of the above programme as at 31 December 2020 is €17.8 billion, including €11.1 billion already completed as at 31 December 2020 (€10.9 billion as at 31 December 2019).

The item, "Current provisions for fines and penalties under the Single Concession Arrangement", in the statement of financial position reflects estimated fines and penalties that may be imposed on the Company by the Grantor, in connection with alleged breaches of the concession terms and conditions and/or non-fulfilment of its obligations under Annex N of the existing Concession Arrangement. In this regard, Autostrade per l'Italia has brought five actions before Lazio Regional Administrative Court, contesting the application of fines and penalties. A detailed analysis of the provisions is contained in note 6.13, "Provisions".

The following table lists the sections of motorway operated under the concession as at 31 December 2020.

Section of motorway	Kilometres in service
A1 Milan – Naples ^(*)	803.5
A4 Milan – Brescia	93.5
A7 Genoa – Serravalle	50.0
A8/9 Milan – lakes	77.7
A8 / A26 link road	24.0
A10 Genoa – Savona	45.5
A11 Florence – Pisa North	81.7
A12 Genoa – Sestri Levante	48.7
A12 Rome – Civitavecchia	65.4
A13 Bologna – Padua	127.3
A14 Bologna – Taranto	781.4
A16 Naples – Canosa	172.3
A23 Udine – Tarvisio	101.2
A26 Genoa – Gravellona Toce	244.9
A27 Mestre – Belluno	82.2
A30 Caserta – Salerno	55.3
Total	2,854.6

^(*) including 32 km upgraded through doubling of capacity via construction of new carriageway (*Variante di Valico*).

5. Events and corporate actions

5.1 Impact of the Covid-19 pandemic

As also recommended in ESMA recommendation “ESMA 32-63-972”, this section provides a summary of the impact on the issuer of the health emergency caused by the Covid-19 pandemic and the response of Autostrade per l'Italia. A description of the uncertainties arising as a result of the health emergency is provided in the section, “Going-concern uncertainties and assessment conducted by the Company”, in note 2, “Basis of preparation of the financial statements”. As previously noted, the spread of the Covid-19 epidemic, the Italian Government’s declaration of a health emergency and the resulting restrictions on movement had a significant impact on the performance of traffic throughout the network. This had an impact on the toll revenue and other operating income (lower income from service area royalties) earned by Autostrade per l'Italia, with the resulting reductions amounting to approximately €850 million and €87 million, respectively (a total of €828 million after the related concession fees), compared with pre-pandemic estimates.

In response, the Company took rapid steps to implement cost efficiencies, whilst not reducing expenditure on the maintenance and safety of the Group’s infrastructure, and adopted the measures made available by the authorities in order to protect their workers. These included use of the ordinary wage guarantee fund or *CIGO* and other instruments that have enabled the Company to reduce its staff costs by a total of €28 million.

In addition, Autostrade per l'Italia has adopted a series of financial initiatives designed to support service area operators, resulting an overall increase of €4 million in the Company’s operating costs. Based on the figures and simulations conducted, the estimated overall impact of the Covid-19 pandemic and the related response on the Company’s profit for the period amounts to approximately €553 million.

5.2 Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa and resulting impact on the financial statements

With regard to the tragic collapse of a section of the Polcevera road bridge (the “road bridge”) on the A10 Genoa-Ventimiglia motorway operated by da Autostrade per l'Italia (the “operator”) on 14 August 2018, the impact of this event on the accounts in 2020 and 2019 is described below. Developments relating to legal and regulatory aspects are described below in note 9.5, “Significant legal and regulatory aspects”.

In particular, it should be noted that an obligation on the part of Autostrade per l'Italia to reconstruct the bridge was identified. In this regard, in accordance with the accounting treatment applicable had the operator proceeded directly to carry out reconstruction based on the terms of the Single Concession Arrangement (rather than responsibility for these activities being assigned by law to a Special Commissioner appointed by the Government), a series of expenses resulting from the events in question were already recognised in the income statements for 2018 and 2019, as detailed in the notes to relevant financial statements.

As described in the above notes, with regard to the method of accounting for risks and charges connected with “direct” and “indirect” damages, the following should be noted:

- a) so-called “direct damages”, meaning damages directly linked to the events as a direct and immediate consequence of the collapse of the road bridge and regardless of any theoretical hypothesis on the cause of the collapse, may be divided into two types:
 - (i) the costs connected with demolition and reconstruction, including the payment of compensation to the businesses located beneath the road bridge, for which the Parent Company has made provision in the “Provisions for the repair and replacement of motorway infrastructure”; and (ii) the charges related to the compensation paid to the victims’ families and to the injured, which have been accounted for in “Other provisions for risks and charges”;

- b) with regard to so-called “indirect damages” hypothetically identified in relation to the collapse, it should be noted that, as regards determination of the probability of an adverse outcome and, as a result, identification of the accounting category provided for in IAS 37 (provisions or a contingent liability) with which it is reasonable to associate the legal risks in question, the Company’s considerations are based on, and are in consistent with, a series of technical and legal opinions from professionals specialising in the related areas, in which the circumstances surrounding the collapse of the road bridge and the related disputes have been analysed in detail in order to estimate the probability of an adverse outcome for Autostrade per l’Italia and the expected value of any liabilities in the event of such an outcome.

With regard to the “indirect damages”, the opinions received provide useful, if not decisive, elements on which Autostrade per l’Italia has based its judgement as to how to account for the charges, as either provisions or a contingent liability. This means assessing the degree to which it is likely that an adverse outcome will occur as a result of the disputes and the possibility of arriving with reasonable certainty at an estimate of the size of the loss connected with the occurrence of this event.

The above technical and legal opinions have demonstrated that it is currently impossible to construct an ex-ante hypothesis, and that it will be necessary to assess the concrete evidence that may emerge from time to time, and that, as to any identification of the entity responsible for the event, the Company has not been identified as being responsible for the occurrence of the event in any final court or out-of-court ruling.

Thus, based on the fact that:

- a) it is not possible to construct an ex-ante hypothesis regarding Autostrade per l’Italia’s responsibility for the occurrence of the event, nor, as a result, regarding whether or not any damages are due or the size of any damages;
- b) at the present time, there are further causes of uncertainty regarding whether or not any damages are due, or the size of any damages payable by the Company, in view of the disputes arising as a result of the assessments currently being conducted by the Company’s insurance providers in relation to the collapse of the road bridge;

and that, from an accounting point of view, the conditions set out in paragraph 14 of IAS 37 have not been met, it is not possible to recognise provisions in “Other provisions for risks and charges”.

In addition, the Company continued to implement the decision to exempt road users in the Genoa area from the payment of tolls, resulting in an estimated overall reduction in toll revenue in the three-year period 2018-2020 of approximately €70 million, including €44 million attributable to 2020.

In keeping with the above accounting treatment, in 2020 Autostrade per l’Italia:

- a) recognised costs of €147,373 thousand, as a result of requests from the Special Commissioner to fund reconstruction of the road bridge. This amount is entirely covered by use of “Provisions for the repair and replacement of motorway infrastructure” previously set aside in the financial statements as at and for the year ended 31 December 2018, and its impact on the income statement has been offset by indirect use of the above provisions in the “Operating change in provisions”;
- b) paid a total of €12,116 thousand in the form of compensation for a number of the families of victims impacted by the collapse of the road bridge, in grants for small businesses and firms hit by the collapse and to cover the cost of consultants’ fees and legal expenses linked

to actions undertaken to protect the Autostrade per l'Italia's rights and those of its employees who are under investigation;

- c) made further provisions of €10 million to the "Other provisions for risks and charges" following an updated estimate of the charges to be incurred in order to cover the cost of consultants' fees and legal expenses linked to actions undertaken to protect the Company's rights and those of its employees who are under investigation.

As at 31 December 2020, no further proceeds that may in future be collected on other insurance policies relating to the Polcevera road bridge have been recognised, as they do not meet the requirements of IFRS.

As at 31 December 2020, the following provisions have been recognised in the financial statements in relation to the above charges:

- a) "Provisions for the repair and replacement of motorway infrastructure", totalling €24,688 thousand;
- b) "Other provisions for risks and charges", amounting to €16,122 thousand.

Following the collapse of the road bridge, the Ministry of Infrastructure and Sustainable Mobility (the "MIMS") formally accused the Company of certain breaches of its contractual obligations under the Single Concession Arrangement, as described in note 9.5, "Significant legal and regulatory aspects".

As described in that note, and in the section, "Going-concern uncertainties and assessment conducted by the Company" in the above note 2, "Basis of preparation of the financial statements", to which reference should be made, Autostrade per l'Italia, without prejudicing any determination of liability for the collapse, proceeded to enter into discussions with the Government, the MIMS and the Ministry of the Economy and Finance with the aim of agreeing on a resolution of the dispute, in return for the subsidiary's withdrawal of certain legal actions challenging aspects of the legislation introduced by the Government, which in some respects were in breach of Autostrade per l'Italia's rights.

Following numerous meetings and exchanges of correspondence, on 11, 13, 14 and 15 July 2020, Autostrade per l'Italia sent the Ministry letters in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, put forward a new comprehensive proposal with respect to the one submitted in March, as described in more detail in note 9.5, "Significant legal and regulatory aspects". Above all, on 8 October 2020, Autostrade per l'Italia communicated its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation. The Company has, among other things, given a commitment to assume sole responsibility for meeting expenditure totalling €3,400 million, an increase of €500 million compared with the proposal submitted on 5 March 2020. This sum breaks down as follows:

- a) a sum of €1,500 million to be used to finance toll discounts for road users;
- b) €1,200 million to fund additional work on the infrastructure operated under concession in the regulatory period 2020-2024 that will not be recovered through tolls;
- c) €700 million for the construction of the new Polcevera road bridge and to cover any related costs.

With regard to the commitments in point b), the commitment relating to expenditure of €1.2 billion to be financed by the company and not recovered through tolls has replaced the commitment to spend €1.2 billion on "extraordinary" maintenance. This maintenance work was included in the Financial Plan submitted to the Grantor under the new overall proposal for an agreed settlement, based on application of the new tariff framework introduced by the transport

regulator (“ART”), and on the commitments assumed and investment expenditure agreed between the company and the Grantor. This document also reflects all the obligations and contractual terms and conditions agreed by the parties and included in the draft settlement agreement. The Financial Plan, therefore, also reflects the sum of €1.2 billion regarding the extraordinary maintenance plan, requested by the MIMS, and to be recovered through tolls. This extraordinary plan is additional to the operator’s “ordinary” maintenance commitments (both under the Single Concession Agreement and under ART’s new tariff framework), as it relates to specific requests from the Grantor regarding improved maintenance standards. As noted previously, this extraordinary maintenance plan, now recovered through a specific tariff component, was included in the expenses to be funded at its own expense by Autostrade per l’Italia in the previous version of the settlement agreement.

With regard to the expenses incurred in relation to demolition and/or reconstruction of the road bridge referred to in point c), in accordance with the previously noted requirements, amounts representing a probable outflow and that can be reliably estimated were already included in the measurement of the related “Provisions for the repair and replacement of motorway infrastructure” in the financial statements as at and for the year ended 31 December 2018.

In these financial statements as at and for the year ended 31 December 2020, the Group has made a further provision to “Other current provisions for risks and charges”, amounting to €190 million. This represents an adjustment to the provisions already made as at 31 December 2019 (€1,500 million) and is in line with the new proposal for an agreement. This approach is based on the requirements of IAS 37 have been met, above all based on the fact that the Company has assumed a specific current constructive obligation that has been indicated to the counterparty, resulting from the event represented by the collapse of the road bridge.

As a result of the above, in the preparation of the financial statements as at and for the year ended 31 December 2020, given that the changes to the provisions of the Single Concession Arrangement and adoption of the new Financial Plan, reflecting the terms of the settlement agreement, have yet to be approved and finalised, the Group has deemed it necessary to retain the current approach to accounting for the commitments and rights deriving from the existing Single Concession Arrangement, whilst reflecting the expected overall cost of €3.4 billion to be borne by the subsidiary. This accounting treatment is in continuity and consistent with the approach adopted in preparation of the financial statements as at and for the year ended 31 December 2019, thereby ensuring the consistency and continuity of the accounting treatment and the comparability of the financial statements over time.

Based on the above, in the financial statements as at and for the year ended 31 December 2020, the Company has recognised the total costs deriving from the settlement agreement, to the extent of the €3.4 billion to be incurred at the subsidiary’s own expense.

These costs, also taking in to account the provisions of the existing Single Concession Arrangement, have been accounted for in the following components of the income statement and statement of financial position:

- a) €1.5 billion in provisions for risks and charges, reflecting the Company’s commitment to discount the tolls charged to road users;
- b) €0.7 billion recognised, as at 31 December 2020, in provisions, net of amounts already incurred for this type of commitment;
- c) €1.2 billion, based on the rights and obligations in the existing Single Concession Arrangement, has been included in “Provisions for the repair and replacement of assets to be handed over free of charge” (net of sums already spent through to 31 December 2020), reflecting the Company’s new and renewed commitment to carry out increased maintenance work by 2024 (in relation to

the extraordinary maintenance plan referred to previously, which will be recovered through tolls only following approval of the new Single Concession Arrangement and the new Financial Plan).

With regard to point c), it was decided, in continuity with the financial statements for previous years and in accordance with the requirements of the existing Single Concession Arrangement, to recognise the maintenance commitments assumed by the Company without taking into account the fact that the cost of this “extraordinary” maintenance will subsequently be recovered through tolls under the new Financial Plan. This reflects the fact that:

- a) the Company has in any event begun carrying out the related maintenance activities, without applying limitations regarding the need for such activities to be covered by additional tariff components in its favour;
- b) the overall cost of €3.4 billion to be incurred by the Company at its own expense in order to settle the dispute over serious breaches of its concession arrangement has, in any event, been reflected in the financial statements, thereby ensuring that the Company’s commitments have been recognised;
- c) whilst the sum of €1.2 billion relating to the above “extraordinary” maintenance (the cost of which, under the new terms, will be recovered through a tariff component for construction services, and will thus resemble new construction services for which additional economic benefits are received) has been replaced by a similar amount of investment that will not be recovered through tolls, this element has no impact on the overall amount of the costs reflected in the financial statements in relation to the agreed settlement bringing to an end the dispute.

This approach reflects the fact that, had the cost of this “extraordinary” maintenance, totalling €1.2 billion, not been included in “Provisions for the repair and replacement of assets to be handed over free of charge” – on the basis that the cost is to be recovered through tolls under the terms of the new Financial Plan – improper significance would have been given to the new rules and tariff mechanisms in the financial statements as at and for the year ended 31 December 2020, which may only be reflected once they have received final approval by the respective authorities and have, thus, become effective.

The presentation in the financial statements as at and for the year ended 31 December 2020 of the Company’s commitment to invest in new infrastructure without recovering the cost through tolls, amounting to the same sum of €1.2 billion, would have reduced the clarity of the accounts, with the risk of providing users with unreliable information. This would be due to the need to jointly present both the commitments resulting from the remaining investment to be carried out under the Single Concession Arrangement still in force, as at 31 December totalling approximately €2.5 billion (and that with approval of the settlement agreement and the new Financial Plan will no longer have to be presented, as it will no longer be required), and the above amount of €1.2 billion resulting from the new agreement which, as noted above, has yet to come into effect. In addition, investment included in this category and already carried out up to 31 December 2020 would not have been adequately presented in the accounts, as based on the mechanisms in the existing Single Concession Arrangement the cost of this investment is recovered through tolls.

Based on the above, the Company believes that the accounting presentation used is the most appropriate manner in which to reflect both the existing obligations and rights resulting from the existing concession agreement, and the substantial effects and overall costs deriving from the draft settlement agreement submitted to the MIMS, and in which to best present, in continuity with previous years, the complexities of the current situation.

It should be noted that, based on the analyses and simulations conducted, taking into account the provisions recognised in the financial statements (as described above) and the amounts already spent by the company up to 31 December 2020 on the various items (represented by the

“extraordinary” maintenance referred to above and investment that under the new agreement and the new Financial Plan will not be covered by tolls), adoption of the provisions of the settlement agreement and the terms of the new Financial Plan with effect from 1 January 2020 (alongside the related tariff mechanisms) would not have a material impact at that date. This fact is confirmation of the correctness of the accounting treatment adopted by the company.

In order to provide full disclosure, the following table shows the impact of the expenses recognised in the various items in the income statements for 2020 and 2019 as a result of the collapse of the road bridge.

INCOME STATEMENT

€000	Note	2020	2019
REVENUE			
Toll revenue		-	-
Revenue from construction services		-	-
Other operating income		-	38,000
TOTAL REVENUE		-	38,000
COSTS			
Raw and consumable materials		-	-114,930
Service costs		-152,144	-94,507
Gains/(losses) on sale of property, plant and equipment		-	-
Staff costs		-	-
Other operating costs		-753	-21,932
Concession fees		-	-
Lease expense		-50	-71
Other		-703	-21,861
Use of provisions for construction services required by contract		-52,627	-1,286,662
(Provisions)/Uses of provisions for repair and replacement of motorway infrastructure	7.8	147,373	225,338
(Provisions)/Uses of provisions for risks and charges	6.13	-200,000	-1,512,000
Use of provisions for construction services required by contract		-	-
Amortisation and depreciation		-	-
Depreciation of property, plant and equipment		-	-
Amortisation of intangible assets deriving from concession rights		-	-
Amortisation of other intangible assets		-	-
(Impairment losses)/Reversals of impairment losses on current and non-current assets		-	-
TOTAL COSTS		-205,524	-1,518,031
OPERATING PROFIT/(LOSS)		-205,524	-1,480,031
Financial income			
Dividends received from investees		-	-
Other financial income		-	-
Financial expenses			
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-	-
Other financial expenses		-	-
Foreign exchange gains/(losses)			
		-	-
FINANCIAL INCOME/(EXPENSES)		-	-
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-205,524	-1,480,031
Income tax (expense)/benefit			
Current tax expense		65,356	475,519
Differences on current tax expense for previous years		28,886	23,674
Deferred tax income/(expense)		-	-
		36,470	451,845
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		-140,168	-1,004,512
Dividends, after related taxation, from discontinued operations		-	-
PROFIT/(LOSS) FOR THE YEAR		-140,168	-1,004,512

6. Notes to the statement of financial position

The following notes provide information on items in the statement of financial position as at 31 December 2020. Comparative amounts as at 31 December 2019 are shown in brackets.

Details of amounts in the statement of financial position deriving from related party transactions are provided in note 9.3, "Related party transactions".

6.1 Property, plant and equipment - €79,141 thousand (€81,677 thousand)

The following table provides details of property, plant and equipment at the beginning and end of the period, showing the original cost and accumulated depreciation at the end of the period.

€000	31 December 2020			31 December 2019		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	328,201	-255,495	72,706	314,942	-240,794	74,148
Investment property	19,150	-12,715	6,435	20,349	-12,820	7,529
Total property, plant and equipment	347,351	-268,210	79,141	335,291	-253,614	81,677

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in the carrying amounts.

€000	Carrying amount as at 31 December 2019	CHANGES DURING THE YEAR					Carrying amount as at 31 December 2020
		Additions due to purchases and capitalisations	Assets entering service	Reductions due to disposals (cost)	Reclassifications	Additions (accumulated depreciation)	
Land	1,107	-	-	-	-	-	1,107
Buildings	14,342	860	-	-	613	-1,017	14,798
Right to use buildings	7,315	3,207	-	-584	-	-2,238	7,700
Plant and machinery	-	-	-	-	-	-	-
Right to use plant and machinery	-	534	-	-	-	-178	356
Industrial and business equipment	21,877	7,173	2,735	-7,069	-	-10,400	21,110
Other assets	15,255	7,163	-	-7	-	-6,398	16,020
Right to use other assets	2,389	146	-	-	-	-1,020	1,515
Property, plant and equipment under construction and	11,863	972	-2,735	-	-	-	10,100
Property, plant and equipment	74,148	20,055	-	-7,660	613	-21,251	72,706
Land	437	-	-	-	-	-	437
Buildings	7,092	-	-	-	-613	-481	5,998
Investment property	7,529	-	-	-	-613	-481	6,435
Total property, plant and equipment	81,677	20,055	-	-7,660	-	-21,732	79,141

Investment property refers to portions of buildings and land not used in operations, and leased (primarily to Atlantia Group companies). The properties are valued at cost. The total fair value of these assets is estimated to be €28 million, based on independent appraisals and information on property markets relevant to these types of investment property, and is higher than the corresponding carrying amount.

The properties generated rental income of €2,468 thousand in 2020, compared with direct maintenance and management costs of €3,767 thousand.

There were no significant changes in the expected useful lives of these assets during 2020.

Finally, as at 31 December 2020, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

Right-of-use assets relating to property, plant and equipment amount to €9,571 thousand as at 31 December 2020 and primarily regard:

- a) the rental of properties for use as guest accommodation and for office use (€7,700 thousand);
- b) long-term lease contracts for motor vehicles (€1,515 thousand).

The effective duration of the contracts is between 2 and 20 years, after taking into account extension options available to the Company.

6.2 Intangible assets - €16,568,314 thousand (€16,823,981 thousand)

The following table provides details of property, plant and equipment at the beginning and end of the period, showing the original cost and accumulated amortisation at the end of the period.

€000	31 December 2020			31 December 2019		
	Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
Intangible assets deriving from concession rights	17,501,505	-7,075,694	10,425,811	17,207,677	-6,517,534	10,690,143
Goodwill and other intangible assets with indefinite lives	6,111,201	-	6,111,201	6,111,201	-	6,111,201
Other intangible assets	307,582	-276,280	31,302	276,277	-253,640	22,637
Intangible assets	23,920,288	-7,351,974	16,568,314	23,595,155	-6,771,174	16,823,981

The following table shows amounts at the beginning and end of the period for the different categories of intangible asset, and the related changes in the carrying amounts.

		CHANGES DURING THE YEAR							Carrying amount as at 31 December 2020
€000	Carrying amount as at 31 December 2019	Additions due to purchases and capitalisations	Additions free of charge	Additions/ (Reductions) due to revised present value of obligations	Additions due to completion of construction services	Reductions due to government grants	Assets entering service	Amortisation	
Concession rights accruing from construction services for which no additional economic benefits are received	7,413,111	-	-	131,512	-	-116	-	-390,157	7,154,350
Concession rights accruing from construction services for which additional economic benefits are received	3,170,631	-	-	-	159,797	-	-	-162,264	3,168,164
Concession rights accruing from construction services provided by sub-operators	106,401	-	2,635	-	-	-	-	-5,739	103,297
Intangible assets deriving from concession rights	10,690,143	-	2,635	131,512	159,797	-116	-	-558,160	10,425,811
Goodwill	6,111,198	-	-	-	-	-	-	-	6,111,198
Trademarks	3	-	-	-	-	-	-	-	3
Goodwill and other intangible assets with indefinite lives	6,111,201	-	-	-	-	-	-	-	6,111,201
Development costs	12,053	17,368	-	-	-	-	324	-12,853	16,892
Industrial patents and intellectual property rights	6,655	13,763	-	-	-	-	-	-9,498	10,920
Concessions and licenses	810	157	-	-	-	-	-	-289	678
Intangible assets under development and advance payments	3,119	17	-	-	-	-	-324	-	2,812
Other intangible assets	22,637	31,305	-	-	-	-	-	-22,640	31,302
Intangible assets	16,823,981	31,305	2,635	131,512	159,797	-116	-	-580,800	16,568,314

The reduction in intangible assets compared with 31 December 2019, amounting to €255,667 thousand, essentially reflects the combined effect of the following changes in concession rights:

- a) amortisation for the year (€558,160 thousand);
- b) investment in construction services for which additional economic benefits are received (€159,797 thousand);
- c) an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€131,512 thousand).

There were no significant changes in the expected useful lives of intangible assets during the period.

The following analysis shows the various components of investment in assets held under concession effected through construction services, as also reported in the statement of cash flows. Further details of the Company's capital expenditure are provided in section 2.5, "Group operating review", in the sub-section, "Capital expenditure", in the report on operations accompanying these separate financial statements.

€000	2020	2019	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received	349,527	369,425	-19,898
Use of provisions for construction services required by contract for which additional economic benefits are received	159,797	136,545	23,252
Investment in assets held under concession	509,324	505,970	3,354

Goodwill was recognised following the transfer of motorway assets from the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia), as part of the Group's reorganisation in 2003. This amount has been determined under the previous accounting standards (in accordance with the exemption permitted by IFRS 1) and coincides with the carrying amount as at 1 January 2004, the Atlantia Group's IFRS transition date.

With regard to the recoverability of goodwill and the concession rights belonging to the Company (given the overall size of these items), the related impairment test was conducted, in accordance with the requirements of IAS 36, by estimating value in use and using the Unlevered Discounted Cash Flow approach to discount expected net operating cash flows. The assumptions used as the basis for the quantification of cash flows and discount rate were primarily based on publicly available information from external sources, integrated, where appropriate, by estimates based also on historical data.

Partly on the basis of the approach recommended in ESMA recommendation 32-63-1041, "European common enforcement priorities for 2020 annual financial reports", dated 28 October 2020, and the "Guidelines on post-Covid-19 impairment testing", published by the Italian Accounting Standards Setter (OIV) in July 2020, the impact of the Covid-19 pandemic was also taken into account when testing for impairment at the end of 2020, even if the presence of the above goodwill in any event requires the conduct of impairment tests at least annually.

The discount rate used in the impairment tests is based on the existing conditions and information as at 31 December 2020. With regard, on the other hand, to projected operating cash flows, these were determined taking into account the current and future impact of the health

emergency. In this way, the tests and sensitivity analyses conducted are deemed capable of providing a basis for assessing the further potential impact of the above Covid-19 pandemic. As in previous years, the Company's entire activities were allocated to a single CGU, as the cash flows generated by the sections of motorway operated under concession are closely related. As a result, the impairment test permits an overall assessment of the recoverability of all the intangible assets and net invested capital as a whole.

In line with the description in note 2 regarding "Going-concern uncertainties and assessment conducted by the Company", and above all the developments described in the note that have led the Board of Directors to consider the possibility of the Government revoking the Company's concession as remote, and that it is therefore likely that an agreed settlement will be reached, value in use was estimated using the long-term plan, through to the end of the concession term, drawn up by the Company on the basis of the regulatory framework set out in the Financial Plan submitted to the Grantor on 3 December 2020, as described in greater detail in note 10.7. The plan was drawn up (i) on the basis of the regulatory mechanisms introduced by the Transport Regulator in Resolution 71/2019, governing the tariff regime applicable to the tolls charged under Autostrade per l'Italia's Single Concession Arrangement, and (ii) considering, in addition to the above impact of the Covid-19 pandemic, the expense of €3.4 billion to be borne by the Company under the draft agreement drawn up with representatives of the Government. This plan also incorporates traffic, investment, revenue and cost projections for the full term of the related concession and recovery of the net losses incurred between March and June 2020 as a result of Covid-19 through the application of average annual toll increases, as described below. With regard to the impact of Covid-19, it is expected that traffic will return to pre-pandemic levels in 2022.

The key assumptions in the long-term plan, on the basis of which the related cash flows were estimated, are:

- CAGR for traffic in the period 2019-2038: 1.3%;
- annual toll increases for the period 2021-2024: 1.64%; 1.85% per year in the remaining period (2025-2038);
- inflation rate: 0.8% fixed until 2038;
- discount rate: 5.5%, determined on the basis of IAS 36. The discount rate differs from the return on invested capital and on construction and/or operating services provided for in the Company's Single Concession Arrangement, which reflects specific regulatory mechanisms.

The impairment tests confirmed that the goodwill and concession rights accounted for in the financial statements as at and for the year ended as at 31 December 2020.

In addition, sensitivity analyses were conducted on the recoverable amounts, increasing the indicated discount rates by 1%, determined as the sole element, in view of the performance of tariffs under a regulatory framework designed to cover any losses incurred, representative of a stress test of the possible medium/long-term effects of the ongoing health emergency.

The results of the sensitivity analysis confirmed that the assets recognised in the financial statements are fully recoverable.

Finally, in 2020, research and development expenditure of approximately €299 thousand (€398 thousand in 2019). The purpose of research and development is to improve infrastructure, the services offered and safety levels and to develop software in house, as well as environmental protection.

6.3 Investments - €247,464 thousand (€243,101 thousand)

The following tables show:

- a) amounts at the beginning and end of the period (showing the original cost and any accumulated revaluations and impairments) for the investments held by the Company, classified by category, and the related changes during the year;

€000	CHANGES DURING THE YEAR												
	31 December 2019					Cost					Impairments	31 December 2020	
	Cost	Accumulated (impairments)	Carrying amount	Newly established companies	Reclassifications	(Additions)/ Reductions	Reductions due to liquidations	Increases related to share-based incentive plans	Reductions due to sale of investment	(Additions)/ Reductions	Costo	Accumulated (impairments)	Carrying amount
	90,608	-	90,608	-	-	-	-	64	-	-	90,672	-	90,672
Autostrada Tirrenica pa	54,511	-	54,511	-	-	-	-	274	-	-	54,785	-	54,785
Tangenziale di Napoli SpA	15,066	-	15,066	-	-	-	-	274	-	-	15,340	-	15,340
Autostrade Meridionali SpA	5,593	-	5,593	-	-	-	-	99	-	-	5,692	-	5,692
Autostrade Tech SpA	-	-	-	100	-	5,000	-	-	-	-	5,100	-	5,100
Tecne Gruppo Autostrade per l'Italia S.p.A.	2,318	-	2,318	-	-	-	-	143	-	-	2,461	-	2,461
Società Italiana per Azioni per il Traforo del Monte Bianco	3,995	-3,165	830	-	-	-	-	5	-	-	4,000	-3,165	835
AD Moving S.p.A.	501	-	501	-	-	-	-	200	-	-	701	-	701
AD Moving SpA	20	-	20	-	-	-	-	306	-	-	326	-	326
EssedEsse Società di Servizi SpA	2,000	-2,000	-	-	-	-	-2,000	-	-	2,000	-	-	-
Glove Clear Srl	174,612	-5,165	169,447	100	-	5,000	-2,000	1,365	-	2,000	179,078	-3,165	175,912
Investments in subsidiaries (A)	64,867	-2,522	62,345	-	-	-	-	-	-	-	64,867	-2,522	62,345
Tangenziali Esterne di Milano SpA	9,697	-4,891	4,806	-	-	-	-	-	-	-	9,697	-4,891	4,806
Pavimental SpA	1,784	-	1,784	-	-	-	-	-	-	-	1,784	-	1,784
Spea Engineering SpA	999	-	999	-	-	-	-	-	-	-	999	-	999
Bologna & Fiera Parking SpA	29	-	29	-	-	-	-	-	-	-	29	-	29
Consorzio Autostrade Italiane Energia	2,102	-	2,102	-	-1,786	-316	-	-	-	-	-	-	-
Pedemontana Veneta SpA (liquidated)	79,478	-7,413	72,065	-	-1,786	-316	-	-	-	-	77,376	-7,413	69,963
Investments in associates (B)	1,163	-	1,163	-	-	-	-	-	-	-	1,163	-	1,163
Tangenziale Esterna SpA	426	-	426	-	-	-	-	-	-	-	426	-	426
Uirnet SpA	-	-	-	-	-	-	-	-	-	-	-	-	-
Autostrade Holding do Sur SA	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in other companies (C)	1,589	-	1,589	-	-	-	-	-	-	-	1,589	-	1,589
Investments (A+B+C)	255,079	-12,578	243,101	100	-1,786	4,684	-2,000	1,365	-	2,000	258,043	-10,578	247,464

b) details of investments, showing, as well as other information, the percentage interest and relevant carrying amount as at 31 December 2020 (net of any unpaid, called-up issued capital).

Name	Registered office	Number of shares/units	Par value	Capital/ Consortium fund	Interest (%)	Number of shares/units held	Profit/(Loss) for 2020 (€000) (1)	Equity as at 31 December 2020 (€000) (1)	Carrying amount as at 31 December 2020 (€000)
Società Autostrada Tirrenica p.A.	Roma	163,072,000	euro 0.15	24,460,800	99.99% (2)	162,960,400	-5,820	74,514	90,672
Tangenziale di Napoli SpA	Napoli	20,945,250	euro 5.16	108,077,480	100.00%	20,945,250	12,947 (3)	202,228 (3)	54,785
Autostrade Meridionali SpA	Napoli	4,375,000	euro 2.07	9,056,250	58.98%	2,580,500	4,030	181,439	15,340
Autostrade Tech SpA	Roma	1,120,000	euro 1.00	1,120,000	100.00%	1,120,000	6,687 (3)	55,183 (3)	5,692
Tecnic Gruppo Autostrade per l'Italia SpA	Roma	100,000	euro 1.00	100,000	100.00%	100,000	-1,200	3,900	5,100
Società Italiana per Azioni per il Trifoglio del Monte Bianco	Pré Saint Didier (Aosta)	3,845,000	euro 51.65	198,749,200	51.00%	1,962,480	11,059 (3)	232,301 (3)	2,461
AD Moving SpA	Roma	1,000,000	euro 1.00	1,000,000	100.00%	1,000,000	338	1,437	835
EssediEse Società di Servizi SpA	Roma	500,000	euro 1.00	500,000	100.00%	500,000	1,661	3,287	701
Giove Clear Srl	Roma	10,000	euro 1.00	10,000	100.00%	10,000	890	2,822	326
Investments in subsidiaries (A)									
Tangenziali Esterne di Milano Sp.A.	Milano	293,792,811	euro 0.75	220,344,608	27.45%	80,645,753	-511 (3)	-231,483 (3)	62,345
Tangenziali Esterne di Milano SpA	Roma	77,818,865	euro 0.13	10,116,452	20.00%	15,563,773	-4,928	10,065	4,806
Spea Engineering SpA	Roma	1,350,000	euro 5.16	6,966,000	20.00%	270,000	-15,727	40,629	1,784
Bologna & Fiera Parking SpA	Bologna	2,715,200	euro 1.00	2,715,200	36.81%	999,440	1 (3)	6,831 (3)	999
Consorzio Autostrade Italiane Energia	Roma	-	euro -	114,853	27.05%	-	-	114	29
Pedemontana Veneta SpA (liquidated)	Verona	12,000	euro 500.00	6,000,000	29.77%	3,573	n/a	5,598 (4)	-
Investments in associates (B)									
Tangenziale Esterna SpA	Milano	464,945,000	euro 1.00	464,945,000	0.25%	1,162,363	-18,820 (3)	295,417 (3)	1,163
Ulnet SpA	Roma	1,142	euro 1,000.00	1,142,000	1.401%	16	135 (3)	5,448 (3)	426
Autostrade Holding do Sur SA (S)	Santiago (Chile)	1,000,001	Chilean peso 51,496/75	51,496,805,692	0.00%	1	-	-	-
Investments in other companies (C)									
									1,589
Investments (A+B+C)									247,464

(1) The figures have been taken from the latest financial statements approved by the board of directors of each company.

(2) On 28 December 2015, Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 31 December 2020 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.93%).

(4) The figures have been taken from the latest financial statements approved by shareholders (31 December 2019).

(4) This figure is the final value of equity as shown in the final liquidation accounts approved by the general meeting of shareholders held on 4 December 2020.

(5) The company's shares are held by: Autostrade dell'Atlantico Srl (1,000,000 shares), and Autostrade per l'Italia SpA (1 share).

With regard to the recoverability of the carrying amounts of investments as at 31 December 2020, it should be noted that, in view of the approach recommended in ESMA recommendation 32-63-1041, “European common enforcement priorities for 2020 annual financial reports”, dated 28 October 2020, and the “Guidelines on post-Covid-19 impairment testing”, published by the Italian Accounting Standards Setter (*OIV*) in July 2020, the impact of the Covid-19 pandemic was also taken into account when testing for impairment at the end of 2020. On this basis, there was evidence of impairment of all the Group’s motorway operators and the companies that provide support services to the operators. The carrying amounts of the related investments accounted for the financial statements were therefore tested for impairment.

The impairment tests were examined by the Board of Directors and conducted by estimating the equity value of each company. The Unlevered Discounted Cash Flow approach was used for this purpose, determining value in use on the basis of the present value of the future net operating cash flows of the entity and/or its investees and deducting total outstanding net debt. In estimating operating cash flows, reference was made to the updated long-term business plans, where available, of the individual companies, which in the case of operators contain traffic, investment, revenue and cost projections for the full term of the related concessions. The use of long-term plans covering the entirety of the respective concession terms is deemed more appropriate than the approach provisionally suggested by IAS 36 (namely, a limited explicit projection period and the estimated terminal value), given the intrinsic nature of the related concession arrangements, above all with regard to the regulations governing each sector and the predetermined duration of the arrangements. The financial plans of Tangenziale di Napoli and Autostrada Tirrenica were drawn up on the basis of those submitted to the Grantor in November 2020 and prepared on the basis of the Transport Regulator’s relevant determinations, for which the approval process is still in progress.

Both the estimate of cash flows and the estimates on which the discount rate was determined, were based primarily on published external sources, integrated, where appropriate, by estimates based partly on historical data. Determination of the discount rates used for the impairment tests was based on the conditions and available information as at 31 December 2020. In terms of projected operating cash flows, these were determined taking into account the current and future impact of the health emergency, including recovery of the net losses incurred between March and June 2020 as a result of Covid-19 through the application of average annual toll increases.

For all the companies, cash flows were discounted at a rate of 5.5%, with the exception of Pavimental and Spea Engineering, for which a rate of 6.0% was used.

The discount rates used for the motorway operators differ from the returns on invested capital and on construction and/or operating services provided for in the various companies’ respective concession arrangements, which reflect specific regulatory and/or legislative mechanisms.

The results of the impairment tests carried out did not reveal evidence of impairment losses on the carrying amount of the investments accounted for in the financial statements.

In the case of Autostrade Meridionali, the operator’s motorway concession expired on 31 December 2012. The operator is continuing to operate the relevant motorway, whilst awaiting the conclusion of the tender process that will select the new operator. With regard to the award of the new concession for the A3 Naples-Salerno motorway, the SIS Consortium has, as things stand, been provisionally awarded the concession and Autostrade Meridionali, having obtained access to the tender documents, filed a legal challenge opposing the award on 3 March 2020. This was

rejected by Campania Regional Administrative Court on 21 October 2020. In response, Autostrade Meridionali has appealed to the Council of State, where the appeal is pending.

If a new operator takes over the concession, they will be required (i) to pay the company compensation (the takeover right) equal to the unamortised carrying amount of the capital expenditure carried out in the final years of the concession arrangement, and (ii) to acquire and assume all existing contractual rights and obligations entered into by the outgoing operator, with the exception of those of a financial nature, and responsibility for all pending disputes and litigation. The amount used in the impairment test (the company's equity) is based on its liquidation value, which takes into account the takeover right payable by the incoming operator to the outgoing operator. This takeover right, as recognised in Autostrade Meridionali's financial statements, does not take into account CIPE Resolution 38/2019, which threatened to significantly reduce this amount by applying a reduced rate of return. The Lazio Regional Administrative Court judgement of 2 February 2021 upheld the company's challenge to the above resolution, confirming that, in setting a fair rate of return on invested capital, reference should be made to rate included in the concession arrangement. Moreover, this guarantees that the carrying amount of Autostrade per l'Italia's investment is fully recoverable, also in view of the fact that the carrying amount is lower than the related share of equity.

Finally, the following should be noted:

- a) establishment of Tecne Gruppo Autostrade per l'Italia SpA (€100 thousand) and the subsequent payment of the contribution for a future capital increase (€5,000 thousand);
- b) completion of the liquidation of the investment in Tech Solutions Integrators, whose carrying amount as at 31 December 2019 was zero, via the "universal transfer" to the Company of all the related assets and liabilities.

6.4 Financial assets

(non-current) - €562,072 thousand (€576,792 thousand)

(current) - €66,378 thousand (€82,411 thousand)

The following analysis shows the composition of financial assets at the beginning and end of the period, together with the current and non-current portions.

€000	Note	31 December 2020			31 December 2019		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Financial assets deriving from concession rights	(1)	174,534	20,193	154,341	186,619	25,495	161,124
Term deposits	(1)	173,712	19,371	154,341	185,798	24,674	161,124
Medium/long-term loans		251,569	4,536	247,033	256,060	8,576	247,484
Accrued income on medium/long-term financial assets		19,762	19,762	-	20,878	20,878	-
Staff loans		5,759	1,132	4,627	6,461	1,194	5,267
Multi-year accrued financial income		390	34	356	587	52	535
Other loans and receivables		1,374	-	1,374	1,258	-	1,258
Other medium/long-term financial assets	(1)	278,854	25,464	253,390	285,244	30,700	254,544
Short-term loans		-	-	-	182	182	-
Other financial assets		1,350	1,350	-	1,360	1,360	-
Other current financial assets	(1)	1,350	1,350	-	1,542	1,542	-
Financial assets		628,450	66,378	562,072	659,203	82,411	576,792

(1) These assets are held within a hold to collect business model and, as such, are measured at amortised cost.

The balance, including the current and non-current portions, is down €30,753 thousand compared with 31 December 2019, essentially due to:

- a) a reduction (€12,086 thousand) in financial assets deriving from government grants to finance infrastructure works and in term deposits, following the Grantor's specific approval

of the effective start-up of work and the stage of completion of work on the A1 Milan-Naples, relating to certain lots making up the *Variante di Valico* and the upgrade of the motorway interchange serving Florence;

- b) a reduction in other medium/long-term financial assets, primarily relating to the repayment of an outstanding loan by the subsidiary Tangenziale di Napoli (€8,595 thousand).

With regard to the most significant items:

- a) financial assets deriving from government grants include amounts payable by the Grantor, third parties or other government entities as grants payable for construction services carried out. As regards grants due from the Grantor, these grants are recognised at the time that the Grantor certifies the effective performance of the works on the A1 Milan-Naples, and relating to a number of lots included in the *Variante di Valico* and the upgrade of Florence interchange;
- b) term bank deposits relate to loans disbursed by banks as a condition precedent for the grants required by laws 662/1996, 345/1997 and 135/1997, relating to the above works on the A1 motorway mentioned in point a). The balances on the accounts may not be withdrawn until such time as the Grantor specifically certifies the substantial completion of the works and the stage of completion;
- a) medium/long-term loans primarily include the loans granted to the subsidiaries, Autostrada Tirrenica (€231,000 thousand, at a fixed rate of 5.75% and maturing on 31 March 2022) and Tangenziale di Napoli (€4,536 thousand, at a fixed rate of 5.20% and maturing on 19 March 2021).

There was no evidence of impairment for any of the financial assets reported in the financial statements.

6.5 Other non-current assets - €61 thousand (€121 thousand)

This item, which is not of a material amount, includes amounts due from the Municipality of Rome following work on the enlargement of one of the car parks outside the Via Bergamini offices.

6.6 Trading assets - €472,577 thousand (€514,257 thousand)

As at 31 December 2020, trading assets consist of:

- a) inventories of €56,635 thousand (€53,247 thousand as at 31 December 2019), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of machinery;
- b) contract work in progress of €4,204 thousand and unchanged with respect to 31 December 2019, connected to work carried out for the Grantor, in this case a customer;
- c) trade receivables of €411,738 thousand (€456,806 thousand as at 31 December 2019), which consist of the following.

€000	31 December 2020	31 December 2019
Trade receivables due from:		
Motorway users	238,677	268,197
Sub-operators at motorway service areas	47,084	74,208
Sundry customers	66,310	88,442
Trade receivables, gross	352,071	430,847
Allowance for bad debts	-43,563	-44,499
Other trading assets	103,230	70,458
Trade receivables, net	411,738	456,806

The decrease in trade receivables of €45,068 thousand, compared with 31 December 2019, essentially reflects the decrease in trade receivables (€78,776 thousand) due to the restrictions on movement introduced in response to the spread of Covid-19 and the support provided by the Company to oil and food service providers operating under sub-concessions at service areas. This reduction is partially offset by an increase in other trading assets (€32,772 thousand) as a result of the increase in advances paid for work on assets held under concession.

The following table shows an ageing schedule for trade receivables.

€000	Total receivables as at 31 December 2020	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	352,071	258,090	26,611	13,473	53,897

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services, such as agreements relating to authorisations to cross motorways and sales of proprietary services and goods.

The following table shows movements in the allowance for bad debts for trade receivables during the year, determined with reference to the management and measurement of receivables and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

€000	31 December 2019	Additions	Uses	31 December 2020
Allowance for bad debts	-44,499	-4,248	5,184	-43,563

The allowance for bad debts for trade receivables is in line with 31 December 2019. This reflects the fact that the need to make provisions for unpaid tolls and for disruption to the Company's management of the concession was more than offset by uses linked primarily to completion of the liquidation of Tech Solution Integrators, involving the "universal transfer" of all this company's assets and liabilities (€4,925 thousand).

The Company continuously monitors trade receivables to produce specific estimates of the percentage of receivables subject to expected credit losses, based on all the information in their possession.

Operators estimate expected losses on trade receivables in the form of uncollected motorway tolls on the basis of historical data relating to stratified losses and collections registered following the issue of unpaid tolls notices.

In the case of trade receivables other than uncollected motorway tolls, portfolio assessment is continuously updated based on weighted customer ratings, calculated taking into account the following parameters:

- a) analysis of historical collections and losses;
- b) analysis of overdue amounts as a proportion of the total receivables being analysed;
- c) application of a default rate based on the segmentation of customers in the portfolio by business sector.

The carrying amount of trade receivables approximates to fair value.

6.7 Cash and cash equivalents - €1,601,663 thousand (€1,378,535 thousand)

This item includes:

- a) cash, totalling €1,083,229 thousand (€715,493 thousand as at 31 December 2019), essentially relating to demand bank deposits;
- b) cash equivalents, totalling €59 thousand (€128 thousand as at 31 December 2019), which primarily regard bank deposits convertible within the short term;
- c) the balance receivable on current accounts with related parties, totalling €518,375 thousand (€662,914 thousand as at 31 December 2019) and regarding accounts with other Atlantia Group companies, reflecting the centralised treasury management service provided by the Company.

Details of the cash flows resulting in the decrease in cash and cash equivalents during 2019 are provided in note 8.1 “Notes to the statement of cash flows”, taking in to account the fact that the net cash and cash equivalents described therein include current account payables due to related parties, as described in note 6.14, “Financial liabilities”.

6.8 Current tax and liabilities

Current tax assets - €53,367 thousand (€39,540 thousand)

Current tax liabilities - €- (€35,815 thousand)

Current tax assets and liabilities at the beginning and end of the period are detailed below.

€000	31 December 2020		31 December 2019	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Current tax assets		Current tax liabilities	
IRES on taxable income	12,644	-	-	35,815
Claims for IRES refunds	25,001	24,299	-	-
Other IRES credits	22	22	-	-
IRES	37,667	24,321	-	35,815
IRAP	15,700	15,219	-	-
Total	53,367	39,540	-	35,815

The Company participates in the tax consolidation arrangement headed by Atlantia, with the balance for current IRES accounted for in amounts due to and from the consolidating entity.

Current tax liabilities amount to zero as at 31 December 2020, essentially reflecting the pre-tax losses for the purposes of both IRES and IRAP. The change in current tax liabilities, amounting to €35,815 thousand, essentially reflects the balance of IRES payable for the previous year (€6,857 thousand) and payment (€29,060 thousand), for the previous year, of the IRES surtax of 3.5% on

the earnings of motorway, airport, port and railway operators under art.1, paragraphs 716-718 of Law 160/2019 (the 2020 Budget Law).

The balance of net current tax assets as at 31 December 2020 essentially consists of:

- a) refundable IRES of €25,001 thousand, following the non-deductibility of IRAP on staff costs in the five-year period 2007-2011, in accordance with the provisions of Law 44 of 26 April 2012 and the tax authorities' ruling of 17 December 2012. The balance regards:
 - 1) €18,597 thousand in amounts due from Atlantia for the years 2008-2011;
 - 2) €6,404 thousand, due from Sintonia for the year 2007, when this company headed the tax consolidation arrangement;
- b) payments on account for the current year in the form of IRES surtax of 3.5% (€8,000 thousand);
- c) the amount due from Atlantia due to changes in the estimated amount of IRES payable for the previous year (€3,748 thousand);
- d) the amount due from Atlantia for the Company's share of the tax loss for the current year (€1,124 thousand) recovered as part of the parent's tax consolidation arrangement;
- e) refundable IRAP for previous years and for the current year, amounting to €15,700 thousand.

Finally, in February 2021, the Company received €6,243 thousand from Sintonia in relation to the above tax refund.

6.9 Other current assets - €127,952 thousand (€109,672 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. The composition of this item is shown below.

€000	31 December 2020	31 December 2019
Receivables due from end users and insurance companies for damages	14,736	17,503
Receivable from public entities	2,077	29,786
Receivables from social security institutions	460	444
Payments on account and other receivables	113,266	65,013
Gross other current assets	130,539	112,746
Allowance for bad debts	-2,587	-3,074
Other current assets, net	127,952	109,672

The above movements are reflected in the above table:

- a) an increase in payments on account and other receivables relating to refundable VAT on the invoices received in relation to demolition and reconstruction of the Polcevera road bridge (25,972 thousand) and other refundable VAT (€17,181 thousand);
- b) a decrease in amounts receivables from public entities (€27,709 thousand), essentially due to the recovery of advances paid to the Special Commissioner in relation to demolition and reconstruction of the Polcevera road bridge;

The allowance for bad debts for other current assets entirely refers to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by the Company.

This allowance is broadly measured on the basis of the accounting policy described in note 3.

6.10 Investments held for sale or for distribution to shareholders or related to discontinued operations - €6,057 thousand (€4,271 thousand)

Liabilities related to discontinued operations - - (-)

The balance of these assets, amounting to €6,057 thousand as at 31 December 2020, refers solely to:

- a) the remaining 2% interest in Strada dei Parchi that is subject of put and call options agreed with Toto Costruzioni Generali. Exercise of the option is subject to the completion and relative certification of certain works required by Strada dei Parchi's Single Concession Arrangement;
- b) the value of the investment in Pedemontana Veneta (in liquidation), amounting to €1,786 thousand.

6.11 Equity - €1,095,296 thousand (€1,462,928 thousand)

Issued capital is fully subscribed and paid-in and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure did not undergo any changes as at 31 December 2019.

The reduction in this item compared with 31 December 2019, amounting to €367,632 thousand is shown in detail in the statement of changes in equity. This essentially reflects a combination of the following:

- a) the comprehensive loss for the year of €373,276 thousand, almost entirely consisting of the loss for the year (€398,131 thousand);
- b) recognition of the impact of the free share scheme for the Atlantia Group's employees (€5,643 thousand).

The other comprehensive loss reflects the reclassification to profit or loss for the year of a portion of the cash flow hedges recognised as at 31 December 2019 (€34,924 thousand), relating to the Interest Rate Swaps and Forward-Starting Interest Rate Swaps entered into to hedge cash flow risk, which were classified as not qualifying for hedge accounting as at 31 December 2019. The cash flow hedge reserve was frozen and released as interest on the originally hedged underlying financial liabilities became payable.

Autostrade per l'Italia aims to manage its capital in order to create value for shareholders, ensure the Company remains a going concern, safeguard the interests of stakeholders and guarantee efficient access to external sources of funding to adequately support the growth of the Company's businesses and fulfil the commitments given in concession arrangements.

The table below shows an analysis of issued capital and equity reserves, showing their permitted uses and distributable amounts.

Description	Balance as at 31 December 2020 (€000)	Permitted uses (A, B, C, D)*	Available portion (€000)	Uses between 1 January 2017 and 31 December 2019 (art. 2427, 7 bis of Italian Civil Code)	
				To cover losses	For other reasons (4)
Issued capital	622,027	B	-	-	-
Share premium reserve	216,070	A, B, C	216,070	-	-
Legal reserve	124,406	B	-	-	-
Cash flow hedge reserve	-131,095	-	-	-	-
Extraordinary reserve	441,269	A, B, C	441,269	-	755,070
Reserve for actuarial gains and losses on post-employment benefits	-20,223	-	-20,223	-	-
Undistributable portion of IFRS transition reserve	272,016	B	-	-	-
Distributable portion of IFRS transition reserve	296,622	A, B, C	296,622	-	-
Reserve for first-time adoption of IFRIC 12	-962,198	-	-962,198	-	-
Reserve for first-time adoption of IFRS 9	25,528	A, B, C	25,528	-	-
Reserve for transactions under common control (1)	36,666	A, B, C	36,666	-	1,101,312
Retained earnings	572,339	A, B, C	572,339	-	-
Other reserves and retained earnings	662,019		390,003	-	-
Reserves and retained earnings (2)	871,400		606,073	-	-
Total	1,493,427		606,073	-	1,856,382
of which:					
Non-distributable (3)			16,892		
Distributable			589,181		

* Key:
A: capital increases
B: to cover losses
C: shareholder distributions
D: subject to other restrictions imposed by articles of association/shareholder resolutions

Notes:
(1) This reserve was established following the transfer of investments in subsidiaries to Atlantia Group companies. These transactions, excluded from the scope of application of IFRS 3 as they are business combinations under common control, have been recognised applying the accounting policy election described in note 3, "Accounting standards and policies applied", in the financial statements as at and for the year ended 31 December 2020.
(2) As a result of article 109, paragraph 4, letter b of the Consolidated Income Tax Act (abrogated by Law 244 of 24 December 2007 and replaced, without retroactive effect, by article 103, paragraph 3-bis), the sum of €584,790 thousand is taxable if distributed to shareholders, unless there are sufficient reserves. The new legislation has abolished all restrictions on the distribution of equity reserves imposed by tax legislation arising in connection with the amortisation of trademarks and goodwill. As a result, there should be no increase in the amount of dividends subject to additional taxation.
(3) This represents the undistributable portion to cover unamortised development costs, in accordance with art. 2426, paragraph 5 of the Italian Civil Code.
(4) The uses refer to the distribution of the special dividend in kind and to the portion of the available reserve from the "Reserve for transactions under common control" that occurred during 2017 as part of the Atlantia Group's reorganisation, illustrated in detail in note 5.1 to the financial statements as at and for the year ended 31 December 2017.

6.12 Provisions for construction services required by contract (non-current) - €1,808,116 thousand (€2,311,749 thousand) (current) - €732,162 thousand (€448,979 thousand)

The following table shows provisions for construction services required by contract at the beginning and end of the year and changes during 2020, showing the non-current and current portions.

€000	31 December 2019			CHANGES DURING THE YEAR			31 December 2020		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions	Uses to finance works	Carrying amount	non-current portion	current portion
Upgrade of Florence - Bologna section	758,411	527,563	230,848	92,242	-1,508	-126,196	722,949	509,724	213,225
Third and fourth lanes	5,428	5,428	-	109	-14	-12	5,511	5,511	-
Other construction services	1,996,889	1,778,758	218,131	39,161	-913	-223,319	1,811,818	1,292,881	518,937
Provisions for construction services required by contract	2,760,728	2,311,749	448,979	131,512	-2,435	-349,527	2,540,278	1,808,116	732,162

The reduction of €220,450 thousand compared with 31 December 2019 essentially reflects:

- the use of provisions for construction services for which no additional economic benefits are received performed in 2020 (€349,527 thousand);
- the increase, with a matching increase in intangible assets deriving from concession rights, in the present value on completion of investment in construction services, totalling €131,512 thousand (including €36,368 thousand reflecting the impact linked to the change in the current and future interest rates used as at 31 December 2020, compared with those applied as at 31 December 2019).

Further details of the Company's capital expenditure are provided in section 2.5, "Group operating review", in the sub-section, "Capital expenditure", in the Report on Operations accompanying these separate financial statements.

6.13 Provisions

(non-current) - €1,080,684 thousand (€954,625 thousand)

(current) - €2,489,576 thousand (€2,238,452 thousand)

The following table shows details of provisions by type, showing the non-current and current portions.

€000	31 December 2020			31 December 2019		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	78,891	66,916	11,975	86,398	74,916	11,482
Provisions for repair and replacement of motorway infrastructure	1,743,038	1,013,768	729,270	1,540,409	879,709	660,700
Provisions for fines and penalties under Single Concession Arrangement	14,291	-	14,291	5,937	-	5,937
Provisions for tax risk	12,627	-	12,627	19,412	-	19,412
Provisions for universal transfer from Tech Solution Integrators	-	-	-	11,185	-	11,185
Other provisions for risks and charges	1,721,413	-	1,721,413	1,529,736	-	1,529,736
Other provisions	1,734,040	-	1,734,040	1,560,333	-	1,560,333
Total provisions	3,570,260	1,080,684	2,489,576	3,193,077	954,625	2,238,452

The following table shows provisions at the beginning and end of the period and changes in 2020.

€000	31 December 2019	CHANGES DURING THE YEAR							31 December 2020			
		Carrying amount	Operating provisions	Finance-related provisions	Actuarial gains/(losses) recognised in comprehensive income	Reductions due to payment of benefits and advances	Transfers (to)/from other companies	Uses		Reclassifications and other changes	Carrying amount	
								Direct				Indirect
Provisions for employee benefits	86,398	198	301	2,219	-10,686	461	-	-	-	-	78,891	
Provisions for repair and replacement of motorway infrastructure	1,540,409	1,072,363	17,269	-	-	-	-	-887,003	-	-	1,743,038	
Provisions for fines and penalties under Single Concession Arrangement	5,937	8,354	-	-	-	-	-	-	-	-	14,291	
Provisions for tax risk	19,412	988	-	-	-	-	-7,720	-	-53	-	12,627	
Provisions for universal transfer from Tech Solution Integrators	11,185	-1,246	-	-	-	-	-9,939	-	-	-	-	
Other provisions for risks and charges	1,529,736	204,793	-	-	-	-	-13,116	-	-	-	1,721,413	
Other provisions	1,560,333	204,535	-	-	-	-	-30,775	-	-53	-	1,734,040	
Total provisions	3,193,077	1,285,450	17,570	2,219	-10,686	461	-30,775	-887,003	-53	-	3,570,260	

PROVISIONS FOR EMPLOYEE BENEFITS

(non-current) - €66,916 thousand (€74,916 thousand)

(current) - €11,975 thousand (€11,482 thousand)

As at 31 December 2020, and likewise as at 31 December 2019, this item consists almost entirely of provisions for post-employment benefits to be paid to staff employed under Italian law.

The reduction of €7,507 thousand essentially reflects:

- a) uses of provisions for benefits and advances paid (€10,686 thousand);
- b) actuarial losses recognised in other comprehensive income (€2,219 thousand).

The most important actuarial assumptions used to measure post-employment benefits at 31 December 2020 are summarised below.

Financial assumptions	
Annual discount rate (1)	-0.02%
Annual inflation rate	0.80%
Annual rate of increase in post-employment benefits	2.10%
Annual rate of increase in real salaries	0.65%
Annual turnover rate	2.00%
Annual rate for advances paid	2.50%
Duration (years)	6.08

(1) The annual discount rate is used to determine the present value of the obligation and was, in turn, determined with reference to the average yield curve taken from the Iboxx Eurozone Corporate AA on the valuation date for durations of 7-10 years.

Demographic assumptions	
Mortality	Government General Accounting Office
Disability	INPS tables by age and sex
Retirement age	Mandatory state pension retirement age

The following table shows a sensitivity analysis of provisions for post-employment benefits for each actuarial assumption at the end of 2020, indicating the effects on the defined benefit obligation of reasonably possible changes in the actuarial assumptions used at that date.

€000	Sensitivity analysis as at 31 December 2020					
	Change in actuarial assumption					
	turnover rate		inflation rate		discount rate	
	+1%	-1%	+0.25%	-0.25%	+0.25%	-0.25%
Balance of post-employment benefits	78,535	79,278	79,570	78,223	77,836	79,977

PROVISIONS FOR THE REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE

(non-current) - €1,013,768 thousand (€879,709 thousand)

(current) - €729,270 thousand (€660,700 thousand)

The provisions have risen €202,629 thousand compared with 31 December 2019, primarily due to:

- a) the negative operating change (€185,360 thousand) is the result of operating provisions after repair and replacement work carried out during the year. After stripping out uses (€147,373 thousand) relating to demolition and reconstruction of the Polcevera road bridge, previously described in note 5.2, the operating change results in an expense of €332,733 thousand reflecting the updated estimate of repair work on the motorway network, including improvement maintenance in the period 2020-2024, as described in note 5.2, and the impact of the decline in the discount rates used as at 31 December 2020, compared with 31 December 2019;
- b) financial provisions (€17,269 thousand).

PROVISIONS FOR FINES AND PENALTIES UNDER THE SINGLE CONCESSION ARRANGEMENT

(current) - €14,291 thousand (€5,937 thousand)

The value of these provisions as at 31 December 2020 consists of:

- a) the total amount of €9,106 thousand (€3,752 thousand as at 31 December 2019) for penalties imposed (or that could be imposed based on the alleged breaches) for the years from 2009 to 2018 by the Grantor pursuant to Annex N of the Single Concession Arrangement relate to failure to meet the requirements of the Annual Audit Plan required under the Arrangement;
- b) the total amount of €5,185 thousand (€2,185 thousand as at 31 December 2019) for penalties or fines imposed in relation to snow events, disruption to traffic and inspections.

The Company is contesting a number of the above penalties before Lazio Regional Administrative Court and the related judgements are pending.

Further information on significant legal and regulatory aspects is provided in note 9.5 "Significant legal and regulatory aspects".

OTHER PROVISIONS

(current) - €1,734, thousand040 (€1,560,333 thousand)

These provisions relate to risks and charges deemed to be likely to occur at the end of the period. The item is up €173.707 thousand on the figure for 31 December 2019, primarily due to a combination of the following:

- a) provisions of €190,000 thousand, thousand to cover the estimated additional costs that will be incurred in relation to the discussions with the Government and the MIMS aimed at resolving the ongoing dispute, as described in note 5.2;
- b) operating provisions of €14,535 thousand, essentially relating to further expenses connected with the cost of legal expenses linked to actions undertaken to protect the Company's rights and those of its employees who are under investigation, following the collapse of a section of the Polcevera road bridge (totalling €10,000 thousand) and labour disputes (€4,864 thousand);
- c) direct uses of €30,775 thousand, primarily relating to:
 - 1) primarily to pay compensation for a number of the families of victims directly impacted by the collapse of a section of the Polcevera road bridge, and to cover the cost of consultants' fees and legal expenses linked to actions undertaken to

- protect the Company's rights and those of its employees who are under investigation (totalling €11,956 thousand);
- 2) direct uses of €7,720 thousand, primarily relating to the settlement of a number of tax demands regarding local taxes.
 - 3) use of the "Provisions for the universal transfer from Tech Solution Integrators", amounting to €9,939 thousand, linked to the planned liquidation of the subsidiary, approved by the Company's Board of Directors in December 2015, via the "universal transfer" to the Company of all the assets and liabilities (as provided for in French law governing the voluntary liquidation of companies with a sole shareholder).

Further details of developments in disputes pending as at 31 December 2020 are provided in note 9.5, "Significant legal and regulatory aspects".

6.14 Financial liabilities

(non-current) - €7,679,256 thousand (€9,658,658 thousand)

(current) - €3,409,844 thousand (€1,039,393 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - €7,679,256 thousand (€9,658,658 thousand)

(current) - €3,345,896 thousand (€859,535 thousand)

The following tables provide an analysis of medium/long-term financial liabilities, showing:

- a) an analysis of the balance by face value and maturity (current and non-current portion):

€000	31 December 2020		31 December 2019		
	Maturity	Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond (issued 2004 - GBP)	2022	589,427	589,691	643,684	630,322
Bond (issued 2004)	2024	990,785	1,147,240	988,431	1,144,150
Bond (issued 2009 - JPY)	2038	200,559	177,252	208,169	187,743
Bond (issued 2010)	2025	497,680	563,650	497,244	550,335
Bond (issued 2012)	2020	-	-	501,554	505,621
Bond (issued 2012)	2032	35,000	41,091	35,000	35,522
Bond (issued 2012- Zero Coupon Bond)	2032	76,020	100,621	72,235	77,416
Bond (issued 2013)	2021	594,384	596,379	593,181	605,744
Bond (issued 2013)	2033	73,033	71,248	72,913	61,600
Bond (issued 2014)	2034	123,968	111,469	123,907	113,977
Bond (issued 2014)	2038	72,892	79,230	72,808	56,212
Bond (issued 2015)	2021	480,009	479,519	479,591	476,396
Bond (issued 2015)	2023	744,120	749,768	741,790	727,117
Bond (issued 2015)	2025	498,076	503,775	497,700	483,670
Bond (issued 2015)	2026	745,530	749,145	744,761	711,165
Bond (issued 2016)	2027	595,117	600,600	594,367	567,942
Bond (issued 2017)	2029	662,824	698,663	659,066	658,798
Bond (issued 2020)	2028	1,219,130	1,259,525	-	-
	listed fixed rate	8,198,554	8,518,866	7,526,401	7,593,730
Bond issues		8,198,554	8,518,866	7,526,401	7,593,730
European Investment Bank (EIB)	from 2021 to 2036	1,265,892	1,440,740	1,382,797	1,539,488
	fixed rate	1,265,892	1,440,740	1,382,797	1,539,488
Cassa Depositi e Prestiti	from 2021 to 2034	717,094	725,070	731,689	741,978
	floating rate	717,094	725,070	731,689	741,978
	Bank borrowings (A)	1,982,986	2,165,810	2,114,486	2,281,466
ANAS		173,712	173,712	185,798	185,798
	Other borrowings (B)	173,712	173,712	185,798	185,798
Lease liabilities		10,555	10,555	9,890	9,890
	Debiti Debiti per leasing (C)	10,555	10,555	9,890	9,890
Medium/long-term borrowings (A+B+C)		2,167,253	2,350,077	2,310,174	2,477,154
Derivative liabilities		487,130	487,130	490,925	490,925
Accrued expenses on medium/long-term financial liabilities		172,215	171,215	190,693	190,693
Other medium/long-term financial liabilities		172,215	171,215	190,693	190,693
Medium/long-term financial liabilities		11,025,152	11,527,288	10,518,193	10,752,502

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) The fair value shown is classified in level 2 of the fair value hierarchy, with the exception of lease liabilities, the fair value of which is classified in level 3 of the hierarchy.

Details of the criteria used to determine the fair values shown in the table are provided in note 3, "Accounting standards and policies applied";

- c) a comparison of the face value of bond issues and medium/long-term borrowings and the related carrying amount, by issue currency, showing the corresponding average and effective interest rate:

Currency	31 December 2020				31 December 2019	
	Face value (€000)	Carrying amount (€000)	Average interest rate applied to 31 December 2020 (1)	Effective interest rate as at 31 December 2020	Face value (€000)	Carrying amount (€000)
Euro (EUR)	9,698,324	9,575,821	3.35%	3.12%	9,097,849	8,984,722
Sterling (GBP)	750,000	589,427	5.99%	2.20%	750,000	643,684
Yen (JPY)	149,176	200,559	5.30%	3.39%	149,176	208,169
Total	10,597,500	10,365,807	3.60%		9,997,025	9,836,575

(1) This amount includes the effect of interest rate and currency hedges as at 31 December 2020.

- d) la movements during the period in the carrying amounts of outstanding bond issues and medium/long-term borrowings:

€000	Carrying amount as at 31 December 2019 (1)	New borrowings	Repayments	Exchange rate differences and other changes	Change in exposure to ANAS	Carrying amount as at 31 December 2020 (1)
Bond issues	7,526,401	1,218,864	-501,728	-44,983	-	8,198,554
Bank borrowings	2,114,486	-	-140,163	8,663	-	1,982,986
Other borrowings (2)	185,798	-	-	-	-12,086	173,712
Lease liabilities	9,890	3,889	-3,221	-3	-	10,555
Medium/long-term borrowings	2,310,174	3,889	-143,384	8,660	-12,086	2,167,253
Total	9,836,575	1,222,753	-645,112	-36,323	-12,086	10,365,807

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) The reduction of €12,086 thousand in amounts due to ANAS regards the Grantor's specific approval for the release of grants in line with the matching financial assets deriving from government grants accrued in relation to the stage of completion of the related works, as described in note 4 to the table in point a).

More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Company, is contained in note 8.2, "Financial risk management".

BOND ISSUES

(non-current) - €7,124,161 thousand (€7,024,847 thousand)

(current) - €1,074,393 thousand (€501,554 thousand)

This item includes the following:

- issues in 2015, 2016, 2017 and 2020, totalling €4,200,685 thousand (€2,975,485 thousand as at 31 December 2019), issued to institutional investors;
- bonds issued to retail investors in 2015, totalling €744,120 thousand, and maturing in 2023 (€741,790 thousand as at 31 December 2019);
- bonds recognised following the issuer substitution carried out in December 2016, totalling €3,253,749 thousand (€3,809,126 thousand as at 31 December 2019).

The increase of €672,153 thousand, compared with 31 December 2019, essentially reflects:

- the issue, in December 2020, of bonds with a par value of €1,250,000 thousand, maturing in 2028 and paying coupon interest of 2%;
- repayment, in March 2020, of bonds with a par value of €501,728 thousand, guaranteed by Atlantia and paying coupon interest of 4.375%.

Limited to the private placement in Japanese yen (amounting to 20,000,000 thousand yen, equal to €200,559 thousand as at 31 December 2020), the terms of the issue require compliance with certain minimum thresholds contained in the following financial covenants (to be calculated each year following approval of the consolidated and separate financial statements, and based on the on the consolidated accounts):

- debt-service coverage ratio;
- ratio of consolidated operating cash flow to total net debt at the end of each financial year;
- Autostrade per l'Italia's equity.

Breach of the covenants would constitute a default event.

With regard to the situation as at 31 December 2020, as a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the financing in question. This aspect, moreover, applies to other European infrastructure operators. In this regard, the Company requested and was granted covenant holidays by its creditors, solely in relation to the measurement date of 31 December 2020.

Finally, it should be noted that, with regard to the future ownership of Autostrade per l'Italia, and above all were control of the Company to be transferred to a new entity different from Atlantia, this would constitute a trigger event that could result in a request for early repayment, under the terms of certain bonds held by institutional investors. In this case, it would be necessary to obtain the prior consent of the above investors in order to complete the transaction.

It should also be noted that, on 15 January 2021, the Company completed the issue of bonds with a notional value of €1,000 million, maturing in 2030 and paying coupon interest of 2%. This was followed, on 26 February 2021, by the repayment of debt guaranteed by Atlantia with nominal value of €595 million, thereby extinguishing a bond issue.

MEDIUM/LONG-TERM BORROWING

(non-current) - €162,269 thousand (€2,142,886 thousand)

(current) - €2,004,984 thousand (€167,288 thousand)

The balance of this item, including both current and non-current portions as 31 December 2020, primarily consists of bank borrowings.

The balance for 2020 is down €142,921 thousand compared with 31 December 2019, essentially due to the repayment of bank borrowings totalling €140,163 thousand, under the related agreements.

The loan agreements require compliance with a minimum threshold for "Operating cash flow available for Debt Service/Debt Service" (DSCR). Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements.

As at 31 December 2020, the Company is in compliance with these covenants.

In December 2019, the Company the Company signed a Standstill Agreement with the European Investment Bank ("EIB"), under which the maturity date has been moved from March 2020 to September 2021, and the minimum ratings required have been cut to BBB- (investment grade).

The downgrade of the Company's rating to below investment grade in January 2020, gives the EIB and, in relation to its share of the debt, Cassa Depositi e Prestiti ("CDP") the right to request additional protections. Were such protections not judged to be reasonably satisfactory, they could request early repayment of the existing debt (as at 31 December 2020, amounting to approximately €1.6 billion guaranteed by Atlantia).

At the date of preparation of these financial statements, neither the EIB or CDP have requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment.

With regard to the rating agencies' expressed reason for the downgrade (*i.e.* approval of art. 35 of the *Milleproroghe* Decree), the fact that art. 35 is in violation of both EU and constitutional law, as already ruled on by the courts at the Company's request, and the many legal opinions on this matter, and the upgrade of the outlook by the three rating agencies in July and August 2020, the Company believes that it will be able to continue its dialogue with the financial institutions in order to find an agreed solution.

With regard to the financing obtained from Cassa Depositi e Prestiti not included in the above borrowings, and not subject to early repayment in the event of a downgrade, in addition to compliance with the minimum ratio for "Operating Cash Flow available for Debt Service" and the "Debt-service coverage ratio" (DSCR), the Company is required to demonstrate, whilst the rating remains below investment grade, that it has remained within certain contractually agreed thresholds for a number of additional covenants (on a consolidated basis):

- I. debt-service coverage ratio;
- II. ratio of consolidated operating cash flow to total net debt at the end of each financial year.

Were these covenants to be breached by the Company, it would be necessary to provide appropriate independent bank guarantees.

With regard to the situation as at 31 December 2020, as a result of the sharp fall in operating revenue linked to the Covid-19 pandemic, the minimum thresholds provided for under the covenants have not been achieved, resulting in an exposure to the request for early repayment of the borrowings in question. This aspect, moreover, applies to other European infrastructure operators. In this regard, after the end of the year, the Company requested and was granted covenant holidays by its creditors. As a result, the contractual remedies available to the creditors cannot be exercised.

As at 31 December 2020, considering the uncertainties described in the section, "Going-concern uncertainties and assessment conducted by the Company" in note 2, "Basis of preparation of the financial statements", solely for the purposes of compliance with paragraphs 69 and 74 of IAS 1, all the above borrowings have been classified as short-term (€1,982,986 thousand).

DERIVATIVE LIABILITIES

(non-current) - €392,826 thousand (€490,925 thousand)

(current) - €94,304 thousand (-)

As at 31 December 2020, this item regards hedging and non-hedging derivatives, entered into with a number of banks to hedge the exposure to interest rate and currency risks of certain medium/long-term financial liabilities, including highly likely future financial liabilities to be assumed.

The overall decrease in this item compared with 31 December 2020, amounting to €3,795 thousand, is linked to a combination of the following:

- a) an increase of €39,447 thousand, in fair value losses on Interest Rate Swaps and Forward-Starting Interest Rate Swaps present as at 31 December 2020, essentially reflecting lower interest rates as at 31 December 2020 compared with 31 December 2019;
- b) an increase of €12,968 thousand in fair value losses on Forward-Starting Interest Rate Swaps, with €90,334 thousand of these swaps unwound in December 2020 at the time of the bond issue with a notional value of €1,250 million, maturing in 2028 and paying coupon interest of 2%;
- c) an increase of €34,125 thousand in fair value losses on the Cross Currency Swaps linked to foreign currency bonds (pounds sterling and Japanese yen, resulting from the change in fair value (€3,300 thousand, reflecting the combined effect of movements in the foreign-currency and euro interest rates), following the issuer substitution, recognised in financial income and foreign exchange losses (€37,425 thousand) linked primarily to the decline in the value of sterling against the euro.

Fair value losses on Forward-Starting Interest Rate Swaps as at 31 December 2020 amount to €131,444 thousand. These swaps have a total notional value of €1,350 million, a weighted average duration of six years and eight months and a weighted average fixed rate of approximately 1.039%. Their purpose is hedge likely future financial liabilities to be entered into by the Company in order meet its funding requirements.

Finally, following completion of the above bond issue in January 2021, a portion of the derivatives outstanding as at 31 December 2020, with a notional value of €1,000 million, were settled. Fair value losses as at 31 December 2020, amounting to €94,304 thousand, have been reclassified to short-term financial liabilities.

As at 31 December 2020, all outstanding derivatives are classified as not qualifying for hedge accounting. Further details are provided in note 8.2, "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - - (-)

(current) - €172,215 thousand (€190,693 thousand)

The balance of this item as at 31 December 2020 consists primarily of accrued interest payable on the following:

- a) bond issues (€110,730 thousand);
- b) bank borrowings (€17,099 thousand);
- c) differentials on outstanding derivatives (€43,783 thousand).

SHORT-TERM FINANCIAL LIABILITIES

€63,948 thousand (€179,858 thousand)

The composition of short-term financial liabilities is shown below.

€000	31 December 2020	31 December 2019
Bank overdrafts repayable on demand	-	1
Short-term borrowings	5,000	-
Intercompany current account payables due from related parties	26,943	84,853
Other current financial liabilities	32,005	95,004
Short-term financial liabilities	63,948	179,858

The reduction in short-term financial liabilities of €115,910 thousand, compared with 31 December 2019, primarily reflects the return of cash deposited by Società Italiana per azioni per il Traforo del Monte Bianco (€50,000 thousand) and Raccordo Autostradale Valle d'Aosta SpA (€45,000 thousand), partially offset by cash deposited with the Company by Autostrade Meridionali SpA (€32,005 thousand).

More detailed information on financial risks and the manner in which they are managed, in addition to outstanding derivative financial instruments, is contained in note 8.2, "Financial risk management".

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

An analysis of the various components of net debt is shown below with amounts payable to and receivable from related parties, as required by CONSOB Ruling DEM/6064293 of 28 July 2006, in accordance with European Securities and Markets Authority ("ESMA") Recommendation of 20 March 2013 (which does not entail the deduction of non-current financial assets from debt).

€000	Note	31 December 2020	of which related party transactions	31 December 2019	of which related party transactions
Cash		-1,083,229		-715,493	
Cash equivalents and intercompany current account receivables due from related parties		-518,434	-518,375	-663,042	-662,914
Cash and cash equivalents (A)	6.7	-1,601,663		-1,378,535	
Current financial assets (B)	6.4	-66,378	-5,886	-82,411	-10,117
Bank overdrafts repayable on demand		-		1	
Current portion of medium/long-term financial liabilities		3,345,896		859,535	
Other borrowings		63,948	58,948	179,857	179,857
Current financial liabilities (C)		3,409,844		1,039,393	
Current net debt (D=A+B+C)		1,741,803		-421,553	
Bond issues		7,124,161		7,024,847	
Medium/long-term borrowings		162,269		2,142,886	
Other non-current borrowings		392,826		490,925	
Non-current financial liabilities (E)		7,679,256		9,658,658	
(Net funds) / Net debt as defined by ESMA recommendation (F=D+E)		9,421,059		9,237,105	
Non-current financial assets (G)	6.4	-562,072	-234,132	-576,792	-235,536
Net debt (H=F+G)		8,858,987		8,660,313	

6.15 Net deferred tax liabilities - €17,206 thousand (€133,418 thousand)

The following tables show deferred tax liabilities, after offsetting against deferred tax assets.

€000	31 December 2020	31 December 2019
Deferred tax liabilities (IRES)	1,471,376	1,411,938
Deferred tax liabilities (IRAP)	243,227	227,518
Deferred tax liabilities	1,714,603	1,639,456
Deferred tax assets eligible for offset (IRES)	1,486,921	1,308,118
Deferred tax assets eligible for offset (IRAP)	210,476	197,920
Deferred tax assets eligible for offset	1,697,397	1,506,038
Net deferred tax liabilities	17,206	133,418

The nature of the temporary differences giving rise to deferred taxation and changes during the period are summarised in the following table.

€000	31 December 2019	CHANGES DURING THE YEAR				31 December 2020
		Provisions	Releases	Provisions/ (releases) in other comprehensive income	Change in prior year estimates and other changes	
Off-balance sheet amortisation of goodwill	1,634,027	75,406	-	-	-	1,709,433
Financial instruments on first-time adoption of IFRS 9	-	-	-	-	-	-
Derivative assets	2,680	-	-	-766	-	1,914
Actuarial valuation of provisions for employee benefits through	2,728	507	-	-	-	3,235
Other temporary differences	21	-	-	-	-	21
Deferred tax liabilities	1,639,456	75,913	-	-766	-	1,714,603
Restatement of total amount subject to IFRIC 12	372,523	-	-23,700	-	-4	348,819
Provisions	1,068,375	484,472	-272,424	-	595	1,281,018
Derivative liabilities	52,461	-	-	-9,148	-	43,313
Actuarial gains and losses on provisions for employee benefits	4,400	-	-	532	-	4,932
Impairment of receivables and inventories	4,437	1,107	-575	-	-35	4,934
Other temporary differences	3,842	166	-1,705	-	-354	1,949
Tax loss carryforwards	-	12,432	-	-	-	12,432
Deferred tax assets eligible for offset	1,506,038	498,177	-298,404	-8,616	202	1,697,397
Net deferred tax liabilities	133,418	-422,264	298,404	7,850	-202	17,206

As shown above, the balance as at 31 December 2020 substantially includes the following:

- deferred tax liabilities, recognised since 2003, relating to the deduction, solely for tax purposes, of goodwill amortisation;
- the residual balance of deferred tax assets deriving from the restatement over 29 years, from 2010, of the total amount determined on first-time application of IFRIC 12, in accordance with art. 11, paragraph 3 of the Ministerial Decree of 8 June 2011 on the harmonisation of tax rules and international financial reporting standards;
- the undeducted portion of provisions, primarily for the repair and replacement of motorway infrastructure and provisions determined on the basis of the estimated additional costs to be incurred in relation to the discussions with the Government and the MIMS aimed at resolving the ongoing dispute.

The balance of this item is down €116,212 thousand compared with 31 December 2019, primarily as a result of:

- the recognition of deferred tax assets (€212,643 thousand) on the non-deducted portion of provisions relating to the repair and replacement of motorway infrastructure and the updated estimate of the further expenses to be incurred as a result of the draft settlement agreement with the Government;
- the recognition of deferred tax assets (€12,432 thousand) in relation to tax losses eligible to be carried forward;
- the provision of deferred taxes on the above deduction, for tax purposes, of goodwill amortisation (€75,406 thousand);
- the release (€23,704 thousand) of deferred tax assets on the total amount deriving from application of IFRIC 12.

6.16 Other non-current liabilities - €23,184 thousand (€28,592 thousand)

This item consists of payables and other non-current liabilities that are neither trading nor financial in nature. The composition of this item as at 31 December 2020 is shown below.

€000	31 December 2020	31 December 2019
Accrued expenses of a non-trading nature	23,184	24,615
Amounts payable to staff	-	3,977
Other non-current liabilities	23,184	28,592

6.17 Trading liabilities - €1,292,504 thousand (€1,336,420 thousand)

Trading liabilities primarily consist of the following.

€000	31 December 2020	31 December 2019
Payable to operators of interconnecting motorways	528,357	684,173
Amounts payable to suppliers	709,879	575,706
Tolls in the process of settlement	54,194	76,450
Other trading liabilities	74	91
Trading liabilities	1,292,504	1,336,420

The decrease in trading liabilities amounts to €43,916 thousand. This is primarily due to a decrease in amounts payable to the operators of interconnecting motorways and in tolls in the process of settlement, linked to the reduced amount payable as a result of the decline in traffic during 2020 caused by Covid-19. This reduction is partially offset by an increase in amounts payable to suppliers, primarily reflecting maintenance carried out in the final quarters of the comparative periods.

6.18 Other current liabilities - €157,218 thousand (€205,329 thousand)

This item consists of payables and other current liabilities that are neither trading nor financial in nature. An analysis of the balance as at 31 December 2020 is shown below.

€000	31 December 2020	31 December 2019
Concession fees payable	43,346	82,406
Amounts payable to staff	33,746	40,184
Social security contributions payable	17,049	20,495
Taxation other than income taxes	8,982	15,713
Amounts payable for expropriations	1,276	1,460
Guarantee deposits by road users who pay by direct debit	1,823	1,760
Other payables	50,996	43,311
Other current liabilities	157,218	205,329

The balance as at 31 December 2020 is down €48,111 thousand compared with 31 December 2019, primarily reflecting a combination of the following:

- a) a reduction of €39,060 thousand in concession fees payable, reflecting the undedicated above restrictions on movement imposed by the Government in response to the Covid-19 pandemic;
- b) a decrease of €8,305 thousand in VAT payable, after the Company ended the year as at 31 December 2020 with a credit balance.

7. NOTES TO THE INCOME STATEMENT

This section includes the notes to amounts in the income statement, with negative components of the income statement shown with a “-” sign in the headings and tables and amounts for 2019 shown in brackets.

Details of amounts in the income statement deriving from related party transactions are provided in note 9.3, “Related party transactions”.

7.1 Toll revenue - €2,569,386 thousand (€3,403,979 thousand)

Toll revenue is down €834,593 thousand compared with 2019, primarily due to the significant fall in traffic using the network from the end of February 2020, amounting to decline of 27.1% (a fall of 23.9% after taking into account the positive effect of the traffic mix). This essentially reflects the negative impact of the limitations and restrictions on movement imposed by the Government in response to the spread of Covid-19.

Further information is provided in the sub-sections, “Traffic” and “Toll increases”, in section 2.5, “Group operating review”, in the report on operations accompanying these separate financial statements.

Toll revenue includes the surcharge payable to ANAS, totalling €284,534 thousand (€366,650 thousand in 2019), and accounted for under concession fees in operating costs. Further details are provided in note 7.7, “Other operating costs”.

As required by the CIPE Resolution of 20 December 1996, tables containing monthly traffic figures for the various motorway sections operated under concession have been annexed to these notes.

7.2 Revenue from construction services - €162,432 thousand (€140,263 thousand)

An analysis of this revenue is shown below.

€000	2020	2019	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	159,797	136,545	23,252
Revenue from construction services provided by sub-operators	2,635	3,718	-1,083
Revenue from construction services	162,432	140,263	22,169

Revenue from construction services essentially consist of services for which additional economic benefits are received. It represents the fair value of the consideration for construction and upgrade services rendered during the year, determined on the basis of the operating costs and financial expenses incurred (the latter solely in the case of investment in assets held under concession), determined according to the criteria described in note 3, “Accounting standards and policies applied”.

Revenue from construction services is up compared with 2019. This is essentially due to an increase in construction services for which additional benefits are received, totalling €23,252 thousand. This primarily refers to work on the second lot forming part of the widening to five lanes of the A8 Milan-Lainate section, the second phase of the Tunnel Safety Plan and preparatory work for the Genoa Bypass (the so-called *Gronda*). Further details are provided in section 2.5, “Group operating

review”, in the sub-section, “Capital expenditure”, in the Report on Operations accompanying these separate financial statements.

In 2020, the Company carried out additional construction services for which no additional benefits are received, amounting to €349,527 thousand, for which the Company made use of a portion of the specifically allocated “Provisions for construction services required by contract”. Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 7.9, “Use of provisions for construction services required by contract”.

Details of total investment in assets held under concession during the year are provided in note 6.2, “Intangible assets”.

7.3 Other operating income - €174,296 thousand (€312,204 thousand)

An analysis of other operating income is provided below.

€000	2020	2019	Increase/ (Decrease)
Revenue from sub-concessions at service areas	82,335	169,308	-86,973
Damages and compensation	15,562	52,654	-37,092
Refunds	17,707	20,745	-3,038
Service revenue	13,286	15,369	-2,083
Maintenance revenue	10,938	14,304	-3,366
Other revenue from motorway operation	14,839	12,803	2,036
Advertising revenue	1,886	4,770	-2,884
Revenue from the sale of technology devices and services	269	397	-128
Other income	17,474	21,854	-4,380
Other operating income	174,296	312,204	-137,908

Other operating income is down €137,908 thousand compared with 2019, mainly due to a decline in revenue from sub-concessions (€86,973 thousand), following a reduction in sales and measures taken by the Company to support oil and food service providers affected by the Covid-19 emergency. In addition, it should be noted that the figure for 2019 included insurance proceeds of €37,500 thousand, essentially following agreement with the Company’s insurance company regarding quantification of the amount payable solely under existing third-party liability insurance policies for the Polcevera road bridge.

The breakdown of “Total revenue”, based on satisfaction of the related performance obligations, is provided below in accordance with IFRS 15.

€000	2020				2019			
	IFRS 15		Outside scope of IFRS 15	Total revenue	IFRS 15		Outside scope of IFRS 15	Total revenue
	At a point in time	Over time			At a point in time	Over time		
Net toll revenue	2,569,386	-	-	2,569,386	3,403,979	-	-	3,403,979
Revenue from construction services	-	162,432	-	162,432	-	140,263	-	140,263
Other operating income	47,925	-	126,371	174,296	54,798	-	257,406	312,204
Total revenue	2,617,311	162,432	126,371	2,906,114	3,458,777	140,263	257,406	3,856,446

Revenue outside the scope of IFRS 15 essentially regards revenue from the sub-concession of space at service areas, rebates and damages and compensation received.

7.4 raw and consumable materials - €-66,149 thousand (-€192,127 thousand)

This item consists of purchases of materials and the change in inventories of raw and consumable materials.

€000	2020	2019	Increase/ (Decrease)
Electrical and electronic materials	-18,958	-16,157	-2,801
Lubricants and fuel	-8,662	-10,296	1,634
Construction materials	-11,548	-8,471	-3,077
Other raw and consumable materials	-30,436	-162,786	132,350
Cost of materials	-69,604	-197,710	128,106
Change in inventories of raw, ancillary and consumable materials and goods for resale	3,388	5,436	-2,048
Capitalised cost of raw materials	67	147	-80
Raw and consumable materials	-66,149	-192,127	125,978

The item has decreased by €125,978 thousand compared with the previous year, essentially due to the costs incurred in 2019 (€114,913 thousand) mainly in relation to the cost of purchasing civil properties and industrial buildings, as requested by the Special Commissioner in implementation of the provisions of art. 1-*bis* and art. 4-*bis* of Law Decree 109, converted with amendments into Law 130 of 16 November 2018. These costs, are covered in full by use of the provisions for the repair and replacement of motorway infrastructure in order to rebuild the Polcevera road bridge, already made as at 31 December 2018.

7.5 Service costs - €-1,447,039 thousand (-€1,025,138 thousand)

This item includes construction, insurance, transport and professional services primarily relating to the maintenance and upgrade of motorways. An analysis of the balance is shown below.

€000	2020	2019	Increase/ (Decrease)
Construction and similar	-1,087,806	-734,067	-353,739
Professional services	-209,508	-154,157	-55,351
Utilities	-35,873	-35,362	-511
Transport and similar	-20,743	-22,493	1,750
Insurance	-18,497	-18,441	-56
Advertising	-6,362	-7,529	1,167
Statutory Auditors' fees	-289	-266	-23
Other services	-67,961	-52,823	-15,138
Service costs	-1,447,039	-1,025,138	-421,901

The increase in service costs, amounting to €421,901 thousand, essentially reflects an increase in construction services and in the cost of professional services, linked to the increased costs incurred in relation to surveillance, inspections, maintenance and the safety of motorway infrastructure,

partly linked to implementation of the improvement maintenance plan for network infrastructure, due to be carried out in the period 2020-2024.

The item, "Construction and similar", includes the costs relating to the progress of work on demolition and reconstruction of the Polcevera road bridge (€146,673 thousand). These charges are covered in full by use of the provisions for the repair and replacement of motorway infrastructure made as at 31 December 2018 in order to rebuild the Polcevera road bridge.

7.6 Staff costs - €-394,276 thousand (-€414,309 thousand)

Staff costs break down as follows.

€000	2020	2019	Increase/ (Decrease)
Wages and salaries	-269,821	-288,496	18,675
Social security contributions	-80,068	-86,749	6,681
Payments to supplementary pension funds, INPS and for post-employment benefits	-16,408	-16,936	528
Cost of share-based incentive plans	3,584	-6,488	10,072
Directors' remuneration	-1,304	-269	-1,035
Recovery of cost of seconded staff	5,709	6,807	-1,098
Other staff costs	-36,977	-23,509	-13,468
Capitalised staff costs	1,009	1,331	-322
Staff costs	-394,276	-414,309	20,033

Staff costs are down €20,033 thousand compared with 2019, essentially due to:

- a) a reduction in the fair value of management incentive plans compared with the previous year, partially offset by the implementation of a broad share-based payment scheme for employees;
- b) a reduction of 101 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the reduction in activity brought about by the Covid-19 emergency and the absence of seasonal toll collectors in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of additional personnel for a number of departments;
- c) a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund and other effects of the Covid-19 emergency, partially offset by an increase in costs following renewal of the national collective labour agreement;
- d) an increase in the cost of early retirement incentives.

Workforce	2020	2019	Increase/ (Decrease)
Senior managers	93	86	7
Middle managers	266	283	-17
Administrative staff	2,050	1,963	87
Toll collectors	1,675	1,839	-164
Other operating personnel	937	951	-14
Average workforce	5,021	5,122	-101

Information on equity-settled and cash-settled share-based incentive plans for certain of the Company's Directors and employees is provided in note 9.4, "Disclosures regarding share-based payments".

7.7 Other operating costs - -€397,237 thousand (-€521,805 thousand)

An analysis of other operating costs is shown below.

€000	2020	2019	Increase/ (Decrease)
Concession fees	-344,795	-449,818	105,023
Lease expense	-4,760	-3,795	-965
Compensation for damages and penalties	-11,947	-28,471	16,524
Grants and donations	-24,069	-23,785	-284
Direct and indirect taxes	-7,281	-10,143	2,862
Other	-4,385	-5,793	1,408
Other costs	-47,682	-68,192	20,510
Other operating costs	-397,237	-521,805	124,568

Other operating costs are down on the previous year due to:

- a) a reduction in concession fees (€105,023 thousand) linked to the performance of traffic, toll revenue and sub-concession arrangements;
- b) a reduction in damages and penalties (€16,524 thousand), primarily linked to the compensation paid to businesses in 2019 in order to cover the loss of equipment, machinery and materials or the transfer of operations to another location following the collapse of a section of the Polcevera road bridge (€21,801 thousand). These costs were covered in full by use of provisions for the repair and replacement of motorway infrastructure made in the financial statements for 2018, in response to the letter from the Special Commissioner dated 21 December 2018, implementing art. 4-bis of the above decree, and recognised in the "Operating change in provisions".

The item, "Concession fees" includes the surcharge payable to the Grantor and referred to in the above description of traffic growth. Law 102 of 3 August 2009, as amended, eliminated the toll surcharge pursuant to Law 296/2006, while increasing concession fees computed on the distance travelled by each vehicle on a motorway in the amount of 6 thousandths of a euro per kilometre for toll classes A and B and 18 thousandths of a euro per kilometre for classes 3, 4 and 5. The fees payable to the Grantor are recouped through a matching increase in the tolls charged to road users, thereby not having an impact on the Company's results.

7.8 Operating change in provisions - €-398,249 thousand (-€1,504,982 thousand)

This item reflects the impact on profit or loss of operating changes (new provisions and uses) in provisions, excluding those for employee benefits (classified in staff costs), made by the Company during the period in order to meet the legal and contractual obligations that it is presumed will require the use of financial resources in future years.

The balance of this item in 2020 essentially reflects:

- a) provisions for risks and charges of €212,889 thousand, as described above in note 6.13, "Provisions";
- b) operating provisions (€185,360 thousand) after work on repair and replacement carried out during the year. After stripping out the provisions (€147,373 thousand) linked to demolition and reconstruction of the Polcevera road bridge, the negative change totals €332,733 thousand. This mainly reflects a revised estimate of the cost of the repairs to the motorway network.

7.9 Use of provisions for construction services required by contract - €349,527 thousand (€369,425 thousand)

This item regards the use of provisions for construction services required by contract, relating to services for which no additional economic benefits are received rendered in 2020, less accrued government grants (recognised in revenue from construction services, as explained in note 7.2, "Revenue from construction services"). The item represents the indirect adjustment to construction costs classified by nature in the cost of materials and external services and staff costs.

The decrease of €19,898 thousand compared with 2019, is broadly linked to a decrease in capital expenditure. Further details are provided in section 2.5, "Group operating review", in the subsection, "Capital expenditure", in the report on operations accompanying these financial statements.

Further information on construction services in 2018 is provided in note 6.2, "Intangible assets", and note 7.2, "Revenue from construction services".

7.10 Amortisation and depreciation - €-602,532 thousand (-€586,578 thousand)

The increase of €15,954 thousand compared with 2019 essentially reflects an increase in amortisation of:

- a) concession rights deriving from construction services for which additional economic benefits are received, totalling €8,285 thousand;
- b) concession rights deriving from construction service for which no additional benefits are received, totalling €3,972 thousand.

7.11 (Impairment losses)/and reversals of impairment losses on current and non-current assets - -€2,225 thousand (-€6,640 thousand)

The balance primarily reflects the impairment of trade receivables, amounts due from insurance companies and unpaid tolls relating to previous years, reflecting the risk of partial non-collection.

7.12 Financial income/(expenses) - -€475,441 thousand (-€421,131 thousand)

Financial income - €89,920 thousand (€125,651 thousand)

Financial expenses - -€565,328 thousand (-€546,774 thousand)

Foreign exchange gains/(losses) - -€33 thousand (-€8 thousand)

An analysis of financial income and expenses is shown below.

€000	2020	2019	Increase/ (Decrease)
Dividends received from investees	-	22,278	-22,278
Reversal of impairment losses on financial assets and investments	-	-	-
Income from discounting to present value	87	-	87
Income from derivative financial instruments	44,932	57,580	-12,648
Income from measurement of financial instruments at amortised cost	25,702	25,116	586
Interest income	12,526	15,925	-3,399
Financial income accounted for as an increase in financial assets	3,999	952	3,047
Gains on disposal of investments	-	-	-
Other	2,674	3,800	-1,126
Other financial income	89,920	103,373	-13,453
Financial income (a)	89,920	125,651	-35,731
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-15,135	-28,910	13,775
Interest expense	-292,714	-307,268	14,554
Losses on derivative financial instruments	-215,892	-167,787	-48,105
Expenses from measurement of financial instruments at amortised cost	-20,572	-19,929	-643
Interest expense accounted for as an increase in financial liabilities	-3,785	-3,596	-189
Other	-17,230	-17,280	50
Other financial expenses	-550,193	-515,860	-34,333
Impairment losses on financial assets and investments	-	-2,004	2,004
Total financial expenses (b)	-565,328	-546,774	-18,554
Foreign exchange gains/(losses) (c)	-33	-8	-25
Financial income/(expenses) (a+b+c)	-475,441	-421,131	-54,310

“Dividends received from investees” are down €22,278 thousand, given that the Company’s investees did not declare dividends in 2020.

“Financial expenses from the discounting of provisions for construction services required by contract and other provisions” are computed on the basis of the value of the provisions and the discount rates used at 31 December of the year prior to the reporting period, with the change primarily due to the lower interest rates applied as at 31 December 2019, compared with the end of 2018.

“Impairment losses on financial assets and investments” in 2019 reflected the impairment loss on the carrying amount of the investment in Pavimental (€2,004 thousand).

“Other financial expenses”, after “Other financial income”, amount to €460,306 thousand, an increase of €47,811 thousand compared with previous year (€412,495 thousand). This is essentially due to a combination of the following:

- a) an increase in net financial expenses on derivatives, essentially due to an increase in fair value losses on derivative instruments compared with the previous year (€60,753 thousand);
- b) a reduction in interest expense and expenses on the measurement of financial instruments at amortised cost in 2020 (€13,911 thousand), linked to the bonds redeemed in March 2020 (a par value of €501,728 thousand).

7.13 Income tax (expense)/benefit - €128,933 thousand (-€155,329 thousand)

An analysis of income tax expense is shown below.

€000	2020	2019	Increase/ (Decrease)
IRES	-	-228,227	228,227
IRAP	-	-44,748	44,748
Current tax benefit of tax loss carryforwards	973	-	973
Current tax expense	973	-272,975	273,948
Differences on current tax expense for previous years	3,898	137	3,761
Provisions	498,177	726,805	-228,628
Releases	-298,404	-212,174	-86,230
Changes in prior year estimates	202	33,428	-33,226
Deferred tax income	199,975	548,059	-348,084
Provisions	-75,913	-100,502	24,589
Changes in prior year estimates	-	-19,390	19,390
Deferred tax expense	-75,913	-119,892	43,979
Deferred tax income/(expense)	124,062	428,167	-304,105
Income tax (expense)/benefit	128,933	155,329	-26,396

The decrease in net deferred tax income (€26,396 thousand) shown in the table reflects:

- a) a reduction in provisions for deferred tax assets relating to provisions to cover the expenses to be incurred in relation to the talks in progress with the Government and the MIMS aimed at resolving the dispute between the parties (€418,792 thousand);
- b) the net increase in provisions for deferred tax assets (€85,946 thousand) in relation to the performance of provisions for the repair and replacement of motorway infrastructure in the two comparative periods;
- c) current tax expense recognised in 2019 (€272,975 thousand);
- d) the tax loss for the purposes of IRES in 2020 (€13,405 thousand), including €973 thousand recognised in current tax assets directly recoverable through the tax consolidation arrangement headed by the parent, Atlantia, and €12,432 thousand recognized in deferred tax assets on tax loss carryforwards.

The following table shows a reconciliation of the statutory rate of IRES with the effective charge in the two comparative periods.

€000	2020			2019		
	Taxable income	Tax expense		Taxable income	Tax expense	
		Tax	Tax rate		Tax	Tax rate
Profit/(Loss) before tax from continuing operations	-527,064			-446,662		
IRES tax expense computed using statutory rate		-144,943	27.50%		-122,832	27.50%
Temporary differences deductible in future years	1,780,829	489,728	-92.92%	2,404,429	661,218	-148.04%
Provisions for the repair and replacement of motorway infrastructure	1,513,272	416,150		872,132	239,836	
Tax loss carryforwards	45,207	12,432				
Other differences	222,350	61,146		1,532,297	421,382	
Temporary differences taxable in future years	-248,737	-68,403	12.98%	-350,044	-96,262	21.55%
Off-balance sheet deduction of goodwill	-248,737	-68,403		-351,520	-96,668	
Actuarial valuation of provisions for post-employment benefits through profit or loss	-	-		1,476	406	
Net reversal of prior year temporary differences	-1,004,609	-276,267	52.42%	-748,538	-205,848	46.09%
Release of provisions for the repair and replacement of motorway infrastructure	-907,572	-249,582		-616,561	-169,554	
Restatement of overall balance due to application of IFRIC 12	-67,651	-18,604		-67,651	-18,604	
Other differences	-29,386	-8,081		-64,326	-17,690	
Permanent differences:	-3,958	-1,088	0.21%	-29,269	-8,049	1.80%
Non-taxable dividends	-	-		-21,164	-5,820	
Tax-exempt (reversals of impairment losses)/impairment losses on investments	-	-		2,004	551	
Other permanent differences	-3,958	-1,088		-10,109	-2,780	
Income assessable to IRES	-3,539			829,916		
IRES for the year		-973	0.18%		228,227	-51.10%
IRAP for the year		-	0.00%		44,748	-10.02%
Current income tax expense		-973	0.18%		272,975	-61.11%

7.14 Earnings/(Loss) per share

The following statement shows a breakdown of the calculation of earnings per share for the two comparative periods. In the absence of options or convertible bonds issued by the Company, diluted earnings per share coincides with the figure for basic earnings per share.

	2020	2019
Weighted average of shares outstanding	622,027,000	622,027,000
Profit/(Loss) for the year (€000)	-398,131	-291,333
Earnings/(Loss) per share (€)	-0.64	-0.47
Profit/(Loss) from continuing operations (€000)	-398,131	-291,333
Earnings/(Loss) per share from continuing operations (€)	-0.64	-0.47
Profit/(Loss) from discontinued operations (€000)	-	-
Basic earnings/(loss) per share from discontinued operations (€)	-	-

8. OTHER FINANCIAL INFORMATION

8.1 Notes to the statement of cash flows

Cash flows during 2020 resulted in a reduction of €281,039 thousand in cash and cash equivalents, compared with the decrease of €151,655 thousand recorded in 2019.

Cash flows from operating activities amount to €306,170 thousand, a reduction of €992,020 thousand compared with the figure for 2019 (€1,298,190 thousand). This essentially reflects the negative impact on traffic of the restrictions on movement imposed by the authorities in response to the spread of Covid-19, and the related measures adopted by the Company to support oil and food service providers operating under sub-concessions at service areas.

Cash used in investing activities amounts to €529,821 thousand, a slight increase compared with 2019 (€494,047 thousand). This essentially reflects increased investment in other intangible assets, which is up approximately €12,846 thousand compared with the figure for 2019.

Cash from financing activities in 2020 amounts to €504,690 thousand, compared with an outflow of €955,798 thousand in 2019. The change, amounting to €1,460,488 thousand, primarily reflects:

- a) the bond issue (€1,218,864 thousand) in December 2020;
- b) decreased repayments of bond issues and bank borrowings in 2020 compared with 2019 (a reduction of €76,587 thousand);
- c) dividends paid to shareholders in 2019 (€311,013 thousand), whilst no dividends were paid in 2020;
- d) a reduction in cash deposits from Società Italiana per azioni per il Traforo del Monte Bianco (€50,000 thousand) and from Raccordo Autostradale Valle d'Aosta SpA (€45,000 thousand), partially offset by cash deposited by Autostrade Meridionali SpA (€32,005 thousand).

8.2 Financial risk management

Financial risk management objectives and policies

In the normal course of its business and finances, the Company is exposed to:

- a) market risk, principally with respect to the effect of movements in interest and foreign exchange rates on financial liabilities assumed and financial assets acquired;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Company's financial risk management strategy is derived from and consistent with the business goals set by Atlantia's Board of Directors that are contained in the various long-term business plans approved annually by the Board, and taking into account Atlantia's role in the management and coordination of Autostrade per l'Italia.

Market risk

The objective of market risk strategy is to minimise interest rate risk and borrowing costs, as defined in the Financial Policy approved by the Board of Directors of the parent, Atlantia.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the long-term plan from the effect of exposure to currency and interest rate risks, identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Company's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

As at 31 December 2020, the Company's holdings of derivatives, described below, do not qualify for the application of hedge accounting, in accordance with IFRS 9.

Details of the criteria used to determine the fair value of derivative financial instruments are provided in note 3, "Accounting standards and policies applied".

Amounts in currencies other than the euro are converted using the closing exchange rates published by the European Central Bank.

The residual average term to maturity of the Company's debt as at 31 December 2020 is approximately five years and five months. The average cost of medium to long-term debt for 2020 was 3.65%.

Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

Interest rate risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Company has entered into interest rate swaps (IRSs), which were reclassified as no longer qualifying for hedge accounting in the year ended 31 December 2019;
- b) fair value risk: the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. As at 31 December 2020, the Company is not a party to derivatives classified as fair value hedges.

The cash flow hedges entered into and the underlying financial liabilities have matching terms to maturity and notional amounts. As noted above, these instruments have been reclassified as no longer qualifying for hedge accounting and, as a result, the cash flow hedge reserve has been frozen and will be released when the interest flows from the originally hedged financial liability crystallise.

The Forward-Starting Interest Rate Swaps outstanding as at 31 December 2020 have also been reclassified as no longer qualifying for hedge accounting. However, in the belief that future debt issues underlying these instruments are possible, the cash flow hedge reserve has been frozen in equity and the related gains or losses will be taken to profit or loss when the interest flows from the originally hedged financial liability crystallise.

As a result of the hedges entered into, 100% of the Company's interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

- a) economic exposure incurred through purchases and sales denominated in currencies other than the individual companies' functional currency;
- b) translation exposure through equity investments in subsidiaries and associates whose financial statements are denominated in a currency other than the Group's functional currency;
- c) transaction exposure incurred by making deposits or obtaining loans in currencies other than the individual companies' functional currency.

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Company's functional currency. With regard to the Cross Currency Swaps (CCIRSs) linked to the bonds denominated in sterling (GBP) and yen (JPY), which were involved in the issuer substitution at the end of 2016, whilst, from an operational viewpoint, these derivatives hedge the bonds' exposure to currency risk, they do not meet all the requirements for classification as hedges under IFRS 9 and have been classified as non-hedge accounting.

9% of the Company's medium/long-term debt is denominated in currencies other than the euro (sterling and yen). Taking into account the above Cross Currency Swaps (CCIRSs), the percentage of debt exposed to currency risk on translation into euros is, in any event, zero.

The following table summarises outstanding derivative financial instruments as at 31 December 2020 (compared with 31 December 2019), showing the corresponding market and notional values.

€000		31 December 2020		31 December 2019	
Type	Purpose of hedge	Fair value asset/(liability)	Notional amount	Fair value asset/(liability)	Notional amount
<i>Non-hedge accounting derivatives (1)</i>					
Cross Currency Swaps	Interest rate and currency risk	-262,143	899,176	-228,018	899,176
Interest Rate Swaps	Interest rate risk	-93,543	737,209	-89,349	760,465
Interest Rate Swaps Forward Starting	Interest rate risk	-131,444	1,350,000	-173,558	2,350,000
		-487,130	2,986,385	-490,925	4,009,641
	Total	-487,130	2,986,385	-490,925	4,009,641
	of which:				
	fair value asset	-		-	
	fair value liability	-487,130		-490,925	

(1) The fair value of derivatives excludes the related accruals at the measurement date.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and currency movements to which the Company is exposed would have had on the income statement for 2020 and on equity as at 31 December 2020.

The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the reporting period, assuming, in terms of the impact on the income statement, a 1% (100 bps) shift in the interest rate curve at the beginning of the year.

Based on the above analysis:

- a) in terms of interest rate risk, an unexpected and unfavourable 1% shift in market interest rates would have resulted in a negative impact on the income statement, totalling €154,519 thousand, before the related taxation, essentially attributable to the derivatives reclassified as no longer qualifying for hedge accounting;
- b) in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the income statement, totalling €14,300 thousand, linked to the movement in fair value losses on Cross Currency Swaps in sterling and yen, which, as noted previously, are accounted for using non-hedge accounting.

Liquidity risk

Liquidity risk relates to the possibility that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Company believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 31 December 2020, the Company has lines of credit amounting to €1,300 million with a weighted average residual term to maturity of approximately four years and seven months and a weighted average residual drawdown period of approximately one year and four months.

With regard to these lines of credit, talks are still ongoing with Cassa Depositi e Prestiti in relation to Autostrade per l'Italia's request for the disbursement of funds made on 3 April 2020, under the credit facility agreed on 15 December 2017. As of today's date, a total of €1,300 million has yet to be used.

Details of drawn and undrawn committed lines of credit are shown below.

€000			31 December 2020			
	Line of credit	Drawdown period expires	Final maturity	Available	Drawn	Undrawn
	Medium/long-term committed from Cassa Depositi e Prestiti	31 Dec 2021	13 Dec 2027	1,100,000	400,000	700,000
	Revolving line of credit from Cassa Depositi e Prestiti	2 Oct 2022	31 Dec 2022	600,000	-	600,000
			Lines of credit	1,700,000	400,000	1,300,000

The following tables show the distribution of maturities for medium/long-term financial liabilities outstanding as at 31 December 2020 and 31 December 2019.

The amounts in the above tables include interest payments and exclude the impact of any offset agreements.

The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available. The distribution for transactions with amortisation schedules is based on the date on which each instalment falls due.

€000	Carrying amount	Total contractual flows	31 December 2020			
			Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities (1)						
Bond 2004-2022 (GBP)	589,427	-625,675	-34,760	-590,915	-	-
Bond 2004-2024	990,785	-1,234,840	-58,750	-58,750	-1,117,340	-
Bond 2009-2038 (IPV)	200,559	-235,802	-4,317	-4,317	-12,950	-214,218
Bond 2010-2025	497,680	-609,375	-21,875	-21,875	-565,625	-
Bond 2012-2032	35,000	-55,160	-1,680	-1,680	-5,040	-46,760
Bond 2012-2032 (Zero Coupon Bond)	76,020	-135,000	-	-	-	-135,000
Bond 2013-2021	594,384	-611,666	-611,666	-	-	-
Bond 2013-2033	73,033	-111,564	-2,813	-2,813	-8,438	-97,500
Bond 2014-2034	123,968	-181,700	-4,050	-4,050	-12,150	-161,450
Bond 2014-2038	72,892	-123,938	-2,719	-2,719	-8,156	-110,344
Bond 2015-2021	480,009	-485,768	-485,768	-	-	-
Bond 2015-2023 retail	744,120	-786,564	-12,188	-12,188	-762,188	-
Bond 2015-2025	498,076	-546,875	-9,375	-9,375	-528,125	-
Bond 2015-2026	745,530	-828,750	-13,125	-13,125	-39,375	-763,125
Bond 2016-2027	595,117	-673,500	-10,500	-10,500	-31,500	-621,000
Bond 2017-2029	662,824	-818,125	-13,125	-13,125	-39,375	-752,500
Bond 2020-2028	1,219,130	-1,410,000	-20,000	-20,000	-60,000	-1,310,000
Bond issues	8,198,554	-9,474,302	-1,306,711	-765,432	-3,190,262	-4,211,897
Bank borrowings						
European Investment Bank (EIB)	1,265,892	-1,647,397	-163,148	-150,249	-354,843	-979,157
Cassa Depositi e Prestiti	717,094	-817,385	-29,253	-28,832	-99,404	-659,896
Total bank borrowings (A)	1,982,986	-2,464,782	-192,401	-179,081	-454,247	-1,639,053
Other borrowings						
ANAS	173,712	-	-	-	-	-
Total other borrowings (B)	173,712	-	-	-	-	-
Lease liabilities						
Lease liabilities	10,555	-12,124	-2,886	-1,889	-2,408	-4,941
Total lease liabilities (C)	10,555	-12,124	-2,886	-1,889	-2,408	-4,941
Medium/long-term borrowings (A+B+C)	2,167,253	-2,476,906	-195,287	-180,970	-456,655	-1,643,994
Derivatives liabilities (2)						
Interest Rate Swaps and Interest Rate Swaps Forward Starting (3)	224,987	-252,008	-120,059	-21,964	-53,047	-56,938
Cross Currency Swaps (4)	262,143	-273,205	-14,509	-208,398	-11,077	-39,221
Total derivative liabilities	487,130	-525,213	-134,568	-230,363	-64,124	-96,159

(1) Future cash flows relating to interest on floating rate loans have been projected on the basis of the latest established rate and applied and held constant to final maturity.

(2) As at 31 December 2020, expected contractual flows are linked to the originally hedged outstanding and highly likely future financial liabilities, entered into to meet future financing requirements. Future cash flows relating to differentials on interest rate swaps (IRSS) have been projected on the basis of the latest interest rate fixed and held constant to the maturity of the contract.

(3) Expected future cash flows from differentials on cross currency swaps have been projected on the basis of the exchange rate fixed at the measurement date.

(4) Cash flows from the Forward-Starting Interest Rate Swaps unwound at the same time as the bond issue of January 2021 have been classified as falling due within 12 months.

With regard to Autostrade per l'Italia's financial position, as already described in detail in the paragraph, "Going-concern uncertainties and assessment conducted by the Company", in note 2, "Basis of preparation of the financial statements"), the recent bond issues completed in December 2020 and January 2021 (amounting to a total nominal value of €2,250 thousand) have enabled Autostrade per l'Italia to build up solid cash reserves, thereby significantly mitigating liquidity risk in the short to medium term.

The above bond issues, together with cash flow from continuing operations, should enable the Company to meet its reasonably expected operating and capital expenditure requirements in 2021 and 2022.

Credit risk

Credit risk is the exposure of the Company to potential losses as a result of a default in a counterparty's obligations.

The risk can arise both from factors that are strictly technical and commercial or administrative and legal in nature (disputes regarding the nature quality of service, on the interpretation of contractual provisions, supporting invoices, etc.), as well as from factors that are financial in nature, such as the credit standing of a counterparty.

Trade receivables essentially arise in connection with the provision of services and relate to activities linked to the core business.

These types of receivables include:

- a) uncollected motorway tolls;
- b) concession fees and royalties receivable in connection with service areas;
- c) receivables relating to agreements permitting motorway crossings or the location of equipment;
- d) receivables relating to the sale of goods and services;
- e) receivables related to property rentals.

Trade receivables, on the other hand, do not include receivables arising in connection with the invoicing of tolls in arrears, following the execution of a novation agreement for this particular type of receivable with the subsidiary of Atlantia, Telepass.

Credit risk deriving from outstanding derivative financial instruments can be considered marginal in that the counterparties involved are major financial institutions.

Provisions for impairment losses on individually material items, on the other hand, are established when there is objective evidence that the Company will not be able to collect all or any of the amount due. The amount of the provisions takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of guarantees. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made.

Details of the allowance for bad debts for trade receivables are provided in note 6.6, "Trading assets", whilst information on other financial assets is provided in note 6.4, "Financial assets".

9. OTHER INFORMATION

9.1 Guarantees

The Company has issued both personal and collateral guarantees. As at 31 December 2020, the Company reports the following material items:

- a) sureties issued on behalf of certain subsidiaries and associates that operate motorway infrastructure, amounting to €33,396 thousand;
- b) the joint and several guarantees issued with Autostrada Tirrenica in favour of the Grantor (€14,003 thousand) following the latter's release of a surety;
- c) sureties provided to a number of companies as a result of the indirect consequences of the collapse of the Polcevera road bridge on 14 August 2018. These sureties guarantee the companies' claims set out in an application for a pre-trial preventive seizure order by Spinelli Srl, Terminal Rinfuse Genova Srl and Centro Servizi Derna Srl. The sureties amount to a total of €9,600 thousand;
- d) the pledge to credit institutions, as security for loans issued, of the shares in Bologna & Fiera Parking (€999 thousand), of the 2% interest in Strada dei Parchi (€1,355 thousand), and the direct (0.25%) interest in Tangenziale Esterna (€1,163 thousand). Shares representing the indirect investment in Tangenziale Esterna (13.29%), held through the vehicle entity, Tangenziali Esterne di Milano, have also been pledged as security to banks.

In December 2020, given that the concession for the A3 Naples-Salerno motorway has yet to be awarded to either Autostrade Meridionali or a third party, the Company, at the subsidiary's

request, renewed the guarantee in favour of Intesa Sanpaolo-Banco di Napoli (ISP), issued in December 2015, through to the end of 2024. This guarantee, amounting to up to €300 million, relates to the loan of the same amount agreed with the bank in December 2016, amounting up to €300 million. This guarantee relates to the facility of the same amount granted by the bank in December 2015, of which €245 million has been used as at 31 December 2020. The facility was extended on 29 July 2020, with the guarantee of €245 million in place until 31 December 2024.

9.2 Reserves

As at 31 December 2020, the Company has recognised contract reserves quantified by contractors in relation to:

- a) investing activities, totalling €768 million (€755 million as at 31 December 2019). Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in intangible assets deriving from concession rights;
- a) non-investing activities, amounting to approximately €24 million, the estimated future cost of which is covered by existing provisions in the financial statements.

9.3 Related party transactions

This section describes the Company's principal transactions with related parties, identified as such according to the criteria in the procedure for related party transactions adopted by the parent, Atlantia, in application of art. 2391-*bis* of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as amended. The Procedure, published in the section, "Articles of Association, codes and procedures", on Atlantia's website at www.atlantia.it, establishes the criteria to be used in identifying related parties, in distinguishing between transactions of greater and lesser significance and in applying the rules governing the above transactions of greater and lesser significance, and in fulfilling the related reporting requirements.

The following tables show amounts of a trading or financial nature in the income statement and statement of financial position generated by related party transactions, including those with the Company's Directors, Statutory Auditors and key management personnel.

COD	Principal trading and non-financial transactions with related parties																			
	Assets					Liabilities					Income					Expenses				
	Trading and other assets		Trading and other liabilities			Trading and other income		Trading and other expenses			Trading and other income		Trading and other expenses			Trading and other income		Trading and other expenses		
	Trade receivables	Current tax assets	Other current assets	Total	Other non-current liabilities	Trade payables	Current tax liabilities	Other current liabilities	Total	Revenue from construction services	Other operating income (2)	Total	Raw and consumable materials	Service costs	Staff costs (2)	Lease expense	Other operating costs	Total		
	31 December 2020																			
Atlanta (4)	2,013	23,100	384	25,497	-	465	-	-	465	-	2,360	2,360	-	224	-	-	-	-	-	-
Sintona	-	6,404	-	6,404	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total parents	2,013	29,504	384	31,901	-	465	-	-	465	-	2,360	2,360	-	224	-	-	-	-	-	-
AD Moving	1,722	-	-	1,722	-	402	-	-	402	-	2,028	2,028	-	1,240	-	-	-	-	-	-
Autostade Meridionali	1,009	-	-	1,009	-	9,066	-	-	9,066	-	517	517	27	-	-	-	-	-	-	-
Autostade Tech	7,241	-	-	7,241	12	22,617	-	-	22,629	-	6,407	6,407	5,458	12,227	-	-	-	-	-	-
EsseD&S&S Società di Servizi	4,272	-	-	4,272	-	3,728	-	-	3,728	-	4,886	4,886	-	-	-	-	-	-	-	-
Glove Clear	692	-	-	692	-	3,358	-	-	3,358	-	159	159	-	-	-	-	-	-	-	-
Raccordo Autostadiale Valle d'Aosta	234	-	-	234	-	4,925	-	-	4,925	-	291	291	-	-	-	-	-	-	-	-
Società Italiana per Asioni per il Trifero del Monte Bianco	859	-	-	859	6	6,961	-	-	6,967	-	344	344	-	-	-	-	-	-	-	-
Tragnavalle di Napoli	717	-	-	717	-	5,489	-	-	5,489	-	434	434	-	-	-	-	-	-	-	-
Società Autostrada Tirrenica	720	-	-	720	-	3,350	-	-	3,350	-	494	494	-	29	-	-	-	-	-	-
Other subsidiaries (1)	-	-	-	-	3	-	-	-	3	-	-	-	-	3,256	-	-	-	-	-	-
Total subsidiaries (1)	17,466	-	-	17,466	15	60,107	-	-	60,122	-	15,438	15,438	5,485	46,198	-	-	-	-	-	-
Payments	10,868	-	-	10,868	-	143,303	-	-	143,303	-	425	425	-	303,026	-	-	-	-	-	-
Some Engineering	13,673	-	-	13,673	-	44,191	-	-	44,191	-	402	402	-	44,400	-	-	-	-	-	-
Other associates (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	39	-	-	-	-	-	-
Total associates (1)	24,141	-	-	24,141	-	187,494	-	-	187,494	-	827	827	-	352,473	-	-	-	-	-	-
Abertis Infrastrutture S.p.A.	179	-	-	179	-	48,917	-	-	48,917	-	1,093	1,093	-	262	-	-	-	-	-	-
AB Conesódes	2,650	-	-	2,650	-	1,626	-	-	1,626	-	-	-	-	-	-	-	-	-	-	-
Autogill Italia	11,848	-	-	11,848	-	4,651	-	-	4,651	-	30,229	30,229	1	5,228	-	-	-	-	-	-
Aeroporto di Roma group	1,379	-	-	1,379	6	397	-	-	397	-	172	172	-	-	-	-	-	-	-	-
Telespass	4,391	-	-	4,391	-	12,431	-	-	12,431	-	4,158	4,158	256	8,905	-	-	-	-	-	-
Telespass PAV	30	-	-	30	-	2,236	-	-	2,236	-	14	14	-	1,860	-	-	-	-	-	-
Other affiliates (1)	740	-	-	740	-	699	-	-	699	-	445	445	-	278	-	-	-	-	-	-
Total affiliates	21,217	-	-	21,217	-	69,325	-	-	69,325	-	36,111	36,111	257	16,633	-	-	-	-	-	-
ASTRI pension fund	-	-	-	-	-	5,210	-	-	5,210	-	-	-	-	-	-	-	-	-	-	-
CAPID pension fund	-	-	-	-	-	1,267	-	-	1,267	-	-	-	-	-	-	-	-	-	-	-
Total pension funds	-	-	-	-	-	6,477	-	-	6,477	-	-	-	-	-	-	-	-	-	-	-
Key management personnel (1)	-	-	-	-	-	752	-	-	752	-	-	-	-	-	-	-	-	-	-	-
Total key management personnel	-	-	-	-	-	752	-	-	752	-	-	-	-	-	-	-	-	-	-	-
TOTAL	64,637	29,504	395	94,737	317,386	14,920	332,306	-	-	-	54,826	54,826	5,722	415,430	162	401	483,484	-	-	-
	31 December 2019																			
Atlanta (4)	3,774	18,619	-	22,393	-	2,201	6,767	-	8,968	-	2,676	2,676	-	600	-	-	-	-	-	-
Sintona	-	5,702	-	5,702	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total parents	3,774	24,321	-	28,095	-	2,201	6,767	-	8,968	-	2,676	2,676	-	600	-	-	-	-	-	-
AD Moving	3,486	-	-	3,486	-	2,006	-	-	2,006	-	4,884	4,884	333	-	-	-	-	-	-	-
Autostade Meridionali	3,011	-	-	3,011	-	13,567	-	-	13,567	-	385	385	-	5	-	-	-	-	-	-
Autostade Tech	7,804	-	-	7,804	13	7,019	-	-	7,032	-	6,882	6,882	5,670	3,118	-	-	-	-	-	-
EsseD&S&S Società di Servizi	11,868	-	-	11,868	-	5,001	-	-	5,001	-	5,320	5,320	-	20,466	-	-	-	-	-	-
Glove Clear	533	-	-	533	-	1,393	-	-	1,393	-	161	161	9	7,947	-	-	-	-	-	-
NewPass	-	-	-	-	-	6,083	-	-	6,083	-	200	200	-	-	-	-	-	-	-	-
Raccordo Autostadiale Valle d'Aosta	241	-	-	241	-	83	-	-	83	-	341	341	-	-	-	-	-	-	-	-
Società Italiana per Asioni per il Trifero del Monte Bianco	772	-	-	772	-	8,941	-	-	8,941	-	338	338	-	-	-	-	-	-	-	-
Tragnavalle di Napoli	858	-	-	858	-	6	-	-	6	-	-	-	-	-	-	-	-	-	-	-
Tea Solutions Integrators	-	-	-	-	-	5,873	-	-	5,873	-	747	747	-	33	-	-	-	-	-	-
Società Autostrada Tirrenica	629	-	-	629	-	60,146	-	-	60,146	-	19,148	19,148	6,012	31,679	-	-	-	-	-	-
Other subsidiaries (1)	29,210	-	-	29,210	8	139,806	-	-	139,814	-	254	254	-	318,225	-	-	-	-	-	-
Payments	807	-	-	807	-	63,823	-	-	63,823	-	468	468	-	57,823	-	-	-	-	-	-
Some Engineering	16,094	-	-	16,094	-	-	-	-	-	-	-	-	-	15	-	-	-	-	-	-
Other associates (1)	16,941	-	-	16,941	-	193,237	-	-	193,237	-	748	748	-	297,042	-	-	-	-	-	-
Total associates (1)	33,885	-	-	33,885	-	257,074	-	-	257,074	-	1,538	1,538	235	3,118	-	-	-	-	-	-
Abertis Infrastrutture S.p.A.	230	-	-	230	-	63,738	-	-	63,738	-	70,972	70,972	511	966	-	-	-	-	-	-
Autogill Italia	29,976	-	-	29,976	-	2,556	-	-	2,556	-	538	538	-	-	-	-	-	-	-	-
AB Conesódes	2,517	-	-	2,517	-	1,504	-	-	1,504	-	-	-	-	-	-	-	-	-	-	-
Electronic Transaction Consultants Co	3,416	-	-	3,416	-	921	-	-	921	-	-	-	-	-	-	-	-	-	-	-
Telespass	5,083	-	-	5,083	-	11,343	-	-	11,343	-	3,115	3,115	197	10,341	-	-	-	-	-	-
Aeroporto di Roma group	1,011	-	-	1,011	-	657	-	-	657	-	272	272	-	1	-	-	-	-	-	-
Other affiliates (1)	991	-	-	991	-	1,094	-	-	1,094	-	567	567	-	976	-	-	-	-	-	-
Total affiliates	43,224	-	-	43,224	-	80,310	-	-	80,310	-	1,488	1,488	708	12,519	-	-	-	-	-	-
ASTRI pension fund	-	-	-	-	-	4,935	-	-	4,935	-	-	-	-	-	-	-	-	-	-	-
CAPID pension fund	-	-	-	-	-	1,110	-	-	1,110	-	-	-	-	-	-	-	-	-	-	-
Total pension funds	-	-	-	-	-	6,045	-	-	6,045	-	-	-	-	-	-	-	-	-	-	-
Key management personnel (1)	-	-	-	-	-	1,319	-	-	1,319	-	-	-	-	-	-	-	-	-	-	-
Total key management personnel	-	-	-	-	-	1,319	-	-	1,319	-	-	-	-	-	-	-	-	-	-	-
TOTAL	93,141	24,321	25	117,487	336,314	6,767	353,046	-	-	-	99,005	99,005	6,720	345,840	11,894	395	364,936	-	-	-

(1) This item includes balances for companies where the relevant amount is not material.
 (2) "Self costs" include cost recoveries.
 (3) The total also includes indirect subsidiaries.
 (4) Autostade per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel.
 The expenses shown for each period, including amounts charged by Atlanta for 2020 of €53 thousand, include the accrued amount payable as emoluments, salaries, benefits in kind, bonuses and other incentives (including the fair value of share-based incentive plans based on the shares of the parent, Atlanta).
 In addition to the information shown in the table, the financial statements also include contributions of €92 thousand paid on behalf of Directors, Statutory Auditors and other key management personnel for (€1,235 thousand in 2019) and the related liabilities of €78 thousand as at 31 December 2020 (€1,672 thousand as at 31 December 2019).

In 2020, no atypical or unusual transactions, having a material impact on the Company's income statement and statement of financial position, were entered into with related parties in 2019.

There were no non-recurring events and/or transactions in 2020.

The principal transactions entered into with related parties are described below.

Transactions with parents

The Company is subject to management and coordination by Atlantia, as also provided for in Atlantia's Corporate Governance Code. A condensed version of Atlantia's approved financial statements, showing key financial indicators, is included in note 10.

With regard to transactions relating to tax (note 6.8, "Current tax assets and liabilities"), as at 31 December 2020 the Company reports net assets due from Atlantia of €23.100 thousand, deriving from its participation in the tax consolidation arrangement headed by the parent. The Company is also owed €6,404 thousand, by Sintonia, relating to the expected refund of income tax (IRES) paid during the periods when this company headed the tax consolidation arrangement.

Finally, it should be noted that, in February 2021, the Company received €6,243 thousand of the above amount due from Sintonia.

In terms of trading relations, the Company provides administrative and financial services, in addition to providing support for activities not relating to its core business (training, welfare, procurement, IT) to Atlantia.

Relations with Edizione group companies

Autostrade per l'Italia provides services to a number of subsidiaries, associates and other Atlantia Group companies. The criteria used to determine the related fees take account of the estimated commitment of resources, for each company, broken down by area of activity.

In 2020, these contracts primarily regarded the following services:

- a) administrative, accounting and tax services;
- b) organisation, management and development of personnel;
- c) corporate and legal affairs, including the conduct of legal actions;
- d) the purchase of goods and services and the administration of and accounting for contracts;
- e) risk management in the mapping of areas of risk, including the analyses required by Legislative Decree 231/01.

Autostrade per l'Italia also provides treasury, financial, insurance and the related risk management services to its subsidiaries, associates and other Atlantia Group companies.

Under specific agreements with the Company's Italian motorway subsidiaries and associates, the Company also provides services relating to the recording of traffic data and the settlement of amounts due to and from the operators of interconnecting motorways.

Other material transactions involving the purchase of goods and services from subsidiaries, associates and other Atlantia Group companies include the following:

- a) the activities involved in motorway construction and maintenance contracts with Spea Engineering, including design, project management (following the establishment of Tecne Gruppo Autostrade per l'Italia SpA, and the conclusion of a lease contract for the business unit consisting of Spea Engineering's design and project management activities, from 1 December 2020, these activities are handled by the newly formed company), and Pavimental for the construction of infrastructure, under the related contracts, and for maintenance and road surfacing;

- b) relations with Telepass primarily regard a novation agreement by which Telepass collects motorway tolls due to Autostrade per l'Italia by way of the Viacard and Telepass deferred toll payment systems;
- c) the services provided by Autostrade Tech following the spin-off to this company of the business unit responsible for the research, development, production, marketing and operation of technology equipment, systems and services;
- d) the provision of accounting, credit recovery, human resources, general and real estate services by EsseDiEsse;
- e) the lease of advertising space along the motorway network to AD Moving.

Finally, the Company engages in transactions of a trading nature with Autogrill, with which it shares its ultimate parent, Edizione Srl.

As at 31 December 2020, Autogrill holds:

- a) 91 food service concessions for service areas along the Company's motorway network, including 4 operated in temporary consortia with other companies;
- b) 9 oil service concessions, including 1 in temporary consortia with other companies.

In 2020, the Company's net revenue arising from its relationship with Autogrill amounted to €24,944 thousand, including €26,080 thousand in royalties relating to the management of service areas. This income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders.

Transactions of a financial nature include current accounts with Atlantia Group companies as part of the Company's provision of centralised treasury services. The conditions on these accounts are all at arm's length.

Finally, as trading relations with a number of Italian operators in the Abertis group, the value of the trade payables shown in the table, amounting to €48,917 thousand, is primarily linked to the fact that these operators are responsible for motorways that interconnect with those operated by the Company and refers to toll revenue due to the operators.

As at 31 December 2020, the Company has provided medium/long-term loans to the following companies, as described earlier in note 6.4, "Financial assets":

- a) Autostrade Tirrenica, totalling €234,132 thousand, maturing in March 2022;
- b) Tangenziale di Napoli, totalling €6,835 thousand, with an amortisation schedule ending in March 2021.

9.4 Disclosures regarding share-based payments

In order to incentivise and foster the loyalty of directors and/or employees holding key positions and responsibilities within Atlantia or in Group companies, and to promote and disseminate a value creation culture in all strategic and operational decision-making processes, driving the Group's growth and boosting management efficiency, a number of share incentive plans based on Atlantia's shares have been introduced in previous years. The plans entail payment in the form of shares or cash and are linked to the achievement of predetermined corporate objectives.

The beneficiaries of the above plans include a number of Directors and employees of Autostrade per l'Italia or personnel seconded to the Company, or of subsidiaries.

There were no changes, during 2020, in the previously adopted share-based incentive plans relevant to the above Directors and employees of the Company as at 31 December 2019.

On 29 May 2020, based on a proposal from Atlantia's Board of Directors dated 24 April 2020, the Annual General Meeting of Atlantia's shareholders approved a new incentive scheme for all the permanent employees of the Atlantia Group's Italian companies. Under the scheme, each employee was to receive 75 shares in Atlantia (already held in treasury) free of charge. The acceptance period was initially to run from 5 October to 2 November 2020, with the deadline later extended until 6 November 2020. The plan did not include a vesting period, so that the rights immediately vested and were awarded at the end of the acceptance period. The shares will be subject to a lock-up period of three years from the allotment date, with the shares to be held on deposit in a securities escrow account; during this lock-up period, any dividends paid will be paid to beneficiaries, who will have the right to vote at general meetings. At the end of the acceptance period, 6,408 employees of Autostrade per l'Italia and its subsidiaries had opted to participate in the plan, resulting in the allotment of a total of 480,600 shares. The unit fair value at the acceptance date was computed by an independent expert as €11.74.

Details of each plan are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended, and in Atlantia's Remuneration Report prepared pursuant to art. 123-ter of the Consolidated Finance Act. These documents, to which reference should be made, are published in the "Remuneration" section of Atlantia's website at www.atlantia.it.

The following table shows the main aspects of existing cash-settled incentive plans, including the options and units awarded to directors and employees of the Company and changes during 2020 (in terms of new awards and the exercise, conversion or lapse of rights). The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

	Number of options/units awarded	Vesting date	Exercise/Grant date	Exercise price (€)	Fair value of each option or unit at grant date (€)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2014 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2020									
- 9 May 2014 grant	1,244,647	9 May 2017	9 May 2020	N/A (*)	2.88	3,0 - 6,0	1.10%	28.9%	5.47%
- 8 May 2015 grant	1,258,364	8 May 2018	08 May 2021	N/A (*)	2.59	3,0 - 6,0	1.01%	25.8%	5.32%
- 10 June 2016 grant	1,438,790	10 June 2019	10 June 2022	N/A (*)	1.89	3,0 - 6,0	0.61%	25.3%	4.94%
- transfers/secondments	-440,563								
- options exercised	-1,735,695								
- options lapsed	-574,338								
Total	1,191,205								
Changes in options in 2020									
- options exercised	-47,578								
Options outstanding as at 31 December 2020	1,143,627								
2017 PHANTOM SHARE OPTION PLAN									
Options outstanding as at 1 January 2020									
- 12 May 2017 grant	808,611	15 June 2020	1 July 2023	N/A (*)	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	679,671	15 June 2021	1 July 2024	N/A (*)	2.91	5.91	2.35%	21.9%	4.12%
- 7 June 2019 grant	507,958	15 June 2022	1 July 2025	N/A (*)	2.98	6.06	1.72%	24.3%	4.10%
- transfers/secondments	-142,439								
- options lapsed	-225,545								
Total	1,628,256								
Changes in options in 2020									
- transfers/secondments	58,718								
- options lapsed	-798,664								
Options outstanding as at 31 December 2020	888,310								
2017 PHANTOM SHARE GRANT PLAN									
Units outstanding as at 1 January 2020									
- 12 May 2017 grant	71,909	15 June 2020	1 July 2023	N/A (*)	23.18	3,13 - 6,13	1.31%	25.6%	4.40%
- 3 August 2018 grant	67,133	15 June 2021	1 July 2024	N/A (*)	1.79	3,0 - 6,0	2.59%	24.6%	4.12%
- 7 June 2019	52,024	15 June 2022	1 July 2025	N/A (*)	2.98	6.06	1.72%	24.3%	4.10%
- transfers/secondments	-14,941								
- options lapsed	-16,668								
Total	159,457								
Changes in units in 2020									
- transfers/secondments	6,212								
- options lapsed	-71,435								
Units outstanding as at 31 December 2020	94,234								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

2014 Phantom Share Option Plan Description

On 16 April 2014, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2014 Phantom Share Option Plan", subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 13 June 2014. The plan entails the award of phantom share options free of charge in three annual award cycles (2014, 2015 and 2016), being options that give beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant three-year period.

In accordance with the Terms and Conditions of the plan, the options granted will only vest if, at the end of the vesting period (equal to three years from the date on which the options were awarded to the beneficiaries by the Board of Directors), a minimum operating/financial performance target for (alternatively) the Group, the Company or for one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), has been met or exceeded. The vested options may be exercised from, in part, the first day immediately following the vesting period, with the remaining part exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years after the end of the vesting period (without prejudice to the Terms and Conditions of the plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among

other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2020

47,578 phantom options were exercised in 2020. The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2020 (both, at such date, already in the exercise period) as €0.06 and €1.14 respectively, in place of the unit fair values at the grant date.

2017 Phantom Share Option Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan". The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if, at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in 2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

Changes in options in 2020

On 11 June 2020, Atlantia's Board of Directors Atlantia's Board of Directors Atlantia's Board of Directors noted that the hurdles provided for in the terms and conditions with regard to the first cycle of the plan had not been met. As a result, the related options have lapsed. A total of 798,664 options lapsed in 2020.

The unit fair values of the options awarded under the second and third award cycles were remeasured as at 31 December 2020 (both, at such date, still in the vesting period) as €1.58 and €1.52, respectively, in place of the unit fair value at the grant date.

2017 Phantom Share Grant Plan

Description

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan", subsequently also approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 8 June 2017. The Plan entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis

of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

Changes in options in 2020

On 11 June 2020, Atlantia's Board of Directors noted that the hurdles provided for in the terms and conditions with regard to the first cycle of the plan had not been met. As a result, the related units have lapsed. A total of 71,435 units lapsed in 2020.

The unit fair values of the remaining units awarded under the second and third award cycles were remeasured as at 31 December 2020 (both, at such date, still in the vesting period) as €15.28 and €14.60, respectively, in place of the unit fair values at the grant date.

The prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 31 December 2020: €14.64;
- b) price as at 6 November 2020 (the grant date for new options or units, as described): €14.29;
- c) the weighted average price for 2020: €15.02;
- d) the weighted average price for the period 7 November 2020 – 31 December 2020: €15.01.

In accordance with the requirements of IFRS 2, as a result of the existing plans, in 2020, the Company recognised a reduction in staff costs of €3,584 thousand, based on the accrued fair value of the options and units awarded and the related changes, including €4,276 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 31 December 2020 have been recognised in other current and non-current liabilities, based on the assumed exercise date. In addition, the Company has recognised the accrued portion of share-based incentive plans, with regard to the benefits awarded to all the permanent employees of the Group's Italian companies, in "Investments". This amount totals €1,365 thousand.

9.5 Significant legal and regulatory aspects

Events of 14 August 2018 relating to the collapse of a section of the Polcevera road bridge in Genoa

A section of the Polcevera road bridge on the A10 Genoa-Ventimiglia collapsed on 14 August 2018, causing the deaths of 43 people. The causes of this tragic incident have yet to be identified at the date of approval of this Annual Report for the year ended 31 December 2020. The most significant legal and regulatory implications arising from this incident are described below.

Talks with the Government regarding the dispute over alleged serious breaches

Following the collapse of the road bridge, the Grantor formally accused Autostrade per l'Italia of certain breaches of its contractual obligations under the Single Concession Arrangement. Autostrade per l'Italia replied to this accusation with counterarguments.

From July 2019, talks have been underway with representatives of the Government with the aim of reaching a negotiated settlement and Autostrade per l'Italia, whilst denying any responsibility for the above collapse, has submitted a series of improved proposals in the public interest.

In the course of the talks with the Grantor, whilst confident that a settlement of the dispute for serious breaches can be reached, Autostrade per l'Italia has, however, stated that it continues to have the option to exercise the rights granted to it under the Concession Arrangement.

Following numerous meetings and exchanges of correspondence designed to arrive at the content of a potential settlement agreement that would be in the public interest, Autostrade per l'Italia sent letters on 11, 13, 14 and 15 July 2020 (the latter two also signed by the parent, Atlantia) in which, whilst continuing to deny any of the alleged breaches in relation to its management of the Polcevera road bridge, the company put forward new comprehensive proposal. This proposal: (i) sets the level of expenditure to be funded at Autostrade per l'Italia's own expense at €3.4 billion, to be used to finance reductions in tolls, investment in infrastructure without any return for the Company and the demolition and reconstruction of the road bridge and the related expenses; (ii) contains a commitment from Autostrade per l'Italia to apply the tariff regime set out in the Transport Regulator's determinations 16 and 71 of 2019, with an investment programme of €13.2 billion; (iii) provides for the amendment of art. 9 of the Concession Arrangement, clearly defining the causes of termination, whilst continuing to limit application of the compensation regime introduced by art. 35 of Law Decree 162 of 2019, converted into Law 8 of 2020, to cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network; (iv) provided details of the transaction designed to allow third-party investors to acquire interest in Autostrade per l'Italia, subject to approval by the respective boards of directors (of Atlantia and Autostrade per l'Italia), resulting in the transfer of control of Autostrade per l'Italia from Atlantia to a publicly owned entity, accompanied by amendment of the governance rules, whilst respecting the rights of the operator's existing minority shareholders.

In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government *"has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised"*.

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to resubmit the Financial Plan that the Company had submitted on 8 April 2020, having revised it to reflect the proposed measures.

Subsequently, after a series of meetings with representatives of the Government, in September 2020, Autostrade per l'Italia received the texts of the Settlement Agreement bringing to a close the dispute over alleged breaches of the concession arrangement and of the Addendum. The Company was also sent the Government's observations on the proposed Financial Plan submitted by the Company on 23 July 2020 in accordance with the Grantor's requests.

The text of the Agreement received on 23 September 2020 requires the following commitments from Autostrade per l'Italia:

- a commitment amounting to €3,400 million, to be funded entirely at the company's own expense and without any related return, to finance reductions in tolls for the benefit of road users (€1,500 million), additional work on the infrastructure operated under concession during the regulatory period 2020-2024 (€1,200 million) and work on

reconstruction of the Polcevera road bridge and all other related expenses (€700 million);

- a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021. This annual increase was later reduced to 1.64%, as described in greater detail in the following paragraph;
- a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree;
- a commitment to waive the favourable effects of any court judgements annulling implementation of the above provisions of the *Milleproroghe* Law Decree, or the Transport Regulator's above determinations.

The Agreement received also calls for acceptance of a condition making effectiveness of the Agreement dependent on completion of the corporate reorganisation following a positive conclusion of talks between Atlantia and Cassa Depositi e Prestiti ("CDP") (art. 10 (ii) of the Agreement).

On 8 October 2020, Autostrade per l'Italia sent the Government's representatives a letter expressing its willingness to sign the above text of the Settlement Agreement, subject solely to removal of the previously mentioned condition precedent.

In terms of the draft Addendum sent by the Government's representatives on 2 September 2020, Autostrade per l'Italia responded on 21 November 2020, expressing a willingness to immediately sign the version of the Addendum received.

Briefly, the draft Addendum provides for:

- a survey of all the investment commitments, with the addition of those considered priority under art. 15 of the Concession Arrangement;
- application of the tariff framework set out in the Transport Regulator's above determinations;
- a reformulation of the articles regarding breaches committed by the Operator and termination of the Concession Arrangement only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility, with compensation to be determined in accordance with the above art. 35 of Law Decree 162/2019, using ITA GAAP accounting standards, and be paid by the new operator at the time of the handover of the infrastructure by Autostrade per l'Italia;
- an obligation on Autostrade per l'Italia's part to conduct feasibility studies for new projects;
- an extraordinary maintenance plan, with the related binding timescale.

On 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the Ministry of Infrastructure and Sustainable Mobility (the "MIMS") and the Ministry of the Economy and Finance (the "MEF"), together with the other annexes to the Addendum, requesting the Grantor to pass this latter document on to the Interministerial Committee for Economic Planning ("CIPE") with the changes and amendments previously announced during earlier meetings.

On 29 December 2020, Autostrade per l'Italia reiterated its request to receive *"the amended Addendum, with the related annexes, with due urgency, bearing in mind the time that has passed and the commitment demonstrated by the parties, in order to enable it to finalise the document and submit it to the CIPE for its approval"*. With regard to the Agreement, the subsidiary confirmed

what was written in its previous letter of 8 October 2020, in which it expressed a willingness to sign the Settlement Agreement attached to the letter from the Government dated 23 September without any changes, with the sole exception of removal of the condition precedent contained in art. 10 (ii).

On 31 January 2021, European Commission sources confirmed that the Commission had initiated an “*administrative dialogue*” with Italy “*certain aspects of the new legislation governing motorway concession arrangements, introduced by Law Decree 162 of 31 December 2019*” (the so-called *Milleproroghe* Decree), raising concerns regarding the compatibility of certain provisions introduced by the Decree with EU law, following the Decree’s unilateral imposition *in pejus* of changes to Autostrade per l’Italia’s Single Concession Arrangement.

Finally, in a letter dated 1 March 2021, the Company again urged the Government to proceed with the finalisation of all the documents necessary before submission of the Addendum and its annexes to the CIPE, subject to removal of the previously mentioned condition precedent contained in the Settlement Agreement.

Extraordinary tunnel inspections – Ministerial Circular no. 6736/61A1 of 19 July 1967 – Launch of a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement

With reference to the announcement of 22 July 2020 to launch the procedure of serious breach pursuant to art. 8 of the Single Concession Arrangement, regarding the checks carried out by Autostrade per l’Italia on tunnels around the network it operates, with particular regard to those in the Liguria region, on 21 August 2020, Autostrade per l’Italia submitted its counterarguments to the Grantor, asking the latter to dismiss the proceedings on the grounds that the alleged serious breach did not take place, whilst requesting a hearing in order to provide further clarifications.

The counterarguments submitted by Autostrade per l’Italia contain a detailed and accurate report, in which the progress of discussions and correspondence with the Grantor regarding inspection methods for motorway tunnels is reviewed. These counterarguments sought to unequivocally demonstrate, on the one hand, the uniform interpretation of the relative legislation made by the operating companies and the Grantor until May 2020, and on the other hand, the continual changes in the Grantor’s interpretation of the above legislation between the end of May and July 2020 and, in any event, Autostrade per l’Italia’s prompt compliance with the requirements - which moreover were contradictory - laid down by the Grantor with regard to tunnel inspections during this latter period.

On 23 February 2021, a hearing, called by the Grantor, was held at which Autostrade per l’Italia submitted additional documentation to support its position.

In a specific reference in the Agreement regarding a negotiated settlement of the procedure for alleged serious breaches referred to in the above paragraph, it is pointed out that this challenge does not entail possible termination and/or revocation consequences for the Single Concession Arrangement, notwithstanding the potential application of the penalties provided for in the Single Concession Arrangement, as amended by the draft Addendum to the Arrangement.

Investigation of the collapse of a section of the Polcevera road bridge by the Public Prosecutor's Office in Genoa

The above-mentioned collapse of a section of the Polcevera road bridge on the A10 Genoa–Ventimiglia motorway, on 14 August 2018, has resulted in criminal action being brought before the Court of Genoa against 39 personnel, including executives and other people employed at the company's Rome headquarters and the relevant area office in Genoa. The investigation relates, among other things, to the offences of "accessory to culpable collapse", "violation of transport safety regulations aggravated by culpable disaster" and "culpable vehicular homicide".

As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to Legislative Decree 231/2001, relating to "Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations".

Two pre-trial hearings were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 31 July 2019, followed by a hearing to examine it on 20 September 2019.

With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, on 21 December 2020, the experts filed a relevant technical report, which provided evidence of:

- deficiencies in the design that did not adequately take particular construction requirements into account;
- defects arising during construction;
- shortcomings in the checks carried out during construction by project managers and in the tests carried out prior to the bridge's opening;
- shortcomings in checks and maintenance work which, if they had been carried out correctly - in the opinion of the experts - would most likely have prevented the disaster from occurring;
- the hypothesis that a coil could have fallen from a lorry while it was passing over the joint between pylon 9 and the buffer beam (as argued by the defence consultants) should most likely be excluded.

The first three pieces of evidence, according to the experts, would have led to severe corrosion of the secondary and primary cable stays of pylon 9 on the Genoa/sea side, given that, in their opinion, "*the inspection and monitoring systems implemented were inadequate to identify the problems affecting the collapsed part of the bridge*".

During the hearings at the beginning of February 2021, the experts explained the content of the first six sections of the report.

The preliminary investigating magistrate then adjourned the pre-trial hearing for 15 days to allow the technical consultants of the persons under investigation to acquire and analyse the software used by the experts to calculate the resistance of the cable stays used in the Morandi road bridge.

Finally, during the hearings of 18, 19 and 20 February, the experts completed the presentation of their report, the public prosecutor decided that they did not have any questions and counsel for Autostrade per l'Italia and the accused proceeded to cross-examine the experts appointed by the preliminary investigating magistrate.

Investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

On 10 December 2019, the *Guardia di Finanza* (Finance Police) of Genoa made several visits to the Genoa and Rome offices of Autostrade per l'Italia and a number of Group companies in order to seize technical documents (i.e., designs, calculation reports, test certificates) and organisational documents (i.e., service orders and organisational arrangements in place since 2013) regarding the installation and maintenance of "Integautos" model noise barriers. The new line of investigation, which derives from two accidents that occurred on 6 November 2016 and 17 January 2017 due to the collapse of the aforementioned barriers positioned respectively on the Rio Rezza and Rio Castagna bridges on the A12, involves investigation of former managers and managers and employees with technical expertise working for Autostrade per l'Italia, in relation to the offences of public procurement fraud and endangerment of transport safety.

Finally, the documents relating to the review of the precautionary measures mentioned below show that the public prosecutors also plan to charge the five accused with the misuse of public funds.

On 11 November 2020, the preliminary investigating magistrate in Genoa imposed precautionary measures on four former managers and two engineers still employed by Autostrade per l'Italia SpA.

As regards the two personnel still employed, the Company has suspended them, whilst reserving the right to take further action once the full facts are known.

In this regard, having completed a further investigation and taken the relevant disciplinary action, the Company proceeded to dismiss one of the employees, whilst the other is subject to a further suspension from work.

An initial examination of the above court order, which refers to evidence gathered as a result of wiretapping and electronic surveillance, a report prepared by the technical expert appointed by the Public Prosecutor's Office and a summary of witness statements, has revealed the following:

- that, due to design defects, an underestimation of the effects caused by wind and the use of materials anchoring the barriers to the ground that did not comply with European standards, the "Integautos" barriers constituted a hazard as they were at risk of flipping over;
- that there is a suspicion of fraud linked to a breach of the contractual relationship with the Grantor, given the failure to communicate the problems identified on the network and the resulting temporary repairs (i.e., removal of the upper sections).

In view of the seriousness of the alleged offences, the Company, once an exhaustive reconstruction of the events has been completed, reserves the right to take any and all steps necessary in order to safeguard its reputation through the appropriate channels.

Lastly, counsel for all the accused affected by the above precautionary measures have requested a review of the order or have appealed against it. These motions have been in part upheld.

Investigation by the Public Prosecutor's Office in Genoa of alleged false statements regarding several of the network's bridges

As part of this investigation into a series of allegations regarding false statements made by a public officer in an official document, four executives and a company employee at the time of the events are under investigation. According to the charge, certain reports prepared by the technicians

responsible for testing, monitoring and design were improperly drafted in order to make the maintenance conditions of the road bridges appear better than they actually were. In September 2019, the preliminary investigating magistrate issued an injunction applying a personal precautionary measure (house arrest) and a prohibitive measure (suspension from work for a period of 12 months) against, among others, two of the above-mentioned Autostrade per l'Italia managers. In opposition to these measures, counsel for the persons under investigation proposed a review, which led to the house arrest measure being replaced with suspension from practising a public service for one year and a ban on exercising any professional activity similar to the one carried out previously for one year, while the prohibitive measure was confirmed, and following the subsequent rejection of the appeal before the Court of Cassation became enforceable. Once the company became aware of the prohibitive injunctions, it promptly initiated disciplinary proceedings against the four executives under investigation, which then led to the dismissal of three of them, and the suspension from work of the other one. The investigation is ongoing.

Five-yearly update of Autostrade per l'Italia's financial plan

Following the Transport Regulator's introduction of the new tariff framework, on 8 April 2020, Autostrade per l'Italia submitted the Financial Plan to the Grantor, ahead of the deadline extended by the Grantor in art. 103 of Law Decree 103 of 17 March 2020, whilst continuing to stand by its earlier opposition and reservations in this regard.

This was followed by a letter dated 15 July 2020, after agreement had been reached on the measures suitable to satisfy the public interest, in relation to settlement of the dispute with the MIMS over alleged serious breaches of the Concession Arrangement. In the letter, the MIMS requested Autostrade per l'Italia to submit the revised Financial Plan by 23 July 2020. As requested, on 23 July, the Company submitted the above Financial Plan.

In a letter dated 3 August 2020, the MIT set out its conclusions regarding the proposed Financial Plan submitted by Autostrade per l'Italia on 23 July 2020, setting out the changes to be made. In subsequent letters, the first dated 1 September 2020 and the second 14 September 2020, Autostrade per l'Italia submitted further versions of the Financial Plan to the Government and the Grantor, taking into account the observations made by the Grantor and the following talks with personnel from the MEF.

On 14 October 2020, the Transport Regulator published the opinion provided to the MIMS in accordance with art. 43 of Law Decree 201 of 2011 regarding the update of the Financial Plan. The regulator's opinion expresses certain reservations regarding the Plan drawn up by the Company, which, though it substantially applies the Tariff Framework devised by the Transport Regulator, includes a number of clear differences in terms of application that could potentially be reflected in the level of the tolls charged to road users.

In its letter dated 22 October 2020, the Grantor, in response to the proposed Financial Plan submitted by Autostrade per l'Italia on 14 September 2020 and the regulator's opinion, requested the Company to amend the proposed plan and to provide clarifications, details and documentation regarding a number of concerns raised by the regulator.

On 19 November 2020, Autostrade per l'Italia sent the MIMS, the MEF and the Cabinet Office a new version of the Financial Plan, reflecting the indications in the above letter from the Grantor dated 22 October. The Plan made reference to the sum of €3.4 billion included in the Agreement reached with representatives of the Government, setting out the various items of expenditure and the related timescale. The new Plan also reflected the Government's request to include the measure designed to make up for lost revenue in the period between March and June 2020 due to Covid-19, to be recovered by raising the average annual toll increase to 1.64%, deeming this to cover the amount necessary in order to recover the losses incurred. A decision has, on the other

hand, yet to be made on how the motorway sector as a whole will recover the revenue lost in the subsequent period due to Covid-19.

Finally, following later talks, as noted above, on 3 December 2020, Autostrade per l'Italia sent the Grantor the latest version of the Financial Plan agreed with the representatives of the MIMS and the MEF, together with the Addendum to the Concession Arrangement and the other annexes to this document.

Legal action over failure to approve the five-yearly update of the Financial Plan

On 3 January 2020, the Grantor, in compliance with judgement 13789 of 2 December 2019 handed down by Lazio Regional Administrative Court, informed Autostrade per l'Italia that the proposed update of its financial plan, submitted on 15 June 2018, was unacceptable. In response, on 3 March 2020, Autostrade per l'Italia brought an action before Lazio Regional Administrative Court, challenging the legitimacy of the determination implemented by the Grantor on a number of grounds, and also due to the EU and constitutional illegitimacy of its regulatory requirement, namely art. 13 of the *Milleproroghe* Decree, requesting its disapplication or, alternatively, referral of the matter to the European Court of Justice, for flagrant violation of EU principles, or to the Constitutional Court, for flagrant violation of constitutional principles. A date for the hearing to discuss the case is awaited.

Declaratory action before the Lazio Regional Administrative Court regarding the validity and effectiveness of articles 8, 9 and 9-bis of the Single Concession Arrangement

Following enactment of the law converting Law Decree 162 of 2019, on 4 March 2020, Autostrade per l'Italia appealed to the Lazio Regional Administrative Court to ascertain - after non-application of art. 35 of the above Decree, or after referring matters of interpretation of European law and incidental matters of constitutional legitimacy - the validity and applicability of articles 8, 9 and 9-bis of the Single Concession Arrangement that governs Autostrade per l'Italia's concession.

On 3 April 2020, Autostrade per l'Italia filed a request to expedite the scheduling of a hearing, which has yet to be determined.

Legal challenges against the actions taken by the Special Commissioner pursuant to Law Decree 109/2018

With reference to Autostrade per l'Italia's legal challenges of the Special Commissioner's measures before the Liguria Regional Administrative Court, following the injunctions of 6 December 2019 - whereby the Liguria Regional Administrative Court referred the matters of constitutional legitimacy raised by Autostrade per l'Italia to the Constitutional Court - in a ruling of 27 July 2020, the latter Court deemed these matters to be partly unfounded and partly inadmissible.

In response to this ruling, on 9 October 2020, requests were filed with the Liguria Regional Administrative Court for hearings to be scheduled in order to proceed with the actions.

The hearing to discuss all the challenges, originally scheduled for 10 February 2021, at the request of the Attorney General, has been scheduled for 15 December 2021.

With regard to the appeals brought by the Cabinet Office, the MIMS and the Special Commissioner before the Council of State on 5 January 2020, challenging the Liguria Regional Administrative Court's ruling on the preliminary questions proposed by the authorities as part of the related

judgements at first instance, on 30 September 2020, with the support of the Attorney General and the cross-appellants, Autostrade per l'Italia filed a request to have the hearing postponed. This request is motivated by the fact that an agreed settlement of the dispute launched by the MIMS on 16 August 2018 is being defined, which, if finalised, would entail lack of interest and therefore waiver of the legal actions brought. Therefore, the Council of State has postponed the hearing to a date to be determined.

Legal action challenging the Ministry Infrastructure and Sustainable Mobility's decision regarding the fees payable for sub-concessions

With regard to the legal challenge brought by Autostrade per l'Italia, requesting clarification of the rights provided for in articles 3 and 17 of the Single Concession Arrangement, regarding the sub-concession fees payable to the Grantor for activities carried out at areas appurtenant to the motorway network, on 22 October 2020, the Court of Rome published its judgement upholding Autostrade per l'Italia's challenge. The judgement states that the percentage fee payable by Autostrade per l'Italia to the Grantor for sub-concessions should be established on the basis of the above Single Concession Arrangement (being between 5% and 20%, depending on whether the services had already been consented to on the date of execution of the Arrangement or subsequent to its execution). This percentage is to be applied to revenue effectively received in return for the sub-concessions granted to the providers of motorway services and not to the amounts originally agreed with sub-operators in the related sub-concession arrangements, as argued by the Grantor. The latter amounts are higher than the former due to the discounts granted Autostrade per l'Italia, from 2012, in order to support motorway service providers following the economic crisis of the previous years.

Autostrade per l'Italia's toll increase for 2019

With regard to the toll increase for 2019 of 0.81%, as authorised by the MIMS and the MEF and voluntarily deferred for the whole of 2019, Autostrade per l'Italia has repeatedly volunteered to extend the deferral, the latest extension postponing application of the increase through to 31 May 2021.

Toll increase for 2020

On 15 October 2019, Autostrade per l'Italia requested a toll increase of 1.21%, calculated on the basis of the existing Single Concession Arrangement. The review conducted by the Grantor led to the award of a toll increase of 1.19%, a reduction of 0.02% in the "X investment" component, as set out in the report dated 18 December 2019. Subsequently, article 13, paragraph 3 of Law Decree 162 of 30 December 2019 (the *Milleproroghe* Decree) provided that, for operators whose five-year regulatory period had expired, any adjustment to motorway tolls for 2020 was to be deferred until the process of updating the operators' financial plans, to be drawn up in compliance with the Transport Regulator's determinations, had been completed. On 31 December 2019, the Grantor those notified the Company that, following its review, it was deferring application of the requested increase, and would therefore allow a toll increase of 0.00%. This decision was challenged by Autostrade per l'Italia and the litigation is currently pending. On 21 April 2020, Autostrade per l'Italia requested a date for the related hearing, but this has yet to be established.

Toll increase for 2021

With regard to the toll increase for 2021, on 15 October 2020, Autostrade per l'Italia sent the Grantor a letter setting out two alternative requests for toll increases: (i) one, relating to the "unlikely event that, as part of the overall agreed settlement of the dispute, the addendum being

drawn up with the appended revised Financial Plan has not become effective by 31 December", to be determined on the basis of the toll increase formula provided for in the Single Concession Arrangement and amounting to 0.47%; and (ii) another one based on the new framework for toll increases (in line with the Financial Plan as updated at the date of the request), amounting to 1.75%, which could be examined and approved by the Grantor were the Financial Plan to be approved in the meantime.

Art. 13 of Law Decree 183 of 31 December 2020 (the so-called *Milleproroghe* Decree) provided that, in the case of motorway operators whose financial plans have expired:

- any adjustment to motorway tolls for 2020 and 2021 was to be deferred until the process of updating the operators' financial plans, to be drawn up in compliance with the Transport Regulator's determinations, had been completed;
- the deadline for finalisation of the above financial plans was to be extended to 31 July 2021, in place of the previous deadline 31 July 2020 established in the *Milleproroghe* Decree of December 2019.

In implementation of this legislation, the Grantor, in a letter dated 31 December 2020, informed Autostrade per l'Italia that the toll increase applicable from 1 January 2021 was equal to zero.

On 1 March 2021 - as the Company did last year to contest the rejection of the toll increase for 2020 - Autostrade per l'Italia challenged the Grantor's above measure before the Regional Administrative Court.

Proceeding initiated by the Antitrust Authority

On 16 June 2020, officials from the Antitrust Authority, assisted by the *Guardia di Finanza* (Finance Police), carried out an inspection at the Rome headquarters and the Cassino VI area office. The officials notified the commencement of proceedings pursuant to article 27.3 of the Consumer Code, with a view to ascertaining whether Autostrade per l'Italia had engaged in unfair commercial practice by taking actions relating to the narrowing of carriageways and reduced speed limits on sections of the A/16 and A/14 motorways, with particular reference to information provided to motorway users regarding toll reductions and suspensions to compensate for any inconvenience caused.

Whilst believing that the violations of the Consumer Code alleged by the Antitrust Authority were unwarranted, on 31 July Autostrade per l'Italia submitted the commitments provided for in the regulations for investigations relating to consumer protection pursuant to art. 27, paragraph 7 of Legislative Decree 206 of 2005, with a view to improving the management and communication of information to motorway users regarding road conditions and refund procedures, in order to reach a rapid settlement of the proceeding.

However, the proposed commitments were rejected by the Authority in its decision of 24 September 2020, which also broadened the scope of the proceeding, extending the allegations made at the outset to include other motorway sections managed by Autostrade per l'Italia (A/14 Bologna/Taranto, A/26 Genoa Voltri Gravellona-Toce and, for the part falling under its responsibility, the A/7 Milan-Serravalle-Genoa, A/10 Genoa-Savona-Ventimiglia and A/12 Genoa-Rosignano). According to the Authority, the deterioration of the service provided by Autostrade per l'Italia on those sections of motorway constitutes a breach of art. 20 of the Consumer Code, because the increase in journey times arising from traffic disruption is not matched by appropriate

toll reductions. It is also alleged that articles 24 and 25 of the above Code were breached, because road users were encouraged to access the motorway network and then obliged to pay the full toll amount despite the inconvenience suffered.

On 23 December 2020, the Antitrust Authority set out its preliminary findings, confirming and specifying the allegations already made against Autostrade per l'Italia. In reaffirming its rejection of the proposed commitments presented during the proceeding, the Authority dwelt on the prejudicial nature of Autostrade per l'Italia's conduct, deeming that it has demonstrated that the disruption caused to motorway users was not adequately compensated for by measures to eliminate, suspend or reduce tolls. The Antitrust Authority considers that Autostrade per l'Italia's conduct led to a significant deterioration in the quality of the service offered, and as such constitutes an unfair and aggressive commercial practice.

The deadline for concluding the proceeding has been deferred until 17 March 2021.

Litigation regarding the competitive tender for oil services at the Novate Nord service area

With regard to the appeal lodged with the Council of State by EG Italia SpA, challenging the ruling handed down by Lombardy Regional Administrative Court, which set aside the award to the appellant of the concession for oil services at the Novate Nord service area (following a legal challenge brought by Tamoil Italia SpA, the second ranked bidder), following discussion of the case on 25 June 2020, the Council reserved judgement.

The judgement handed down on 26 January 2021 has upheld the appeal against the ruling at first instance and, as a result, set aside the ruling handed down by Lombardy Regional Administrative Court. This judgement confirms that the conduct of the tender committee was lawful.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

The trial before a single judge at the Court of Avellino has been completed, with a judgement at first instance regarding the accident that occurred on 28 July 2013 on the Acqualonga Viaduct, involving a coach travelling on the A16 Naples-Canosa motorway. The accused included a total of twelve managers and former managers and employees of the Autostrade per l'Italia, who were charged with being accessories to culpable multiple manslaughter and criminal negligence.

Specifically, at the hearing held on 11 January 2019, the judge acquitted the accused who at the time of the accident held the roles of Autostrade per l'Italia's Chief Executive Officer, General Manager for Operations & Maintenance, Head of the "Road Surfaces and Safety Barriers" unit, Head of the "Safety Barriers, Laboratories and RD" operations unit and the two Coordinators at the Cassino VI area office not guilty pursuant to art. 530, paragraph 1 of the code of criminal procedure, as they are innocent of the crime of which they were accused. Instead, the then managers and heads of operations at the Cassino VI area office were found guilty.

The Public Prosecutor and the lawyers defending the accused who have been found guilty have lodged appeals. The initial hearings held on 7 January 2021 and 28 January 2021 were taken up by the reading of the reporting judge's opinion and of the appeal documents filed by the accused and by Autostrade per l'Italia as being civilly liable. The next hearing was then scheduled for 25 February 2021 to hear requests for the re-examination of the witnesses.

At the hearing held on 25 February 2021, the Public Prosecutor requested the rehearing of nine witnesses who had already appeared at the first instance hearing, as well as the acquisition of certain documents from other proceedings. The defence counsel for Autostrade per l'Italia, which was sued as civilly liable, requested a new expert's report, a new examination of the expert witnesses and the acquisition of a new technical report refuting certain technical aspects contained in the expert's report ordered at first instance. The defence counsel of the defendants

from the area office made similar requests for renewal, as well as for acquisition of the correspondence between Autostrade per l'Italia and the MIT regarding the replacement of Liebig anchor bolts with threaded starter bars. Finally, all the defence counsels opposed the requests for renewal made by the Public Prosecutor, and also requested a deadline for the defence to comment on the documents whose acquisition had been requested, which had only been filed during the hearing. The Court of Appeal granted the request for a deadline and adjourned the hearing until 25 March 2021.

In addition to the criminal proceedings, a number of civil actions have been brought by persons not party to the criminal trial. These actions have been combined by the Civil Court of Avellino.

Autostrade per l'Italia's legal counsel appealed the judgement handed down by the Court of Avellino, which had ruled that Autostrade per l'Italia and Mr Gennaro Lametta, the owner of the agency that hired the bus insured with Reale Mutua, were concurrently and jointly liable (50% each).

At a hearing on 1 December 2020, the two appeal cases brought by Autostrade per l'Italia and the owner of the agency were merged and the Court, deeming it unnecessary to notify Autostrade per l'Italia's appeal, also with regard to some of the parties who failed to appear in court for the first instance proceedings, scheduled the hearing for presentation of the conclusions on 17 May 2022.

Investigation by the Public Prosecutor's Office in Avellino regarding the anchorages for the New Jersey safety barriers installed on road bridges on A16, A14 and A1

On 2 May 2019, a notice of investigation was received by 3 of Autostrade per l'Italia's executives, the two people who held the role of Head of the Cassino VI area office and the Head of the "Road Surfaces and Safety Barriers" unit, in relation to the offences provided for in and punishable in accordance with articles 110 and 434 of the criminal code ("*culpable collapse or other culpable disasters*"). This was accompanied by a seizure order for the New Jersey barriers installed on 12 road ridges on the A16. The anchorages for these barriers underwent changes following the accident on the Acqualonga viaduct in July 2013, which, according to the technical experts appointed by the local Public Prosecutor, have reduced the overall performance of the barriers.

Since July 2019, the Company's area offices have launched a series of additional inspections throughout the network, with the exception of the road bridges on the A16 covered by the seizure order. The aim was to subject the anchorages of the safety barriers installed on the network to specific tests, the result of which provided reassurance about the overall performance of the barriers.

Following this, between September and November 2019, the preliminary investigating magistrate in Avellino seized further New Jersey barriers installed on a number of viaducts on the A14, A16 and A1, whilst the local Public Prosecutor has placed the current Head of the Pescara VII area office, their predecessor and three managers from the area office V between 2014 and today under investigation.

Autostrade per l'Italia has decided to bring forward implementation of its existing upgrade plan for the New Jersey barriers installed on bridges throughout the network in order to carry out work on those on the A14, A16 and A1 that have been seized. The related design and scheduling have been submitted to inspectors at the MIMS for validation.

The Company has thus successfully requested the Public Prosecutor's Office in Avellino to release the barriers from seizure so as to carry out the work on the barriers according to the design and schedule agreed with the MIMS's inspectors.

On 17 July 2020, the Public Prosecutor's Office, again in response to a specific request from the Company's legal counsel, authorised the Company to reorganise the motorway layout close to the viaducts on the A14 and A16 by creating two lanes for each carriageway. This was done to avoid a repetition of the serious disruption and queues of traffic seen on the sections in question, issues that were likely to worsen during the imminent summer holiday season and the equally likely significant increase in traffic. The Company then continued to use this new layout until work began on replacing the barriers on the bridges in question.

Lastly, in October, November and December 2020, at the request of the Company's legal counsel, the Public Prosecutor's Office, following approval from the Grantor for the first detailed designs for the barriers installed on 6 bridges on the A14, A16 and A1, authorised the release from seizure of the areas in which work on replacing the barriers was to take place.

The investigation is ongoing.

Investigation by the Public Prosecutor's Office in Vasto of the alleged inclusion of false data in the technical documentation relating to the Giustina Viaduct (A14)

This criminal investigation is linked to the previous one and follows the provision of evidence gathered by the Public Prosecutor's Office in Genoa to the Public Prosecutor's Office in Vasto, which has jurisdiction.

On 26 June 2020, the Public Prosecutor asked the preliminary investigating magistrate at the Court of Vasto for an extension of the deadline for completing the preliminary investigation to 3 February 2021. The people under investigation are the former Head of Operational Maintenance and Investment, the former Director of local office VIII and Autostrade per l'Italia's then Sole Project Manager, who are accused of making false statements by a public officer in a public office.

Criminal proceedings brought relating to the event that took place in the Bertè tunnel on the A26 motorway on 30 December 2019

Documents relating to the roles and responsibilities of departments within Autostrade per l'Italia, in relation to tunnel maintenance and relations between the company and the Ministry of Infrastructure and Transport regarding such matters, were seized, on behalf of the Public Prosecutor's Office, by the *Guardia di Finanza* (Finance Police) at the Rome offices of Autostrade per l'Italia and at the relevant Local Area Office.

Initially, the Head of the Genoa I Area Office I was notified that they were under investigation for the offence of dereliction of duty.

Finally, the preliminary investigating magistrate in Genoa issued an order extending the deadline for completion of the preliminary investigation to 22 July 2021. The order indicates that, in addition to the Head of the relevant area office, who is now also being investigated for the offences of public procurement fraud, endangerment of transport safety and the negligent removal or omission of occupational safety protections, a further 5 former managers and 3 employees in technical roles at Autostrade per l'Italia are under investigation, solely with regard to the above offence of public procurement fraud.

Criminal trial before the Court of Rome relating to the award of contracts

The trial regards charges of acts in breach of official duties and abuse of office brought against the Sole Project Manager and the Project Manager for Operating Investments in relation to work on construction of the Florence North, San Giovanni Valdarno and Rosignano toll stations and the Capannori flyover. Both the accused are employees of Autostrade per l'Italia and have been the subject of disciplinary action.

At the end of the preliminary hearing, at which Autostrade per l'Italia, previously identified as the injured party, filed a civil action against the above employees, the accused were remanded for trial before the Court of Rome.

At the hearing held on 9 October 2020, the court rejected all objections, whilst reserving judgement on the request to cite Autostrade per l'Italia as civilly liable (as the employer of the accused). The related decision was postponed until the hearing of 25 January 2021, which was then adjourned until 12 April 2021 due to lack of evidence for the citation of two of the persons civilly liable.

Lastly, it should be noted that the statute of limitations is close to lapsing for all the above offences.

Claim for damages from the Ministry of the Environment

The criminal case brought before the Court of Florence regarded alleged violations of environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico* (offences provided for and punished in accordance with art. 260, "organised trafficking in waste", in relation to art. 186, paragraph 5 "use of soil and rocks from excavation work as by-products and not as waste" in the Consolidated Law on the Environment no. 152/06; art. 256, paragraph 1(a) and (b) "unauthorised management of waste" and paragraph three, "fly tipping" of the Consolidated Law). The trial at first instance has come to an end with the full acquittal of Autostrade per l'Italia's Joint General Manager for Network Development and Project Manager, as the court ruled that "there was no case to answer".

The Public Prosecutor's office in Florence has filed a *per saltum* appeal against the judgement with the Supreme Court.

The hearing scheduled for 9 June 2020 was adjourned until 19 January 2021.

At the end of this hearing, the Supreme Court upheld the *per saltum* appeal, thereby annulling the acquittal ruling, and referred the case back to the Court of Appeal of Florence for a new trial.

Filing of the grounds for this ruling is pending.

Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental

On 27 August 2014, a worker employed by Pavimental SpA – the company contracted by Autostrade per l'Italia to carry out work on a section of carriageway on the A1 – was involved in a fatal accident whilst at work. In response, the Public Prosecutor's Office in Prato has brought criminal charges against, among other people, Autostrade per l'Italia's Sole Project Manager, who is charged with reckless homicide due to the violation of occupational health and safety regulations.

The trial is in progress. The hearing initially scheduled for 5 May 2020 was first adjourned until 26 May and then again until 8 and 29 April 2021, in order to complete the testimony from the witnesses called by the prosecution and begin to hear the witnesses for the defence.

Investigation by the Public Prosecutor's Office in Ancona following the collapse of the motorway bridge on the SP10 crossing the A14 Bologna-Taranto motorway

On 9 March 2017, the collapse of a bridge on the SP10, as it crosses the A14 motorway at km 235+794, caused the deaths of the driver and a passenger in a car and injuries to three workers employed by a sub-contractor of Pavimental SpA, to which Autostrade per l'Italia had previously awarded the contract for the widening to three lanes of the Rimini North–Porto Sant'Elpidio section of the A14 Bologna-Bari-Taranto motorway. Criminal proceedings have been brought regarding the offences provided for and punished by Articles 113, 434, paragraph 2, and 449 of the criminal code ("accessory to culpable collapse"), 113 and 589, last paragraph, of the Italian Criminal Code ("accessory to multiple negligent homicide"), 113 and 589-*bis*, paragraph 1, and the last paragraph of the criminal code, ("accessory to vehicular homicide"). In addition, Autostrade per l'Italia is under investigation pursuant to art. 25-*septies* of Legislative Decree 231/2001 ("culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations").

On 7 October 2019, the preliminary investigating magistrate issued a dismissed the charges against 4 of Autostrade per l'Italia's managers.

The criminal proceedings thus continued solely against the 3 employees of Autostrade per l'Italia and the company itself pursuant to Legislative Decree 231/2001.

At a preliminary hearing on 15 October 2020, the preliminary hearing judge, accepting the Public Prosecutor's request, indicted all the defendants, both natural and legal persons.

The hearing to discuss the case has been scheduled for 21 September 2021.

Proceedings involving Autostrade per l'Italia, Craft Srl and Alessandro Patanè

Autostrade per l'Italia and Autostrade Tech impleaded by ANAS SpA in the case brought by Alessandro Patanè

On 13 October 2020, ANAS SpA impleaded both Autostrade per l'Italia and Autostrade Tech in the action brought against it and the Ministry of Internal Affairs by Alessandro Patanè. The action regards Mr Patanè's claim against the defendants for improper use of the SICVe (Vergilius) system and the related software, amounting to a total of €21 million in damages.

The first hearing was held on 18 June 2020. ANAS appeared to implead Autostrade per l'Italia and Autostrade Tech in order to be relieved of liability and held harmless.

ANAS, Autostrade per l'Italia and Autostrade Tech have all requested the case to be suspended, in view of the pendant litigation before the Court of Appeal of Rome involving Mr Patanè, regarding the ownership of the software, and CRAFT, regarding infringement of the plaintiff's patent.

On 14 January 2021, the court scheduled a hearing for 15 September 2021 for the admission of preliminary evidence. The court also noted that the Ministry of Internal Affairs had failed to appear.

Proceeding before the Court of Appeal in Rome

In judgement 120/2019, the Court of Appeal rejected the request for a declaration that Mr Patanè's claims regarding the SICVe software are without grounds given that ownership of the

software has not been proven. The court also turned down Mr Patanè's cross-appeal. Autostrade per l'Italia and Autostrade Tech have appealed the judgement before the Supreme Court.

The Supreme Court has scheduled the hearing for 15 June 2021 in order to allow Mr Patanè to file an action for fraud in relation to certain documents filed by Autostrade per l'Italia.

Tax disputes regarding ground tax and ground rent (*TOSAP and COSAP*)

In recent years, city councils and provincial authorities notified Autostrade per l'Italia of numerous demands for the payment of considerable sums in the form of ground tax (*Tassa per l'Occupazione di Spazi ed Aree Pubbliche* or *TOSAP*) and ground rent (*Canone per l'Occupazione di Spazi ed Aree Pubbliche* or *COSAP*). The levies are allegedly payable in return for the occupation of public land owned by the relevant councils and provincial authorities by motorway infrastructure (road bridges, viaducts and underpasses, etc.). Assessment proceedings by the local authorities were further intensified following a number of judgements handed down by the Supreme Court, which found against the Company. As the Company is not in agreement with the basis for the judgements, the relevant demands have been appealed and provisions have been made to cover the sums involved in "Other provisions for risks and charges". In spite of the Supreme Court ruling, recent judgements on the merits have found in the company's favour, ignoring the rulings of the Supreme Court.

9.6 Law 124 of 4 August 2017 – Annual markets and competition law

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 has introduced a number of measures designed to ensure the transparency of the government grants system.

In the Company's case, the legislation translates into the obligation to disclose in the notes to its financial statements (paragraph 126) the grants received from:

- a) the government bodies and entities referred to in article 2-*bis* of Legislative Decree 33 of 14 March 2013;
- b) companies directly or indirectly controlled, in law or in fact, by government bodies, including companies listed on regulated markets and their investees;
- c) publicly owned companies, including those that issue listed shares and other entities.

The legislation provides for significant penalties for failure to comply with the disclosure requirement, involving repayment of the grants received (paragraph 125).

Based on the assessment conducted, in the view of the Group's companies, the only type of grant received that qualifies for application of the disclosure requirements is represented by the government grants used to finance investment in the Group's motorway network.

The following table summarises the grants collected/released in relation to "Financial assets deriving from government grants".

€000		
Grantor	Grant collected	Description
Anas SpA for the Ministry of Infrastructure and Sustainable Mobility	12,086	Collection of term deposits following disbursement of grants by banks in relation to loans entered into in order to activate the grants provided by laws 662/1996, 345/1997 and 135/1997 - IFRIC 12 construction services for which no additional benefits are received
Anas SpA	1,507	A1 Roma-Naples, Rome South trunk road – Upgrade of the interchange with the Rome’s orbital motorway - IFRIC 12 construction services for which no additional benefits are received
Tarvisio City Council	38	Grant to fund installation of noise barriers - IFRIC 12 construction services for which no additional benefits are received
Cap Holding SpA	78	4th free-flow lane Fiorenza-S.S. Giovanni L1 - IFRIC 12 construction services for which no additional benefits are received
	13,709	

9.7 Events after 31 December 2020

Agreement to acquire control of Pavimental

On 29 January 2021, Autostrade per l'Italia, which already owned a 20% stake in Pavimental SpA, completed the purchase from Atlantia of a further 59.4% of the company, thus increasing its interest to 79.4%. The provisional consideration amounts to a total of approximately €11 million. Furthermore, on 22 January 2021, Aeroporti di Roma accepted Autostrade per l'Italia's binding offer to acquire the former's 20% interest in Pavimental. The transaction will complete once the relevant contract has been drawn up and certain conditions precedent have been fulfilled. The total price paid in the two transactions is €14.7 million. At the end of the two transactions, Autostrade per l'Italia will thus own a 99.4% stake in Pavimental.

Bond issue

On 15 January 2021, Autostrade per l'Italia placed bonds worth €1bn with institutional investors. The new bond issue, listed on the Irish Stock Exchange's Global Exchange Market (MTF), matures on 15 January 2030 and pays coupon interest of 2%.

Weekly traffic performance from 1 January 2021 to 28 February 2021

The following table shows weekly traffic figures from the beginning of 2021, compared with the matching period of 2020 and 2019, for the network managed by Autostrade per l'Italia.

<i>Provisional data (change versus corresponding week)</i>	<i>Network managed by Autostrade per l'Italia</i>	<i>Network managed by Autostrade per l'Italia Kilometres travelled 2021 vs 2019</i>
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	Kilometres travelled 2021 vs 2020	
<i>Week 2</i>	-42.3%	-40.6%
<i>Week 3</i>	-26.0%	-25.4%
<i>Week 4</i>	-27.2%	-25.1%
<i>Week 5</i>	-22.3%	-17.3%
<i>Week 6</i>	-17.3%	-17.4%
<i>Week 7</i>	-21.0%	-21.4%
<i>Week 8</i>	-20.8%	-20.8%
<i>Week 9</i>	-8.9%	-24.6%
Year to 28 February 2021	-27.7%	-27.0%

10. KEY INDICATORS EXTRACTED FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION, AS DEFINED BY ART. 2497 BIS OF THE ITALIAN CIVIL CODE

Key indicators extracted from the most recent financial statements of the parent, Atlantia, which exercises management and coordination of the Company, are shown below.

These financial statements are available to the public at the Company's registered office or on line in the section "Financial statements and reports" at www.atlantia.it.

KEY INDICATORS EXTRACTED FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION, AS DEFINED BY ART. 2497 BIS OF THE ITALIAN CIVIL CODE

ATLANTIA SpA	
KEY INDICATORS FROM THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019	
(€000)	
STATEMENT OF FINANCIAL POSITION	
Non-current assets	16,287,521
Current assets	732,275
Total assets	17,019,796
Equity	10,808,916
<i>of which issued capital</i>	825,784
Non-current liabilities	5,989,636
Current liabilities	221,244
Total liabilities and equity	17,019,796
INCOME STATEMENT	
Operating revenue	2,566
Operating costs	-92,987
Operating loss	-90,421
Profit for the year	426,614

11. PROPOSAL TO COVER THE LOSS FOR THE YEAR TO BE PUT TO AUTOSTRADA PER L'ITALIA SPA'S ANNUAL GENERAL MEETING FOR APPROVAL

Dear Shareholders,

In conclusion, we invite you:

- a) to approve the financial statement as at and for the year ended 31 December 2020, which report a loss for the year of €398,131,283.07, having taken note of the accompanying documents;
- b) to cover the loss for the year, amounting to €398,131,283.07, from retained earnings of €572,337,616.59.

For the Board of Directors

The Chairman

12. ANNEXES TO THE FINANCIAL STATEMENTS

Annex 1 - Disclosures pursuant to art.149-duodecies of the CONSOB Regulation for Issuers 11971/1999

Annex 2 - Traffic figures (pursuant to the CIPE Resolution of 20 December 1996)

Annex 3 - Table of investment required by art. 2 of the Single Concession Arrangement of 2007

Annex 4 - Subsidiaries, associates and joint ventures accounted for using the equity method (article 3, point 1.1 of the 2007 Single Concession Arrangement)

The above annexes are unaudited.

Annex 1

Disclosures pursuant to art. 149-duodecies of the CONSOB Regulation for Issuers 11971/1999

Autostrade per l'Italia SpA

Type of service	Provider of service	Note	Fees (€000)
Audit	Parent Company's auditor		374
Other services	Parent Company's auditor	(1)	118
Total			492

(1) Signature of consolidated and 770 tax forms, agreed upon procedures for data and accounting information and comfort letters for loans.

Annex 2

Traffic figures (pursuant to the CIPE Resolution of 20 December 1996)

The figures for toll paid kilometres travelled shown in the following tables relate to traffic during the year paying the additional toll, calculated on the number of kilometres travelled by each vehicle using the motorway infrastructure, to be paid to ANAS pursuant to Law 102/2009, as amended, which abolished the previous surcharge introduced by art. 15 of Law 531/1982, as amended by Law 407/1990. These figures, therefore, in addition to not including non-paying traffic, also exclude traffic that failed to pay the required toll and that was only recorded when the toll was subsequently paid. The following are categories of non-paying traffic: traffic exempted by agreement or for operational reasons (company vehicles, motorway police, ACI, which provides breakdown services, emergency vehicles and employees travelling to work); estimates traffic during toll collectors' strikes; and other non-paying traffic (users who fail to pay the required toll, the exemption for traffic in the Genoa area, etc.).

The kilometres travelled on Autostrade per l'Italia's network, as reported in the sub-section "Traffic", in section 2.5, "Group operating review" in the report on operations, regard all traffic using the network, including traffic for which the relevant toll was not paid, recognised at the time effective use of the motorway is recorded.

AUTOSTRADA PER L'ITALIA: WHOLE NETWORK

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	2,191,975	413,448	253,498	47,837	45,470	8,009	37,992	7,502	350,085	78,798	2,879,020	555,594	3,434,614		
February	1,967,724	372,775	253,667	47,786	46,764	8,137	40,024	7,764	363,766	82,126	2,671,945	518,588	3,190,533		
March	678,647	133,481	147,369	27,622	36,003	6,184	30,585	5,841	336,274	76,511	1,228,878	249,639	1,478,517		
April	259,040	49,155	95,317	18,328	25,217	4,433	20,806	3,885	249,396	57,407	649,776	133,208	782,984		
May	867,164	148,031	187,689	33,550	38,003	6,409	33,708	6,302	323,817	70,786	1,450,381	265,078	1,715,459		
June	2,081,857	383,652	257,644	47,656	46,266	8,057	39,182	7,432	360,695	77,747	2,785,644	524,544	3,310,188		
July	2,734,884	478,776	305,259	54,670	55,828	9,771	45,024	8,359	408,643	86,353	3,549,638	637,929	4,187,567		
August	3,276,043	663,935	262,231	53,233	46,246	9,477	31,779	6,075	297,228	67,623	3,913,527	800,343	4,713,870		
September	2,474,725	502,106	299,353	59,087	54,059	10,111	44,423	8,554	395,717	87,483	3,268,277	667,341	3,935,618		
October	2,047,333	383,892	295,952	55,707	52,647	9,221	47,729	9,115	411,536	89,915	2,855,197	547,850	3,403,047		
November	1,157,868	206,699	238,276	43,691	45,251	7,659	44,006	8,418	390,877	86,392	1,876,278	352,859	2,229,137		
December	1,300,674	235,235	226,826	41,552	41,472	7,090	41,418	7,978	349,664	77,008	1,960,054	368,863	2,328,917		
YEAR	21,037,934	3,971,185	2,823,081	530,719	533,226	94,558	456,676	87,225	4,237,698	938,149	29,088,615	5,621,836	34,710,451		

MOTORWAY: MILAN - NAPLES

SECTION: A1 MILAN-BOLOGNA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	309,836	-	37,288	-	7,694	-	8,363	-	67,528	-	430,709	-	430,709		
February	276,154	-	37,182	-	7,965	-	8,688	-	69,839	-	399,828	-	399,828		
March	74,462	-	20,838	-	6,172	-	6,848	-	64,418	-	172,738	-	172,738		
April	27,889	-	14,437	-	4,479	-	4,814	-	48,168	-	99,787	-	99,787		
May	97,569	-	27,273	-	6,505	-	7,352	-	62,117	-	200,816	-	200,816		
June	289,397	-	38,039	-	7,812	-	8,467	-	69,380	-	413,945	-	413,945		
July	408,789	-	45,643	-	9,575	-	9,625	-	77,804	-	551,436	-	551,436		
August	480,129	-	38,497	-	7,706	-	6,723	-	55,153	-	588,208	-	588,208		
September	365,521	-	45,909	-	9,333	-	9,507	-	75,046	-	505,316	-	505,316		
October	293,445	-	45,084	-	9,105	-	10,164	-	78,066	-	435,864	-	435,864		
November	141,101	-	34,627	-	7,634	-	9,434	-	74,192	-	266,988	-	266,988		
December	169,893	-	33,477	-	6,951	-	9,051	-	67,012	-	286,384	-	286,384		
YEAR	2,934,185	-	418,294	-	90,931	-	99,036	-	808,673	-	4,351,119	-	4,351,119		

MOTORWAY: MILAN - NAPLES

SECTION: A1 BOLOGNA-FLORENCE

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	97	98,351	12	12,571	2	2,459	1	3,237	6	25,524	118	142,142	142,260		
February	85	83,876	10	12,027	1	2,501	1	3,315	6	26,454	103	128,173	128,276		
March	32	26,061	6	6,199	1	1,843	1	2,500	5	24,639	45	61,242	61,287		
April	14	7,917	4	3,708	1	1,208	1	1,698	4	18,307	24	32,838	32,862		
May	39	27,700	7	7,675	1	1,899	1	2,807	5	23,198	53	63,279	63,332		
June	73	86,783	9	12,067	1	2,493	1	3,238	6	25,949	90	130,530	130,620		
July	82	118,358	10	14,596	1	3,060	1	3,699	6	29,030	100	168,743	168,843		
August	71	157,372	8	13,576	1	2,615	1	2,553	5	20,222	86	196,338	196,424		
September	83	112,692	11	15,464	1	3,092	1	3,684	6	27,569	102	162,501	162,603		
October	80	91,595	11	14,588	1	2,884	1	4,032	6	28,885	99	141,984	142,083		
November	46	43,801	9	10,503	1	2,315	1	3,688	6	27,488	63	87,795	87,858		
December	49	49,221	9	10,136	1	2,160	1	3,508	6	25,072	66	90,097	90,163		
YEAR	751	903,727	106	133,110	13	28,529	12	37,959	67	302,337	949	1,405,662	1,406,611		

MOTORWAY: MILAN - NAPLES

SECTION: A1 FLORENCE-ROME

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	276,416	-	33,398	-	5,705	-	7,561	-	58,432	-	381,513	-	381,513		
February	241,424	-	32,725	-	5,715	-	7,852	-	59,826	-	347,562	-	347,562		
March	93,077	-	18,542	-	4,149	-	5,987	-	56,051	-	177,806	-	177,806		
April	33,163	-	11,319	-	2,730	-	4,150	-	42,099	-	93,461	-	93,461		
May	103,845	-	22,324	-	4,096	-	6,701	-	53,552	-	190,518	-	190,518		
June	260,028	-	31,466	-	5,302	-	7,693	-	59,812	-	364,301	-	364,301		
July	323,261	-	37,072	-	6,479	-	8,753	-	67,313	-	442,878	-	442,878		
August	437,357	-	32,333	-	5,562	-	6,105	-	47,671	-	529,028	-	529,028		
September	303,985	-	36,731	-	6,321	-	8,750	-	63,128	-	418,915	-	418,915		
October	261,755	-	37,270	-	6,165	-	9,616	-	66,764	-	381,570	-	381,570		
November	151,760	-	29,925	-	5,216	-	8,921	-	64,461	-	260,283	-	260,283		
December	171,440	-	28,624	-	5,032	-	8,580	-	59,295	-	272,971	-	272,971		
YEAR	2,657,521	-	351,729	-	62,473	-	90,669	-	698,414	-	3,860,806	-	3,860,806		

MOTORWAY: MILAN - NAPLES

SECTION: A1 FIANO-SAN CESAREO

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	16,570	14,061	2,390	1,840	531	339	568	302	5,675	2,749	25,734	19,291	45,025		
February	13,393	12,168	2,334	1,804	524	329	584	308	5,793	2,796	22,628	17,405	40,033		
March	5,159	4,923	1,322	1,016	393	239	449	235	5,385	2,606	12,708	9,019	21,727		
April	1,770	1,903	781	589	263	161	315	167	4,111	1,998	7,240	4,818	12,058		
May	5,646	5,814	1,577	1,224	397	238	484	258	5,211	2,538	13,315	10,072	23,387		
June	16,952	14,265	2,307	1,712	492	301	560	300	5,577	2,731	25,888	19,309	45,197		
July	22,132	17,513	2,729	2,005	597	363	656	344	6,261	3,042	32,375	23,267	55,642		
August	35,231	22,380	2,531	1,676	529	321	467	247	4,606	2,237	43,364	26,861	70,225		
September	19,922	16,064	2,685	1,943	582	354	654	345	6,052	2,921	29,895	21,627	51,522		
October	15,632	13,634	2,731	2,017	576	351	702	377	6,361	3,074	26,002	19,453	45,455		
November	9,109	8,990	2,226	1,708	494	299	680	353	6,106	2,959	18,615	14,309	32,924		
December	10,959	10,000	2,154	1,632	493	294	650	342	5,673	2,763	19,929	15,031	34,960		
YEAR	172,475	141,715	25,767	19,166	5,871	3,589	6,769	3,578	66,811	32,414	277,693	200,462	478,155		

MOTORWAY: MILAN - NAPLES
SECTION: A1 ROME-NAPLES

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	284,000	-	30,154	-	5,023	-	4,232	-	38,639	-	362,048	-	362,048
February	250,576	-	29,539	-	4,968	-	4,399	-	39,329	-	328,811	-	328,811
March	105,227	-	17,799	-	3,808	-	3,388	-	36,588	-	166,810	-	166,810
April	42,279	-	11,179	-	2,704	-	2,267	-	28,225	-	86,654	-	86,654
May	118,802	-	21,266	-	3,890	-	3,691	-	35,771	-	183,420	-	183,420
June	287,246	-	29,409	-	4,861	-	4,336	-	39,158	-	365,010	-	365,010
July	344,978	-	34,162	-	5,795	-	5,115	-	44,493	-	434,543	-	434,543
August	429,552	-	29,439	-	5,079	-	3,567	-	34,674	-	502,311	-	502,311
September	312,117	-	32,959	-	5,607	-	5,038	-	43,177	-	398,898	-	398,898
October	264,597	-	33,607	-	5,472	-	5,365	-	44,266	-	353,307	-	353,307
November	170,047	-	28,119	-	4,786	-	4,930	-	41,806	-	249,688	-	249,688
December	188,054	-	27,227	-	4,532	-	4,786	-	38,930	-	263,529	-	263,529
YEAR	2,797,475	-	324,859	-	56,525	-	51,114	-	465,056	-	3,695,029	-	3,695,029

MOTORWAY: TURIN - TRIESTE
SECTION: A4 MILAN-BRESCIA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	224,368	-	30,189	-	4,718	-	2,303	-	28,172	-	289,750	-	289,750
February	205,558	-	30,677	-	4,905	-	2,474	-	29,136	-	272,750	-	272,750
March	61,480	-	17,098	-	3,846	-	1,803	-	25,996	-	110,223	-	110,223
April	24,023	-	10,563	-	2,714	-	1,222	-	19,108	-	57,630	-	57,630
May	93,251	-	24,253	-	4,249	-	2,193	-	26,255	-	150,201	-	150,201
June	178,646	-	30,368	-	4,873	-	2,546	-	28,794	-	245,227	-	245,227
July	226,636	-	34,444	-	5,686	-	2,874	-	32,731	-	302,371	-	302,371
August	214,682	-	25,259	-	3,848	-	1,905	-	21,447	-	267,141	-	267,141
September	220,299	-	33,993	-	5,541	-	2,799	-	32,000	-	294,632	-	294,632
October	199,985	-	34,291	-	5,425	-	2,951	-	32,571	-	275,223	-	275,223
November	107,600	-	29,712	-	4,927	-	2,743	-	31,404	-	176,386	-	176,386
December	125,817	-	27,181	-	4,161	-	2,406	-	26,405	-	185,970	-	185,970
YEAR	1,882,345	-	328,028	-	54,893	-	28,219	-	334,019	-	2,627,504	-	2,627,504

MOTORWAY: MILAN - SERRAVALLE - GENOA
SECTION: A7 SERRAVALLE-GENOA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	-	32,914	-	3,359	-	596	-	451	-	5,412	-	42,732	42,732
February	-	30,429	-	3,392	-	594	-	455	-	5,563	-	40,433	40,433
March	-	11,445	-	2,235	-	506	-	389	-	5,397	-	19,972	19,972
April	-	4,992	-	1,681	-	415	-	283	-	4,206	-	11,577	11,577
May	-	12,297	-	2,667	-	532	-	407	-	5,042	-	20,945	20,945
June	-	31,941	-	3,486	-	639	-	484	-	5,988	-	42,538	42,538
July	-	31,903	-	3,548	-	708	-	551	-	6,534	-	43,244	43,244
August	-	37,840	-	3,215	-	589	-	345	-	4,565	-	46,554	46,554
September	-	38,385	-	3,987	-	680	-	484	-	5,879	-	49,415	49,415
October	-	31,081	-	3,924	-	656	-	508	-	6,050	-	42,219	42,219
November	-	17,144	-	3,287	-	587	-	489	-	5,719	-	27,226	27,226
December	-	19,590	-	3,054	-	537	-	421	-	5,316	-	28,918	28,918
YEAR	-	299,961	-	37,835	-	7,039	-	5,267	-	65,671	-	415,773	415,773

MOTORWAY: MILAN - LAKES
SECTION: A8/A9 MILAN-LAKES

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	159,519	9,897	14,467	650	1,767	83	1,009	69	7,754	501	184,516	11,200	195,716
February	143,251	8,229	14,393	625	1,773	82	1,054	72	7,904	526	168,375	9,534	177,909
March	49,702	2,604	8,678	316	1,410	51	815	55	7,456	514	68,061	3,540	71,601
April	19,982	943	5,513	187	999	31	543	31	5,494	372	32,531	1,564	34,095
May	70,593	3,524	11,098	387	1,488	50	903	50	7,164	470	91,246	4,481	95,727
June	124,496	7,196	13,892	573	1,790	75	1,048	67	7,802	498	149,028	8,409	157,437
July	155,906	10,525	16,527	757	2,253	130	1,222	85	8,881	573	184,789	12,070	196,859
August	130,899	10,290	11,890	693	1,642	140	845	69	5,887	398	151,163	11,590	162,753
September	156,159	10,575	16,681	895	2,199	146	1,189	83	8,427	539	184,655	12,238	196,893
October	141,983	8,395	16,067	800	2,065	104	1,293	82	8,705	556	170,113	9,937	180,050
November	75,747	4,031	12,713	502	1,702	61	1,162	75	8,328	537	99,652	5,206	104,858
December	90,135	4,497	12,096	477	1,498	54	1,020	62	7,193	450	111,942	5,540	117,482
YEAR	1,318,372	80,706	154,015	6,862	20,586	1,007	12,103	800	90,995	5,934	1,596,071	95,309	1,691,380

MOTORWAY: A08/A26
SECTION: A8/A26 GALLARATE-GATTICO SPUR

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	23,611	9,100	2,211	855	328	125	123	50	1,291	535	27,564	10,665	38,229
February	21,802	8,169	2,307	898	339	131	130	55	1,316	553	25,894	9,806	35,700
March	7,754	2,703	1,378	521	266	100	95	40	1,170	488	10,663	3,852	14,515
April	2,913	896	906	333	183	67	60	26	777	339	4,839	1,661	6,500
May	9,727	2,582	1,785	641	301	108	113	47	1,130	495	13,056	3,873	16,929
June	23,620	8,641	2,401	929	351	135	133	56	1,319	563	27,824	10,324	38,148
July	28,644	11,077	2,841	1,121	420	161	156	64	1,547	663	33,608	13,086	46,694
August	25,985	10,827	1,996	810	260	102	96	40	975	424	29,312	12,203	41,515
September	26,293	10,118	2,711	1,067	406	157	151	62	1,492	643	31,053	12,047	43,100
October	22,713	8,626	2,635	1,042	382	148	154	63	1,473	632	27,357	10,511	37,868
November	10,847	3,711	2,170	820	331	125	129	54	1,383	602	14,860	5,312	20,172
December	12,697	4,377	2,052	766	277	104	110	45	1,124	476	16,260	5,768	22,028
YEAR	216,606	80,827	25,393	9,803	3,844	1,463	1,450	602	14,997	6,413	262,290	99,108	361,398

4. Separate financial statements as at and for the year ended 31 December 2020

12.ANNEXES TO THE FINANCIAL STATEMENTS

MOTORWAY: GENOA-VENTIMIGLIA
SECTION: A10 GENOA-SAVONA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	-	40,025	-	4,293	-	535	-	478	-	6,560	-	51,891	-	51,891	
February	-	38,515	-	4,455	-	559	-	498	-	6,887	-	50,914	-	50,914	
March	-	15,609	-	2,749	-	445	-	364	-	6,236	-	25,403	-	25,403	
April	-	6,799	-	1,933	-	347	-	222	-	4,907	-	14,208	-	14,208	
May	-	18,881	-	3,333	-	458	-	353	-	5,704	-	28,729	-	28,729	
June	-	37,527	-	4,269	-	540	-	435	-	5,981	-	48,752	-	48,752	
July	-	37,685	-	4,235	-	556	-	426	-	6,300	-	49,202	-	49,202	
August	-	61,633	-	4,612	-	626	-	363	-	5,188	-	72,422	-	72,422	
September	-	51,470	-	5,144	-	635	-	501	-	6,788	-	64,538	-	64,538	
October	-	39,438	-	4,927	-	593	-	541	-	7,368	-	52,867	-	52,867	
November	-	24,439	-	4,155	-	514	-	508	-	7,181	-	36,797	-	36,797	
December	-	28,372	-	3,987	-	490	-	486	-	6,304	-	39,639	-	39,639	
YEAR	-	400,393	-	48,092	-	6,298	-	5,175	-	75,404	-	535,362	-	535,362	

MOTORWAY: A11 FLORENCE - PISA NORTH
SECTION: A11 FLORENCE-COAST

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	93,830	71	10,004	10	1,266	2	694	1	7,001	5	112,795	89	112,884		
February	88,726	63	10,205	9	1,299	2	705	1	7,237	5	108,172	80	108,252		
March	34,624	21	6,363	5	1,038	1	519	1	6,817	5	49,361	33	49,394		
April	13,809	8	4,331	3	769	1	361	-	5,272	3	24,542	15	24,557		
May	47,734	25	8,073	5	1,091	1	585	1	6,341	5	63,824	37	63,861		
June	89,967	54	10,209	7	1,280	1	681	1	6,942	6	103,079	69	103,148		
July	112,338	63	11,696	8	1,474	1	769	1	7,684	6	133,961	79	134,040		
August	111,712	55	9,305	6	1,127	1	527	1	5,524	5	128,195	68	128,263		
September	101,714	66	11,298	9	1,435	1	758	1	7,347	6	123,552	83	123,635		
October	86,030	62	11,200	9	1,395	1	781	1	7,668	6	107,074	79	107,153		
November	51,489	35	9,238	7	1,241	1	722	1	7,404	6	70,094	50	70,144		
December	52,321	36	8,799	7	1,123	1	669	1	6,603	5	69,515	50	69,565		
YEAR	884,294	559	110,721	85	14,538	14	7,771	11	81,840	63	1,099,164	732	1,099,896		

MOTORWAY: GENOA-LIVORNO-CIVITAVEC.-ROME
SECTION: A12 GENOA-SESTRI

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	-	47,861	-	5,003	-	532	-	400	-	3,360	-	57,156	-	57,156	
February	-	45,294	-	5,097	-	546	-	392	-	3,508	-	54,837	-	54,837	
March	-	19,500	-	3,304	-	448	-	282	-	3,353	-	26,887	-	26,887	
April	-	8,949	-	2,473	-	347	-	175	-	2,642	-	14,586	-	14,586	
May	-	23,296	-	3,994	-	467	-	326	-	3,057	-	31,140	-	31,140	
June	-	40,582	-	4,941	-	554	-	379	-	3,293	-	49,749	-	49,749	
July	-	41,888	-	5,034	-	594	-	388	-	3,520	-	51,424	-	51,424	
August	-	59,749	-	5,111	-	575	-	287	-	2,751	-	68,473	-	68,473	
September	-	56,794	-	5,973	-	644	-	436	-	3,634	-	67,481	-	67,481	
October	-	45,829	-	5,647	-	603	-	444	-	3,808	-	56,331	-	56,331	
November	-	29,023	-	4,880	-	530	-	414	-	3,773	-	38,620	-	38,620	
December	-	32,616	-	4,667	-	502	-	381	-	3,349	-	41,515	-	41,515	
YEAR	-	451,381	-	56,124	-	6,342	-	4,304	-	40,048	-	558,199	-	558,199	

MOTORWAY: GENOA-LIVORNO-CIVITAVEC.-ROME
SECTION: A12 ROME-CIVITAVECCHIA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	36,569	-	2,941	-	399	-	360	-	2,372	-	43,641	-	43,641		
February	35,529	-	2,995	-	402	-	369	-	2,499	-	41,794	-	41,794		
March	15,242	-	1,990	-	386	-	231	-	2,408	-	20,257	-	20,257		
April	6,088	-	1,375	-	309	-	122	-	1,896	-	9,790	-	9,790		
May	21,322	-	2,420	-	393	-	261	-	2,319	-	26,715	-	26,715		
June	47,243	-	3,478	-	489	-	343	-	2,543	-	54,096	-	54,096		
July	60,922	-	3,954	-	541	-	394	-	2,824	-	68,635	-	68,635		
August	62,920	-	3,491	-	497	-	280	-	2,697	-	69,885	-	69,885		
September	45,415	-	3,485	-	489	-	360	-	2,758	-	52,507	-	52,507		
October	36,864	-	3,377	-	492	-	393	-	2,803	-	43,929	-	43,929		
November	28,514	-	2,860	-	441	-	357	-	2,702	-	34,874	-	34,874		
December	25,817	-	2,699	-	429	-	299	-	2,374	-	31,618	-	31,618		
YEAR	422,445	-	35,065	-	5,267	-	3,769	-	30,195	-	496,741	-	496,741		

MOTORWAY: BOLOGNA - PADUA
SECTION: A13 BOLOGNA-PADUA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)												Total		
	Toll class												Low ground	High ground	Overall
	A		B		3		4		5						
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	111,815	-	14,566	-	2,697	-	2,011	-	20,980	-	152,069	-	152,069		
February	100,528	-	14,590	-	2,830	-	2,147	-	21,766	-	141,861	-	141,861		
March	32,700	-	8,422	-	2,258	-	1,585	-	20,215	-	65,180	-	65,180		
April	14,033	-	5,825	-	1,592	-	1,080	-	15,375	-	37,905	-	37,905		
May	42,111	-	10,996	-	2,386	-	1,783	-	19,431	-	76,707	-	76,707		
June	96,878	-	14,866	-	2,900	-	2,108	-	21,609	-	138,361	-	138,361		
July	121,391	-	17,152	-	3,336	-	2,420	-	24,794	-	169,093	-	169,093		
August	132,196	-	14,636	-	2,603	-	1,866	-	17,995	-	169,296	-	169,296		
September	118,189	-	17,105	-	3,222	-	2,367	-	24,110	-	164,993	-	164,993		
October	104,702	-	16,952	-	3,243	-	2,635	-	24,894	-	152,426	-	152,426		
November	64,224	-	13,866	-	2,859	-	2,372	-	23,206	-	106,527	-	106,527		
December	63,851	-	12,888	-	2,596	-	2,139	-	20,450	-	101,924	-	101,924		
YEAR	1,002,618	-	161,864	-	32,522	-	24,513	-	254,825	-	1,476,342	-	1,476,342		

MOTORWAY: BOLOGNA - TARANTO

SECTION: A14 RAVENNA SPUR

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	9,575	-	895	-	159	-	88	-	2,108	-	12,825	-	12,825
February	9,391	-	952	-	162	-	96	-	2,251	-	12,852	-	12,852
March	3,292	-	610	-	156	-	84	-	2,177	-	6,319	-	6,319
April	1,285	-	449	-	120	-	54	-	1,388	-	3,296	-	3,296
May	6,125	-	849	-	169	-	81	-	1,941	-	9,165	-	9,165
June	13,884	-	1,152	-	184	-	94	-	2,141	-	17,455	-	17,455
July	16,431	-	1,279	-	208	-	103	-	2,291	-	20,312	-	20,312
August	16,791	-	1,091	-	164	-	72	-	1,529	-	19,647	-	19,647
September	12,541	-	1,207	-	193	-	104	-	2,307	-	16,352	-	16,352
October	9,373	-	1,136	-	187	-	110	-	2,473	-	13,279	-	13,279
November	5,863	-	930	-	171	-	101	-	2,323	-	9,388	-	9,388
December	6,101	-	889	-	154	-	91	-	1,947	-	9,182	-	9,182
YEAR	110,652	-	11,439	-	2,027	-	1,078	-	24,876	-	150,072	-	150,072

MOTORWAY: BOLOGNA - TARANTO

SECTION: A14 BOLOGNA-ANCONA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	290,612	-	33,292	-	7,052	-	4,987	-	54,138	-	390,081	-	390,081
February	259,257	-	33,317	-	7,395	-	5,276	-	56,825	-	362,070	-	362,070
March	77,662	-	18,729	-	5,680	-	3,999	-	53,227	-	157,297	-	157,297
April	27,102	-	11,783	-	3,820	-	2,638	-	36,161	-	81,504	-	81,504
May	108,884	-	24,350	-	6,112	-	4,422	-	49,294	-	193,062	-	193,062
June	300,555	-	35,659	-	7,509	-	5,139	-	56,034	-	404,896	-	404,896
July	426,002	-	43,469	-	9,161	-	5,962	-	63,654	-	548,248	-	548,248
August	521,086	-	40,012	-	7,639	-	4,275	-	46,280	-	619,292	-	619,292
September	353,888	-	41,880	-	8,760	-	5,868	-	62,259	-	472,655	-	472,655
October	271,211	-	40,224	-	8,466	-	6,194	-	64,786	-	390,881	-	390,881
November	153,034	-	31,170	-	7,258	-	5,679	-	61,134	-	258,275	-	258,275
December	169,673	-	29,536	-	6,600	-	5,248	-	53,458	-	264,515	-	264,515
YEAR	2,958,966	-	383,421	-	85,452	-	59,687	-	655,250	-	4,142,776	-	4,142,776

MOTORWAY: BOLOGNA - TARANTO

SECTION: A14 ANCONA-PESCARA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	94,922	-	11,719	-	2,265	-	1,798	-	17,175	-	127,879	-	127,879
February	86,858	-	12,146	-	2,630	-	2,032	-	19,534	-	123,200	-	123,200
March	31,524	-	7,267	-	2,034	-	1,520	-	18,054	-	60,399	-	60,399
April	11,659	-	4,668	-	1,412	-	955	-	12,870	-	31,564	-	31,564
May	38,656	-	9,257	-	2,319	-	1,718	-	17,407	-	69,357	-	69,357
June	97,617	-	13,257	-	2,734	-	1,990	-	19,769	-	135,367	-	135,367
July	130,057	-	15,907	-	3,163	-	2,241	-	22,542	-	173,910	-	173,910
August	192,587	-	16,135	-	2,915	-	1,638	-	17,048	-	230,323	-	230,323
September	123,133	-	15,743	-	3,103	-	2,280	-	22,423	-	166,682	-	166,682
October	96,783	-	15,191	-	3,069	-	2,386	-	23,290	-	140,719	-	140,719
November	55,634	-	12,225	-	2,644	-	2,228	-	21,915	-	94,646	-	94,646
December	61,463	-	11,762	-	2,432	-	2,063	-	19,354	-	97,074	-	97,074
YEAR	1,020,893	-	145,277	-	30,720	-	22,849	-	231,381	-	1,451,120	-	1,451,120

MOTORWAY: BOLOGNA - TARANTO

SECTION: A14 PESCARA-LANCIANO

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	7,351	17,862	983	2,239	205	458	172	367	1,705	3,437	10,416	24,363	34,779
February	6,779	16,265	1,090	2,313	243	479	209	406	2,022	3,800	10,343	23,263	33,606
March	2,579	6,229	658	1,442	177	341	150	287	1,863	3,485	5,427	11,784	17,211
April	958	2,431	433	1,000	130	252	91	175	1,329	2,462	2,941	6,320	9,261
May	3,125	7,502	836	1,803	194	366	171	334	1,762	3,287	6,088	13,292	19,380
June	8,640	19,562	1,221	2,568	241	453	199	385	2,001	3,729	12,302	26,697	38,999
July	11,808	26,821	1,466	3,130	290	558	224	434	2,283	4,240	16,071	35,183	51,254
August	18,721	41,015	1,523	3,277	273	543	160	311	1,744	3,240	22,421	48,386	70,807
September	10,957	24,953	1,476	3,111	280	549	233	455	2,322	4,321	15,268	33,389	48,657
October	8,245	19,246	1,429	2,995	280	553	242	476	2,409	4,456	12,605	27,726	40,331
November	4,391	10,530	1,119	2,350	236	459	228	445	2,268	4,237	8,242	18,021	26,263
December	4,724	11,399	1,043	2,222	217	414	211	407	2,011	3,754	8,206	18,196	26,402
YEAR	88,278	203,815	13,277	28,450	2,766	5,425	2,290	4,482	23,719	44,448	130,330	286,620	416,950

MOTORWAY: BOLOGNA - TARANTO

SECTION: A14 LANCIANO-CANOSA

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)										Total		
	Toll class										Low ground	High ground	Overall
	A		B		3		4		5				
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall	
January	36,109	16,103	4,173	2,187	992	565	822	413	8,364	4,185	50,460	23,453	73,913
February	29,796	14,018	4,143	2,238	969	579	913	455	8,871	4,511	44,692	21,801	66,493
March	11,041	5,307	2,294	1,359	603	404	691	333	8,375	4,147	23,004	11,550	34,554
April	3,858	1,965	1,385	879	379	282	470	200	6,064	2,924	12,156	6,250	18,406
May	11,458	5,953	2,818	1,718	657	458	743	367	7,769	3,881	23,445	12,377	35,822
June	44,030	18,550	4,674	2,557	889	542	898	429	8,842	4,409	59,333	26,487	85,820
July	68,708	26,896	6,318	3,186	1,228	697	1,068	525	10,390	5,109	87,712	36,413	124,125
August	116,756	43,422	7,239	3,384	1,290	643	760	358	8,164	3,870	134,219	51,677	185,896
September	57,120	23,862	6,072	3,101	1,148	668	1,054	503	10,521	5,184	75,915	33,318	109,233
October	37,904	17,360	5,757	2,963	1,116	670	1,126	529	11,020	5,328	56,923	26,850	83,773
November	17,636	9,033	4,169	2,295	876	561	1,029	495	10,321	5,042	34,031	17,426	51,457
December	22,953	10,463	3,974	2,145	818	509	965	461	9,301	4,510	38,011	18,088	56,099
YEAR	457,379	192,932	53,016	28,012	10,965	6,578	10,539	5,068	108,002	53,100	639,901	285,690	925,591

4. Separate financial statements as at and for the year ended 31 December 2020 |
12. ANNEXES TO THE FINANCIAL STATEMENTS

MOTORWAY: BOLOGNA - TARANTO
SECTION: A14 CANOSA-TARANTO

YEAR: 2020

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	35,268	-	3,842	-	732	-	517	-	4,681	-	45,040	-	45,040
February	32,144	-	3,848	-	695	-	565	-	4,848	-	42,100	-	42,100
March	12,191	-	2,260	-	463	-	421	-	4,551	-	19,886	-	19,886
April	4,507	-	1,424	-	291	-	299	-	3,263	-	9,784	-	9,784
May	12,368	-	2,581	-	480	-	461	-	4,222	-	20,112	-	20,112
June	38,551	-	3,851	-	607	-	548	-	4,880	-	48,437	-	48,437
July	59,736	-	5,004	-	815	-	646	-	5,661	-	71,862	-	71,862
August	95,934	-	5,249	-	811	-	485	-	4,641	-	107,120	-	107,120
September	50,082	-	4,771	-	761	-	654	-	5,590	-	61,858	-	61,858
October	35,969	-	4,758	-	770	-	713	-	6,109	-	48,319	-	48,319
November	18,369	-	3,624	-	634	-	666	-	5,643	-	28,936	-	28,936
December	22,950	-	3,582	-	618	-	617	-	5,090	-	32,857	-	32,857
YEAR	418,069	-	44,794	-	7,677	-	6,592	-	59,179	-	536,311	-	536,311

MOTORWAY: NAPLES - CANOSA
SECTION: A16 NAPLES-CANOSA

YEAR: 2020

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	37,090	39,380	3,750	5,260	766	1,022	358	447	3,177	5,877	45,141	51,986	97,127
February	35,291	36,019	3,731	5,212	740	994	391	459	3,230	6,081	43,383	48,765	92,148
March	13,606	13,811	2,418	3,176	593	826	284	323	2,947	5,330	19,848	23,466	43,314
April	5,184	5,216	1,631	2,187	441	634	206	250	2,256	4,011	9,718	12,298	22,016
May	16,031	15,091	2,742	3,742	593	822	298	367	2,795	5,072	22,459	25,094	47,553
June	34,135	36,993	3,686	5,103	708	957	361	446	3,195	5,692	42,085	49,191	91,276
July	43,468	47,033	4,276	5,703	813	1,069	418	492	3,556	6,668	52,531	60,965	113,496
August	48,584	63,824	3,368	4,954	697	999	298	413	3,034	8,670	55,981	78,860	134,841
September	38,780	44,150	4,093	5,948	799	1,155	417	558	3,688	8,704	47,777	60,515	108,292
October	32,184	35,371	4,244	6,050	816	1,163	447	568	3,802	7,077	41,493	50,229	91,722
November	18,653	19,697	3,502	4,943	702	990	428	538	3,459	6,567	26,744	32,735	59,479
December	22,545	23,206	3,584	4,805	700	943	434	542	3,169	5,754	30,432	35,250	65,682
YEAR	345,551	379,791	41,025	57,083	8,368	11,574	4,340	5,403	38,308	75,503	437,592	529,354	966,946

MOTORWAY: UDINE - TARVISIO
SECTION: A23 UDINE-TARVISIO

YEAR: 2020

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	13,862	8,407	1,607	1,319	189	146	245	276	3,900	5,515	19,803	15,663	35,466
February	12,119	6,773	1,584	1,300	204	155	246	292	4,204	5,894	18,357	14,414	32,771
March	4,173	1,733	893	663	137	82	205	248	4,576	6,612	9,984	9,338	19,322
April	1,485	358	582	352	100	52	137	146	3,403	4,815	5,707	5,723	11,430
May	5,218	1,224	1,046	657	146	81	185	214	4,032	5,679	10,627	7,855	18,482
June	10,854	5,572	1,603	1,211	247	216	233	276	4,101	5,722	17,038	12,997	30,035
July	19,201	14,354	2,372	2,043	510	570	290	341	4,509	6,270	26,882	23,578	50,460
August	26,562	23,312	2,661	2,611	791	1,006	246	298	3,277	4,611	33,537	31,838	65,375
September	19,560	15,802	2,601	2,496	558	650	293	353	4,554	6,407	27,566	25,708	53,274
October	11,186	6,156	1,901	1,569	255	208	298	345	4,792	6,636	18,432	14,914	33,346
November	6,422	2,363	1,432	1,047	189	118	263	301	4,694	6,644	13,000	10,473	23,473
December	6,949	3,083	1,290	947	162	104	243	286	3,924	5,421	12,568	9,841	22,409
YEAR	137,591	89,137	19,572	16,215	3,488	3,388	2,884	3,376	49,966	70,226	213,501	182,342	395,843

MOTORWAY: GENOVA VOLTRI-GRAVELLONA TOCE
SECTION: A26 VOLTRI-ALESSANDRIA

YEAR: 2020

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	-	44,057.00	-	5,002.00	-	782.00	-	859.00	-	13,621.00	-	64,321	64,321
February	-	41,176.00	-	5,065.00	-	801.00	-	895.00	-	13,948.00	-	61,885	61,885
March	-	13,310.00	-	2,785.00	-	618.00	-	668.00	-	12,237.00	-	29,608	29,608
April	-	3,753.00	-	1,732.00	-	435.00	-	427.00	-	9,334.00	-	15,681	15,681
May	-	10,705.00	-	3,151.00	-	590.00	-	614.00	-	10,744.00	-	25,804	25,804
June	-	45,151.00	-	4,721.00	-	727.00	-	757.00	-	11,370.00	-	62,726	62,726
July	-	51,207.00	-	4,887.00	-	789.00	-	797.00	-	12,287.00	-	69,967	69,967
August	-	81,966.00	-	5,438.00	-	890.00	-	640.00	-	10,075.00	-	99,009	99,009
September	-	59,097.00	-	5,833.00	-	888.00	-	885.00	-	12,931.00	-	79,634	79,634
October	-	37,433.00	-	5,287.00	-	821.00	-	936.00	-	13,974.00	-	58,451	58,451
November	-	16,245.00	-	4,032.00	-	703.00	-	863.00	-	13,709.00	-	35,552	35,552
December	-	21,119.00	-	3,865.00	-	653.00	-	885.00	-	12,409.00	-	38,931	38,931
YEAR	-	425,219	-	51,798	-	8,697	-	9,226	-	146,629	-	641,569	641,569

MOTORWAY: GENOVA VOLTRI-GRAVELLONA TOCE
SECTION: A26 ALESSANDRIA-GRAVELLONA

YEAR: 2020

Month	Toll class										Total		
	A		B		3		4		5		Low ground	High ground	Overall
	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground			
January	42,965	14,772	5,058	1,505	830	194	575	83	6,070	945	55,498	17,499	72,997
February	40,219	13,360	5,284	1,574	858	207	620	89	6,163	1,001	53,144	16,231	69,375
March	12,692	4,402	3,108	937	703	157	497	63	5,542	955	22,542	6,514	29,056
April	4,555	1,461	2,204	640	548	111	334	44	4,013	680	11,654	2,936	14,590
May	14,323	4,944	4,005	1,245	731	179	475	79	5,096	987	24,630	7,434	32,064
June	37,719	14,802	5,360	1,757	877	226	556	92	5,612	1,116	50,124	17,993	68,117
July	49,487	20,412	6,253	2,141	992	273	618	109	6,395	1,283	63,745	24,218	87,963
August	55,580	21,679	5,131	1,699	769	199	431	70	4,504	827	66,415	24,474	90,889
September	48,656	18,326	6,279	2,041	997	265	605	108	6,324	1,204	62,861	21,944	84,805
October	40,154	15,696	6,155	2,059	1,009	261	669	109	6,803	1,271	54,790	19,396	74,186
November	17,405	6,534	4,660	1,535	825	215	570	98	6,149	1,169	29,609	9,551	39,160
December	20,944	7,690	4,439	1,434	741	180	555	80	5,485	886	32,164	10,270	42,434
YEAR	384,699	144,078	57,936	18,567	9,880	2,467	6,505	1,024	68,156	12,324	527,176	178,460	705,636

MOTORWAY: VENICE - BELLUNO
SECTION: A27 MESTRE-BELLUNO

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Low ground	High ground	Overall	
	A		B		3		4		5					
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall		
January	37,980	20,587	4,010	1,744	626	171	336	69	3,331	572	46,293	23,143	69,426	
February	35,233	18,421	4,205	1,777	659	178	350	72	3,522	599	43,969	21,047	65,016	
March	11,572	5,823	2,444	915	513	123	260	53	3,013	517	17,802	7,431	25,233	
April	4,531	1,564	1,635	631	341	90	174	41	2,130	407	8,811	2,733	11,544	
May	17,092	8,493	3,237	1,308	571	160	294	78	3,021	627	24,215	10,666	34,881	
June	29,966	16,033	4,000	1,755	666	198	340	87	3,428	700	38,400	18,773	57,173	
July	38,070	23,041	4,803	2,276	766	242	373	103	3,981	828	47,993	26,490	74,483	
August	38,849	28,571	3,844	2,171	560	228	261	80	2,606	540	46,120	31,590	77,710	
September	36,303	19,752	4,595	2,075	728	227	357	96	3,762	753	45,745	22,903	68,648	
October	32,411	13,970	4,540	1,830	735	205	388	104	3,929	794	42,003	16,903	58,906	
November	23,947	11,123	3,986	1,627	676	181	353	96	3,655	759	32,617	13,786	46,403	
December	20,956	9,566	3,624	1,408	584	145	321	71	3,087	539	28,572	11,729	40,301	
YEAR	326,910	176,944	44,923	19,517	7,425	2,148	3,807	950	39,465	7,635	422,530	207,194	629,724	

MOTORWAY: CASERTA-NOLA-SALERNO
SECTION: A30 CASERTA-SALERNO

YEAR: 2020

Month	TOLL PAYING TRAFFIC BY MONTH (in thousands of kilometres travelled)											Total		
	Toll class										Low ground	High ground	Overall	
	A		B		3		4		5					
Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Low ground	High ground	Overall		
January	49,610	-	6,549	-	1,523	-	869	-	7,586	-	66,137	-	66,137	
February	43,601	-	6,410	-	1,488	-	923	-	7,635	-	60,057	-	60,057	
March	18,856	-	4,252	-	1,217	-	753	-	7,440	-	32,518	-	32,518	
April	7,953	-	2,890	-	892	-	513	-	5,990	-	18,238	-	18,238	
May	23,245	-	4,896	-	1,234	-	793	-	7,182	-	37,350	-	37,350	
June	51,360	-	6,737	-	1,453	-	908	-	7,800	-	68,258	-	68,258	
July	66,837	-	7,882	-	1,725	-	1,096	-	9,043	-	86,583	-	86,583	
August	83,849	-	6,593	-	1,483	-	771	-	7,767	-	100,463	-	100,463	
September	54,008	-	7,068	-	1,596	-	984	-	8,424	-	72,080	-	72,080	
October	44,127	-	7,392	-	1,623	-	1,101	-	8,546	-	62,789	-	62,789	
November	26,030	-	5,994	-	1,408	-	1,010	-	8,318	-	42,760	-	42,760	
December	30,383	-	5,897	-	1,353	-	959	-	7,773	-	46,365	-	46,365	
YEAR	499,859	-	72,560	-	16,995	-	10,680	-	93,504	-	693,598	-	693,598	

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Annex 4

Subsidiaries and associates accounted for using the equity method as at 31 December 2020 (art. 3, point 1.1 of the 2007 Single Concession Arrangement)

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NAME	MEASUREMENT	CARRYING	DIFFERENCE BETWEEN
	(ART. 2426, para. 1, 4(1) OF ITALIAN CIVIL CODE)	AMOUNT	MEASUREMENT PURSUANT TO ART 2426, PARA. 1, 4(1) OF ITALIAN CIVIL CODE AND CARRYING AMOUNT
	(A)	31 DECEMBER 2020 (B)	(A-B)
Investments in subsidiaries			
Società Autostrada Tirrenica pa	91,268	90,672	596
Tangenziale di Napoli SpA	186,867	54,785	132,082
Autostrade Meridionali SpA	106,592	15,340	91,252
Autostrade Tech SpA	63,475	5,692	57,783
Tecne Gruppo Autostrade per l'Italia S.p.A.	3,491	5,100	-1,609
Società Italiana per Azioni per il Traforo del Monte Bianco	107,826	2,461	105,365
AD Moving SpA	1,357	835	522
EssediEsse Società di Servizi SpA	2,792	701	2,091
Giove Clear Srl	2,541	326	2,215
Tech Solutions Integrators SAS	-	-	-
	566,209	175,912	390,297
Investments in associates			
Tangenziali Esterne di Milano Spa	57,844	62,345	-4,501
Pavimental SpA	2,931	4,806	-1,875 (2)
Spea Engineering SpA	8,088	1,784	6,304
Bologna & Fiera Parking SpA	1,557	999	558
Consorzio Autostrade Italiane Energia	29	29	-
Pedemontana Veneta SpA (in liquidation)	-	-	-
	636,658	245,875	390,783

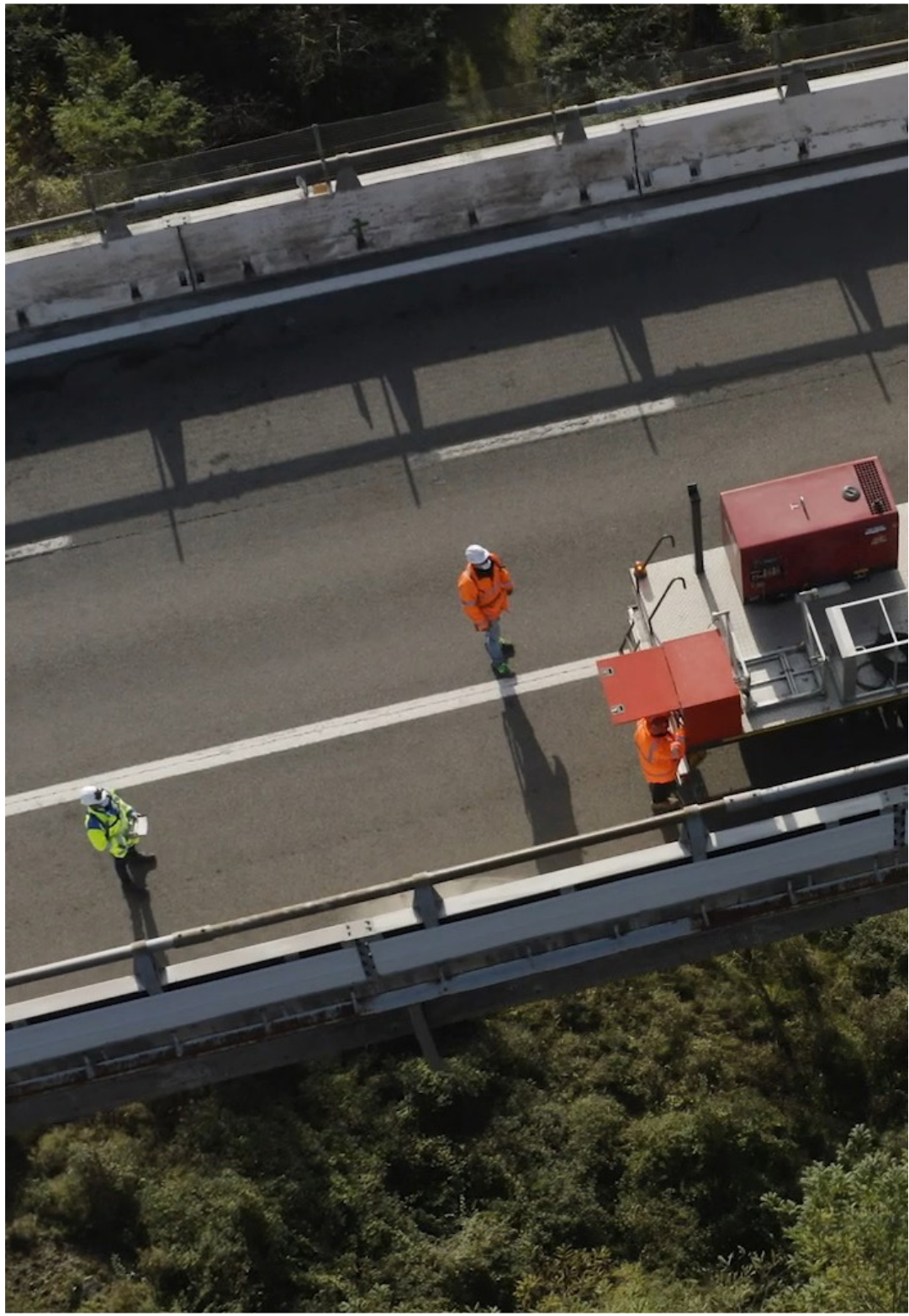
(1) Measurement of subsidiaries and associates using the equity method is consistent with IFRS, as applied by Autostrade per l'Italia.

(2) Further details are provided in note 6.3, "Investments".

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REPORTS



Attestation of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Roberto Tomasi and Alberto Marco Milvio, as Chief Executive Officer and as the manager responsible for Autostrade per l'Italia SpA's financial reporting, having taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the consolidated financial statements during 2020.
2. In this regard, we declare that:
 - the administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2020 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level;
 - the review of the system of internal control over financial reporting has not identified any critical issues.
3. We also attest that
 - 3.1 the consolidated financial statements:
 - a) have been prepared in compliance with international accounting standards approved for application in the European Community by EC Regulation 1606/2002, passed by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer and the consolidated companies;
 - 3.2 the report on operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer and the consolidated companies, together with a description of the principal risks and uncertainties to which they are exposed.

4 March 2021

Roberto Tomasi
Chief Executive Officer

Alberto Marco Milvio
Manager responsible for
financial reporting

Attestation of the separate financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Roberto Tomasi and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Autostrade per l'Italia SpA's financial reporting, having taken account of the provisions of art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the separate financial statements during 2020.

2. In this regard, we declare that:
 - the administrative and accounting procedures adopted in preparation of the separate financial statements as at and for the year ended 31 December 2020 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level;
 - the review of the system of internal control over financial reporting has not identified any critical issues.

3. We also attest that
 - 3.1 the separate financial statements:
 - a) have been prepared in compliance with international accounting standards approved for application in the European Community by EC Regulation 1606/2002, passed by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer.
 - 3.2 the report on operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

4 March 2021

Roberto Tomasi
Chief Executive Officer

Alberto Marco Milvio
Manager responsible for
financial reporting

Report of the Board of Statutory Auditors

to the Annual General Meeting of the shareholders of Autostrade per l'Italia SpA
(pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2 of the Italian Civil Code)

Dear Shareholders,

The members of the Board of Statutory Auditors of Autostrade per l'Italia SpA (the “Company” or “ASPI”) are Giandomenico Genta, Chairman, Roberto Colussi, Giulia De Martino, Alberto De Nigro and Donato Liguori (nominated by the Ministry of Infrastructure and Sustainable Mobility, or “MIMS”, following the sudden death of Antonio Parente), standing Auditors. The Board was elected by the Annual General Meeting of shareholders held on 20 April 2018.

Deloitte & Touche SpA were engaged by the Annual General Meeting of shareholders held on 24 April 2012 to audit the accounts for the financial years from 2012 to 2020.

During the financial year ended 31 December 2020, we performed the audit procedures required by law and by the articles of association, adopting, *inter alia*, the Standards recommended by the Italian accounting profession. The Board held 33 meetings and participated in all the 30 meetings held by the Board of Directors and 3 General Meetings of shareholders.

The current Board of Directors, in office for the financial years from 2019 to 2021, was elected by the General Meeting of shareholders held on 22 November 2019, which confirmed the number of Directors as 11 and appointed Giuliano Mari as Chairman of the Board of Directors. The Board meeting then confirmed Roberto Tomasi’s appointment as Chief Executive Officer. Following the resignation of the Director, Tommaso Barraco, on 27 January 2020, the General Meeting of shareholders, meeting on the same day, voted to reduce the number of members of the Board of Directors from 11 to 10.

All the serving Directors have submitted statements confirming that they meet the requirements of art. 27 of the Articles of Association and that there are no reasons for ineligibility or disqualification, and that they meet the requirements for integrity and professionalism. A further 8 Directors have issued statements that they meet the independence requirements of art. 27.9 of the Articles of Association and this has been confirmed, with the Board now having the minimum number of independent Directors required by this article. Moreover, it has also been confirmed that the Directors elected from the minority slate are not directors, executives, managers or employees of a “Prohibited Operator” (a *Cessionario Vietato*, or competing Italian motorway operator, as defined in the Company’s Articles of Association) and that they, therefore, satisfy the requirements of art. 27.10 of the Articles of Association.

The Board of Statutory Auditors obtained the information necessary in order to carry out our duties by participating in Board of Directors’ meetings, by speaking to the Company’s and the Group’s management, in meetings with the independent auditors, the corresponding oversight bodies within Group companies and with the Company’s Supervisory Board, and by examining the information obtained from the relevant departments, as well as through further audit activities.

In 2015, Autostrade per l'Italia issued securities admitted to listing on the screen-based exchange organised and managed by Borsa Italiana SpA, in accordance with art. 16 of Legislative Decree 39/2010, and is now classified as a public interest entity. Accordingly, in accordance with art. 19 of the above Legislative Decree 39/2010, the Board of Statutory Auditors has, from 2015, assumed the role of Internal Audit Committee.

Specifically:

- we verified compliance with the law and the articles of association;
- we obtained reports from the Directors, providing adequate information on the Company's activities and on transactions carried out by the Company and its subsidiaries with a major impact on the Company's results of operations, financial position and cash flow, ensuring that the actions decided on and carried out were in compliance with the law and the articles of association, were not subject to any potential conflict of interest or contrary to the resolutions adopted by the General Meeting, and were not clearly imprudent or risky or such as to compromise the value of the Company. The Board of Statutory Auditors oversaw the Board of Directors' decision-making processes and checked that management decisions were in compliance with the applicable legislation (substantial compliance), adopted in the Company's interests, compatible with the Company's resources and assets and adequately supported by reporting, assessment and control procedures, including, where deemed necessary, through recourse to external consultants.

In this regard, it should be noted that, the continuous surveillance of key motorway assets proceeded in 2020, as required by law. Area Offices also undertook a further programme of extraordinary inspections, carried out by leading external companies, with a view to receiving further assurances regarding the safety of infrastructure.

It should be remembered that ASPI has decided to outsource the surveillance of major infrastructure along the network, via a European tender called in February 2021 that awarded the contract to a temporary consortium consisting of Proger Spa, Bureau Veritas Nexta srl, Tecno Piemonte spa, and Tecno Lab srl. The three-year contract, which is renewable for another two years, involves surveillance of the following assets:

- bridges and viaducts;
- overpasses;
- tunnels;
- tunnel equipment;
- minor infrastructure.

For 2020, pending the award of the above contract, the same consortium was engaged to carry out infrastructure inspections via a public tender.

The outsourcing of inspection activities also regarded other motorway assets, for which a contract is expected to be awarded in 2021. These include sites of geotechnical interest, network support and protection structures, hydraulic equipment and safety barriers and noise barriers. Again, with regard to surveillance of the network, from 2020, two accredited external companies (AECOM and Protos Check) were contracted to carry out a second-level audit of the processes used in the surveillance of all motorway assets. The auditors have been asked to conduct tests and obtain evidence in order to assess the functionality and efficacy of the control system and surveillance and monitoring procedures used by the company responsible for surveillance of motorway infrastructure and other structures and/or assets. The results will be used to improve internal processes. With regard to the inspection of bridges, viaducts and flyovers, the

"Surveillance Manual" and the related "Catalogue of Defects" were also revised, in line with the provisions of the guidelines for the "Classification and management of risk, safety assessment and monitoring of existing bridges", issued by the National Public Works Council in April 2020 and approved by Ministerial Decree 578 of 17 December 2020 from the Ministry of Infrastructure and Sustainable Mobility. Similar documents are being prepared for motorway tunnels, based on the recommendations set out in the "Tunnel Inspection Manual" and the New Catalogue of Defects received from the Ministry of Infrastructure and Sustainable Mobility in May 2020, and in line with the upcoming guidelines from the National Public Works Council.

The Company identifies related parties using the criteria in the procedure issued by the parent, Atlantia SpA, for related party transactions in implementation of the provisions of art. 2391-*bis* of the Italian Civil Code and the CONSOB Regulation adopted in Resolution 17221 of 12 March 2010, as amended. The Board of Statutory Auditors did not find evidence, in 2020, of atypical and/or unusual transactions with third or related parties (including Group companies). Information on the main intra-group and other related party transactions carried out in 2020, and a description of the nature of the transactions and the impact on the operating results is contained in the notes to Autostrade per l'Italia's separate financial statements and the Autostrade per l'Italia Group's consolidated financial statements;

- in accordance with our responsibilities, we obtained information on and checked the adequacy of the Company's organisational structure and on observance of the principles of good governance, by means of direct observation, the gathering of information from the heads of the various departments and through meetings with the Independent Auditors with a view to exchanging the relevant data and information; in this regard we have no special observations to make. The Board of Statutory Auditors believes that the governance systems and procedures adopted by the Company are, on the whole, sufficient to ensure compliance with the principles of good governance in the Company's operations. During the year, the Company has radically transformed its organisational structure as part of a corporate restructuring to be completed in the period from 2021 to 2022. The aim is to upgrade all the departments involved in engineering activities (both construction and maintenance) and progressively centralise critical engineering activities, above all with regard to: (i) structural assessments of key assets and management of the resulting interventions; (ii) analysis of surveillance output; and (iii) work on structural upgrades and preventive infrastructure maintenance.

More generally, Autostrade per l'Italia's new organisational structure is based on three levels:

- Business Units (engineering and construction, operations, technology and construction and services), which ensure full end-to-end management of the relevant area of activity. In 2020, the Engineering and Construction Business Unit was set up, which is focused on implementation of the Business Plan initiatives, and establishment of local operational centres to ensure end-to-end implementation of investments and the creation of an engineering hub, dedicated to design, works management and safety coordination;
- local operational centres (i.e. project directors for the Engineering and Construction Business Unit; local area offices for the Operations Business Unit), which operate within the business units;
- business support units, which oversee the relevant organisational areas, and also provide "guidelines" for defining the organisation's business targets. In 2020, these units were set up: IT and Digital Transformation; Risk, Compliance and Quality; Planning and Control; Human Capital and Organisation.

In particular, the creation of the Risk, Compliance and Quality department aims to achieve an overall strengthening of the internal control system and of the approach to risk management, compliance and quality.

As regards management of key infrastructure, alongside implementation of the new surveillance arrangements, now carried out by internationally recognised external providers, the Company has adopted an asset management system using IBM's ARGO platform. This will enable the Company to (i) bring together all the data in its possession relating to the surveillance of motorway infrastructure and other network assets, including information on maintenance and sensor readings, (ii) introduce new instruments using the latest technologies and devices, (iii) boost the operational capabilities of the people tasked with managing the assets operated under concession, and (iv) transparently share access to the information with stakeholders.

The new digital platform, designed to supplement inspection, instrumental monitoring and routine and non-routine maintenance activities, will result in a single tool for managing all the processes involved in managing all the motorway infrastructure. Autostrade per l'Italia's new system is designed to interface with the "Ainop" database, set up by the Ministry of Infrastructure and Sustainable Mobility in order to monitor the state of all Italy's infrastructure. The new system has been implemented for the network's bridges and viaducts, and will be used to carry out advanced basic inspections from 2021. Furthermore, and in accordance with the guidelines established by the Directorate General for the Oversight of Motorway Concessions, the Company has entered into specific partnerships with leading Italian universities, with the aim of conducting specialist independent audits of the operating procedures used by the Company in inspecting infrastructure and in drawing up the related maintenance programmes.

- we assessed and verified the adequacy of the administrative/accounting system and its ability to correctly represent operating activities, by gathering information from the respective heads of department, above all from the Company's Internal Audit department (set up from 17 February 2020), by examining corporate documents and by analysing the results of the work carried out by the independent auditor. In this regard, we report that, as already noted in our previous report, having successfully completed the admission process, on 12 November 2019, the Italian tax authority admitted ASPI to the Cooperative Compliance scheme, having reached a positive assessment of the system adopted for identifying, managing and controlling tax risk, as contained in the Tax Control Framework. The Company has also drawn up rules governing the system and approved the Tax Compliance Model and related Policy for managing interpretation risk. In early 2020, the Tax Risk Officer submitted his report for the 2018 tax year to the tax authority's Cooperative Compliance unit, following its validation by the Company's Tax Steering Committee and approval by the Board of Directors;
- we verified that the Company is subject to the management and coordination of Atlantia SpA, a company listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, and responsible for management and coordination of Autostrade per l'Italia pursuant to articles 2497 et seq. of the Italian Civil Code. In this regard, on 19 January 2018, the parent, Atlantia SpA, adopted a regulation governing management and coordination, setting out the scope and the related procedures. This regulation was amended on 15 February 2019. The Company is the subject of a shareholder agreement dated 26 July 2017, published as required by law;
- with specific reference to the requirements of Legislative Decree 39/2010, the following should be noted:

Reporting to the Board of Directors on the outcome of the statutory audit and on the additional report required by art. 11 of the European Regulation (EU) 537/2014

The Board states that the Independent Auditor, Deloitte & Touche SpA (“Deloitte & Touche”) issued the additional report required by art. 11 of the European Regulation on 25 March 2021, describing the results of its statutory audit of the accounts and including the written confirmation of independence required by art. 6, paragraph 2.a) of the Regulation, in addition to the disclosures required by art. 11 of the Regulation, without noting any significant shortcomings. The Board of Statutory Auditors will inform the Company’s Board of Directors of the outcome of the statutory audit.

Independence of the Independent Auditors, above all with regard to non-audit services

The Board of Statutory Auditors verified, also with reference to the provisions of art. 19 of Legislative Decree 39/2010, the independence of the Independent Auditors, Deloitte & Touche, checking the nature and entity of any services other than auditing provided to Autostrade per l’Italia and its subsidiaries by the auditors and by their associates.

We also checked that, in compliance with the requirements of art. 149-*duodecies* of CONSOB Regulation 11971/1999, information on the type of services provided to Autostrade per l’Italia and its subsidiaries by Deloitte & Touche or associates of Deloitte & Touche in 2020, and the related fees, is provided in an annex to the financial statements.

In the light of the above, we therefore deem that the independent auditors, Deloitte & Touche, meet the requirements for independence. In addition, on 25 March 2021, Deloitte & Touche provided their annual confirmation of independence.

Monitoring of audit activities

During the year, we held meetings with representatives of the Independent Auditors, pursuant to art. 150, paragraph 3 of Legislative Decree 58/1998, and no significant information that should be included in this report has come to light. The Board of Statutory Auditors: (i) has analysed the activities of the independent auditors and, in particular, the methods adopted, the audit approach used for significant aspects of the financial statements and the audit planning process; (ii) discussed issues relating to the Company’s risks with the independent auditors, enabling us to establish the appropriateness of the auditors’ plans in terms of their approach in view of the structural and risk profiles of the Company and the Group. The Board of Statutory Auditors and the Independent Auditors also exchanged information on a regular basis, partly with regard to the objective operational difficulties arising as a result of the Covid-19 health emergency.

Recommendation for the engagement of the Independent Auditor

With approval of the financial statements as at and for the year ended 31 December 2020, the engagement of Deloitte & Touche SpA to conduct the statutory audit of Atlantia’s accounts for the nine-year period 2012-2020 expires. As a result, we agreed with Atlantia SpA’s Board of Statutory Auditors to conduct the process of selecting the new audit firm to carry out the statutory audit of the accounts in the financial years from 2021 to 2029 at Group level. This was done with a view to engaging a single auditor, in order to improve the efficacy and efficiency of audit activities and the assumption of responsibility by the Independent Auditors for auditing the Group as a whole, as moreover provided for in the legislation governing statutory audits. It was, therefore, agreed that the selection would be conducted by Atlantia SpA’s Board of Statutory Auditors, also on behalf of the boards of statutory auditors of the parent’s subsidiaries.

At the end of the above selection process, the Board of Statutory Auditors, who were consulted with regard to the methodology used and the outcome of the process, we prepared the reasoned recommendation for ASPI's Board of Directors, as provided for in the legislation in force and as required by the Company's articles of association, for the purposes of the selection of the new Independent Auditors for the period 2021–2029.

Based on the above reasoned recommendation from the Board of Statutory Auditors, the Annual General Meeting of shareholders held on 29 May 2020 approved the engagement of KPMG SpA as Independent Auditors to carry out the statutory audit of the accounts in the financial years from 2021 to 2029, in line with the resolution adopted by the Annual General Meeting of the shareholders of the parent, Atlantia.

Oversight of the financial reporting process

As part of the internal control system, as it relates to the financial reporting process, the Group headed by Autostrade per l'Italia has implemented and regularly revises internal controls over financial reporting, based on a series of administrative and accounting procedures designed to ensure reliability, accuracy, integrity and timeliness in accordance with the regulations governing financial reporting.

The Board of Statutory Auditors has verified the application of these regulations and procedures governing the process of preparing and publishing financial information. In this regard, we also note that the report on operations includes section 2.8 "Corporate governance and ownership structures", which also represents the report on corporate governance required by art. 123-bis of Legislative Decree 58 of 24 February 1998 (the "CFA"). This section defines guidelines for the establishment and management of administrative and accounting procedures.

The Board of Statutory Auditors, with the assistance of the Manager Responsible for Financial Reporting, examined the procedures involved in preparing the Company's financial statements and the consolidated financial statements, in addition to periodic financial reports. The Board of Statutory Auditors also oversaw the survey carried out by the Company in preparation for the Board of Directors' approval of the methodology to be used in conducting impairment tests as at 31 December 2020.

In this regard, on 4 March 2021, the Chief Executive Officer and the Manager Responsible for Financial Reporting issued the attestations of the consolidated and separate financial statements required by art. 81-ter of the CONSOB Regulations of 14 May 1999, as amended.

The Board of Statutory Auditors thus believes the financial reporting process to be adequate.

Oversight of the effectiveness of the internal control, internal audit and risk management systems and the statutory audit of the annual and consolidated accounts

The Board of Statutory Auditors has assessed and verified the adequacy of the internal control system and the effectiveness of internal control and risk management systems.

We wish to stress that, in order to monitor the effectiveness and efficiency of the internal control and risk management system, until January 2020 Autostrade per l'Italia depended on the Group Internal Audit department set up by the parent, Atlantia SpA. From 17 February 2020, on the other hand, Autostrade per l'Italia has its own Internal Audit department. This decision was taken with the aim of continually improving and strengthening oversight of the internal control system. Autostrade per l'Italia's Board of Directors approved the 2020 Audit Plan in April 2020. Moreover, at the invitation of the parent, Atlantia (in the note dated 16 November 2020), in December 2020, the Board of Directors approved Autostrade per l'Italia's Audit Charter, which defines the following for the Internal Audit department: (i) mission, structure and scope of

intervention; (ii) organisational positioning, independence and responsibility; coordination with the departments/functions established at subsidiaries, as well as with Atlantia's Internal Audit department:

The Board notes that, in October 2020, the Company's Risk Assessment, conducted with the assistance of a specialist firm and based on the new method approved by the parent, was approved. The Risk Appetite with regard to various risk categories was also approved, with Autostrade per l'Italia's new risk profile was presented to the Board of Directors in January 2021.

At a meeting on 11 February 2021, Autostrade per l'Italia's Board of Directors finally approved the Audit Plan for the current year, which takes into account the organisational and governance changes that have taken place as a result of implementation of the Strategic Transformation Plan, the changed scope of consolidation of the Autostrade per l'Italia Group, and the new risk profile.

As required by art. 38 of the Company's Articles of Association, a Board Committee called the "Major Works Committee" was elected. This committee has responsibility for monitoring, among other things, the performance and completion of construction contracts. In accordance with art. 39.2 of the Articles of Association, the Committee has seven members and includes the Chairman, the Chief Executive Officer and Director elected from minority slates.

Again, with the aim of strengthening the internal control system, it should be remembered that, in 2019, the Board of Directors also established an Internal Control and Risk Committee, consisting of 4 members, the majority independent. The Committee is responsible for preparing information in order to support the Board of Directors in their related assessments and decision-making, in relation to the internal control system and risk management, and with regard to periodic financial reporting. Meetings of the Internal Control and Risk Committee are attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the Chairman.

As noted above, in October 2020, the Company established the Risk Management, Compliance and Business Continuity department (from January 2021, renamed the Risk, Compliance and Quality department), with the aim of further strengthening the internal control system, and promoting and developing the definition of appropriate and effective corporate controls by boosting and enabling a continuous monitoring system to support strategic decisions and ensure achievement of the following objectives: (i) ensure that corporate processes comply with internal regulations and guarantee oversight of 231 organisational model, anti-corruption and privacy matters, (ii) prevent and promptly deal with accidents, which may have serious repercussions for business continuity, and (iii) disseminate a quality culture across all processes.

During our periodic meetings with the Head of the Internal Audit department, the Risk Officer and the Head of the Risk Management, Compliance and Business Continuity department (now the Risk, Compliance and Quality department), the Board of Statutory Auditors was kept fully informed regarding: (i) Internal Audit activities (with a view to assessing the adequacy and functionality of the internal control system, and compliance with the law and with internal procedures and regulations); (ii) the activities of the Risk Officer in identifying, measuring, managing and monitoring the risks included in the Company's current Business Risk Model (compliance, regulatory and operational risks), in order to provide the necessary support to these departments in reviewing the design of the internal control system and monitoring implementation of the resulting changes; and (iii) the results of ASPI's Risk Assessment based on the new method adopted.

The Board of Statutory Auditors conducted specific monitoring of the remedial action recommended in audit reports, checking that the deadlines set out in the reports for resolving

shortcomings had been met and that the improvements suggested by the audit department had been made.

The Board of Statutory Auditors also examined the six-monthly reports prepared by the Ethics Officer with regard to ASPI, describing the activities conducted and the investigations carried out following the receipt of disclosures.

In this regard, we report that, in line with the Atlantia Group's new governance model, the process for receiving and managing whistleblower reports regarding conduct in breach of the Group's ethical principles and codes of conduct, as well as of laws and corporate procedures, has been overhauled to improve the promptness and effectiveness of analysis of such reports. In this context, in November 2020, the Ethics Officer - Autostrade per l'Italia Group Whistleblowing Team was established, which: (i) is responsible for the whistleblower report management process, assesses its fitness for purpose, recommends any necessary process improvements to the Board of Directors, and promotes related information and training actions; and (ii) reports to the administrative and supervisory bodies, as well as to the other actors in the internal control and risk management system.

The Board of Statutory Auditors held periodic meetings with the independent auditors, Deloitte & Touche SpA, to obtain information and data regarding the audits conducted, overseeing the audit of the annual and consolidated accounts. We have nothing to report in this regard.

The Board of Statutory Auditors exchanged information with the boards of statutory auditors of the principal subsidiaries, noting their assessments of the overall adequacy of the companies' internal control systems and the fact that there were no situations needing to be brought to the attention of the Parent Company's Board of Statutory Auditors.

Furthermore, we note that, during 2020, Autostrade per l'Italia's Supervisory Board continued its review of the organisational, management and control model ("OMCM") adopted by Autostrade per l'Italia pursuant to Legislative Decree 231/2001. This is done to ensure that the model had kept pace with changes in legislation and in the Company's organisational structure during the year. In particular, the Supervisory Board, continuing the process initiated in the previous year, approved the proposed revision of the above model on 12 June. This was then approved by the Board of Directors on 8 July 2020.

In addition to examining the Supervisory Board's reports on their activities in the first and second halves of 2020, the Board of Statutory Auditors worked with the Supervisory Board in order to conduct an in-depth assessment of issues relating to the litigation (the court order issued by the preliminary investigating magistrate in Genoa on 11 November 2020, imposing precautionary measures on four former managers and two of the Company's employees) regarding the integautos noise barriers, noting that as things stand, this matter is not expected to give rise to 231 risks. In this regard, both the Supervisory Board and the Board of Statutory Auditors had separate meetings with the Network Management Director, who went over all the events in order to provide a complete picture of the situation and details of both the initiatives undertaken by the Company in 2019 and the further actions taken in 2020. The Network Management Director assured the Board of Statutory Auditors that, at this time, the integautos noise barriers do not represent a hazard, stressing the fact that the plan to replace the barriers has been agreed with the public Prosecutor's Office in Genoa and the Ministry of Infrastructure and Transport.

Finally, it should be noted that in order to implement the provisions of EU Regulation 596/2014, known as the Market Abuse Regulation, or MAR, the Company has adopted a Code of Conduct for Internal Dealing (last revised in 2019) containing, among other things, a description of the reporting requirements and conduct necessary in relation to transactions involving the listed bonds issued by Autostrade per l'Italia, and the financial instruments linked to them, carried out by relevant persons and/or persons closely associated with them, and the related

communications to the Company, the CONSOB and the market. In February 2020, the Company also revised its Procedure for Market Announcements in order to apply the new CONSOB guidelines.

- with respect to the contractual obligations deriving from the Single Concession Arrangement signed by ANAS and Autostrade per l'Italia on 12 October 2007, which became fully effective from 8 June 2008, the day following publication of Law 101/2008 in the Official Gazette, which approved the single concession arrangements entered into at that time, including that of Autostrade per l'Italia, we had periodic meetings with the head of the department responsible for compliance with the terms of the Single Concession Arrangement, and for preparing periodic reports for senior management on compliance with the terms of the Single Concession Arrangement, in order to be periodically updated on the Company's compliance with the terms of the Arrangement;
- as noted in reports for previous years, Autostrade per l'Italia has opted to participate in the tax consolidation arrangement prepared by the parent, Atlantia SpA;
- we checked that no complaints have been lodged under art. 2408 of the Italian Civil Code, and no complaints of any kind have been presented;
- the Board of Statutory Auditors issued the following opinions during the year and through to the date of this report:
 - favourable opinions, issued pursuant to art 2389, paragraph 3 of the Italian Civil Code, on the remuneration of Directors with delegated powers; and
 - a favourable opinion on the Company's 2021 audit plan.
- with regard to (i) the tragic collapse of 14 August 2018, the causes of which have yet to be ascertained at the date of this report, and the procedure for serious breach initiated by the Ministry of Infrastructure and Sustainable Mobility (the "MIMS") in its letter of 16 August 2018; (ii) the MIMS's announcement, on 22 July 2020, of its decision to launch a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement, regarding the extraordinary inspections of tunnels; (iii) the investigation of the collapse of a section of the Polcevera road bridge by the Public Prosecutor's Office in Genoa; (iv) the investigation by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12; and (v) Investigation by the Public Prosecutor's Office in Genoa of alleged false statements regarding several of the network's bridges, reference should be made to the section of the report on operations entitled "Significant regulatory aspects". In this context, in carrying out our audit activities, we have:
 - obtained and examined all the legal opinions received by the Company in support of its decisions;
 - analysed and conducted an in-depth examination of the risk management system;
 - analysed and monitored Autostrade per l'Italia's new organisational structure;
 - analysed and monitored Autostrade per l'Italia's new arrangements for network surveillance;
 - conducted in-depth discussions with management regarding the existing system of controls with regard to inspections of the static conditions and state of infrastructure (bridges and viaducts);
 - monitored the progress and results of the audit plan, with specific regard to the audit of Works, Operations and Maintenance.

The above checks have, at this time, not given rise to aspects worthy of mention in this report.

- we have examined both the separate and consolidated financial statements as at and for the year ended 31 December 2020, both prepared on a going concern basis, with regard to which we have the following observations to make:

- the scope of consolidation as at 31 December 2020 has not undergone material changes with respect to 31 December 2019;
- as stated in the notes to the consolidated and separate financial statements, the separate and consolidated financial statements as at and for the year ended 31 December 2020 of the Parent Company and the consolidated companies have been prepared in accordance with articles 2 and 3 of Legislative Decree 38/2005, in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting period, and endorsed by the European Commission. Moreover, the measures introduced by the CONSOB, in application of paragraph 3 of article 9 of Legislative Decree 38/2005, relating to the preparation of financial statements, have also been taken into account;
- the consolidated and separate financial statements as at and for the year ended 31 December 2020 have also been prepared on the assumption that ASPI is able to continue to operate as a going concern. This was deemed appropriate by the Board of Directors, based on their view that there is a reasonable likelihood that the Company and the Group have the ability to continue to operate as going concerns in the foreseeable future, and, in any event, for a period of at least twelve months from 31 December 2020. In particular, in assessing whether application of the going concern assumption was appropriate, the Board of Directors examined the various risk factors and uncertainties, concluding that the risk factors, both individually and as a whole, were not such as to raise material doubts about the ability of the Company and the Group to continue as going concerns, as also described in the sections, "Going concern uncertainty and assessment conducted by the Company", in note 2 to the consolidated financial statements and note to the separate financial statements. On completion of the assessment, Autostrade per l'Italia's Board of Directors concluded that, whilst there are uncertainties regarding the future operations of the Company and the Group, these uncertainties have been surmounted and, therefore, deemed it appropriate to prepare the consolidated and separate financial statements on a going concern basis.

In this regard, the Board of Statutory Auditors believes that, in conducting the above going concern assessment during preparation of ASPI's separate financial statements for 2020, ASPI has adopted an approach in keeping with the available information, the opinions received and the relevant accounting standards and legislation applicable to financial reporting. The Board of Directors' assessment of whether the going concern assumption is appropriate requires a judgement, at a certain time, of the future outcome of events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at that time, this judgement is, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or, in any event, not reasonably estimable. As a result, the Board of Statutory Auditors will closely monitor implementation of the measures identified by the Company and, more generally, ASPI's financial situation. We also note that the reasonable likelihood of concluding a settlement agreement with the Government and the MIMS (guaranteeing the Company's long-term financial strength) would allow Autostrade per l'Italia to also stabilise its financial

structure. With regard to this latter aspect, it should be noted that the Company returned to the credit market with two bond issues with a total nominal value of €2,250 million, the first on 4 December 2020 (€1,250 million maturing in 2028) and the second on 15 January 2021 (€1,000 million maturing in 2030);

- the accounts have been submitted to the required controls by the Independent Auditors, Deloitte & Touche SpA, appointed by the Annual General Meeting of 24 April 2012 for the annual reporting periods, 2012 – 2020. During periodic meetings with the Board, the Independent Auditors had nothing to report in this regard;
- in view of the fact that it is not our responsibility to audit the Company's separate and consolidated financial statements, we checked the overall basis of presentation of the financial statements and their general compliance with the laws relating to their preparation and structure; we have no particular observations to make in this regard;
- we verified compliance with the laws governing preparation of the report on operations and have no particular observations to make in this regard;
- to the best of our knowledge, in preparing the financial statements, the Directors did not elect to apply any of the exemptions permitted by art. 2423, paragraph 4 of the Italian Civil Code;
- we verified that the financial statements are consistent with the information in our possession, as a result of carrying out our duties, and have no particular observations to make in this regard;
- with regard to material, non-recurring events, notably the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway, operated by Autostrade per l'Italia, following numerous meetings and exchanges of correspondence, on 11, 13, 14 and 15 July 2020, Autostrade per l'Italia sent the Ministry letters in which the subsidiary, whilst continuing to refute the accusations made against it and confirming its willingness to work towards an agreed resolution of the ongoing dispute, put forward a new comprehensive proposal with respect to the one submitted in March.

Above all, on 8 October 2020, Autostrade per l'Italia communicated its willingness to sign the draft agreement received from the Government's representatives, with a view to reaching an agreed settlement of the dispute over alleged serious breaches of the Concession Arrangement, and the Addendum to the Concession Arrangement, with the sole exception of removal of the condition precedent requiring completion of the corporate reorganisation. Convinced that it has complied with its concession obligations and whilst awaiting the outcome of the ongoing investigation into the causes of the collapse, the Company has prepared its consolidated and separate financial statements as at and for the year ended 31 December 2020 taking into account the latest estimates of the costs directly linked to the collapse. In particular, the Company has made a further provision to "Other current provisions for risks and charges" amounting to €190 million, representing an adjustment to the provisions already made as at 31 December 2019 (€1,500 million) and in line with the new proposal for an agreement. This approach is based on the requirements of IAS 37 have been met, above all based on the fact that the Company has assumed a specific current constructive obligation that has been indicated to the counterparty, resulting from the event represented by the collapse of the road bridge.

- on 25 March 2021, the Independent Auditors issued its reports pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of EU Regulation 537/2014, in which they

attest that: (i) Autostrade per l'Italia SpA's separate financial statements and the Autostrade per l'Italia Group's consolidated financial statements as at and for the year ended 31 December 2020 have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and the implementation measures issued in application of art. 9 of Legislative Decree 38 of 2005, have been properly prepared and give a true and fair view of the financial position, results of operations and cash flows of the Company and the Group; (ii) the report on operations and certain specific disclosures contained in the report on corporate governance and ownership structures are consistent with the Autostrade per l'Italia Group's separate and consolidated financial statements as at and for the year ended 31 December 2020 and have been prepared in compliance with the related statutory requirements. The above reports do not contain emphases of matter or observations;

- the Board notes that, as described in the report on operations, the Company does not prepare its own non-financial statement pursuant to art. 6 of Legislative Decree 254 of 30 December 2016, as it is included in the consolidated non-financial statement published by Atlantia, its parent.

The term of office of the Board of Statutory Auditors elected by the Annual General Meeting of 20 April 2018 expires with approval of the financial statements as at and for the year ended 31 December 2020. You are thus invited, in accordance with the law and the Company's articles of association, to elect a new Board of Statutory Auditors.

In the meantime, we would like to take this opportunity to thank you for the trust you have placed in us during our term of office.

In the light of the above, the Board has no objections to approval of the Annual Report for the year ended 31 December 2020, as prepared by the Directors, or of the Directors' proposal to cover the loss for the year.

Rome, 25 March 2021

Board of Statutory Auditors

The Chairman
Giandomenico Genta

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Autostrade per l'Italia S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Autostrade per l'Italia S.p.A. and its subsidiaries (the "Group" or the "ASPI Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the ASPI Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Autostrade per l'Italia S.p.A. (the "Company" or "ASPI") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We identified the topics illustrated below as key audit matters to be discussed in this report.

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Going concern assessment

Description of the Key Audit Matter

In preparing the consolidated financial statements, the Directors for the purposes of assessing the ability of the Company and the Group to continue to operate as going concern, identified certain risk factors and uncertainties primarily relating to disputes between the Company and the Grantor, to the adoption by the Italian Government of the so-called "Milleproroghe 2020" Decree, to the downgrade of credit ratings by the leading international rating agencies with possible repercussions on financial debt, as well as the impacts on liquidity resulting from the ongoing Covid-19 pandemic.

The Directors report that they have assessed the above factors, their evolution and the actions taken, including developments in the talks with Ministry of Infrastructure and Sustainable Mobility and the Government with the scope to agreeing on a settlement that would bring to a conclusion the dispute over serious breaches of its concession arrangement and the completion of two bond issues with a total nominal value of € 2,250 million on December 4, 2020 and January, 15 2021, associated with an improvement in the leading international rating agencies' assessment of the outlook of the Company and the Group.

On completion of the assessment, the Directors concluded that the above risks and uncertainties were surmountable and were not such as to cast doubt on the ability of the Company and the Group to continue to operate as going concerns. Based on these considerations, the consolidated financial statements as at and for the year ended 31 December 2020 have been prepared on a going concern basis. For the purposes of this assessment, the Directors were required to make significant judgements regarding the outcome of future events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at the date, the Directors note that these judgements are, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or are, in any case, not reasonably estimable.

In view of the significance of the above assessment carried out by the Directors for the purposes of determining the criteria to be used in preparing the financial statements, and the importance of the disclosure regarding the Company's ability to operate as going concerns, we considered that this assessment was a key audit matter of the Group's consolidated financial statements.

The paragraph "Going-concern uncertainties and assessment conducted by the Company" included in Note 2 "Basis of preparation of the consolidated financial statements" of the consolidated financial statements and the "Introduction" of the report on operations contain the information provided on the above-mentioned aspects.

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Audit procedures performed	<p>In the context of our audit, we have, among other things, carried out the following procedures:</p> <ul style="list-style-type: none"> • Analysis of the assessment carried out by the Directors and the Management, concerning the uncertainties regarding the ability of the Company and the Group to continue to operate as going concern; • Conducting discussions with the Management on the above assessment; • Examination, also with the support of specialists, of the opinions issued by the legal advisors appointed by the Company with reference to the assessment of the Company's position with respect to the legal and regulatory framework; • Obtaining and analyzing correspondence with the Ministry of Infrastructure and Sustainable Mobility and the Government regarding the talks in progress, and examination of the Directors' assessment of the accounting effects deriving from the drafts of the settlement agreement schemes under definition with the Ministry of Infrastructure and Sustainable Mobility and the Government; • Obtaining and analyzing correspondence with certain financial institutions following the downgrade of the credit rating of the Company and the failure to comply with certain financial parameters for some financing, as well as the examination of the assessment carried out by the Directors on the possible consequences of such circumstances on the financial debt; • Obtaining and analyzing the ASPI cash plan prepared by the Management and presented to the Board of Directors, including the documentary analysis of the bond issues carried out by the Company; • Reading of the minutes of the resolutions of the corporate bodies and, if not yet available, reports to the Board of Directors of the Company and exchange of information with the Board of Statutory Auditors on the material aspects; • analysis of events occurring after the end of the reporting period that may provide information useful for the going concern assessment; • Analysis of the adequacy of the information provided in the report on operations and in the notes to the consolidated financial statements with regard to going-concern uncertainties and the related assessment carried out by the Directors.
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Valuation of the provisions for the repair and replacement of motorway infrastructure and provisions for the renewal of motorway infrastructure

Description of the Key Audit Matter	<p>The consolidated financial statements as at December 31, 2020 include "provisions for the repair and replacement of motorway infrastructure", amounting to €1,925 million, and "Provisions for the renewal of motorway infrastructure" of €95 million. These provisions include the estimate of the present value of the costs that the Group's operators (the "Operators") are expected to incur under the contractual obligations resulting from their concession arrangements (the "Arrangements"), in order to ensure</p>
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the serviceability and safety of the motorway infrastructure operated under concession.

Provisions for the repair and replacement of motorway infrastructure increased during the year, net of uses, by a total of €208 million, mainly due to the provision relating to the commitment given by the Company to carry out additional maintenance until 2024 as represented in the latest version of the settlement agreement schemes, of the Addendum to the Concession Arrangement and Financial Plan ("Agreement schemes") transmitted to the Grantor.

The estimation process for the above provisions has proven to be rather complex and is based on a series of variables and assumptions that include technical assumptions about planning for the repair, replacement and renewal of individual infrastructure components. In particular, the main assumptions concern the duration of maintenance cycles, the state of work completeness and the estimated costs for homogeneous classes of intervention.

Taking into account the above, we have considered the valuation of these provisions as a key audit matter for the consolidated financial statements of the ASPI Group as at December 31, 2020.

Notes 3 and 7.14 to the consolidated financial statements illustrate respectively the valuation criteria applied by the Group and movements in the aforementioned provisions during the year.

Audit procedures performed

As part of our audit, among other things, we carried out the following procedures:

- an understanding of the process used by the Operators for the purpose of recognition and measurement of the provisions in subject, considering also the commitments taken by ASPI as represented in the extraordinary maintenance plan 2019-2024 transmitted to the Grantor in the framework of the Agreement schemes;
- updating of the design and implementation of the key controls around the provisions in question carried out by the Operators;
- obtaining and analysing the reports prepared by the technical managers of the Operators regarding the planning of repair and replacement works. In particular, we reviewed the technical assumptions underlying the calculation models, the costs to be incurred for each intervention and the average estimated timing of repair and replacement work;
- checking the accuracy and completeness of the data used by the Operators in estimating the provisions;
- assessing the reasonableness of the discount rates used by the Operators to calculate the present value of the provisions;
- checking the mathematical accuracy of the calculations of provisions;

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- analysis of the results of the external consultants engaged by ASPI on the maintenance status of the main infrastructure, and review of the consistency between such results and the assumptions adopted by the Management to estimate the provisions for repair and replacement of motorway infrastructure;
- performing a retrospective review of the estimates based on prior year information, including an analysis of potential differences between the actual costs incurred compared with previous estimates for a sample of works completed during 2020;
- assessing the adequacy of the disclosures provided in the notes to the consolidated financial statements and their compliance with the applicable accounting standards.

Impairment testing of Goodwill

Description of the Key Audit Matter

Goodwill amounts to €6,111 million in the consolidated financial statements as at December 31, 2020 and is allocated entirely to the single cash-generating unit ("CGU") represented by the concession rights attributable to the ASPI.

In accordance with the requirements of accounting standard IAS 36, goodwill is not amortized but is tested for impairment at least once a year, by comparing the recoverable amount of the CGU, determined on the basis of the "value in use" method, and its carrying amount, which includes both goodwill and other tangible and intangible assets allocated to it.

The estimation of the recoverable amount, the Group, considering likely to reach a negotiated solution with the Ministry of Infrastructure and Sustainable Mobility and the Government, has considered future cash flows based on the long-term business plan prepared by the ASPI along to the residual concession period based on the last Financial Plan submitted to the Grantor. In particular, the assumptions include traffic forecasts, future investments to be carried out and the toll rates that are expected to be recognized based on the regulatory mechanisms provided for in Resolution Art. 71/2019 as well as the impacts from Covid-19 pandemic and the commitment by the Company arising from the settlement agreement schemes. Finally, the Company has developed the test and the sensitivity analysis on recoverable amount in order to estimate, as far as possible, the potential medium-long-term effects also resulting from the ongoing of the aforementioned pandemic and taking into account the regulatory mechanisms of Resolution Art. 71/2019.

In consideration of the significance of the value of the goodwill recorded in the consolidated financial statements of the ASPI Group and of the complexity of the related valuation process, we considered the impairment test on goodwill a key audit matter for the consolidated financial statements of the ASPI Group as at December 31, 2020.



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Note 7.2 to the consolidated financial statements provides information on the impairment test and the effects of the sensitivity analyses deriving from changes in the key variables used in the performance of the impairment test.

Audit procedures performed

As part of our audit we have, among other things, carried out the following procedures, also with the support of our valuation experts:

- Understanding of the process adopted by ASPI for carrying out the *impairment test*;
- testing of the design and implementation of the key controls carried out by Management on such process;
- assessment of the consistency with the Financial Plan submitted on 3 December 2020 of the assumptions used by ASPI in preparation of its long-term business plan 2021-2038;
- analysis of the differences between the historical data and the forecast data, also considering Covid-19 effects, in order to assess the reliability of the process in preparing the plans;
- analysis of the impairment test carried out by the Group, with particular reference to:
 - i. Technical evaluation of the method used by the Group to determine the discount rate (WACC) used in the test;
 - ii. Verification of the mathematical accuracy of the calculation model used by the Group to determine "value in use";
 - iii. Verification of the sensitivity analysis prepared by the Group, also on the basis of the possible impacts deriving from the ongoing health emergency and from the foreseeable tariff development on the basis of the regulatory mechanisms of Resolution Art. 71/2019;
- analysis of the adequacy of the disclosures related to the impairment test and of compliance with accounting standard IAS 36.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autostrade per l'Italia S.p.A. has appointed us on March 4, 2015 as auditors of the Company for the years from December 31, 2014 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autostrade per l'Italia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of ASPI Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, paragraph 2 (b) of Legislative Decree 58/98, with the consolidated financial statements of ASPI Group as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

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In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of ASPI Group as at December 31, 2020 and are prepared in accordance with the law.

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

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

As described in the report on operations, the Directors of Autostrade per l'Italia S.p.A. made use of the exemption from the preparation of the non-financial statement pursuant to art. 6, paragraph 2 of Legislative Decree 30 December 2016, no. 254.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
March 25, 2021

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



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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of
Autostrade per l'Italia S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Autostrade per l'Italia S.p.A. (the "Company" or "ASPI"), 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 equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We identified the topics illustrated below as key audit matters to be discussed in this report.

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Going concern assessment

Description of the Key Audit Matter

In preparing the financial statements, the Directors for the purposes of assessing the ability of the Company to continue to operate as going concern, identified certain risk factors and uncertainties primarily relating to disputes between the Company and the Grantor, to the adoption by the Italian Government of the so-called "Milleproroghe 2020" Decree, to the downgrade of credit ratings by the leading international rating agencies with possible repercussions on financial debt, as well as the impacts on liquidity resulting from the ongoing Covid-19 pandemic.

The Directors report that they have assessed the above factors, their evolution and the actions taken, including developments in the talks with Ministry of Infrastructure and Sustainable Mobility and the Government with the scope to agreeing on a settlement that would bring to a conclusion the dispute over serious breaches of its concession arrangement and the completion of two bond issues with a total nominal value of € 2,250 million on December 4, 2020 and January, 15 2021, associated with an improvement in the leading international rating agencies' assessment of the outlook of the Company.

On completion of the assessment, the Directors concluded that the above risks and uncertainties were surmountable and were not such as to cast doubt on the ability of the Company to continue to operate as going concerns. Based on these considerations, the financial statements as at and for the year ended 31 December 2020 have been prepared on a going concern basis. For the purposes of this assessment, the Directors were required to make significant judgements regarding the outcome of future events or circumstances that are by nature uncertain. Whilst taking due account of all the available information at the date, the Directors note that these judgements are, therefore, susceptible to change as developments occur, should events that were reasonably foreseeable at the time of the assessment not occur, or should facts or circumstances arise that are incompatible with such events, and that are currently not known or are, in any case, not reasonably estimable.

In view of the significance of the above assessment carried out by the Directors for the purposes of determining the criteria to be used in preparing the financial statements, and the importance of the disclosure regarding the Company's ability to operate as going concerns, we considered that this assessment was a key audit matter of the Company's financial statements.

The paragraph "Going-concern uncertainties and assessment conducted by the Company" included in Note 2 "Basis of preparation" of the financial statements and the "Introduction" of the report on operations contain the information provided on the above-mentioned aspects.



Audit procedures performed	<p>In the context of our audit, we have, among other things, carried out the following procedures:</p> <ul style="list-style-type: none"> • Analysis of the assessment carried out by the Directors and the Management, concerning the uncertainties regarding the ability of the Company to continue to operate as going concern; • Conducting discussions with the Management on the above assessment; • Examination, also with the support of specialists, of the opinions issued by the legal advisors appointed by the Company with reference to the assessment of the Company's position with respect to the legal and regulatory framework; • Obtaining and analyzing correspondence with the Ministry of Infrastructure and Sustainable Mobility and the Government regarding the talks in progress, and examination of the Directors' assessment of the accounting effects deriving from the drafts of the settlement agreement schemes under definition with the Ministry of Infrastructure and Sustainable Mobility and the Government; • Obtaining and analyzing correspondence with certain financial institutions following the downgrade of the credit rating of the Company and the failure to comply with certain financial parameters for some financing, as well as the examination of the assessment carried out by the Directors on the possible consequences of such circumstances on the financial debt; • Obtaining and analyzing the ASPI cash plan prepared by the Management and presented to the Board of Directors, including the documentary analysis of the bond issues carried out by the Company; • Reading of the minutes of the resolutions of the corporate bodies and, if not yet available, reports to the Board of Directors of the Company and exchange of information with the Board of Statutory Auditors on the material aspects; • analysis of events occurring after the end of the reporting period that may provide information useful for the going concern assessment; • Analysis of the adequacy of the information provided in the report on operations and in the notes to the financial statements with regard to going-concern uncertainties and the related assessment carried out by the Directors.
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Valuation of the provisions for the repair and replacement of motorway infrastructure

Description of the Key Audit Matter

The financial statements as at December 31, 2020 include "provisions for the repair and replacement of motorway infrastructure", amounting to €1,743 million. This provision include the estimate of the present value of the costs that the Company is expected to incur under the contractual obligation resulting from the concession arrangement signed with the Grantor (the "Single Concession Arrangement"), in order to ensure the serviceability and safety of the motorway infrastructure operated under concession.

Provisions for the repair and replacement of motorway infrastructure increased during the year, net of uses, by a total of €203 million, mainly due to the provision relating to the commitment given by the Company to carry out additional maintenance until 2024 as represented in the latest version of the settlement agreement schemes, of the Addendum to the Concession Arrangement and Financial Plan ("Agreement schemes") transmitted to the Grantor.

The estimation process for the above provision has proven to be rather complex and is based on a series of variables and assumptions that include technical assumptions about planning for the repair, replacement of individual infrastructure components. In particular, the main assumptions concern the duration of maintenance cycles, the state of work completeness and the estimated costs for homogeneous classes of intervention.

Taking into account the above, we have considered the valuation of this provision as a key audit matter for the financial statements of the Company as at December 31, 2020.

Notes 3 and 6.13 to the financial statements illustrate respectively the valuation criteria applied by the Company and movements in the aforementioned provision during the year.

Audit procedures performed

As part of our audit, among other things, we carried out the following procedures:

- an understanding of the process used by the Company for the purpose of recognition and measurement of the provision in subject, considering also the commitments taken by ASPI as represented in the extraordinary maintenance plan 2019-2024 transmitted to the Grantor in the framework of the Agreement schemes;
- updating of the design and implementation of the key controls around the provisions in question carried out by the Company;
- obtaining and analysing the reports prepared by the technical managers of the Company regarding the planning of repair and replacement works. In particular, we reviewed the technical assumptions underlying the calculation models, the costs to be incurred for each intervention and the average estimated timing of repair and replacement work;



- checking the accuracy and completeness of the data used by the Company in estimating the provision;
- assessing the reasonableness of the discount rates used by the Company to calculate the present value of the provision;
- checking the mathematical accuracy of the calculations of provision;
- analysis of the results of the external consultants engaged by the Company on the maintenance status of the main infrastructure, and review of the consistency between such results and the assumptions adopted by the Management to estimate the provisions for repair and replacement of motorway infrastructure;
- performing a retrospective review of the estimates based on prior year information, including an analysis of potential differences between the actual costs incurred compared with previous estimates for a sample of works completed during 2020;
- assessing the adequacy of the disclosures provided in the notes to the financial statements and their compliance with the applicable accounting standards.

Impairment testing of Goodwill

Description of the Key Audit Matter

Goodwill amounts to €6,111 million in the financial statements as at December 31, 2020 and is allocated entirely to the single cash-generating unit ("CGU") represented by the concession rights attributable to the Company.

In accordance with the requirements of accounting standard IAS 36, goodwill is not amortized but is tested for impairment at least once a year, by comparing the recoverable amount of the CGU, determined on the basis of the "value in use" method, and its carrying amount, which includes both goodwill and other tangible and intangible assets allocated to it.

The estimation of the recoverable amount, the Company, considering likely to reach a negotiated solution with the Ministry of Infrastructure and Sustainable Mobility and the Government, has considered future cash flows based on the long-term business plan prepared along to the residual concession period based on the last Financial Plan submitted to the Grantor. In particular, the assumptions include traffic forecasts, future investments to be carried out and the toll rates that are expected to be recognized based on the regulatory mechanisms provided for in Resolution Art. 71/2019 as well as the impacts from Covid-19 pandemic and the commitment by the Company arising from the settlement agreement schemes. Finally, the Company has developed the test and the sensitivity analysis on recoverable amount in order to estimate, as far as possible, the potential medium-long-term effects also resulting from the ongoing of the aforementioned pandemic and taking into account the regulatory mechanisms of Resolution Art. 71/2019.



In consideration of the significance of the value of the goodwill recorded in the financial statements of the Company and of the complexity of the related valuation process, we considered the impairment test on goodwill a key audit matter for the financial statements of the Company as at December 31, 2020.

Note 6.2 to the financial statements provides information on the impairment test and the effects of the sensitivity analyses deriving from changes in the key variables used in the performance of the impairment test.

Audit procedures performed	<p>As part of our audit we have, among other things, carried out the following procedures, also with the support of our valuation experts:</p> <ul style="list-style-type: none"> • Understanding of the process adopted by the Company for carrying out the impairment test; • testing of the design and implementation of the key controls carried out by Management on such process; • assessment of the consistency with the Financial Plan submitted on 3 December 2020 of the assumptions used by the Company in preparation of its long-term business plan 2021-2038; • analysis of the differences between the historical data and the forecast data, also considering Covid-19 effects, in order to assess the reliability of the process in preparing the plan; • analysis of the impairment test carried out by the Company, with particular reference to: <ul style="list-style-type: none"> i. Technical evaluation of the method used by the Company to determine the discount rate (WACC) used in the test; ii. Verification of the mathematical accuracy of the calculation model used by the Company to determine "value in use"; iii. Verification of the sensitivity analysis prepared by the Company, also on the basis of the possible impacts deriving from the ongoing health emergency and from the foreseeable tariff development on the basis of the regulatory mechanisms of Resolution Art. 71/2019; • analysis of the adequacy of the disclosures related to the impairment test and of compliance with accounting standard IAS 36.
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Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autostrade per l'Italia S.p.A. has appointed us on April 24, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autostrade per l'Italia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Autostrade per l'Italia S.p.A. as at December 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis paragraph 2 (b) of Legislative Decree 58/98 with the financial statements of Autostrade per l'Italia S.p.A. as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

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In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Autostrade per l'Italia S.p.A. as at December 31, 2020 and are prepared in accordance with the law.

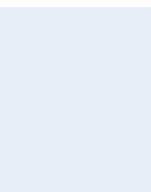
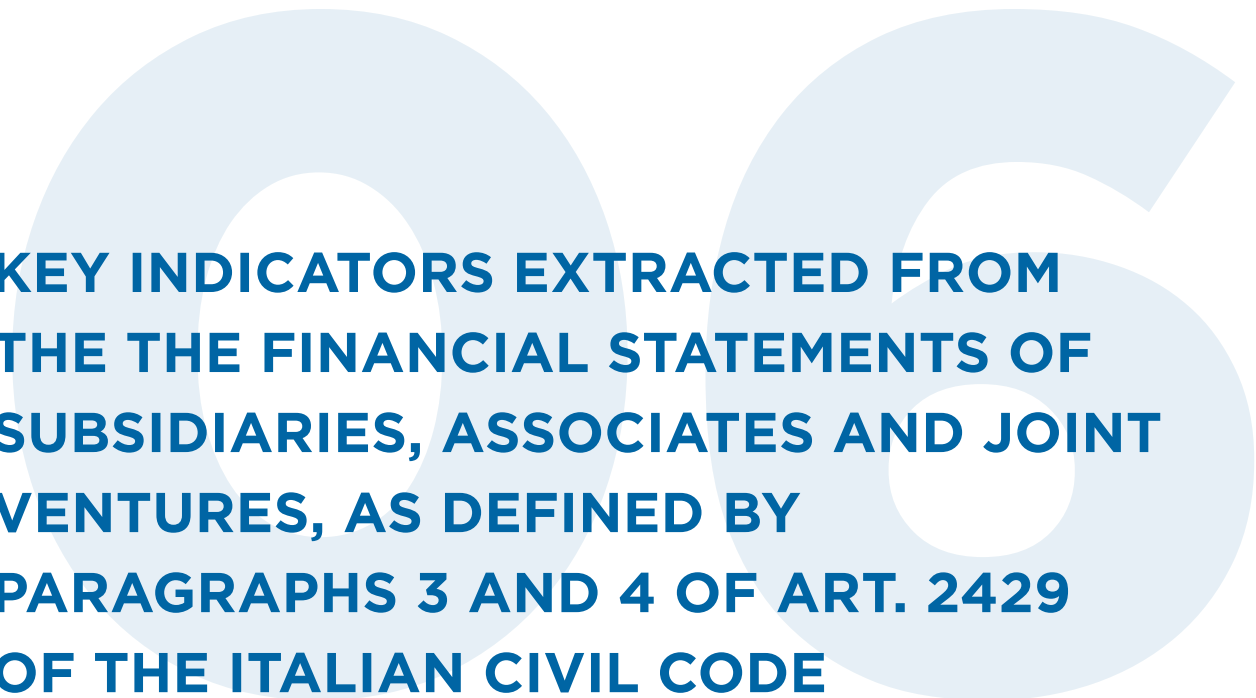
With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Legrottaglie
Partner

Rome, Italy
March 25, 2021

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



**KEY INDICATORS EXTRACTED FROM
THE THE FINANCIAL STATEMENTS OF
SUBSIDIARIES, ASSOCIATES AND JOINT
VENTURES, AS DEFINED BY
PARAGRAPHS 3 AND 4 OF ART. 2429
OF THE ITALIAN CIVIL CODE**



KEY INDICATORS EXTRACTED FROM THE FINANCIAL STATEMENTS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AS DEFINED BY PARAGRAPHS 3 AND 4 OF ART. 2429 OF THE ITALIAN CIVIL CODE

The figures provided below were extracted from the most recent financial statements approved by the companies' respective boards of directors. The companies' reporting date is 31 December of each year, unless otherwise indicated.

Autostrade Meridionali prepares its financial statements in accordance with international financial reporting standards, whilst the other companies prepare their financial statements in accordance with accounting principles generally accepted in their respective countries.

Subsidiaries

Società Autostrada Tirrenica p.A.

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		351,981	356,486
<i>of which non-current investments</i>		52	52
Current assets		18,167	12,530
Other assets		135	123
Total assets		370,283	369,139
Equity		80,334	81,298
<i>of which issued capital</i>		24,461	24,461
Provisions and post-employment benefits		8,703	8,705
Payables		272,507	268,767
Other liabilities		8,739	10,369
Total equity and liabilities		370,283	369,139
€000	RESULTS OF OPERATIONS	2019	2018
Value of production		41,163	42,068
Costs of production		-28,334	-28,570
Operating profit/(loss)		12,829	13,498
Profit/(Loss) for the year		-966	-254

Tangenziale di Napoli SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		241,422	249,794
<i>of which non-current investments</i>		2	2
Current assets		30,326	26,433
Other assets		295	290
Total assets		272,043	276,517
Equity		202,228	197,241
<i>of which issued capital</i>		108,077	108,077
Provisions and post-employment benefits		30,820	33,946
Payables		38,393	44,699
Other liabilities		602	631
Total equity and liabilities		272,043	276,517
€000	RESULTS OF OPERATIONS	2019	2018
Value of production		74,051	74,050
Costs of production		-58,149	-56,098
Operating profit/(loss)		15,902	17,952
Profit/(Loss) for the year		12,947	11,312

Autostrade Meridionali SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
	Non-current assets	11,554	12,039
	Current assets	477,466	460,570
	Total assets	489,020	472,609
	Equity	177,134	167,035
	<i>of which issued capital</i>	9,056	9,056
	Non-current liabilities	14,480	15,647
	Current liabilities	297,406	289,927
	Total equity and liabilities	489,020	472,609
€000	RESULTS OF OPERATIONS	2019	2018
	Operating revenue	93,397	93,213
	Operating costs	-62,554	-56,096
	Operating profit/(loss)	30,843	37,117
	Profit/(Loss) for the year	16,620	21,353

Autostrade Tech SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
	Non-current assets	6,534	5,127
	<i>of which non-current investments</i>	31	29
	Current assets	80,285	76,695
	Other assets	324	291
	Total assets	87,143	82,113
	Equity	55,183	51,962
	<i>of which issued capital</i>	1,120	1,120
	Provisions and post-employment benefits	1,715	1,396
	Payables	29,947	28,512
	Other liabilities	298	243
	Total equity and liabilities	87,143	82,113
€000	RESULTS OF OPERATIONS	2019	2018
	Value of production	95,387	67,148
	Costs of production	-87,149	-60,113
	Operating profit/(loss)	8,238	7,035
	Profit/(Loss) for the year	6,687	4,640

Società Italiana per azioni per il Traforo del Monte Bianco

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
	Non-current assets	230,849	232,299
	<i>of which non-current investments</i>	165,752	165,752
	Current assets	255,493	228,957
	Other assets	734	669
	Total assets	487,076	461,925
	Equity	232,301	232,108
	<i>of which issued capital</i>	198,749	198,749
	Provisions and post-employment benefits	128,176	110,193
	Payables	126,409	119,447
	Other liabilities	190	177
	Total equity and liabilities	487,076	461,925
€000	RESULTS OF OPERATIONS	2019	2018
	Value of production	69,623	69,536
	Costs of production	-52,350	-53,341
	Operating profit/(loss)	17,273	16,195
	Profit/(Loss) for the year	11,059	11,438

Ad Moving SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		507	929
<i>of which non-current investments</i>		-	-
Current assets		4,951	5,909
Other assets		19	16
Total assets		5,477	6,854
Equity		1,099	1,020
<i>of which issued capital</i>		1,000	1,000
Provisions and post-employment benefits		168	163
Payables		4,200	5,661
Other liabilities		10	10
Total equity and liabilities		5,477	6,854

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		6,159	7,145
Costs of production		-6,016	-7,072
Operating profit/(loss)		143	73
Profit/(Loss) for the year		79	49

EsseDiEsse Società di Servizi SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		381	394
<i>of which non-current investments</i>		-	-
Current assets		19,523	11,942
Other assets		182	181
Total assets		20,086	12,517
Equity		1,626	1,706
<i>of which issued capital</i>		500	500
Provisions and post-employment benefits		3,532	3,984
Payables		14,489	6,383
Other liabilities		439	444
Total equity and liabilities		20,086	12,517

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		29,000	28,808
Costs of production		-27,552	27,226
Operating profit/(loss)		1,447	1,583
Profit/(Loss) for the year		1,026	1,106

Tecne Gruppo Autostrade per l'Italia SpA

€000	FINANCIAL POSITION	31 Dec 2020
Non-current assets		39
<i>of which non-current investments</i>		-
Current assets		14,192
Other assets		279
Total assets		14,510
Equity		3,900
<i>of which issued capital</i>		100
Provisions and post-employment benefits		3,385
Payables		7,225
Other liabilities		-
Total equity and liabilities		14,510

€000	RESULTS OF OPERATIONS	2020
Value of production		3,668
Costs of production		-5,217
Operating profit/(loss)		-1,549
Profit/(Loss) for the year		-1,200

Giove Clear Srl

€000	FINANCIAL POSITION	31 Dec 2020	31 Dec 2019
Non-current assets		284	197
<i>of which non-current investments</i>		-	-
Current assets		7,499	5,793
Other assets		21	32
Total assets		7,804	6,022
Equity		2,822	1,932
<i>of which issued capital</i>		10	10
Provisions and post-employment benefits		1,653	1,612
Payables		3,078	2,243
Other liabilities		251	235
Total equity and liabilities		7,804	6,022

€000	RESULTS OF OPERATIONS	2020	2019
Value of production		13,991	13,604
Costs of production		-12,667	-13,292
Operating profit/(loss)		1,324	312
Profit/(Loss) for the year		890	144

Associates

Tangenziali Esterne di Milano SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		225,361	221,643
<i>of which non-current investments</i>		225,361	221,643
Current assets		6,534	10,531
Other assets		16	14
Total assets		231,911	232,188
Equity		231,483	231,994
<i>of which issued capital</i>		220,345	220,345
Provisions and post-employment benefits		25	19
Payables		403	175
Other liabilities		-	-
Total equity and liabilities		231,911	232,188

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		118	128
Costs of production		-630	-766
Operating profit/(loss)		-512	-638
Profit/(Loss) for the year		-511	-637

Pavimental SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		72,849	85,325
<i>of which non-current investments</i>		5,388	5,392
Current assets		351,271	257,270
Other assets		4,314	4,523
Total assets		428,434	347,118
Equity		14,981	15,011
<i>of which issued capital</i>		10,116	10,116
Provisions and post-employment benefits		11,402	12,608
Payables		401,927	319,385
Other liabilities		124	114
Total equity and liabilities		428,434	347,118

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		410,618	297,978
Costs of production		-409,333	-318,361
Operating profit/(loss)		1,285	-20,383
Profit/(Loss) for the year		31	-16,205

Spea Engineering SpA

€000	FINANCIAL POSITION	31 Dec 2020	31 Dec 2019
Non-current assets		3,226	5,249
<i>of which non-current investments</i>		82	273
Current assets		125,060	161,075
Other assets		1,442	1,667
Total assets		129,728	167,991
Equity		40,629	56,356
<i>of which issued capital</i>		6,966	6,966
Provisions and post-employment benefits		24,136	31,003
Payables		64,963	80,632
Other liabilities		-	-
Total equity and liabilities		129,728	167,991

€000	RESULTS OF OPERATIONS	2020	2019
Value of production		54,140	70,474
Costs of production		-73,883	-97,719
Operating profit/(loss)		-19,743	-27,245
Profit/(Loss) for the year		-15,727	-21,854

Bologna & Fiera Parking SpA

€000	FINANCIAL POSITION	31 Dec 2019	31 Dec 2018
Non-current assets		40,957	42,312
<i>of which non-current investments</i>		-	-
Current assets		6,333	6,318
Other assets		-	5
Total assets		47,290	48,635
Equity		6,831	6,830
<i>of which issued capital</i>		2,715	2,715
Provisions and post-employment benefits		452	253
Payables		36,752	38,227
Other liabilities		3,255	3,325
Total equity and liabilities		47,290	48,635

€000	RESULTS OF OPERATIONS	2019	2018
Value of production		2,909	2,986
Costs of production		-2,712	-2,762
Operating profit/(loss)		197	224
Profit/(Loss) for the year		1	6,000



**SHAREHOLDERS'
RESOLUTIONS**



Shareholders' resolutions

The Ordinary Shareholders' Meeting of Autostrade per l'Italia S.p.A., held at Rome, Via Alberto Bergamini, 50 on 15 April 2021 in its only convocation, in order to resolve on the following

AGENDA

- 1) Financial statement of the financial year ended 31 December 2020. Report of the Board of Directors, the Board of Auditors and the auditing firm. Proposal on the result for the financial year. Presentation of the consolidated financial statement as of 31 December 2020. Related and consequent discussions.
- 2) Determination of the remuneration for the Chairman and the members of the Human Resources Committee. Related and consequent discussions.
- 3) Appointment of the Board of Statutory Auditors and of its Chairman for the 2021–2022–2023 financial years, after establishing the number of members; establishing the related remuneration.

On the point 1) of the agenda, the Shareholders' Meeting resolved:

- to approve the financial statements as at and for the year ended 31 December 2020, which report a loss for the year of Euro 398,131,283.07, having taken note of the accompanying documents; and
- to cover the loss for the year ended 31 December 2020, amounting to Euro 398,131,283.07, by using the retained earnings reserve which has an overall amount of Euro 572,337,616.59.

On the point 2) of the agenda, the Shareholders' Meeting resolved:

- to set the remuneration for the members of the Human Resources Committee at 30,000 Euros for the Chairman and at 20,000 Euros for each of the other members.

On the point 3) of the agenda, the Shareholders' Meeting resolved:

- to acknowledge the absence of designation by the Ministry of Sustainable Infrastructures and Mobility (MIMS) of the standing member of the Board of Statutory Auditors and that, given the absence of this designation, the Board of Statutory Auditors which is today in charge will continue to exercise its functions in accordance with the regime of extension (the so-called "prorogation") until the integration, through the appointment of the Standing Statutory Auditor by the MIMS, of the Board of Statutory Auditors that will be appointed for the 2021-2022-2023 financial years.
- to set the number of Standing Auditors at 5;

- to appoint - as from the date of the integration of the Board of Statutory Auditors with the appointment of the Statutory Auditor by the MIMS -, for the financial years 2021-2022-2023 and, therefore, until the date of the General Meeting called to approve the financial statements for the financial year closed at 31 December 2023, as members of the Board of Statutory Auditors: Mr Giandomenico Genta, to serve as Chairman, Roberto Colussi, Giulia De Martino and Alberto De Nigro, to serve as Standing Auditors, and Lorenzo De Angelis and Francesco Orioli, to serve as Alternate Auditors;
- to set the annual remuneration at 70,000.00 Euros for the Chairman and at 50,000.00 Euros for each Standing Auditor, including attendance fees.

Legal information and contacts

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Legal information

Autostrade per l'Italia SpA
A company managed and coordinated by Atlantia SpA
Issued capital: €622,027,000 (fully paid)
Tax code, VAT number and Rome Companies' Register number: 07516911000
REA no. 1037417

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